



# Socio-Economic Issues in Cameroon

**Edited By  
Benjamin Yamb**

**Vol.1**



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Vol.1

**Editor**

**Benjamin Yamb**

University of Douala, Cameroon

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ISBN: 978-605-7736-65-9 (e-Book)

KSP Books 2019

*Socio-Economic Issues in Cameroon, Vol.1*

Editor: *Benjamin Yamb*

University of Douala, Cameroon

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# Preface

**C**h.1) In a situation of bank credit rationing, SMEs have the most recourse to short-term financing. In order of preference, these include tontines, microfinance institutions, business-to-business loans, carers, friends' helpers, current associate competitions, leasing institutions, associations, and associations, increase in capital. This order corresponds almost to the most sought after alternative financing methods. There is therefore a financial equilibrium problem when it comes to meeting the long-term and medium-term needs of SMEs. To respond to this concern, we have proposed alternative financing methods to SMEs, specifying their order of preference, which SMEs can use in rationing bank credit. Other proposals for banks and public authorities have also been made to improve bank financing for SMEs.

(Ch.2) Cocoa activity in Meme Division for decades has greatly contributed in the organisation of rural population as well as landscape in the area. This is remarkable in the distribution patterns of local labour forces on cocoa farms after post colonial era. In similar way it has also influence the social, economic and political characteristics of local development in Meme Division since independence. Despite many opportunities from the activity the sector remains questionable. The chapter examines and

analyses the contribution of cocoa production to local development in Meme Division as well as the nature of labour practices in the sector. A random sampling technique of one hundred and fifty (150) cocoa producing households in thirty villages was adopted. The issues raised by the respondents was statistically analysed after investigation. Results show that cocoa production is one of the sources of national and households' income. It has also accounted for the development of solidarity farm working groups. From which four labour patterns are created: family, hired, force, and voluntary labours. These solidarity groups are mostly youth representing 60% of labour force as against 40% for adults' workers on cocoa activities. Conclusion shows that Meme Division is the best sample to evaluate the role of cocoa activity in the organisation of local population, labour distribution pattern on cocoa sector as well as local development.

(Ch.3) The author attempts to use the Mookherjee and P'ng model to analyse corruption as an important explanatory variable of the sustainable management crisis of the forest in Cameroon. The analysis of fieldwork data indicates that the government of Cameroon does not have incisive and dissuasive instruments advocated in the latter model to eradicate corruption. The author therefore encourages the government to utilise these instruments to attempt to reduce the above crisis.

(Ch.4) This chapter describes, from an observation of five cases of local markets in Africa, how informal organizations are being formed and perpetuated. It appears that the stability and sustainability of a given informal organization are determined by some factors, apart from profitability or the comfort of a professional situation. The implementation process and the informal coordination guarantee the stabilizing dynamics in how these markets operate.

(Ch.5) This chapter attempts to assess the extent of the phenomenon, then to discuss the relevant explanatory variables, and finally to examine the efforts of the fight against corruption. A tentative conclusion is that the failure of the fight against the phenomenon is explained by the fact that the variables that best explain the phenomenon in the implementation of control strategies are not taken into account. In particular, the analysis



indicates that an adapted control policy should be based on salary increases and the strengthening of control and sanction policies.

(Ch.6) The microfinance, a financial inclusion factor does not seem to effectively play its role of a bank for the poor in Cameroon. The success story of the Grameen Bank's microfinance model leads to draw some lessons for the Cameroonian financial system. From this model of successful microfinance conceived by Mohammad Yunusin Bangladesh in the 1970's, we have conducted a comparative study of the practice of microfinance within the Grameen Bank context and Cameroon. From it, there are some principal lessons which show how micro credit supply to the poor can be improved in Cameroon.

(Ch.7) Work in a simplistic way is considered as an activity allowing an individual to receive a remuneration that can allow the latter to support oneself. However, during the European occupation in Kamerun, a distinction can be made between employees who worked in plantations of cash crops which were poorly remunerated. And administrative employees, beside them, there were also mission's non-employees that worked for nothing according to the will of God. This was therefore valid wherever Europeans and Christianity were passing. Today, International Labour Organization has redefined working conditions on a redevelopment that will enable people to live on the fruits of their labour, even if the notion of surplus value persists.

Editors

**B. Yamb**

October 10, 2019



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# 1

## Banking credit rationing and alternative financing methods for SMEs in Cameroon

Noé NDJECK <sup>a</sup> & Benjamin YAMB <sup>b</sup>

### Introduction

The small company (SC) is defined as one with a turnover ranging from 15 to 100 million francs and employing 6 to 20 people. The medium-sized enterprise (ME) generates a turnover of 100 million to 1 billion francs and 21 to 100 people<sup>1</sup> are hired by the latter.

Several reasons can explain why one can be interested in Small and Medium size Enterprises (SMEs) in Cameroon. We can first see their place in the business population of this country. Indeed, 24% of companies in Cameroon are SMEs (INS, 2010). We can then

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<sup>1</sup> Law No. 2010/001 of April 13, 2010 Promoting Small and Medium size Enterprises in Cameroon.

discuss the economic and social role they play in this nation. They are a real core of the economic sector and a great job provider (Ndong-Ntah, 2002). They provide 57% of the private sector output and 53% nationwide. This refers to their participation in tax revenues (Taka, 2010). Kasereka Mbahweka (2009) estimates that 55% of SMEs' jobs are found in the Cameroonian labor market, and this share is valued at 68% of the private sector jobs. SMEs are also considered by the Cameroonian public authorities as an instrument of the industrial sector's densification, a base of growth and developmental dynamics (Ngouem & Edding, 2006). Their place in the Cameroonian economy justifies the whole attention paid for several decades by public authorities to promote this category of companies. This particular attention is proven by the creation of SMEs' supervisory bodies, and many actions carried out in favor of these corporations (Yamb & Ndjeck, 2016).

However, despite the political will, SMEs suffer from many challenges: excessive bank credit rationing, commercial issues, managerial deficiencies, just to name the few (Ndjeck, 2016, p.3).

The exaggerated bank credit rationing mainly fed by information asymmetry, the risk and absence of a supervisory structure in SMEs, instigate them towards alternative financing modes essentially of short-term nature (Bekolo-Ebe, 1993; Edding, 2002; Assiga, 2002; Wamba, 2003). However, they particularly need long and medium terms resources to finance their investment cycle (Essomba-Ambassa, 1990; Bekolo-Ebe, 1996; Um-Ngouem, 1997; Edding, 2002; Ndong-Ntah, 2002). In addition, needs' financing is hierarchical (Myers & Majluf, 1984), and the distribution between equity and debt is not neglected (Modigliani & Miller, 1958; Modigliani & Miller, 1963; Miller, 1977). In a bank credit rationing environment and the absence or inaccessibility of the financial market, the financing structure seems of great concern.

Despite the excessive bank credit rationing and lack of funding, some SMEs manage to be stable and even prosper (Ndjeck, 2016, p.9). This raises the following question: how do these companies' financing structure is being constituted when faced to bank credit rationing? More precisely, we will like to first know about the alternative financing methods they use for a given bank credit

rationing, if they are exclusively used or joint as well as their preference order.

This research aims at guiding SMEs in bank credit rationing towards appropriate alternative financing methods. Thus, it lies on a twofold objective. Practically speaking, it highlights the SMEs' alternative financing mechanisms so as to lead them to appropriate choices. Guiding these choices can lead to their promotion as the financing of these production entities constitutes a major hindrance to creation, sustainability and growth. Theoretically speaking, this work is an extension of the financing theory in that it enhances investigations already available on SMEs' alternative financing. Indeed, it does not only enable to establish the link between bank credit rationing and alternative financing, but more especially, it highlights the alternative financing structure of these companies in bank credit rationing context.

## Literature review

Pioneers in credit rationing theory explain this issue by the high interest rate resulting from the default risk of the borrower (Hodgman, 1960; Jaffee, 1971; Jaffe *et al.*, 1976). Yet, others as the exposure, recovery and immobilisation risks appear. Apart from the prohibitive interest rate, bank credit rationing is influenced by the bank industry's structure (Jaffee & Modigliani, 1976). This is the case of the Sub-Saharan countries including Cameroon, where there are only commercial banks with short-term resources mainly found in big agglomerations. Jaffee & Modigliani (1976) were able to come up with conditions to determine optimal and differential rationings. Stiglitz & Weiss (1981) share the same view. However, their analysis is based on ex-ante information asymmetries. By confirming their position on the existence of credit rationing on credit market equilibrium, Williamson (1986, 1987) called for credit rationing under ex-post rationing. But, note should be taken on that he did not specify the type of business involved in ex-post rationing. However, in the Cameroonian case, SMEs voluntarily resign from their repayment obligations (Akerlof, 1970; Taka, 2005, p.11). The type of manager (Janssen & Witerwulghe, 2000), the study of credit application files unsuited to the Sub-Saharan SMEs including Cameroon (Lanha, 2006, p.46), corruption (Bekolo-Ebe *et*

*al.*, 2002) and the socio-economic environment (Joseph, 2000) brought about credit rationing.

However, more recent developments on credit rationing theory point to the existence of its mechanisms in credit market (Cieply & Grondi, 2000; Peterson & Rajan, 1994; Levratto, 1990; Psilliki, 1995). These mechanisms include credit agreement, customer relationship, guarantees, the specific financial analysis of SMEs and control. Despite the devices set to reduce credit rationing, this phenomenon survived and grew in Cameroon (Taka, 2011), hence the recourse of SMEs to alternative financing methods, particularly through informal financing and microfinance institutions. However, informal and microfinance funding have limited and short-term resources. This raises the first issue of the financial structure based on resources' distribution in jobs. In fact, according to the minimum financial equilibrium rule, resources aimed at financing a job must remain in the company for a period at least equivalent to that of the jobs financed (Hirigoyen & Jobard, 1997). Nonetheless, companies operate and grow by financing part of their stable jobs through constantly renewed short-term resources (Hirigoyen & Jobard, 1997).

The second concern of the financial structure lies in the distribution between equity and debt. Modigliani & Miller (1958) initially thought that this distribution has no influence on the corporate value. A question can then be raised on why companies simultaneously need several funding sources while ensuring the respect of some ratios, particularly the financial autonomy, the refund capacity and the financial balance (finance stable jobs by stable resources).

The distribution between equity and debt is of interest when tax intervenes in companies which economy on financial charges increases the corporate value (Modigliani & Miller, 1958). This being the case, it can be asked why corporations not borrow as much as they can. Why do some borrow more than others when having the same features? Modigliani & Miller (1958) evoke the financial flexibility so as to limit indebtedness. In fact, the tax saving generated by indebtedness and enabling to favour it over shareholders' equity, is only realized if the company's earning capacity is sufficient and does not benefit from other exemptions

(Vernimmen, 1997). Coming back to Modigliani's and Miller's (1958) model, Miller (1977) shows that taking into account personal income tax cancels the tax benefits of interest deductibility. In some countries as Morocco, tax saving generated by the corporate indebtedness is more offset by the individual tax (Vernimmen, 2010, p.801). However, some individual incomes are exempted. Besides these exemptions are also tax floors and rebates. The individual income tax is also featured by its multiplicity.

Based on financial markets' imperfections offering capital rationing situations, the presence of transaction costs and faced to the corporate tax, the corporate value initially increases under tax savings' effect, and then decreases when these gains are offset by the bankruptcy costs. This leads to the optimal structure (Stiglitz, 1981; Ginglinger, 1997; Ziane, 2002; Hirigoyen & Jobard, 1997; Albouy, 1997; Jensen & Meckling, 1976). However, SMEs in Cameroon almost have no access to the conventional financing market (Bekolo-Ebe, 2002; Um-Ngouem, 1997; Eboué, 1988; Wamba, 2001; Essomba-Ambassa & Um-Ngouem, 2002). They resort to parallel fundings, particularly the informal and microfinance institutions which naturally have short-term and very limited funding means, because they lack money creation power. Leverage seems then limited in the Cameroonian SMEs' context. Similarly, the bankruptcy costs in Cameroon due to excessive indebtedness seem inexistent or weak in the same context.

The third concern of the financial structure lies in the financing means' hierarchy. According to Myers & Majluf (1984), domestic financing comes first, debt second and capital increase last. The financing means preference order by Myers & Majluf (1984) is controversial. Thus, the market state may be more conducive to capital increase than debt (Ginglinger, 1997). Similarly, the asset's nature to be financed may lead to financing which does not comply with this recommended order (Vernimmen, 1997). Moreover, this order is conveyed from studies conducted in developed countries where the financial system is articulated and developed, and where SMEs have support organizations at their disposal.

The funding methods preference order by Myers & Majluf (1984) does not seem to absolutely correspond to the optimal financial structure, given the debt second position. Thus, tax savings' benefit on financial charges is less, despite the individual tax and the reducing bankruptcy costs of these savings' effect. Remember, however, that in some cases, the financial structure is neutral on the corporate value.

## Methodological aspects and descriptive statistics

Highlights will be made on the sample size as well as its characteristics.

### Determining the sample size

To highlight the SMEs' alternative financing methods in bank credit rationing, a simple random survey was conducted. Since we were unable to determine an approximate P value through a survey, that is, the proportion of SMEs surveyed as part of a pre-study, we set P to 0.5, this value representing the worst case, that is, the value which gives the greatest possible standard deviation for the sampling distribution of  $\bar{P}$ . In this case, the sample size required to ensure an error margin E (in absolute value) of not more than 4% with a 95% confidence level will be approximately (Baillargeon, 1989):

$$n = \frac{Z_{\alpha/2}^2 P(1-P)}{E^2} = \frac{Z_{\alpha/2}^2 \times (0,5)(0,5)}{E^2} = \frac{(1,96)^2}{4(0,04)^2} \approx 600$$

E: the error margin; Z: the normal centered reduced law;  $\bar{P}$ : The P estimator in the preliminary study. However, given the rather limited means in our possession, only 500 SMEs in the Douala metropolis, all activity sectors included could be consulted, of which 452 returned the questionnaire duly filled, meaning a return rate of about 90%.

### **Characteristics of the sample**

They relate to the SMEs surveyed<sup>2</sup>, their promoters or main partners as well as their managers. These characteristics are summarized in tables below. Indeed, they show that limited liability companies (SARL) are the most numerous (56% of the SMEs having collaborated), followed by sole proprietorships (21.9%), joint-stock companies (19.9%), partnerships (1.8%) and other legal forms (0.4%). The ownership structure of the studied SMEs' dominant capital is the membership of a single individual (42.9%), then the family (31%), friends (18.6%), other forms of belonging (4%), and colleagues or former colleagues (2.7%). The promoters' dominant nationality is Cameroonian (90.5%) followed by the European (6.9%).

SMEs are distributed in all activity sectors. However, service provision is the most dominant (44.2%), followed by trade (28.8%), plastic packaging manufacturing, metallurgy and public works (8%), food industry (6.6%), wood (4.6%), microfinance institutions (4%), agriculture, fisheries and livestock (1.8%), quarrying (0.90%) and clothing industry (0.90%).

64.6% of them have a turnover, tax excluded, between 15 and 100 million CFAF, 33.4% between 100 million and 1 billion CFAF. 69.3% usually make profits. 11.6% have at least 19 years of experience, 25.6% 15 years, 51.20% 6 years and 81.40% 4 years. 92.3% have bank accounts. However, the mere fact of keeping a single book is deemed keeping an accounting.

Most promoters of these production entities have a higher education level (77.9%). They are also endowed with a long professional experience (65.5% have more than 10 years) and are mostly from West Cameroon (63.5%). 58% are aged between 30 and 50, followed by those over 50 (39.8%), and many managers are academicians (77.9%). They also have a long work experience (50.9% more than 10 years), mostly from the West (63.1%) and members of money contribution meetings (65.3% as promoters) and associations (67.5%).

<sup>2</sup> Cameroon has about 21436 SMEs including 16937 SE and 4499 ME. The Douala metropolis alone has nearly 9770 SMEs including 7305 SE and 2465 ME. The survey was carried out only on SMEs in the city of Douala.

Finally, 55.1% of the SMEs surveyed believe being victims of qualitative rationing. 43 out of the 199 that benefited from bank financing were unable to obtain the amount of loan initially requested for, that is, about 9.5% of companies which took part in the study and 21.60% which benefited from bank financing were subject to quantitative rationing.

## Econometric model and study variables

The purpose of this study is, inter alia, to predict the effect of one or more explanatory variables with multiple responses, more specifically, two responses from a logit model. This will enable us to model the probability that an event will occur, in other words, given the values of a set of quantitative and/or qualitative descriptive variables. The probability that a given SME will or will not use a financing type (short (CT), long or medium terms (LMT)) will be sought, given the bank credit rationing (Stiglitz & Weiss, 1981; Williamson, 1986; Bekolo-Ebe, 1993, 1996; Um-Ngouem, 1997; Eboue, 1998; Joseph, 2000; Mayoukou, 2008). Thus, the credit rationing and alternative financing methods' typology used in this investigation comes from the classic theoretical literature on corporate finance. To achieve this goal, the following logistic model was used:

$$Type\ of\ funding = \begin{cases} 1 & \text{if } CT = \mu + \sum \beta_k X_i + \varepsilon_i \\ 0 & \text{Otherwise} \end{cases} \quad (1)$$

With:

$CT$  = Short term financing

$X_i$  = A vector representing all types of bank credit rationing

$\varepsilon_i$  : A random disturbance which follows a white noise.

## Presentation of findings

The survey carried out allowed us to highlight the most sought after alternative funding methods, their preference order and their use in bank credit rationing. The following table shows the frequency of how companies have solicited (figures) a particular financing method for a given rationing type.



**Table1.** *Determining the most sought after alternative financing methods*

Financing methods (FF)	Number of SMEs having chosen the financing method				Total	Ranking
	Operation Rationing	Medium-term Rationing	Long-term Rationing	Quantitative Rationing		
Business-to-business loan *	65	28	2	10	105	5 <sup>th</sup>
Money contribution meetings	112	49	14	28	203	1 <sup>st</sup>
Associations *	56	10	-	16	82	6 <sup>th</sup>
Family support*	62	27	8	22	119	3 <sup>rd</sup>
Help from friends*	60	28	4	21	113	4 <sup>th</sup>
Microfinance institutions*	62	39	6	25	132	2 <sup>nd</sup>
Associates' loans *	31	21	2	-	54	7 <sup>th</sup>
Capital increase**	5	8	12	-	25	8 <sup>th</sup>
Leasing institutions**	-	21	4	-	25	8 <sup>th</sup>
Venture Capital Companies **	-	4	-	-	4	11 <sup>th</sup>
Capital Assets **	-	8	4	-	12	10 <sup>th</sup>
Individuals (loan sharks) *	-	1	-	-	1	12 <sup>th</sup>

**Source:** Authors' calculations, based on the survey data. **Notes:** \* Short-term financing methods; \*\* Long and medium terms financing methods.

From the above table, it appears that money contribution meetings (mutual funds available for each in turn) and microfinance institutions are the most requested. However, findings are not exactly the same with each type of bank credit rationing. The operation, medium and long-terms bank credit rationings all leads to informal, business-to-business and microfinance fundings. Thus, they are the most sought after in qualitative as well as quantitative credit rationing. Referring to long and medium-terms financing, it is expected that their funding sources (capital increase, leasing and venture capitals) will be the most sought after for financial equilibrium. The above descriptive findings are confirmed by the estimates below. Taleau 2 clearly shows the existing link (the chi-square statistic is highly significant at 1%) between the rationing type and the different alternative funding methods.

**Table 2.** *Relationship between bank credit rationing and alternative financing methods*

Statistics for table of MODEFI by TYPERA			
Statistic	DF	Value	Prob
Chi-square	33	182.0704	<. 0001
Likelihood Ratio Chi-Square	33	166.5362	<. 0001
Mantel-Haenzel Chi-Square	1	4.8711	0.0273
Phi Coefficient		0.4562	
Contingency Coefficient		0.4150	
Cramer's V		0.2634	

**Source:** Results obtained from data in Table 1

Similarly, it is verified by the chi-square test that bank credit rationing mainly leads to short-term resources (Table 3).

**Table 3.** Relationship between bank credit rationing and alternative short-term financing methods.

Statistics for table of MODEFI by TYPERA			
Statistic	DF	Value	Prob
Chi-square	21	139.7413	<. 0001
Likelihood Ratio Chi-Square	21	134.5665	<. 0001
Mantel-Haenzel Chi-Square	1	4.2961	0.0382
Phi Coefficient		0.5424	
Contingency Coefficient		0.4768	
Cramer's V		0.3132	

**Source:** Authors, based on data in Table 1, retaining only short-term funding patterns and rationing types.

We can highlight the relationship between bank rationing and financing types.

**Table 4.** Rationing (RL and RQ) and financing types

Rationing Types (TR)	Financing Types (TF)	
	CT (1)	LMT (2)
1- Qualitative Rationing (RL)	687	66
2- Quantitative rationing (RQ)	112	-

**Source:** Authors, from Table 1

This table shows that when SMEs are victims of qualitative bank rationing; they most resort to alternative short-term financing (87 answers against 66). When it concerns quantitative bank rationing, they flock to short-term alternative financing (112 against 0).

We can extend the study of this relationship by analyzing qualitative rationing in four types.

**Table 5.** Rationing and financing types

Rationing Types (TR)	Financing Types (TF)	
	CT (1)	LMT (2)
1- Operation Rationing (RE)	448	5
2- Medium-term Rationing (RMT)	203	41
3- Long-term Rationing (RLT)	36	20
4- Quantitative Rationing (RQ)	112	-

**Source:** Authors, from Table 1

This table shows that when SMEs face operation rationing, they are more interested in short-term financing (448 against 5). In medium-term rationing, they are more inclined to the same source (203 against 41). When they are in a long-term rationing situation, they also resort to short-term alternative funding (36 against 20). Faced with quantitative rationing, they equally privilege the same funding method.

The logit model confirms the above findings by linking the types of bank credit rationing with the alternative funding types.

**Table 6.** Relationship between the types of bank credit rationing and financing types (Equation 1 Estimate)

The GENMOD Procedure (logit) : Analysis of Parameter Estimates								
Parameter	DF	Estimate	Standard Error	Wald 95% Confidence		Chi-Square	Pr>ChiSq	Odds Ratio
Intercept	1	5.4161	1.4173	2.6381	8.1940	14.60	0.0001***	0.04595
TR	1	-3.0802	1.4231	-5.869	-0.290	4.68	0.0304**	
RL								
TR	0	0.0000	0.0000	0.0000	0.0000			1
RQ								
Scale	0	1.0000	0.0000	0.0000	0.0000			

LR Statistics For Type 3 Analysis			
Source	DF	Chi-Square	Pr>ChiSq
TR	1	15.45	<.0001

**Source:** Authors, from the relationship, types of rationing and financing types (Table 4).

**Note:** The scale parameter was held fixed; \*\* Significant at 5%; \*\*\* Significant at 1%

The logit model shows that bank credit rationing most leads to short-term financing, and quantitative rationing does it more than the qualitative (Quantitative Rationing Odds Ratio = 1 and Qualitative Rationing Odds Ratio = 0.04595). Thus, *"Whatever the bank credit rationing nature, SMEs essentially resort to identical alternative short-term financing"*.

Funding is solicited in a preference order. That of alternative financing methods is summarized in the table below.

**Table 7.** *Synthesis of the preference order of alternative funding methods*

Funding Methods	Number of SMEs having expressed this funding method as 1 <sup>st</sup> choice				Total	Funding Method Ranking
	Operation Rationing	Medium-term Rationing	Long-term Rationing	Quantitative Rationing		
Business-to-business loan *	43	18	2	6	69	3 <sup>rd</sup>
Money contribution meetings	74	20	4	27	125	1 <sup>st</sup>
Associations *	12	2	-	6	20	8 <sup>th</sup>
Family support*	23	10	4	16	53	4 <sup>th</sup>
Help from friends*	18	20	4	11	53	4 <sup>th</sup>
Microfinance institutions*	36	19	2	22	79	2 <sup>nd</sup>
Associates' loans*	20	19	2	-	41	6 <sup>th</sup>
Capital increase**	2	6	6	-	14	9 <sup>th</sup>
Leasing institutions**	-	19	2	-	21	7 <sup>th</sup>
Venture Capital Companies **	-	-	-	-	-	-
Capital Assets **	-	-	-	-	-	-
Individuals (loan sharks) *	-	-	-	-	-	-

**Source:** Authors, from the survey data

Globally speaking, in bank credit rationing situation, SMEs first choose money contribution meetings (125), then microfinance institutions (79), business-to-business loans (69), family support and help from friends (53 each), loans from associates (41), leasing institutions (21), associations and capital increase. Thus, the funding methods' hierarchy described by Myers and Majluf differs in bank credit rationing.

However, this order is sometimes upset in rationing types. In operation bank credit rationing for instance, they first choose informal financing, then business-to-business loans, microfinance institutions, and associates' loans.

In medium-term bank credit rationing, they first choose informal financing, then, microfinance institutions, loans from associates, business-to business loans and capital increase.

In long-term bank credit rationing, they first resort to capital increase, then informal financing, microfinance institutions, loans from associates, Business-to business loans and leasing.

In quantitative bank credit rationing, they first choose informal financing, then microfinance institutions and business-to business loans.

Long and medium-terms fundings are not always preferred to cover long and medium-terms needs. This weakens the corporate financial situation. Admittedly, constantly renewed short-term credits replace long and medium-term financings, with the

immobilization risk as counterpart. Moreover, they are more expensive. However, preference for short-term funding methods may be due to the rigidity of SMEs to open their capital (Beyina, 2008, p.325, Janssen & Wtterwulge, 2000) on the one hand, and to new requirements of leasing institutions similar to those of banks (risk analysis) (Depallens & Jobard, 1990, p.737) on the other.

Credit rationing is not only qualitative. It can also be quantitative and lead to specific funding mechanisms.

The SMEs' preference order for alternative financing methods when being in quantitative bank credit rationing situation is as follows:

**Table 8.** *SMEs' preference order for alternative financing methods in quantitative bank credit rationing*

Alternative funding methods	Number of SMEs having expressed the funding method as 1 <sup>st</sup> choice	Funding method Ranking
Money contribution meetings	27	1 <sup>st</sup>
Businesses-to-business loans	6	5 <sup>th</sup>
Associations	6	5 <sup>th</sup>
Family support	16	3 <sup>rd</sup>
Help from friends	11	4 <sup>th</sup>
Microfinance Institutions	22	2 <sup>nd</sup>

**Source:** Authors, based on the survey data.

Faced to quantitative bank credit rationing, SMEs first choose money contribution meetings, then microfinance institutions, family support, help from friends, businesses-to-business loans and associations. In qualitative bank credit rationing, SMEs first choose informal financing, then microfinance institutions and businesses-to-business loans.

Resorting to short-term alternative financing does not seem alarming insofar as this funding mode is complementary. However, it becomes embarrassing when significant.

The use of alternative financing methods being exclusive or joint succeeds the preference order of these modes.

In addition to that 288 SMEs out of 292 (facing the qualitative or quantitative rationing) claim to have simultaneously obtained funding from several sources; it is also observed that 122 SMEs suffering from quantitative rationing have also used alternative

methods of financing to meet their financing needs. As a result, the use of alternative financing modes is joint in quantitative bank credit rationing.

## Discussion

The SMEs' alternative financing structure has been revealed through our field study. They will be proposed the most suitable among others.

### **An alternative financing structure for SMEs**

Our intended proposal depends on the type of bank credit rationing, that is, the qualitative and the quantitative.

Thus, as concerns qualitative rationing, we have distinguished investment from operation rationing. A financing structure for SMEs in investment credit rationing situation can then appear. The alternative financing methods recommended will be listed, and their preference order indicated. As a matter of fact, when SMEs have been rationed with investment credit, they are proposed the following alternative financing methods: i) Associates' blocked accounts, ii) leasing, iii) businesses-to-business loans, iv) capital-risk, v) capital increase, vi) microfinance institutions and money contribution meetings.

### *Choice Justification*

Apart from money contribution meetings and microfinance institutions, the above proposed financing methods are sustainable resources. As they will finance stable jobs, the concern for the minimum financial equilibrium will be met. Stable jobs will be financed by sustainable resources. However, some hindrances linked to these funding modes can be unveiled.

Indeed, partners sometimes have very limited means to respond to these needs. Leasing institutions are increasingly carrying out the same risk analyzes as banks, thus reducing the possibilities of financing SMEs through this means (Depallens & Jobard, 1990, p.737). The file to be provided by the company in support of its application to the leasing institution has information very similar to that of the bank: the summary documents for the last three fiscal years, information on its financial commitments

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and that on the investment to be made (Depallens & Jobard, 1990, p.737). In addition, the risk related to the lessee's future solvency is assessed by the leasing institution. It is also interested in how the money will be used since it is to be recovered (Depallens & Jobard, 1990, 737).

We may point out that some SMEs do not maintain standardized accounting or it does not even exist. They are therefore unable to provide genuine information. Venture capital companies' requirements as coating or taking the shape of the joint-stock company and interfering with the corporate management, may be a barrier to this funding form. Cameroonian companies also hardly accept the opening of the capital. Capital increase does not seem obvious for SMEs in Cameroon for several main reasons: to begin with, they do not often meet the access conditions to the financial market (legal form, social capital minimum requirements...). Secondly, Cameroonian SMEs are allergic to capital opening and the weakening of their control power (control power dilution). Capital increase by the promoter himself is easier. However, this does not often enable to get sufficient resources.

The permanent financing when SMEs suffer from investment bank rationing have been completed by microfinance institutions and money contribution meetings. This is required by the environment in which these companies operate in Cameroon. Indeed, the recent global economic crisis has strengthened informal financial channels and promoted the development of microfinance institutions. Confidence loss in banks and their remoteness have led savers to microfinance institutions. SMEs are being created and developed by financing themselves through microfinance. However, as we earlier said, there is integration between banks and microfinance institutions. Let's note that money contribution meetings (mutual funds available for each in turn) with auctions are real funding sources for businessmen because they get huge amounts of money back.

It is unfortunate that in investment financing by microfinance institutions and money contribution meetings, only short-term resources are available. However, companies are being developed

by financing part of their stable jobs through constantly renewed short-term credits (Hirigoyen & Jobard, 1997).

Thus, what could be the sequence of the above defined funding methods? We recommend the preference order for stable financing methods as follows: we first suggest using associates' blocked accounts, then leasing, business-to-business loan, venture capital and capital increase. Reasons for this order are many.

Blocked associates' accounts enable the company to obtain help from these partners by increasing equity without resorting to capital increase being an expensive transaction. These accounts are relatively easy to build, and they enhance the financial self-sufficiency, debt capacity and the corporate financial flexibility. However, associates may not have sufficient financial means to appropriately meet to the solicited needs.

Leasing is second only to its practical nature and the administrative simplicity of its implementation on the one hand, and the easing of the external financing constraint and indirect increase in debt capacity on the other (Charreaux, 1991, p.541). The practicality, especially applicable to equipment leasing, allows the use of capital goods for short periods, without going through formalities and risks related to the purchase and resale procedure. The risk linked to the uncertainty of the resale value is trimmed (Charreaux, 1991, p.541). Leasing can be the appropriate solution in circumstances requiring immediate investment and high profitability, since the execution of conventional financial operations is often quite long (Depallens & Jobard, 1990, p.737). Leasing financing is complete. This can be encouraging for companies with high internal profitability, which can by this means keep at their disposal the 25% to 30% of the investment cost that they would have necessarily self-financed in medium-term credits (Barreau & Jibard, 1983, p.300). However, some leasing institutions require a repayable advance from the company at the end of the lease. It is a deposit (Charreaux, 1991, p.541). Leasing leaves intact the corporate debt capacity (Barreau & Delahaye, 2003, p.374). But for Charreaux, (1991, p.542), this capacity is being improved.

Business-to-business loan ranks third. It can equally be a source of medium-term funding. Long-term contracts can also be



mentioned, as well as the acquisition of fixed assets which price is indexed, those acquired through annual royalties and against payment of a life annuity. This medium-term business-to-business loan can be used to finance SMEs' balance sheet. The long-term contract lies in the construction or realization of a property, a service or a complex set of goods or services. The collection of contract revenue is based on the work performed in the contract. Contracts for which the company accepts to perform a work based on a fixed remuneration set when they are signed and, if necessary, a revision clause or profit-sharing, are part of long-term contracts. They can be considered in SMEs as part of buildings' acquisition. In long-term contract, it is unfortunate that signing is usually followed by advances and down payments. In addition, partial deliveries give rise to payment not really attractive for SMEs.

The acquisition of fixed assets with indexed price is sometimes followed by a long-term credit by the supplier (Caspar *et al.*, 2005, p.124; Dietsch, 1997; Joseph, 2000; Tchouassi & Ndjanyou, 2002), and they can easily be acquired by SMEs. However, indexing the price makes the operation expensive.

Acquiring fixed assets through annual royalties allows the payment of all or part of the price through periodic royalties calculated while taking into account the activity generated by the acquisition (Caspar *et al.*, 2005, p.124). This funding method seems very suitable for SMEs, given that the payable fees depend on the activity generated by the asset's acquisition. In addition, payment can be entirely made in the form of fees, which is a flexible method for SMEs. However, like leasing, it can be expensive.

The acquisition of fixed assets against payment of a life annuity enables, according to the parties' will, to dispose of a fixed asset by paying the price over the seller's or annuitant's life. This acquisition mode can however be expensive insofar as the rent can be indexed. In addition, the seller's lifetime can be much longer than it is thought.

Acquiring fixed assets through annual royalties and those against payment of a life annuity seems scarce in our environment. Long-term contracts are most signed in building.

Venture capital ranks fourth. This choice is explained by that it adds value to equity, which also improves the debt capacity and

the corporate financial flexibility. But allergy to capital opening for most companies in Cameroon, and their rigidity to change in joint-stock companies, is a brake to this funding type.

We believe that capital increase can follow venture capital. Of all financing modes, increase is the most expensive source for two reasons: operation itself is expensive (advertising, professional and registration fees), and the return rate required by shareholders (equity cost) is naturally higher than the debt cost. However, the financial market state is sometimes more favorable to capital increase. Thus, besides the fear of power dilution and control loss, capital increase will be preferred to indebtedness. Thus, when SMEs are victims of investment bank credit rationing, they can first appeal to capital increase.

Our preference order is therefore not immutable. It lies on the financial market state. Thus, after capital increase, microfinance institutions and money contribution meetings respectively rank last, given that they are featured by short-term resources. Ensuring the adequacy of short-term resources - stable jobs - is not easy. Transforming short-term into long-term resources entails an immobilization risk.

Microfinance institutions now follow banks' habits and demonstrate credit rationing not far from theirs ([Mayoukou, 2008](#); [Lanha, 2006](#), p.23). They tend to internationalize and adopt a risk analysis based on the financial analysis modeled on the West ([Mayoukou, 2008](#)), rather than on relational proximity. Thus, after capital increase, money contribution meetings (mutual funds available for each in turn) can directly be needed.

Operation credit rationing constitutes the second part of qualitative rationing. When SMEs are rationed with the latter, they can resort to business-to-business loans, informal financing, microfinance and associates' loans.

The operation bank credit rationing is not too much a concern for SMEs as long as there is a balance between the available resources and jobs to be financed. In other words, the minimum financial equilibrium rule is respected. However, these resources are more limited because either in informal financing or microfinance institutions, money creation is not possible. Similarly,

short-term debt possibilities are limited by the financial autonomy and flexibility concern.

The alternative financing means in operation bank rationing being known, in which preference order will they be chosen? We propose the following: SMEs will first choose business-to-business loans, then microfinance institutions, informal financing, especially money contribution meetings and loans from associates.

### *Order choice justification*

Business-to-business loan is more convenient and easier to obtain when stocks are to be acquired. It is based on trade relationships. Some companies have been able to set up and develop by acquiring stocks on credit and paying the supplier after having sold them and cashed the sale price from customers. It is a source of unencumbered funding, characterized by a simple formalism, without any signing of contract (Assiga-Ateba, 2002; Tchouassi & Ndjanyou, 2002). Supplier credit is a cheaper form of loan compared to that of the bank because the information accuracy held by the supplier on the buyer's situation is higher than that of the bank (Dietsch, 1997). Business-to-business loan is also a very limited funding means.

Microfinance institutions rank second because money contribution meetings, mostly auctioned, tend to have a higher interest rate (Ngongang & Wandji, 2002). In addition, microfinance institutions encourage modernity through accounting and financial information requirement, and sometimes assistance in managing their customers' affairs. Modern microfinance is also a permanent financing source as long as it is available at any time, unlike money contribution meetings which operations are often periodic. However, because of their inability to create money, microfinance institutions have very limited resources.

Informal financing, including money contribution meetings, rank last. Despite the importance of the informal financial sector's resources and its simpler and faster procedures, SMEs could not develop and become sustainable through this sector. They must integrate modernity. In principle, the informal financial sector has more limited resources than the formal microfinance. Individual

practices (usury) are more expensive and limited as far as resources are concerned.

Assistance from relatives is not a reliable funding source, as it is not known whether the person has financial means at his/her disposal or not. Moreover, it is not known if he/she will accept to provide the financial support needed. Family help is still a more limited and random financial resource.

Loans from associates can intervene last, either to answer a call for funds which could not be met by the first funding sources, or to somehow reinforce the corporate financial flexibility (though these contributions are also debts). They are equally very limited funding sources, since promoters are allergic to capital opening.

Qualitative rationing leads to essentially short-term alternative financing modes. What about the quantitative rationing? How are alternative funding methods chosen in this case?

Like the qualitative, quantitative rationing lies in both investment and operation. We will first look at the SMEs' financing structure in quantitative investment rationing. When the amount of money obtained from the bank is not sufficient, SMEs can resort to specific alternative financings. Investment quantitative rationing can lead to the following alternative funding methods: associates' blocked current accounts, capital increase, associates' classic current accounts, microfinance institutions and informal funding.

Associates' blocked current accounts and capital increase enable to ensure job adequacy and stable resources, thus the financial equilibrium. Since long-term financing is scarce for SMEs in this context, bank credit can be supplemented by the classic associates' current accounts, microfinance institutions and informal financing, all being short-term funding sources. It is true financial equilibrium is broken, but, it does not matter insofar as these funding formulas are complementary, and companies are actually being developed by financing part of their stable jobs through renewed short-term credits (Hirigoyen & Jobard, 1997). Thus, what may be interested now is to know in which preference order these funding methods will intervene.

The solicited funding may be as follows: associates' blocked current accounts first, then capital increase, associates' classic current accounts, microfinance institutions and informal funding.

The above-given reasons for the recommended order are also useful in this case. Operation quantitative rationing may have different remedies than that of investment. This is how a financing structure for SMEs can appear when they are quantitatively rationed. When these companies have not obtained the credit amount requested to finance their operation needs, they can use the below-listed alternative financing methods. In operation quantitative rationing, SMEs can resort to business-to-business financing, microfinance institutions, informal financing and loans from associates. These funding methods correspond to the financing of the balance sheet's bottom. However, it is worth determining the preference order in which they intervene. We first advocate business-to-business credit, then microfinance institutions, informal financing and associates' loans. The justification of the above-mentioned preference order also fits this context.

Either in qualitative or quantitative rationing, the use of alternative financing methods is combined, but follows a preference order. It would be pretentious to be limited to the proposed alternative financing structure. It's absurd for an economy to operate outside the banking system. For this reason, we formulate proposals aim at improving bank financing for SMEs.

## **Proposals for improving bank financing for SMEs**

These proposals are first addressed to SMEs, then to banks and public authorities.

SMEs need to undertake efforts to reduce or even get rid of information asymmetry and risk characterizing them through customer relationships, communication, cooperative agreements with credit institutions, group loans, efficient management and regular accounting.

Banks can also help reduce information asymmetry and risk through customer relationships, cooperative arrangements and participation in capital or SMEs' management, supervision or control and restrictive covenants. However, these covenants reduce the corporate opportunities. Similarly, participation in

capital or SMEs' management, monitoring or control increases the bank management, and can lead to capital cost increase.

Public authorities' intervention revolves around the following points: the creation of support organizations for SMEs (development banks and guarantee funds for SMEs), the cleaning up of the macroeconomic environment (fight against corruption, efficient judiciary, central risk promotion and attractive taxation) and collaboration with the central bank (rediscount ribs reserved for SMEs and more flexible loan conditions).

## Conclusion

Both theoretically and empirically, funding remains a concern of the day. The field study we conducted shows that out of 452 SMEs interviewed, 249 could not benefit from bank financing (ie 55.1% of the surveyed SMEs having filled the questionnaire). This is what qualitative rationing is all about. Of the 203 SMEs that benefited from bank loans, 43 could not obtain the amount requested (ie 21.18% received the bank loan). The latter are victims of quantitative rationing.

The magnitude of bank credit rationing for SMEs has, among others, led them to resort to alternative financing mechanisms. Thus, in this situation, they turn to formal financing (leasing institutions, venture capital companies, business-to-business loans, microfinance institutions, help from associates, internal financing (fixed asset purchases) and informal financing (money contribution meetings, loan from relatives, associations and individuals). Money contribution meetings, microfinance institutions, business-to-business loans and those from relatives are the most sought-after alternative financing methods. They were being enumerated, each obeying to a very specific preference order by SMEs. This investigation enables enriching the financial theory and guiding SMEs in their financing strategy. In other words, it specifies the alternative financing mechanisms used by these companies in bank credit rationing situation. They include the most popular alternative financing methods, their preference order and their joint use. The practical contribution of this work lies in that it inform us, for each rationing type, that there are financing mechanisms available to SMEs in bank credit rationing context.

Thus, either in qualitative rationing with its variants or the quantitative, we recommend alternative financing methods to be used by these companies as well as their preference order.

Nevertheless, this work is not perfect due to some limitations. Indeed, some of its aspects could have been specified. These include bank credit rationing by business type (small and medium-sized enterprises), business activity and nature (services, trade, industry ...), the most sought after alternative financing methods and their preference order by business type, nature and corporate activity. The collecting information method through questionnaire could be coupled with an interview to better understand the alternative funding mechanisms of SMEs in relation to bank credit rationing. However, the objectives of this work being to highlight the non-banking financing methods accessible to SMEs in Cameroon, identify the alternative funding modes appropriate to each rationing type, their use as well as their preference order, seem to be achieved. Accuracy in some aspects of this work may be taken into account in our future research avenues.

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**For Cited this Chapter:**

**Ndjeck, N., & Yamb, B. (2019). Banking credit rationing and alternative financing methods for SMEs in Cameroon. In B. Yamb (Edt.), *Socio-Economic Issues in Cameroon Vol.1*, (pp.1-28), KSP Books: Istanbul.**

ISBN: 978-605-7736-65-9 (e-Book)

KSP Books 2019

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# 2

## Labour distribution patterns on cocoa farms and economic development in Meme Division South West Region of Cameroon

Johnson MODIKA<sup>†</sup>

### Introduction

Since independence in Cameroon, industrial tree crops, notably cocoa, coffee, oil palm, and rubber, continued to play a dominant role in shaping local development and labour patterns on agricultural activities. Agricultural activities for centuries have influenced the organisation of communities Elong, (2005).

Cocoa production is one of the export crops introduced in Cameroon in about 1886 by the German, Greenberg, (2000). Since then 90% of this crop is exported and only 10% is transformed at home industry, Modika (2016). Cameroon cocoa sector has far reaching effects in poverty reduction in rural milieu as well as contribution to socioeconomic development Elong (2007). Meme Division is recognised as one of the major production zone of cocoa in Cameroon. It contributes about 35% to the total

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production of Cameroon cocoa to the gross domestic product (GDP) of the country Modika (2018).

Since its introduction in Cameroon in general and Meme Division in particular it has been generating substantial revenue to households, as well as to the state. In order to increase the quantity produced, the growers of the crop have developed several strategies to contain this. Among is the use of several labour practices on the farm and after post harvest.

The contribution of different forms of labour practices on cocoa farms across Meme Division has greatly contributed in reshaping socio-economic development in the area. Such as organising children and parent into solidarity farm working association, Common Initiative Groups (CIGs), Non-governmental Organisation, (N.G.O). These various groups in several ways contributes in the development of the area by the construction of private resident with revenue from cocoa, sponsors their children to school, and provide protein food for themselves as well as take care of their health. It should be noted that, 60% of cocoa activities in Meme Division is carry on by the youth. Among which are children below 18 years old. The involvement of this age group in cocoa activities is to complement their parents labour and also generate income for themselves. On the contrary this is not acceptable by Cameroon labour code as well as International Labour Organisations and United Nation Organisation. The working of children below 18 years is a violation of human rights.

Despite the fact that the practices is condemned by International Labour Organisation, in article 427 of the 1919 Versailles Treaty which established the I.L.O, "the abolition of child labour" and the imposition of such limitations on the labour of young people as shall permit the continuation of their exploitation.

Agriculture is the sector with the most child labourers. It is also the sector with the most potential for decent work for rural children and young adolescents who have reached the legal minimum age of employment. Although we must keep in mind that work in field and tree crops has a number of serious risks for children, one must not assume that these risks make the whole industry off-limits to children of all ages. Indeed, many types of farm work can be positive for children, providing them with

experience and technical skills. Because of the numbers involved and the value of the industry to the family as well as to the national economy, it is absolutely crucial to discern which tasks, which working conditions, which products and which tools are hazardous and to help parents and policy-makers alike to take the necessary steps to protect children from those hazards.

Within this protected realm of childhood, ILO Convention No.138 marks out minimum ages for different types of employment: age 15 for ordinary work; age 18 for hazardous work; age 13 for light work. When ratifying, countries have the option to designate a higher age (e.g.16) or, in the case of developing nations, an age lower by 1 year than the standard (e.g.14 as the minimum age for regular work and 12 for light work). The notion of setting a minimum age for work has existed since the first decade of the twentieth century. Child labour, then, is simply work done by children who are younger than the designated minimum age in one or another of these categories. This is the general rule, however, Convention No. 138 is somewhat flexible, in that it allows for some exceptions (artistic performances, supervised apprenticeships, etc.)

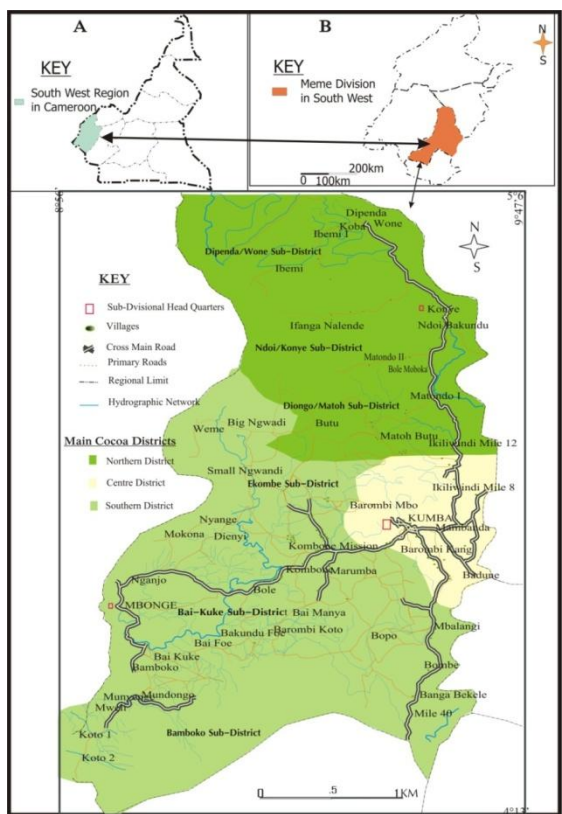
Child labour usages on cocoa farmers in Meme Division are considered important because it provides them with experience and technical skills. It also contributes about 40 percent to the household income of cocoa farmers. Many children after interviewed considered it as part of acquiring skills and not violation of their rights as many people put it. What is bad is the number of hours designated to work per week, which is 25 hours according to International Labour Organisation (ILO). This is not respected by many either on farm work or industrial sector. In most cases the children are the ones in the forefront to prolong their daily hours at work in order to raise more revenue for themselves.

## **Geographical and methods framework**

### **Geographical location**

The study was carried out in Meme Division of the South West Region of Cameroon. It's a zone that falls within forest ecological region with diverse equatorial climate characterised by high

Ch.2. Labour distribution patterns on cocoa farms and economic development... rainfall that range from 2000 to 4000mm annually and short dry season. It is located between latitudes 4°13' and 5°6' north of the equator and between longitudes 8° 56' and 9° 47' east of Greenwich Meridian figures 1. The average temperature is 21°C with a range of 18°C to 32°C (Meteorological Data Barombi Kang, 2015). The population of Meme Division with reference to the National census of 2005 stood at 326,734 inhabitants with land area of 2,844 km<sup>2</sup> thus giving a population density of 51.8 inhabitants/km<sup>2</sup>. More than eighty (80) percent of this population practise farming or participate in cultivation of cocoa and growing other cash and food crops like coco-yam, plantain, bananas, maize, cassava, and vegetables, Land and Survey Statistics Buea, (2015).



**Figure 1. Study Area**

**Source:** Regional Delegation of Land & Survey South West 2012, Field Survey data 2015.



## Methods

Multistage random sampling techniques and semi-direct and direct interviews to focus groups discussions were used for this study. The first stage was random sampling of 150 questionnaires to cocoa households farmers in 30 villages grouped into districts.

The second stage, the different questionnaires administered were to test the following: labour distribution pattern per age group, type of labour use, duration of labour use, type of contract a worker signed with employer, labour situation on cocoa farm, working conditions, and decision of workers where to live.

The third stage of questions in the same questionnaires test the following issues; private lives of workers, social and economic situation of workers. In these multiple systematic random sampling stages, a total of 150 questionnaires were administered within 30 village covered by the survey. Out of this size of 150 questionnaires a total of 130 questionnaires were responded. These systematic sampling were designed to served as a set of structured and pre-tested questionnaires in data collection. The results from a descriptive analysis of this study are however based on information provided by 130 respondents who completed the questionnaires in the several series of testing. The exercise took the researcher 6 months that is from the month of May 2015 to October 2015 in administering the questionnaires.

## Definition of terms and conceptual framework

### *Labour distribution pattern*

Labour distribution is extensive in this paper, in order words is the process that exmines how workers are spread across a given activity or occupation. Economist considered it as the charging percentages of an employee's salary to the grants activities and specific general ledger. Distribution in other sense is one of the most widely approaches used for modern ecologist to predict species occurrence as well as to explore environmental variables that determine the presence of specie in a habitat. The theory of labour market, serves as a key channel of adjustment in macroeconomic distribution aspects such as regional integration and economic crises (Blanchflower & Oswald, 1995), The theory suggest that labour market adjust in response to macroeconomics

and policy decisions through several channels such as: changes in unemployment, labour force participation, workers remuneration, and labour migration (Agenor, 1996).

According to Blanchard & Katz (1992), and Decressin & Fatas (1995), regional labour market is fundamentally different from national labour market, as such, regions specific decisions are triggered by different adjustment mechanism compared to national decisions. e.g. in EU there are more inter-regional migration in responses to regions specific decisions than international migration in response to country specific decisions.

This paper is studying labour distributed patterns in function to occupation and type of labour involve in specific activity. Cocoa activity in Meme Division recruits several forms of labour practices in functions to job type. The most profitable job type will attract more labour force than less profitable. Individual decisions are also triggered where is available farm works in the respective Sub-divisions.

### *Economic development*

Development according (Witherick *et al.*, 2001) based on four main directions: economic growth; advances in the use of technology; improving welfare and modernization. These dimensions are widely used in distinguishing between the first world and the third world, and between developing and less developing countries. The meaning of development lifted considerably during the second half of the 20<sup>th</sup> century. This shift or advances in development in 20<sup>th</sup> century is due to technological progress that touched several sectors of the economy. Among these sectors is the agricultural sector that has received great development based on technological advancement. Originally, all these contributed to economic development or economic growth. This paper adopts this approach in looking at the contribution of cocoa production in Meme Division as engine for local development in the area. Thanks to the use of various labour forms on agricultural activities to attain the necessary level of economic development observed today in the area.

### *Cocoa*

Cocoa is derived from a tropical plant today is cultivated in all the tropical regions. Cocoa beans contain carbohydrates, protein and particularly fat. As such, it is considered a "food" crop. This work study cocoa production as cash crop. Cocoa is cultivated to produce cocoa beans used for the manufacturing of chocolate and other related products. Thom Achterbosch *et al.*, (2014) defined cash crop cultivation as agricultural products which are marketed. Meaning that cash crop is not limited to only plantation crops like cocoa, coffee, palm oil production, natural rubber, bananas, pineapples, oranges etc, but also to staple food crops which are marketed. Many literatures have proven that food crops generate income and also improve access to their availability for those who cultivate and earn income for the activity. The impacts of cash crop production are many: they generate income to rural household, create employment opportunities within the community involved in the activity, provide food security to the population concern and increase foreign income earning to the state.

Cocoa as part of economic activities continues to organise the population in the respective areas where the crop is exploited. The sociological organisation of the population is a general phenomenon. For example, this activity has transformed the Ghana economy in terms of space organisation and sociology of the population. As such, the introduction of the crop in the area was welcomed as a new found wealth, gained so much credence to the extent that many rural farmers in Southern Ghana abandoned food crop farming for cocoa cultivation. The cultivation of the crop also attracted several people from other parts of the country especially from the Northern parts of the country into cocoa growing areas in the south as labourers or tenant farmers. In addition to this, it gave rise to the emergence of social class e.g. the farmer's council and cocoa buying companies as well as nationalist movement among cocoa farmers.

Similarly, in Côte d'Ivoire expansion of cocoa production in the extensive exploitation of new forest areas in the South-Western part of the country. This consequently reshaped the socio-economic structure of farming communities in the area, and the constant demand for cocoa workers by the peasants finally gave

rise to child labour. It is not an over statement to say that across the world the situation is not different. In the major cocoa producing countries; Côte d'Ivoire, Ghana, Indonesia, Nigeria, Cameroon and Brazil, the activity plays a leading role in the respective economies, in terms of reshaping new family cell organisation, creation of cocoa unions, several forms of labour force and social classes of groups emerged in their numbers. The case of Meme Division is special in term of social organisation of the population because it has modified the wellbeing of the population.

## Results and discussion

### Labour practices on cocoa activities across Meme Division

Labour distribution on cocoa activities takes several shapes: family, hired, force, and voluntary labours. Each of these participate either in: land clearing, felling and chopping, burning and stumping through the carting of the fermented beans for drying.

According to findings about 44.2 percent of heads of households contributed labour during land clearing and about 55.8 percent did not contribute their labour to land clearing. This trend is observed in other activities, including felling and chopping, burning, stumping, etc. The trend observed could be attributed to the notion that household heads (farmers) usually hire labour to do most of the activities involved in land preparation.

In terms of planting of seedlings, not many household heads physically take part in these activities except in the case of holing or planting of suckers (about 39.5%). Information from the focus group discussions indicate that even though most are generally involved in planting seedlings, in most cases farmers do not plant seedlings but sow at stake. It could also imply that most of the labour for these activities comes from hired labour, caretakers or other family members (farmer, spouse, children and nephews).

Similarly, farm activities such as carrying of seedlings, holing for seedlings, planting of seedlings and sowing at stake show that about 53.5 percent of household heads contributed labour to sowing at stake. The percentage contributions to the other activities range from 11 percent to about 14 percent. Significant

Ch.2. Labour distribution patterns on cocoa farms and economic development... changes in the labour contribution of household heads were noted in some farming activities.

**Table 1.** *Type of Hired labour pattern in Cocoa districts (By-day-labour)*

Sub-Districts		Are you 'by day' worker?		Total
		Yes	No	
Bai kuke	Number	56	0	56
	%	100.0	0	100
Bomboko	Number	55	3	58
	%	94.8	5.2	100.0
Ekombe	Number	42	14	56
	%	75.0	25.0	100.0
Kumba Central	Number	1	58	59
	%	1.7	98.3	100.0
Matoh/Diongo	Number	11	18	29
	%	37.9	62.1	100.0
Konye/ Wone/Dipenda	Number	4	23	27
	%	14.8	85.3	100.0
Total				285

**Source:** Survey results, 2015.

Percentage ranges of between 22 percent to 83 percent of household heads contributed labour are observed for application of fungicides, spraying of insecticide, weeding, sanitation and pruning, plucking of pods, pod breaking and fermentation, etc. These activities are usually performed by farms owner and hence the higher number of farmers/household heads contributing their labour.

From table 1, type of labour pattern in cocoa district by day, the sample results indicate that workers that are engaged in by-day labour on cocoa farms activities differs from one district to another. "By day labour" is form of workers hired to work on cocoa farm on daily bases on specific amount. And this mostly depends on the financial capacity of the employer. General results from all the cocoa producing districts indicate that 59% of the workers are engaged in by day cocoa activities. This is where a worker offer services to work on a specific job for a period within the day for a day's wage. This nature of employment, the workers are not under anybody's control and they go to work anytime they wish, and decide when they are ready to offer their services for a generally agreed fee in the community.

**Table 2.** *Contract Labours in Cocoa districts: (6 to 11 months)*

Sub-Districts		Do you work 6 to 11 months for a farm owner?		Total
		Yes	No	
Bai kuke	Number	0	47	47
	%	100.0	100.0	100
Bomboko	Number	3	52	55
	%	5.5	94.5	100.0
Ekombe	Number	2	41	43
	%	4.7	93.5	100.0
Kumba Centre	Number	7	51	58
	%	12.1	87.9	100.0
Matoh/Diongo	Number	0	26	26
	%	100.0	100.0	100.0
Konye/W/Dipenda	Number	0	26	26
	%	100.0	100.0	100.0
Total Number				255

**Source:** survey results, 2015

Similarly, some of the adult workers take multiple work status within the communities. Some workers choose short-term and long-term work contract. The study was also focused in the sampling of the nature of employment in the cocoa farms in function to short- term contract. Table 2, summarises the results of the sample and it indicates that 12% of hired workers are employed in less than 6 months on cocoa farm base on contracts. This is in contrasts with table 3, which shows family and voluntary labours who are employed in long-term contracts of less than one (1) year but greater than 6 months represents 82% out of the total numbers of employed workers sampled.

**Table 3.** *Long-term Contract labours in Cocoa districts: (greater than 1 year)*

Sub-Districts		Are you a permanent worker (one year +) for a farm owner?		Total
		Yes	No	
Bai kuke	Number	23	25	48
	%	47.9	52.1	100
Bomboko	Number	26	28	54
	%	48.1	51.9	100.0
Ekombe	Number	13	30	44
	%	30.2	69.8	100.0
Kumba Centre	Number	51	8	59
	%	86.1	13.8	100.0
Matoh/Diongo	Number	27	0	27

	%	100.0	100.0	100.0
Konye/W/Dipenda	Number	24	2	26
	%	92.2	7.7	100.0
Total				258

**Source:** Survey results, 2015.

It is generally known that negotiation of contract among family and any form of labour between employer and employee is the best way to avoid disagreement on pay package. This study therefore took into consideration of this and sampled cocoa workers employed on the types of farm agreement. Most labourers engaged on cocoa farm and their farm owner is important characteristic that was evaluated in this study. The results obtained from the field shows verbal and written agreements. The voluntary workers who usually enter into verbal agreement with the producer on their services to be rendered on the cocoa farm represent 76%. Similarly, hired or family workers with written contracts constitute only 2% in all the cocoa producing communities or districts. This low percentage of written agreement indicates that most people employed to work on cocoa farms are exploited.

**Table 4.** *Contract Worker in Cocoa districts by location*

Sub-Districts		Type of contract received from employers for the last main/minor crop cocoa season				Total
		No contract (no terms given)	Verbal contract	Written contract	Other (e.g. 'gift' service)	
Bai kuke	Number	3	51	1	0	55
	%	5.5	92.7	1.8	100	100
Bomboko	Number	4	53	0	2	59
	%	6.8	89.8	100	3.4	100
Ekombe	Number	3	53	0	0	56
	%	5.4	94.6	100	100	100
Kumba Centre	Number	11	46	2	0	59
	%	18.6	78.0	3.4	100	100
Konye	Number	9	49	2	0	60
	%	15	81.7	3.3	100	100
Matoh/Diongo	Number	11	45	2	1	59
	%	18.6	76.3	3.4	1.7	100
Total		41	297	7	3	348

**Source:** Survey results 2015.

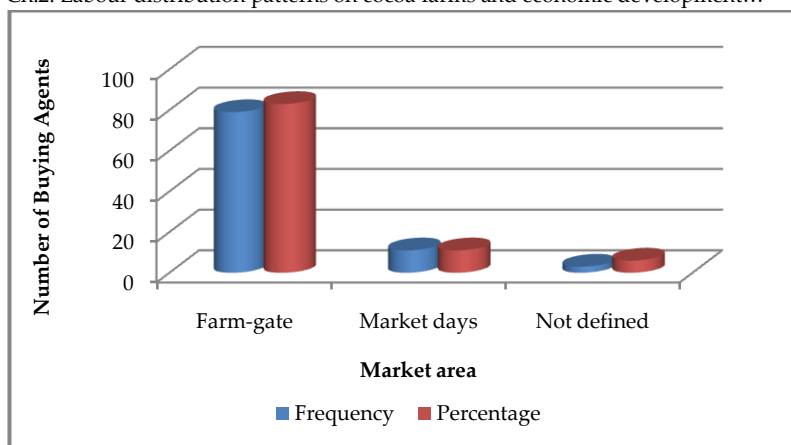
After studying and examining the different labour in the cocoa production and their characteristics in terms of spatial distribution patterns in farming activities in the entire cocoa producing districts, it is also important to study the employment ratio in the commercial activities of cocoa in Meme Division.

### **Employment ratio according to cocoa activities**

The spatial distribution of labour patterns is not limited only on cocoa farms but as well as on commercial activities of cocoa. The lucrative nature of cocoa activities also generates four forms of labour patterns. These workers compete among themselves to supply their labour force in function to pay package (plate 1). Through this process especially during peak period of cocoa beans sales, many hired, voluntary, and family workers join the market to purchase cocoa beans from the farmers. Most of these new buyers are difficult to be identified by farmers, because they don't present identification paper whether they are licensed or non licensed buying agents. Beside the big commercial agents with trader card are the promoters regardless of status. Among are: Cameroon Marketing Company (CAMCO), TELCAR COCOA LTD, OKPU & SONS LTD, and CHI & SONS Enterprise. They are considered permanent commercial agents in marketing of cocoa in Meme Division.

The number of buying agents and market area is presented in figure 2. According to the figure, 83% of the number of buyers sampled represents hired workers respondents that buy cocoa produce at the farm-gate, at times in the farm or in the farmer's home. Reasons advanced by these buyers are to meet up with the number of tonnage signed on the contract with LBA and also to overcome rivalry among other buyers. For this reason and more they prefer to buy cocoa beans at the farm-gate or on the farm.





**Figure 2.** Area of Buying by Non Licensed Agents

**Source:** Field survey 2014

Similarly, 11% represents voluntary and family buyers who buy cocoa on market days. This group advanced the reason that they travel to those villages where cocoa is produced only on market days since they are sure that farmers always keep their produces to sell on local market days because buying calendar of cocoa according to them corresponds to the market calendar. 6% of the respondents represent the number that did not disclose their reasons. The researchers noticed that they are mobile buyers who use either their Moto-cycles or vehicles in search of cocoa in the villages. This clearly indicates that the market chain of cocoa in Meme Division is complex within the buying agents. Buying agents at times conflict in the market of cocoa during rush periods or end of cocoa season.



**Photo 1: Sun drying of wet cocoa beans**

The photo show how wet cocoa beans are dried on the sun. Four to five persons are employed during this process. The cost price to dry one bag of cocoa on the sun ranges between 3000-4000 FCFA. Unfortunately this process is not lucrative in Meme Division.

During this period which around the month of December, almost all the farmers have close the cocoa season. The quantity dried on the sun is small compare to that on cement ovens 2015.



**Photo 2: Cement Oven drying of wet cocoa beans**

The photo show how wet cocoa beans are dried on cement oven Many farmers in Meme Division dry their cocoa bean on oven because of prolong rainy season. Huge energetic labour force is employed at this stage. To dry one bag of cocoa beans cost 5000-December, almost all the farmers have close the cocoa season. The quantity presently on the oven is about five to six bags when dried 2015.



**Photo 3: Cocoa beans loaned in bags**

To loan dry cocoa in bags in a warehouse after sunning as shown on the photo generates employment opportunity among the youths of Meme Division. The number of persons employed depends in the quantity of cocoa and each bag is loaned for 50 FCFA 2015.



**Photo 4: Cocoa beans stacked**

The photo shows stacked cocoa beans in a warehouse. During this process energetic labour force is required. In most cases creates permanent job opportunities among the youth in Meme Division. One bag stacked cost 150 FCFA 20145

**Plate 1. Different cocoa activities and employment opportunities in Meme Division**

**Source:** Field work 2014-2015

## **Contribution of cocoa production to socio-economic development**

Agriculture especially commercial crops are considered as driver for socio-economic development and organisation of the rural community.

This wellbeing is evaluated using the social indicators of United Nations developed in 1992 and later modified in 2002 as Millennium Development Goal (MDG) indicators. It permits the author to evaluate the social wellbeing of a given population. These same indicators are used to examine the social impacts of cocoa activities to the peasant population of the Meme Division. Nonetheless, indicators are: households and logistics, household sizes, household education characteristics, marital status of households, households age characteristics and households income expenditure. In addition, cocoa activities has modifies the sociology of the area. Among others one can identifies the following organisations:

### ***The new family cell organisation***

The introduction of cocoa cultivation in Meme Division has brought in a new form of family cell organisation. Two types of social organizations among the cocoa producing communities in Meme Division emerged. A family cell organisation affiliated to ethnic origins and that of working associations. This new family cell organisation of ethnic origin is sub-divided into two sub-headings; the native and the non native cells organisation. The native cell organisation is made of indigenous population of Meme Division this includes: Bakundu, Ekombe, Mbonge, Balong, Bafaw and Barombi organised in new distinctive cell towards cocoa activities.

On the other hand, the non native cells are those considered to have migrated to Meme Division, attracted by agricultural activities and other businesses, e.g cocoa buyers, traders, transport sector workers among others are also organised in new small cells. It should be noted that these new distinct family cell organisations focus on cocoa activities. The unity among the population of Meme Division is not broken down despite these sub-divisions.

It should be recalled here that, the non indigenous population of Meme Division are also part of these organisations some of which include clans such as the Ngolo, Balue, Bakossi, Bayangi, and also those from the North West Region like the Moghamo, Tikari, Meta, Wimbun even those from other parts of the country such as the Bamileke, the Duala, Beti and foreigners such as Nigerians and Ghanaians.

Within this canopy, cultural rites are conserved among the same clan in terms of marriages, ritual performance, and land is considered as an ancestral heritage; a patrimony of each clan and it is forbidden for sale. But this has been broken-down because of cocoa activities. This means that cocoa activity stands as symbol that has brought about the new form of social organisation within the various clans but the unity among the people is the strong hold of the development of the activity. This is remarkable during the sales of the produce. Notwithstanding the emergence of migrants from other areas attracted by cocoa activities into Meme Division, the legacy of cultural identity, clan marriages; ritual performance and land holding have completely been eroded in some villages of Meme Division because there is the organisation of inter-tribal marriages among indigenous and non indigenous population found in Meme Division. The most outstanding new social organisation that touches all the social clans is inter-marriages. This gives non indigenous population property right in the area. It's illegible to own farm-land and can easily sell the land to another person. This is one of the factors for the sociological set up of Meme Division that has given credence to the population of the area.

This new social structures facilitates the production and the commercialisation of cocoa in Meme Division which is the main source of revenue to the households. The social impact of this activity is observed in the households during the sales periods. The living conditions, level of education, and the nutritional status of many households changed. In addition to this, the activity also contributes to the emergence of new business operators among the indigenous population as small grocery stores owners, mobile drugs services, restaurant services, and a host of others. These various activities flourish well in the area because of the presence

of cocoa production that supplies constant income to the population. Thus, it permits the individuals to remain as operators of small businesses as well as improving their social wellbeing in contributing to the social organisation of the population and fostering social development in Meme Division. e.g by contributing in the creation of public infrastructures like community schools, community water among others.

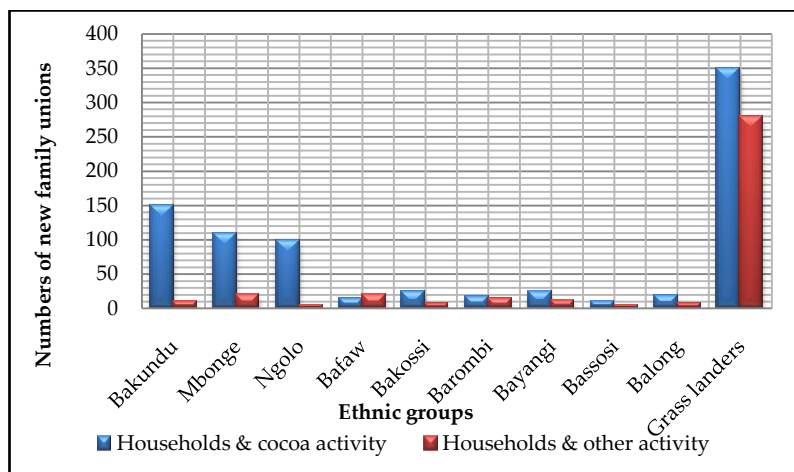
### ***Cocoa production and new famers associations***

The second form of sociological organisation found among cocoa producing households is the creation of new family working associations e.g. *njangi* groups. This new social family associations are affiliated to cultural groupings but the main objective of their creation is to facilitate farming activities as well as for mutual assistance among members. This explains the diversity of several cultural family groups in the area, although some have diverse objective based on the purpose of creation. The main objective of many is to participate as a union to cocoa activities; subsequently many have been transformed to common initiative groups. The unions execute several functions, such as the safeguard of member welfare, social contribution to members during death, assistance to members during birth, and their main source of income is from cocoa activities.

In addition, the family unions also contribute in the supply of their labour force on cocoa activities in what they locally call *follow me and follow you*. It is not an over statement that the new family structures logically sustain the survival of the cocoa production through the supply of family labour to diverse stages where farm labour is needed, in *their follow me and follow you* has a far reaching effect in Meme Division in term of socio-economic development.

Figure 3 shows the numbers of family associations affiliated to ethnic groups and the proportion of household activities by the ethnic group. The uniting force of these groups is cocoa activities as mentioned earlier in this work. Cocoa production continues to play a central role in social organisation of families into working associations. Field findings from resource persons reveal that these groups emerged due to the introduction of the commercial crop in the area because the activities needed huge labour force e.g

clearing the forest, harvesting, cracking of the pods and drying. And most of these population found in Meme Division today are ex-workers of German cocoa plantations. These populations are distributed in the three Sub-divisions of Meme Division with their practices.



**Figure 3.** *Ethnic group and households by activity in Meme division*

**Source:** Field survey data 2012

## Conclusion

The central idea of this paper is to show labour distribution pattern on cocoa farms conditioned the sociological organisation of cocoa farming community. Subsequently this has led to Cocoa producers to generate significant income which gives them the opportunity to improve their living conditions. The revenue obtained is spent primarily on private family dwellings resident, children's schooling, meals and drinks, and health. Indeed, 81% of the cocoa producers surveyed owned their dwelling houses, and 64% of the sampled farmers had houses constructed with final materials.

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**For Cited this Chapter:**

**Modika, J. (2019). Labour distribution patterns on cocoa farms and economic development in Meme Division South West Region of Cameroon. In B. Yamb (Edt.), *Socio-Economic Issues in Cameroon Vol.1*, (pp.29-48), KSP Books: Istanbul.**

ISBN: 978-605-7736-65-9 (e-Book)

KSP Books 2019

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# 3

## Corruption and the crisis of a sustainable management of the forest in Cameroon: An empirical investigation of the Mookherjee and P'ng model

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### Introduction

Since the beginning of the 1990s, the sustainable management of Cameroon's forests has been in crisis. Three sets of analyzes have been put forward so far to explain the origin of the crisis.

First of all, the early analyzes highlighted the inability of successive governments to pursue a real sustainable forest management policy, i.e. management that meets the needs of present generations without compromising the ability of future generations to satisfy theirs (Brundland, 1998; Lauriol, 2004; Capul & Garnier, 2005). Then, other analyzes found that the crisis stems from lack of information concerning the real potential of Cameroonian forestry. Finally, other analyzes have rather questioned the fact that the demographic pressure on forest resources has intensified. To these relevant factors and for a better understanding of the origins and extent of the crisis in the forest

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sector, it is essential to add corruption as an essential variable for both the severity of the destruction and degradation process of the forest, and the difficulties in enforcing the regulations. Adding corruption is more than ever relevant because since the beginning of the 1990s, the right to exploit some tree species and not others is no longer enforced in accordance with the legal requirements as it used to be. In fact, logging companies can now cut off forbidden species once they have bribed public forest controllers.

Corrupt behaviors have profoundly affected the functioning of the forest sector and continue to play a decisive role in how restructuring this sector evolves. In fact, such behaviors have distorting effects on decisions to grant forest exploitation licenses, declarations of quality and quantity of trees cut off, the right to cut some species and not others, and they continue to influence the movements of tax revenues and the process of paying fines; thus interfering with forest conservation strategies and, in turn, biodiversity.

To understand the impact of corruption, we can base our analysis on the contributions of rent-seeking theory in general, and the Mookherjee & P'ng (1995) model in particular; this will enable us to account for the nature of the relationship between corruption, forest degeneration and regulation enforcement, and to consider the consequences of the strategic interaction between ecosystem-destroying logging companies and corrupt public controllers.

The purpose of this chapter is to contribute, in the light of the Mookherjee and P'ng model, to the analysis of the phenomenon of corruption and its effects on the crisis of the forestry sector in Cameroon. More precisely on the basis of field surveys, the question is whether the Forest System Regulator, namely the Ministry of Environment and Forests (MINEF), uses for sustainable management of the forest ecosystem, instruments such as the reward rate of public forest controllers, the penalty rates imposed on these public controllers as well as corrupt logging companies.

The rest of the article is structured as follows: the second section presents the teachings of the Mookherjee and P'ng model; the third is devoted to the description of corruption in public forest administrations and its impact on the sustainable management of forest resources; the fourth is the conclusion.

## The model

Trees are important to any society. However, when such a natural resource is abundant, its exploitation gives rise to rent-loving behaviors (Leite, & Weidman, 1999). Thus, in a national forest management system consisting of a Regulating Ministry and controllers empowered by the Ministry to report on forest degradation and/or deforestation due to logging activities, corrupt behaviors can be particularly important in forest conservation strategies; and thus, in the preservation of biodiversity. These behaviors will depend in part on the relationships that controllers have with the Regulating Ministry and, on the other hand, on their links with logging companies. Mookherjee and P'ng study the interrelations between the actors that are: the regulator, the controller and the forest operator. To fully understand these interconnections, we will first set the scene before analyzing how bribery occurs.

### Staging the actors

By cutting down a volume  $A$  of forbidden trees, a logging company can avoid the legal provisions that would cost  $C(A)$ . The cost thus avoided is private profit. We assume that  $C(0) = 0$ ,  $C(A)$  is strictly increasing, strictly concave and differentiable, and  $C'(A) = 0$  at the point where  $A = \bar{A}$ . The volume of forbidden yet actually cut trees generates a nuisance  $h(A)$  where  $h(A)$  is strictly increasing, convex and differentiable and  $h(0) = 0$ . Note the level of degradation that maximizes the net profit,  $C(A) - h(A)$ , by  $A^*$ .

This first-rank optimum can be socially optimal if the application of the law was costless.

Generally,  $A^* \geq 0$  where  $A^* > 0$  means that it is socially optimal to allow some level of forest degradation.

According to the law, degradation is subject to a fine  $fA$ , (where  $f$  is an exogenous and finite rate), and the head of the law enforcement agency employs an inspector to implement this regulation. To control the operator with an intensity  $\mu$ , the controller must make an unobservable effort  $e(\mu)$ , where  $e(\mu)$ , is strictly increasing, strictly connected and differentiable, and  $e(0) = 0$ . This intensity  $\mu \in [0, 1]$  represents the probability that the controller will find out the true level of degradation caused by the

logging company A, and successfully prosecute the company. With probability  $1-\mu$ , the controller will not get any obvious level of degradation. We assume that the logging company is aware of what the controller has found.

The controller has full command of not only the choice of the intensity of his effort, but the level of the volume of forbidden, yet actually cut trees  $\hat{A}$ , which he reports to the regulator. To motivate the controller, the regulator pays him a reward for every dollar of degradation discovered and produced by the logging company. We assume that the penalties on the controller for excessive reporting are quite high and that the costs of the logger victim of this report are low enough, so that the controller will never be able to make an excessive report, thus,  $\hat{A} \leq A$ .

The logging company may corrupt the controller to report a lower level of degradation than in reality. By doing so, the operator can reduce his fine from  $fA$  to  $f$  while the controller receives a small reward. In such circumstances, we assume that information on corruption and the actual degradation of Operator A will reach the regulator with an exogenous probability. The source of the leak of information may be verified by another government agency, by the press or employees dissatisfied with the operator. Information leaks reveal bribes paid by the operator to the controller.

In the event that corruption is discovered, the operator must pay not only the amount of the escaped fine,  $f(A-\hat{A})$ , but an additional penalty for giving a bribe at the rate  $p_g$ , making a total of  $(1 + p_g) f(A-\hat{A})$ .

In case of information leak, the controller must pay a penalty  $p_t(A)$  for taking a bribe and undervaluing the report.

To summarize, the regulator's policy consists of three instruments: the reward rate,  $r$ , the penalty for taking a bribe,  $p_t$ , and the penalty for giving a bribe,  $p_g$ . Given the policy  $(r, p_t, p_g)$ , the operator and the controller simultaneously choose the degradation,  $A$ , the intensity of the control,  $\mu$ , respectively. Thus, both parties jointly determine the bribe, if any; as all parties are supposed to be neutral as far as risk is concerned.

### How bribery occurs

To begin with, suppose that the operator has degraded the forest to level  $A$  and the controller has discovered this degradation. We can identify the conditions for which there is a bribe and its amount  $b$ . If the logging company does not corrupt the controller, it must pay a fine  $f\hat{A}$  for the degradation. If it has to pay a bribe and bring the controller back to  $\leq A$ , the logging company will pay a small fine to the government. However, with the possibility that information leaks and the logging company pays in addition  $(1 + p_g) f (A - \hat{A})$  to the Regulator. Thus, the logging company expects to make 1 gain of  $[1 - (1 + p_g)] f (A - \hat{A}) - b$  of the bribe.

If the controller refuses corruption, he will receive a  $rf\hat{A}$  reward from the regulator. However, if he accepts the bribe  $b$  and undervalues the degradation in his report, his reward will be smaller, i.e.  $rf$ , and with probability  $\lambda$ , he will suffer a penalty of  $p_t (A - \hat{A})$ . Therefore, the expected gain from undervaluation of the degradation is:  $b - (rf + \lambda p_t) (A - \hat{A})$ .

Bribery is effective only if the logging company and the controller can both benefit. Thus, a necessary and sufficient condition for the occurrence of bribery is that

$$[1 - \lambda (1 + p_g)] f > rf + \lambda p_t. \quad (1)$$

The logging company and the driver are both likely to be corrupt, but the occurrence of bribery is endogenously dependent on the regulator's policy. When the bribe is profitable in the sense that politics meets (I), we assume that the logging company and the controller choose a report  $\hat{A}$  to maximize their joined profits,  $[(1 - \lambda) (1 + p_g)] f(A - \hat{A}) - (rf + \lambda p_t) (A - \hat{A}) = [f - \lambda f(1 + p_g) - rf - \lambda p_t](A - \hat{A})$ .

With (I), the joined profits are decreasing in  $\hat{A}$  and so will be maximized for

$$\hat{A} = 0 \quad (2)$$

The main reason is that the gain in bribery on both sides increases faster with the degree of under-valuation than the expected costs in terms of additional penalties.

Therefore, each time the controller highlights degradation,  $A$ , and rejects the bribe, he reports the true level of degradation. To make it plain, we assume that in this case, the logging company and the controller agree on the bribe that balances their net gains, that is to say:

$$[1 - \lambda (1 + p_g)] f(A - \hat{A}) - b = b - (r_f + \lambda p_t) (A - \hat{A}).$$

Taking into account II, this implies that:

$$b = \frac{1}{2} \{ [1 - \lambda (1 + p_g) + r] f + \lambda p_t \} A \quad (3)$$

What is the effect of this compensation measure as compared to the primary objective of the regulation of forest degradation? Condition (III) shows that if the practice of bribe-giving continues, a slight increase in the reward of the controller, or a penalty for taking the bribe,  $p_t$ , will simply increase the level of bribe, so the controller will ask for and receive a larger bribe. In such circumstances, corruption increases.

But if the reward or penalty is sufficiently increased to reverse the relationship (I), corruption could collapse. Thus, the demand of the controller increases beyond the good will of the logging company to pay the bribe and corruption disappears. If the company does not want to go so far, one way to reduce the bribe is to raise the penalty,  $p_g$ , on the bribe-giver (the logging company), reducing the penalty,  $p_t$  on the bribe-taker (the controller). This contrasts with the usual practice of punishing the bribe-giver less severely than the bribe-taker.

Analyzing the Mookherjee and P'ng model, Bardhan (1997) states that a higher reward will encourage the controller to be more vigilant and dissuade the logging company from degrading the forest. To him, reducing degradation will discourage the controller from carrying out checks. At equilibrium, the net effect is a reduction of degradation. On the other hand, when the regulator increases the amount of the penalty imposed on the controller, the controller is less likely to do his job well. This reduction in controls can lower the foreseeable penalty for the degrading logging company, which can aggravate degradation. So, although the

controller is risk-neutral, the carrot (the reward for mentioning the degradation of the forest in his report) and the stick (the fine for accepting a bribe) may produce opposite effects on the level of degradation. This entire demonstration is not intended to discourage the establishment of an appropriate premium system in the context of corruption, but to highlight the nature of the complexities involved. This analysis also suggests that the reward system should be more oriented towards the impact of the nuisance that the regulator is supposed to fight in priority.

At least two criticisms can be made of the Mookherjee and P'ng model. First, the assumption that the regulator is benevolent seems too simplistic because he can be corrupt and even collude with either the controller or the logging company. Secondly, it can be assumed that the logging company avoids degrading the forest not only to escape the resulting penalty but also to gain a possible reward from the regulator. But beyond these limits, one can wonder if the approach to forest management based on the triplet  $(r, p_t, p_g)$  is applied in Cameroon.

## The empirical analysis

Before presenting the results of the survey, it is necessary to describe the Cameroonian forest management system.

### The forest management system in Cameroon

The description of the forest management system will be threefold: the presentation of the forest, the regulatory framework for logging, and the activities of logging companies.

#### *Presentation of the Cameroonian forest*

The Cameroonian forest covers an area of 26 million hectares shared out as follows:

- Wet dense forest: 17,500,000 ha
  - Degraded forest: 4,500,000 ha
  - Wooded savannah, clear forest gallery: 4 000 000 ha
- Total 26,000,000 ha

To these types of forests, we can add other groups of plants such as shrub savannas, tree savannas, mangroves, etc.).

The zoning plan adopted by Cameroon in 1994 on fourteen million hectares located in the southern part of the dense zone provides for the establishment of a permanent forest estate and a non-permanent forest estate. The permanent forest estate<sup>i</sup> consists of land permanently allocated to the forest and / or wildlife habitat (e.g. national parks and production forests<sup>ii</sup>). The non-permanent forest estate is forest land that can be used for non-forest uses (e.g. private forests<sup>iii</sup>, national forest<sup>iv</sup> and community forests<sup>v</sup>). In this set of forest domains, we will focus on trees that are of particular interest at the national and international levels.

*a) The trees in Cameroon*

Forest inventories carried out by public bodies (formerly CENADEFOR and ONADEF)<sup>vi</sup> from 1982 to 1999 on 2/3 of the dense forest area revealed a timber potential of 1.517 billion m<sup>3</sup>. This volume includes six hundred and nineteen ligneous species. Among these species, three hundred are considered marketable in the form of lumber; the potential for future stems is estimated at 1.494 billion m<sup>3</sup>. Among the thirteen (13) most abundant species in the zone already inventoried, we can name in order:

1- Fraké	105 800 000 m <sup>3</sup>
2- Ayous	2 500 000 m <sup>3</sup>
3- Tali	63 600 000 m <sup>3</sup>
4- Dabema	29 300 000 m <sup>3</sup>
5- Sapeli	29 200 000 m <sup>3</sup>
6- Padouk	27 500 000 m <sup>3</sup>
7- Mavingui	16 800 000 m <sup>3</sup>
8- Azobé	14 700 000 m <sup>3</sup>
9- Bahia	12 200 000 m <sup>3</sup>
10- Ekops	11 600 000 m <sup>3</sup>
11- Niové	11 500 000 m <sup>3</sup>
12- Olong (Bongo)	11 400 000 m <sup>3</sup>
13- Eyong	<u>11 200 000 m<sup>3</sup></u>
Total	437 300 000 m <sup>3</sup>

The growing potential in current trade is estimated at two hundred and fifty (250) million m<sup>3</sup>, an average of 42 m<sup>3</sup>/ha, including one hundred and ninety-eight (198) million m<sup>3</sup> for the thirteen (13) most abundant species. All this suggests that sustained and sustainable forest management can be successfully conducted in this area, with guarantees of supply to local wood



processing industries. It is important to ask why the national and international community gives so much value to rainforest trees?

**b) Interest in trees**

As a rule, it can be argued that forests provide five main types of services: they provide habitat, livelihood and a way of life for forest dwellers, an environment where a wide variety of animal and plant species coexist, the regulation of local and global climatic patterns through evapotranspiration and carbon fixation, soil protection and nutrition and, by extension, good watershed management and prevention of desertification and finally wood for future uses (World Bank, 1992).

Cutting trees may result in the loss of these services depending on the circumstances. If the land is converted to a different use (eg grazing, food crops or urban development), most of the services rendered by the forest are lost. If trees are replanted after felling, or if cutting trees is made highly selective, some or most of the services rendered by the forest may remain, depending on the degree of resistance of each type of forest. Humid or dry tropical forests, like the forests of Cameroon, provide the five services mentioned above (World Bank, 1992). Recent studies, based on remote sensing data and ground surveys, have shown that deforestation, which is currently increasing at 17 to 20 million hectares per year, mainly affects tropical rainforests. Deforestation, which includes the clearing of forests and isolated trees, is explained by the fact that some people find it interesting. Individuals, communities and the companies that are responsible for them vary according to the type of forest. Tree cutting can contribute to short-term economic growth and the fight against poverty. But this is often done to the detriment of other ecological and social objectives, the costs of which are sometimes borne by the country, sometimes by the international community. One can wonder if in the case of Cameroon there is a regulation likely to take these costs into account.

***The regulatory framework***

Developed in a general context of liberalization and State disengagement in the productive sector, the Law No.94/01 of 20 January 1994 on the Forest, Wildlife and Fisheries Regime,

determines the institutions responsible for forest management in Cameroon on the one hand, and the conditions and procedures for carrying out this activity on the other hand.

In Cameroon, any natural or legal person wishing to exercise a forest activity must first obtain a logging title. With respect to non-profit operations, there is only one type of authorization called "personal cutting authorization", whereas for the commercial exploitation of timber, there are 3 of them, namely:

- *The logging license*: It is an authorization to exploit well-defined quantities of forest products in a given zone. These quantities may not exceed 500m<sup>3</sup> of raw wood. Logging licenses for timber are granted after consulting a committee for a maximum of one year non-renewable. These licenses apply only to the non-permanent forest.

- *The sale of firewood*: It is an authorization to exploit, for a limited period, a well-stated volume of standing wood in an area not exceeding 2500 ha. Timber sale licenses are granted by MINEF, after consulting a competent commission, for a maximum period of one year non-renewable for state-owned production forests and for a period of three years for the national domain. The sale of firewood applies to both permanent and non-permanent forests.

- *The logging agreement*: This agreement confers on the beneficiary the right to obtain a given volume of timber from a forest concession to supply its wood processing industry in the long term. The forest concession is the territory on which the logging agreement is exercised. The forest concession is granted after consulting a competent committee. The logging agreement is concluded for a renewable period of 15 years and applies only to permanent forests. It is evaluated every three years. The total area that can be granted to the same forest concessionaire is calculated on the basis of a sustained and sustainable yield and the capacity of the existing processing industries to be put in place. In no case may it exceed 200 000 hectares.

To obtain one of these logging authorizations, one must be a physical person residing in Cameroon, a legal entity whose composition of the social capital is known to the administration in charge of the forests and whose headquarters is in Cameroon.

However, the beneficiary of an accreditation may subcontract some of its activities provided he gets the prior agreement of the forest administration. In the context of tree cutting, there are several types of offenses that can be divided into two groups: minor offenses and major offenses. Minors are those that are made because we did not pay the maximum attention to respect the norms of exploitation contained in the specifications (for example non-respect of the minimal diameter of the tree to be felled). Major offenses include unauthorized logging or beyond the limits granted.

In all cases, the Law 94-01 on the Forest, Wildlife and Fisheries Regime includes offenses with sanctions, some of which are listed below.

**Table 1. Examples of fraud and sanctions**

SOME TYPES OF FRAUD	SANCTIONS
Harvesting in a forest of the national domain for lucrative use, or beyond the period or quantity granted.	Fine of 5,000 to 50,000 XAF <sup>vi</sup> and imprisonment of ten (10) days.
The transfer or hand over of a personal logging permit.	
Exploitation based on a simple permit, unauthorized forest products, beyond the limits, the allocated volume and / or the period granted in a forest of the national domain,	Fine of 50,000 to 200,000 XAF and imprisonment for twenty (20) months.
Transfer or hand over of a license to another logging company. The unauthorized felling of protected trees.	
Execution of a management or development inventory that does not comply with standards set by the forest administration.	Fine of 200,000 to 1,000,000XAF and imprisonment from one month to six months or one of two penalties.
Unauthorized logging in a forest of the national domain beyond the limits and / or the period granted.	
The delimitation of logging licenses and actual cutting margins.	
Fraudulent use, counterfeiting or destruction of marks, forestry hammers, posts or poles used by forest administrations.	
Logging firewood in a state forest, beyond the limits of cutting quotas and / or the period granted.	Fine of 1,000,000 to 3,000,000XAF and imprisonment of six (06) months to one (01) year or one of two penalties.
Fraudulent exploitation by a subcontractor as part of a subcontracting agreement in a state forest.	
Unauthorized logging in a state or communal forest.	Fine of 3,000,000 to 10,000,000XAF and imprisonment of one (01) to three (03) years or one of the penalties.
Exploitation beyond the limits of the forest concession and/or volume and period granted. Transfer of a cut sale or concession without authorization.	
Falsification or fraud from any document issued by the forest administrations.	

**Source:** MINEF.

### ***Logging companies and their activities***

The activities of the wood industry are diverse. They include cutting wood, sawing, slicing, carpentry, cabinet making, poles, carbonization, etc.

To date, logging is carried out on about 9 million hectares of productive rain forest. The register of economic operators in the forest sector has more than 400 approved operators.

Among the licensed but inactive operators, there are many national sole proprietorships.

Out of the 400 companies registered in the Forest Directorate, only 78 are active. There are usually two types of forest companies:

- Unprotected loggers who exploit timber under permits granted to them and sell the raw timber in or out of Cameroon.
- Logging companies with primary processing unit. These are the operators who buy their logs either through their own exploitation titles or from other operators. The logs thus obtained are made of veneer and sawn timber.

## **The results of the investigation**

Before presenting the results themselves, it is important to recall the methodological approach that we adopted.

### ***The methodology***

This methodology consists in limiting the population to study and making a questionnaire tailor-made for the individuals who will be questioned. The main population consists of all participants in the forest management process. There are seven types of agents: MINEF controllers, logging companies, territorial and judicial officials, law enforcement agencies, non-governmental organizations and finally, the populations benefiting from user rights. Indeed, MINEF is the regulator of the forest system in Cameroon. As such, we assume that the wish of MINEF is for trees to be exploited according to the rules in force. To achieve this objective, MINEF mandates the controllers who supervise the activities of loggers. Both controllers and operators are the main participants in tree management. All other participants have a secondary function of support and assistance to the forest administration. In this sense the police secure the controllers in

their control activities, while the judicial authority ensures the application of the cases of repression of some offenses when, for example an operator does not observe the sanctions prescribed by the Minister of Environment and Forests. In the end, the population actually surveyed is reduced to forest operators and controllers. The activities carried out by the controllers are credited thanks to the observation of the Non-Governmental Organizations and in particular Global Witness who participates as a witness in almost all the control actions carried out by the central control unit of MINEF.

The fact that corruption has been one of the most criticized scourges in Cameroonian media in recent days made the investigation difficult. This difficulty is due to the fact that respondents did not want to question their morality. Also, we avoided asking them if they were themselves bribe-takers or bribe-givers, for fear of increasing the risk of no or false answers as most of them did not want to reveal their real identity. We thought fit to get them to give their opinion on the corrupt behavior of the other actors of the logging activity which they are supposed to know well. To help respondents express their opinions, we provided them with a *LIKERT-type scale*. It is a scale of measurement of the attitudes where the interviewee is asked to place himself on a continuum about a series of statements relating in principle to the same subject, and for which he must express his degree of agreement or disagreement by choosing between five categories of responses: *strongly agree* (1'), *somewhat agree* (2'), *do not agree* (3'), *disagree* (4'), *strongly disagree* (5'). At first 78 operators and 110 forest controllers were interviewed. In most cases the investigators met with people to interview in their office. The questionnaire was often filled in on the spot. At times, the investigator was obliged to come back and collect questionnaires already answered. During the counting operation, 62 questionnaires correctly filled in by the operators were validated. As concerns controllers 70 questionnaires were validated. We used the SPSS software for data processing. The objective of the questionnaires was to find out whether the instrument triplet ( $r$ ,  $p_t$ ,  $p_g$ ) proposed by Mookherjee and P'ng is used by the Ministry of Environment and Forests for a better management of trees in Cameroon. Therefore, it was

question to ensure the existence of this triplet in Cameroon and possibly measure the existing correlations between the various instruments that constitute this triplet. In general, these results can be presented according to whether they are from forest controllers or logging companies. We will designate the forest operator, forest controller by **(e, c)**; **A'** is the absolute frequency of the respondents, **R** is the valid percentage of these respondents.

*The controllers*

The investigation revealed at the level of controllers, the existence of a corruption game (Table 2), the absence of a reward depending on the degradation of forests and corruption on the one hand (Table 3), and a penalty for underestimating the degradation ratio on the other hand (Table 4).

**Table 2.** *Different levels of corruption according to forest controllers*

(e, c)	1'		2'		3'		4'		5'		Total	
	A'	R	A'	R	A'	R	A'	R	A'	R	A'	R
Corruption by gifts	10	14.5	5	7.2	44	63.8	6	8.7	4	5.8	69	
Corruption by money	10	14.7	36	52.9	10	14.7	9	13.2	3	4.4	100	

**Source:** Our surveys.

The answers to the question about whether corruption exists in the labor relationships between logging companies and controllers show a general tendency to corrupt practices here and there. Overall, 67.6% (14.7% + 52.9%) of the controllers surveyed believe that logging companies offer bribes to some of their colleagues while only 17.6% (13.2% + 4%) of controllers have a different opinion. For example, through bribery, logging companies can cause controllers to underestimate reports on forest degradation.

**Table 3.** *The different levels of reward of controllers depending on the fines imposed on logging companies*

(e, c)	1'		2'		3'		4'		5'		Total	
	A'	R	A'	R	A'	R	A'	R	A'	R	A'	R
Corruption by gifts	4	5.8	2	2.9	1	1.4	18	26.1	44	63.8	68	100

**Source:** Our surveys.

Table 3 shows us that 89.9% of controllers surveyed say they do not benefit from a reward depending on the fines that accomplices pay for having degraded the forest, while 8.7% admit to benefit.

**Table 4.** *The different levels of penalties imposed on the controller who is corrupted by a logging company*

(e, c)	1'		2'		3'		4'		5'		Total	
	A'	R	A'	R	A'	R	A'	R	A'	R	A'	R
Controllers interviewed	4	5.8	2	2.9	1	1.4	15	21.7	46	66.7	66	100

**Source:** Our surveys

The surveys also examined whether the Department often imposes penalties on controllers who, in collusion with the logging company, underestimate the level of forest degradation. Table 3 above indicates that for 88.4% of the controllers interviewed, there are no penalties against some of their colleagues who are corrupt and underestimate bias or falsify reports on forest degradation. On the other hand, there are administrative sanctions against unscrupulous controllers. These are usually disciplinary transfers to remote localities, blames and warnings. It may happen on rare occasions that the civil servant loses his position as controller. The Law No. 94-01 of 20 January 1994 on forestry, wildlife and fisheries provides in Article 150 that accomplices, or all those who have participated in one way or another in offense are punishable by the same penalties as the author of the offense. The consequence is that the corrupt controller should for example pay the same fine as the offending operator. Investigations show that this law is not applied, at least on the side of controllers. But if it were applied, could civil servants pay fines as high as those paid by logging companies? For example: the perpetrator of any of the following infringements is punished with a fine of three to ten million XAF and an imprisonment term of one to three years, or one of the two penalties only:

- unauthorized logging in a public or communal forest;
- logging beyond the limits of the forest concession and / or the volume and the period granted.

**Table 5.** *The reward received by a controller based on the auction sale of confiscated logs*

(e, c)	1'		2'		3'		4'		5'		Total	
	A'	R	A'	R	A'	R	A'	R	A'	R	A'	R
Controllers interviewed	14	20	33	47.1	1	1.4	13	18.9	9	12.9	70	100

**Source:** Our surveys

The table above shows that controllers (20% + 47, 1% = 67.1%) receive bonuses resulting from the auctioning of timber logs owned by logging companies that have committed an infringement. However, interviews with non-controllers of MINEF staff revealed that all of them benefited from these bonuses. The bonuses cannot therefore be a particular incentive for controllers who make objective and reliable reports on forest degradation by logging companies. In fact, these controllers believe that they should be the ultimate beneficiaries; extending the sharing of bonuses to staff members who are not controllers (or even to unscrupulous controllers) has the effect of reducing the share received by each of them.

In the light of all this information, it can be said that the forest management system regulator in Cameroon (MINEF) has neither a reward rate (r) nor a penalty rate (p<sub>i</sub>) in the sense of Mookherjee and P 'ng. The fact that this regulator does not have these instruments can appear as one of the essential causes of the anarchic exploitation of forests and thus of their sustainable management crisis. What about logging companies?

*Forestry operators*

The survey revealed at the level of logging companies, the existence of a bribe game (Table 6) and the absence of penalties relating to this game (Table 7).

**Table 7.** *Forestry operators*

(e, c)	1'		2'		3'		4'		5'		Total	
	A'	R	A'	R	A'	R	A'	R	A'	R	A'	R
Usual bribe	16	27.1	41	69.1	1	1.7	1	1.7			59	100
Bribe known in advance	37	60.7	19	31.7	1	1.6	4	6.6			61	100
Effective bribe	26	45.6	30	52.6	1	1.8					57	100
Bribe in fear of paying more	23	39	24	40.7	6	10.2	6	10.2			59	100
Bribe paid in several stages	23	39.7	32	55.2	3	5.2					58	100
Bribe canceling the offense	27	45	25	41.7	4	6.7	4	6.7			60	100
Bribe as the logger's pass	47	77	14	23							61	100

**Source:** Our surveys.

Reading Table 6 essentially shows that the overwhelming majority admit the existence of a bribe game in their sector of activity. Indeed, 96.6% of logging companies believe that their



counterparts usually bribe controllers whether their logging activities are legal or illegal. 92.2% of them believe that their colleagues know in advance the amount to be paid to bribe forest administrations. 98.2% of logging companies say that once the bribes are paid to forestry administrators, their counterparts receive the services they expected, especially in the administrative procedures for licensing or cancelling the offenses committed. The survey also reveals that 79.7% express the fear of logging companies bribing administrators in addition to what is known as normal bribes. 94.9% say that other operators must pay bribes in several stages leading to the completion of an administrative file. 86.7% believe that offending operators negotiate bribes with forest controllers in order to reduce or cancel the fine for this offense. Finally, all of them state that companies give bribes at police checkpoints to facilitate the transportation of their logs from the forests to processing plants, lumber yards or ports of shipment.

**Table 7.** *The penalty suffered by logging companies for corruption*

(e, c)	1'		2'		3'		4'		5'		Total	
	A'	R	A'	R	A'	R	A'	R	A'	R	A'	R
Penalty for operator corruption	0	0	2	3.3	23	39	29	49.2	5	8.5	59	100

**Source:** Our surveys.

Table 7 shows that only 3.3% of logging companies believe that a logger can pay a penalty for bribing to a forest administrator. On the other hand, 57.7% deny the existence of such a penalty. Field data suggests that the forest management system regulator in Cameroon does not have the penalty ( $p_g$ ). The absence of such a penalty may appear as a significant explanatory factor for the wild exploitation of forests in this country, thus compromising the intergenerational balance in the management of forestry.

## Conclusion

The purpose of this chapter was to provide, in the light of the Mookherjee and P'ng model, an alternative explanation to the crisis of sustainable forest management in Cameroon. Field data shows that corruption has profoundly affected the sustainable management of forestry. This phenomenon is highlighted in the bribery game between logging stakeholders, especially the couple

(e, c). In its attempt to rationalize logging and thus preserve the intergenerational balance, MINEF does not have the management and control instruments proposed by the model: a reward rate ( $r$ ) and a penalty rate ( $p_t$ ) aimed at getting public forest controllers to draw up objective and reliable forest degradation reports, a penalty rate ( $p_g$ ) aimed at dissuading logging companies from corrupting controllers. The absence of these instruments appears to be one of the fundamental causes of the crisis of sustainable forest management and its aggravation in the country. In terms of recommendation, it is advisable for MINEF to adopt and ensure the application of  $r$ ,  $p_t$ , and  $p_g$ . However, the adoption and application of these instruments may not be enough to guarantee the end of this crisis as the financial greed of both logging companies and controllers can oppose to the clean-up of the forestry sector. The recommendation can go beyond the only instruments proposed by the model, by introducing a reward rate ( $r'$ ) that would benefit the logging company that best respects the regulation about cutting trees.

## Notes

- <sup>i</sup>The forest estate includes state forests and communal forests.
- <sup>ii</sup>Scope for sustained and sustainable production of lumber or any other forest product; hunting, fishing and gathering rights are regulated.
- <sup>iii</sup>Forests in the national domain are those that do not include yards and agricultural plantations, or secondary woodlots on a farm, or pastoral or agro-forestry developments.
- <sup>iv</sup>Community forests are those whose resource management is done by village communities.
- <sup>v</sup>Community forests are those whose resource management is done by village communities.
- <sup>vi</sup>CENADEFOR: National Center for Forest Development. ONADEF: National Office of Forest Management.
- <sup>vii</sup>1 EUR = 655.957 XAF.

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**For Cited this Chapter:**

**Bikoué, S.M. (2019). Corruption and the crisis of a sustainable management of the forest in Cameroon: An empirical investigation of the Mookherjee and P'ng model. In B. Yamb (Edt.), *Socio-Economic Issues in Cameroon Vol.1*, (pp.49-69), KSP Books: Istanbul.**

ISBN: 978-605-7736-65-9 (e-Book)

KSP Books 2019

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# 4

## Local markets in Africa: Implementation process, organization, social dynamics and microenterprise potential in a poverty context: Case study of Cameroon

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### Introduction

The informal sector is now receiving most attention in poor countries through its diversity and weight in these economies. Its definition is still to be agreed upon, as elements to be understood are diverse and subject to environmental impacts. Faced with the exclusion of the capitalist economies' functioning, survival reactions were imposed. Thus, the existence and development of the informal sector have favored the emergence of a class of economic actors called "the hustlers", who are indeed products of unemployment being among reasons often advanced to explain this situation<sup>1</sup>.

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<sup>1</sup> These are the psychological and cultural destruction of peoples in contact with the West and the East, the acculturation of Africa and its diaspora,

The lack of consensus in its definition, despite the researchers' and practitioners' efforts to understand this sector, seems to be justified by various analytical angles therein recognized. It is tackled by some through its organizational level (Weeks, 2010), its level of modernity (Bugnicourt, 1973), and by others thanks to its visibility (Santos, 1975). This could be explained by the diversity and heterogeneity of activities which fuel the debate on their identification and content in this sector (Deble & Hugon, 1980). The diversity of works in the informal sector and the lack of consensus around them are nevertheless integrated into two major theoretical currents which are, to our view, complementary: The dualist current which puts side by side both formal and informal sectors with size specificities, managerial style, regulation level or the like; The functionalist current which equally analyzes this sector according to two complementary points, but distinguishes actors as well as the organizational level: The small commodity production (Bose, 1974) on the one hand, and marginality being a concept indicating the "neglect" compared to the dominant capitalist system (Quijano, 1971) on the other. *"This fringe of actors works by creating their own world apart from the world of capitalist production, reproducing specific norms"*. Thus, its role is a functional in the process of capital accumulation of the dominant system.

Without this vision being free of criticism since it admits the homogeneity and a residual character (absorption, rejection) towards the dominant sector (Gerry, 1980), it is useful as analytical framework in understanding the processes and organizational determinants beyond the microenterprise potential which should not be concealed as well as the economic consequences of a best governance of these "marginalized". We are interested in this article in understanding why this sector is marginalized, and precisely its organizational dynamics. As a matter of fact, this investigation aims at exploring how these economic "marginalized" within local markets' framework are organized, and how they boost their actions to make them stable and sustainable sets.

internal (civil wars, attempts to take over) and external crises, the inadequacy of educational systems and the different political influences and financial institutions including the IMF and the World Bank.

Local markets tackled in this study reflect, through their dynamism, the capacity of people in precarious situations to develop survival strategies. The actors' organizational behaviours show a disordered vision in contrast with the reality.

It happens that this type of market is only found in the informal sector where, by definition, the absence or the formalization deficit raises coordination issues and develops self-construction mechanisms. One might think that local markets' stability could be explained by that people considered as main actors, are prisoners of their precariousness (financial, intellectual) since such a market still exist in Africa, except in some few cases.

To be well placed in the analytical framework to be developed in this investigation, it will be crucial in part one to describe and understand what "local markets" in the African context are all about, before presenting in part two on what their development is based, while highlighting some cases taken in the Cameroonian environment. The third part will deal with some factors stabilizing and sustaining these markets despite their apparent fragility, and which are the microenterprise reserves to be exploited by African States in their fight against poverty.

## **The local market in Africa: Towards a given definition**

The economic dual vision clearly distinguishes two sectors: A qualified modern and formal sector on the one hand, and a traditional and informal sector on the other. The global criteria often listed to characterize the informal sector are the lack or insufficient regulation of the State and the quasi-domestic scale of production activities. In this context, the informal sector includes any activity beyond the governmental control carried out by self-employed economic agents in small production units. Such an approach, apart from being on the supply side, tends to confine the informal in production activities, thus omitting service activities, especially the traded. Nevertheless, local market can be said to be that of products and services generated by economic activities. But apart from being small production activities, they also relate to commercial activities. This market products are conveyed to basic or physiological needs as highlighted by Maslow (1954), and their



very low price is due to labor cost, and bargaining is the predominant technique (Zarour, 1989; DIAL-DSCN, 1993) since the price structure is non-transparent and not displayed. As regards profession, self-employment is predominant in this sector. In this case, agricultural self-employment is put aside. However, it appears that local market is full of operators, some of whom difficult to locate like street vendors, those in small transport trades (motorcycle taximen, truck pushers, carriers, etc.) and that of support (security, shopping, shoe repairers, etc.). Some of these operators are mostly self-employed. Actors being of several categories sometimes operate on the same spots, sometimes in different places given their geographical mobility. When they operate on the same spot, they form exchange relationships with other acting organizations also called markets or market places. Local market brings together these self-employed workers in trades or trade-related activities who gather in one place to carry out their professions, some of them being sedentary, others not, carrying out the same activities or different ones but complementary to their main business. These actors carry out direct exchanges with their customers without any intermediary. In a study of street trades in the Yaounde metropolis in Cameroon, Fodouop, (1991) identifies seven elements favoring the development of these activities: the insufficiency of reception structures to absorb the wave of workers from rural exodus, the lack of preliminary workers' training, low wages in the modern sector, excesses in public administration, high tax rates, economic crisis and inefficient economic modern structures. All these elements contribute to develop a much diversified range of professions including craft industry, small services and trades. In terms of spatial distribution, small traders settle wherever there is space. According to their size, they are on streets' edge, in large runabouts, on pavements and sometimes just near the roadway. They play a key role in creating urban disorder in agglomerations, and also indirectly contribute to the extension of these cities. Apart from businesses trades, one finds complementary and support activities. These local actors are often in the same areas with modern shops (supermarkets), some specialized in many varieties from wholesale to spices, leather goods and clothing. These other

forms of "small businesses" also fit into market proximity, and develop behaviours similar to those of other small informal traders as bayam-sellam<sup>2</sup> and other above-mentioned small businesses practiced in the same market environment. These behaviours relate to pricing and negotiation. Proximity in commercial practices has led to the integration of small modern traders into local markets.

In this context, new and second-hand products coexist. These markets are also specific in that apart from manufactured products, there is also a great exchange of agricultural, fishery and livestock perishable products. Their marketing raises conservation, storage and transport issues, and requires a rapid stocks' rotation. Stakeholders are mostly untrained. Most are micro-entrepreneurs from disadvantaged backgrounds in society, seeking for survival and trying to escape from poverty. Globally speaking, these markets in particular and the informal sector as a whole are perceived as a factor of social stability in that they occupy and resorb youth unemployment. When keenly studied, they are integrated into the overall informal sector.

## **Implementation's foundations and local markets' sustainability in Africa: The case study approach**

This research aims at exploring the socialization and survival phenomena driving people to self-organize and generate a dynamic and sustainable functioning system even when their psychological and material fragility seems to indicate the opposite. Local markets, which activities and operations are generally located in the informal sector by their characteristics, raise order and organizational issues in African cities (Fodouop, 1991). Their capacity to satisfy their stakeholders both economically and socially (Ongodo, 2009) led to understand from their implementation and functioning processes, the organizational factors likely to justify their actual state. The purpose of this study also lies on the functioning of local markets in Africa through their implementation mechanisms.

<sup>2</sup> Bayam-sellam is a word derived from Cameroon Pidgin English, meaning "buy" and "sell" (Ebola, 2002). Bayam-sellam trade is a growing informal economic activity in Cameroon.

We opted for the case study of some markets in the Douala metropolis in Cameroon. Country located in the heart of Central Africa, stands by its richness and diversity and considered as Africa in miniature (ADB, 2009). It has a surface of 475,000 km<sup>2</sup> and a population estimated at more than 20 million inhabitants. The case study was chosen as research method, its legitimacy in management being now proven. The recognition of the case study is mainly based on its results' strong internal validity, which is not necessarily the case with regard to the external validity (For Ayerbe & Missonier, 2007, p.37) based on the explanation and the follow-up of a rigorous methodological protocol (Evrard *et al.*, 2003, p.95; Quoted by Evina, 2009). Thus, the information collected was obtained from three complementary sources:

The first source corresponds to our field experiences through contacts with these markets; fieldworks of ESSEC students<sup>3</sup> of the University of Douala as part of our lectures were also taken into account. These experiences drew our attention to the disorder reigning in this sector, but which contrasts with actors' organized behaviors therein.

The second source, being an extension of the first, was documentary. This mainly includes books on organizations, literature on the informal and research from the Masters students mainly on one or different aspects of retail's specificities in Africa.

The third source consisted of semi-structured interviews with leaders and managers of these markets. These interviews were conducted with four categories of actors, particularly in each target market: the market manager, the tax collector, the merchants' president and one or two heads of associations chosen according to their relevance. Each interview lasted for an average of one hour. Some themes were common to all the targeted actors, and others specific to each category. With regard to market's administrators, the information sought included the market's origin (year, circumstance and organization), the market's organization, the market's administration, market's players and their role, the perception of the merchant workforce and the market's spatial organization.

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The information sought from traders' presidents included the market's organization, the market's origin, the type of traders in the market, traders' associations, the market's functioning, the perception of the number of traders, the stabilizing factors and other market's players and their role. As concerns the leaders' association (the president or any other person in charge), the discussion revolved around the following topics: the type of association, its purpose, its membership, the average seniority of its members (in the association and in the market); its role, the type of actors found in the association and in the market.

Among more than twenty markets in Douala, five were chosen for our sample. Douala, the economic capital of Cameroon, is a metropolis of more than 2 million inhabitants. Located in the coastal region, it shows many workers in the informal sector. According to official statistics (National Institute of Statistics, 2011), 75% of the urban labor force in Cameroon work in the informal sector, and 6 out of 10 households draw their income from this sector. Cameroon is classified as a highly indebted poor country (HIPC), implying that unemployment, food security and poverty issues remain unsolved. The informal sector in general and local markets in particular remain good environments for self-employment and enable the social integration of the poor.

The choice of the local market was based on its quality and age in the city. In fact, there are as many local markets as neighborhoods in the Douala metropolis. They are mostly and generally specialized in retail activities. However, the Sandaga market (M<sub>1</sub>) is primarily a wholesale market. Finally, these markets' players are in the informal economy given the small size of their activities, the insufficient legality, their level of relative sedentarity, their diversity and above all, the apparent disorder in their environment. Markets in our sample seem to be representative of this population in line with Bourdieu ([Hamel, 1997](#)) who affirms that to carry out a study on misery, a single witness is quite enough if he is judiciously chosen according to his qualities which have to support his theory of habitus.

**Table 1.** *Markets studied*

Markets	Category	Stakeholders interviewed	Interview time
M1: Sandaga Creation date: 1996	Wholesale market local	Trustee, tax collector; president of tradesmen, the association's president	1 hour on average for each interview
M2: Madagascar Creation date: Around 1970	Local	Trustee, tax collector; president of tradesmen, the association's president	1 hour on average for each interview
M3: New-bell station Creation date: 1980	Local	Trustee, tax collector; president of tradesmen, the association's president	1 hour on average for each interview. 2 association's presidents interviewed
M4: Cite-sic Creation date: Around 1960	Local	Trustee, tax collector; president of tradesmen, the association's president	1 hour on average for each interview
M5: PK 10 Creation date: 1970	Local	Trustee, tax collector; president of tradesmen, the association's president	1 hour on average for each interview. 2 association's presidents interviewed

The targeted persons were individually interviewed face-to-face. Sometimes, it happened that the respondent inquired from a trader for better information. This was the case when the market's origin has to be traced back in time. The oldest trader and especially the "native" had to intervene. This enabled to have more reliable information in some cases.

Given many information sources, we opted for the triangulation method to analyze that collected in the field.

As a matter of fact, biases due to memory selectivity of interviewed actors were solved through triangulation. It enabled interpreting the possible contradictions found in the collected data (Evina, 2009). Developments made within this paper therefore result from a content analysis of all information collected through the various above-mentioned sources.

## Sample case descriptions: Complementary lessons between informal and formal practices

### *The M<sub>1</sub> Market*

In 1969, a French forester came in possession of a land title presently occupied by this market. Following an expropriation, the owner went back to his country and the estate remains unoccupied. When he died, the property was owned by his family

and followed by a council. The said domain remains unoccupied until the 90s when it was used as a dump for old vehicles. Subsequently, it was transformed into a place for periodical exhibitions. In 1996, following the disappearance of another market due to fires (the Mboppi market), the government delegate<sup>4</sup> of that time initiated the idea to resettle all tradesmen victims of the said fire in this unoccupied space so as to avoid overpopulation in other markets. At its inauguration, the government delegate invited his counterpart from the Senegalese capital to visit Cameroon. During their entertainment and given that the market was not yet given a name and also to honor his guest, he dubbed it "Sandaga" market in memory of the largest market of Dakar in Senegal. It is a wholesale market including food products, although retail activities are also therein developed; they are marginal however. This market serves the retailers of the city, but its activities are also developed at the sub-regional level in Central Africa. It includes more than 600 registered traders, except street vendors and those on the run (An unstable category not easily listed according to the traders' president). Besides commercial activities are superimposed small supplementary trades as transport, security, shopping, cleanliness, catering, just to name the few. In terms of space, the market is divided into zones, each being led by the traders' representative who reports to the manager. On the purely internal level, *"there are nearly thirty tribal associations by specialty, but also, by economic interest as UCOMARS, MUCOMAS and the Sincere Friends. There are also nearly seven trade unions divided by profession"*, said the market manager.

### ***The M<sub>2</sub> Market***

The space owned by this market was initially meant for the New-bell station. Until the beginning of the 80s, the Cameroonian railway passed through this place. Indeed, trains with travelers often carried agricultural products as banana, plantain and the like. The only hangar existing near these rails served as a shop and

<sup>4</sup> The Government Delegate in Cameroon is the super mayor in big cities. These super mayors, unlike the boroughs' mayors elected by the municipal borough council, are appointed by the central government and thus have power over the entire agglomeration.

supply environment for merchants. Some of these supplied merchants settled on rails' edge to sell their goods, but the place was not yet a market. In the 1980s, the State revised the route of its railway, leaving this space unoccupied. Traders moved to this location and the market was gradually implemented to become today one of the largest food markets in the Douala metropolis. At its creation, this market was under the responsibility of the Douala Urban council which divided it into two: the A and B markets. In 2010, the municipality of the Douala 2 council took responsibility over this market which in turn was reorganized and segmented into six so as to have better control over it, its limits not being easy to master because geographically, it covered a large area spanning several neighborhoods. Its spatial organization seems to be the fruit of traders' good sense of responsibility. Nevertheless, it is organized by sector. For instance, there are fresh food, shoes and vegetable sectors. According to the market's manager, it has more than a thousand listed traders apart from those on the run. The main activities therein developed are trade and small trades as crafts, shoemaking, small carpentry, transport, security, microfinance, call-boxes and shopping. Each profession therein almost has one or more associations. There are also many tribal associations. However, a big one is recognized by the authorities. Other traders are being federated by the M<sub>2</sub> traders' Association.

### *The M<sub>3</sub> Market*

The idea to create this market was born in the 70s thanks to the Nylon project undertaken through the Cameroonian-Swiss cooperation, aimed at contributing to the economic development of the Douala metropolis. Originally made of some stalls along the road, it was officially inaugurated in 1992. The place was enlarged following the various populations' evictions. On this vast acquired land was built a modern market modeled on that of the West. Its management has experienced many twists and turns. First under the responsibility of the Douala Urban Council, it was then granted to a private company CASOCIL. In July 2010, the Douala Urban Council took over its management again, following the mood movements which took place on the 13<sup>th</sup> of the same month. The management of the traders' president was questioned for this

purpose. Initially focused on selling food products, this market is gradually diversified to more effectively respond to the growing demand of local populations. It is located in the Douala 3 Urban Council, complementarily managed by the municipal administration and traders themselves. It has, according to the traders' president, more than 500 registered traders and sedentary salesmen. Added to this category are itinerant salesmen who come and go, the market not being closed to other players.

### ***The M<sub>4</sub> Market***

Historically speaking, this market can be traced back in the sixties. Formerly a manifestation environment for employees of the Cameroon National Railways Regiment (REGIFERCAM), the big warehouse is gradually transformed into market with, among others, the sale of essential products as rice, salt, fish, just to name the few. Three food stores were also opened to supply the REGIFERCAM's employees. Ten years after the opening of the big warehouse, its management was handed over to the Douala Urban Council. Between 2004 and 2010, this management was transferred to a dealer who had to pay taxes to the Urban Council still having its legal supervision. This supervision was changed few years later following various managerial phenomena and practices. They include several traders' complaints against a blurred management. It was then entrusted to the Douala 5 Urban Council which today controls all the markets of this type and acts through the borough councils (the Douala 5) and a steward who is the direct manager of the market. The latter reports to the mayor, makes recoveries and represents the State in the market. He is assisted in this task by tax collectors whose daily duty is to collect taxes on "*the right to get a place*". Order and security are provided by a police station, a territorial gendarmerie brigade and a public security station. In their actions, they are supplemented by security agents hired and remunerated by traders. In this context, "*the contribution of each trader ranges from 500 to 1000 CFA francs per month for rescuers and shops owners respectively* ", said the traders' President. This market has some wholesale traders, but the retail trade of basic necessities mainly makes it a local market. Having a place in this market is sometimes formal, but very often informal: Formal in that the



trader rent a shop built by a native or another trader or when the shop was abandoned by someone else. The anarchic installation is mostly done by street vendors. The market presently has 308 stores, 38 counters and 306 stalls. The physical space is organized by sector according to the sold products, each being headed by its manager. Professions are mostly organized in associations, alongside which are juxtaposed ethnic or regional associations.

### *The M<sub>5</sub> Market*

The origin of this market dates back to 1967 when a native opened a small shop. The village consisted only of few houses. Over the years, other small shops and sale counters usually selling bread, milk, dry cassava, fresh food and other consumer goods (vegetables, fish, tubers, etc.) were opened. It was a space occupied by some counters where were sold some goods of stick type of cassava and fish dishes, just to name the few. The increasing population growth in this quarter gradually led to more players who can be more than 700 nowadays. The M<sub>5</sub> market was officially opened in 1989. Administratively, it is under the authority of two boroughs: the right side is under Douala 3 and the left side under Douala 5. It is a very particular and a fourth-class market, that is, one which in nomenclature belongs to people who rent spaces to traders. However, if any kind of intervener is nowadays found in this market space including displays, drinking shops, hairdressers, lifeguards, spatial occupation and buildings, they are from traders themselves. It is a spontaneous market and the administration's intervention is limited to its management. 350 shops and about 600 stalls have been identified. Besides a flagship association being also member of a departmental trade union, the Wouri Retailers Trade Union has "*several tribal associations depending on the type of activities. Even pushers have their own association*", declared an association's president.

Local markets have specificities related to that alongside traders, other small professions and activities are being proliferated. They are much diversified, but always complementary to satisfy the equally various customers' needs. They are not only limited to foodstuffs. There are also many

players who contribute in meeting costumers' complementary needs.

## **Local markets: From apparent disorder to a stable organized reality**

The order reality in local markets lies beyond the administrative order, a human organization which actually explains the functional actual players' stability. Several organizational levels are superimposed to explain the overall organizational dynamic: the physical and sociological spaces.

### **Space organization**

Space is first and foremost the element which projects on the environment all the apparent disorder in local markets in Africa. Indeed, there is a priori no spatial organization. The first impression when getting closer to these markets is that apart from shops, there is no specific place for anyone. Everyone can take a place deemed available, given the difficulty to find a space that fit one's requirements. This apparent situation is actually due to unstable sellers. They are deployed each day according to the space available and by the seasonality of products as fruits for instance (mango, orange, plums, watermelons, onions, tomatoes, just to name the few). Street vendors always find a place where it is available, but this relates to their commercial interests. These sellers as mentioned above sell "what is most bought right now". The street vendor specializes him/herself according to the season. He/she sells onions, tomatoes, corn, fruits (mangoes, plums, pineapple, and avocado). However, as he/she has an easier mobility because of the size of his/her trade and his/her flexibility, he/she will choose each time to position him/herself in the space meant for the type of food or fruits and vegetables of the period. Each market is divided into zones, sometimes in sub-zones (block or sector). Zones are divided by product or product family. The zonal chief is elected by zonal traders and validated by the tradesmen's president.

The apparent disorder is a marginal fact resulting not only from street vendors and small traders, but also from the incessant and inconsistent movements of various market players including

customers, carriers, pushers and motorcycles' drivers, thus giving the impression of a chaos difficult to describe. To this spatial organization informing about the geographical occupation of the physical space is superimposed the sociological organization.

### **The sociological organization or local markets' dynamic's base**

The sociological organization of all markets is essentially based on the relationships created and developed by market players. Nevertheless, economic and geographical factors also contribute to develop a stabilizing dynamic of players in these markets.

#### ***Economic Factors***

Make a good turnover is advanced by all traders' representatives to show that the profit made by some is likely to justify the choice to stay in the market. Without completely trusting their statements, the butcher, for instance, sets his monthly profit at 150,000 CFA francs; *"What is even small for this specific activity,"* said a traders' president. *"The sellers of green spices estimate their profits at about 2000 to 5000 CFA francs per day"*. Without being at the level of their initial aspiration compared to their expected living standard, traders still think to *"be satisfied"*.

#### ***Geographical Factors***

Customers' proximity is a criterion often advanced. Most traders live in their market's immediate environment, except for some big markets like the Central (M<sub>1</sub>). These markets stand out for their big sizes and wholesale activities. Geographical proximity is therein less observed. As traders live in their immediate market environment, so customers do.

#### ***Social Factors***

They mainly deal with proximity among players at several levels. First, they are grouped by specialties. The traders' president of the New-Bell station market said *"professions are practically grouped in association in our market; this is also the case for other markets in the city. Unity is strength in our sector"*. Thus, there are as many associations as specialties in each market. Even though these

associations are not always declared and known to the market authorities, they also work.

***Players are associated by specialty***, that is, by that they sell the same type of products. Their main goal is to defend the corporation's interests, to better organize their profession, to avoid opportunism as much as possible and develop complementarities. The New-Bell station market has several of this type including the association of drug sellers, that of sellers of plastic products and that of tomato sellers.

The association of drug sellers was created in 2006 at a place called "Gazon", and aimed at defending the rights of people who carry on a prohibited activity, the sale of drugs by unauthorized persons. This association is fighting either through illegal means as they say "contribute money to corrupt authorities", or through citizenship as cleanliness in the market.

The association of sellers of plastic products (shoes, slippers, bags, etc.) was created in 1998. Its main objectives include consolidating the links between different plastics traders, developing a team spirit and harmony among its members and settling disputes in case of need (fights, quarrels). They gather in case of emergency and their contributions amount to 1,500 CFA Francs each per month to pay some running costs as for those related to guarding.

***Players are associated by tribal proximity***. In M<sub>2</sub> market for instance, there are specifically two tribal associations: The association of the Bassa people called "*sun and rain*" created since 1982 by the Bassa traders. This name was chosen in relation to the difficult conditions in which the trade is practiced, meaning that whatever the season, whether it is raining or sunshine, they are doing their job. The "*Nkul beti*" association indicating the "drums" of the Beti ethnic group, gathers nationals of this large group from the Central-South and East Cameroon selling in this market. It was created in 2002. Its main goal is to defend the minority Beti people's interests by creating a spirit of solidarity, mutual aid and protection among its members.

***Players are associated by generational impulse*** as the case of young resourceful whose association is titled "*Sincere Friends*" in M<sub>5</sub> market and which mainly aims at better integrating young people

and new resourceful in the market without any distinction of sex, origin or tribe. In M<sub>4</sub> market, there is an association called "*every day*" which consists in contributing a daily minimum amount of 100 CFA Francs; there is also the "*fifty-fifty*", with a daily contribution of 50 CFA Francs. A key role is being played by each association in the life of its members. If the big traders' association plays the role of social stability and equally that of merchants' control, the "*every day*" allows a member to win a can of 5 liters of mayor oil and/or pieces of household soap. The "*Fifty Fifty*" allows its members to better prepare for public holidays like the Labor Day.

Another analytical element relates to the time spent in the market. The more one spends time, the difficult it becomes to leave his/her relational environment very family-oriented and in which defense and progress mechanisms are being developed. "*In our market for instance, if someone attacks a tomato seller, others will be against that person even though among them, there is not great love because of competition*" (Jeanne, president of tomato sellers' association). The group becomes a family with differences, but also, with a strong emotional dimension. Thus, behind the apparent disorder in markets is hidden a contrary reality depending on this type of social organization's specificities.

## Discussion and conclusion

Cases selected in this investigation deserve some clarification: the Douala metropolis has almost as many markets of this type as neighborhoods. Quantitatively speaking, these markets have on average 600 to 700 traders each and other identified actors, but many other do not.

The implementation of these markets is integrated into the urban development process. People open local markets as new neighborhoods are created. The government finally accommodates and afterwards tries to own populations' individual and collective adaptation approaches of a new space of collective life created. However, the instinctive organizational processes are disordered because people try to survive in a non-mastered environment. From this context, it is not surprising that the State's attempts to put institutional order always face resistance from these markets'

players who do not want to change their operating modes they have spent much time to build in a space a priori belonging to an indigenous community. Strategies of space conquest are followed by inhabitants' stable and sustainable mechanisms which may be cultural facts or stabilizing practices of economic or associative types.

Local markets in Africa are therefore spontaneously opened by individuals, local authorities and sometimes by the States. The apparent disorder in their functioning is based on a set of factors arising from their implementation, the present players as well as the stabilizing processes being at the crossroads of both formal and informal coordinations specific to these markets and their environment.

Spatially speaking, they are spaces where many social subgroups coexist, share and perpetuate behaviours specific to their reference groups. Thus, reference can be a profession, the type of product sold, tribal membership or generation. Generically, many are grouped into trade professions inducing identical behaviors as a whole. On the other hand, other factors specify and can influence the way through which the merchant is being integrated and deployed in this vast set to face environmental constraints, that of economic connotation being the sustainable commercial activities, their profitability and poverty, and constraints of social integration including recognition, the social position to be conquered and the desired self-fulfillment. Generally speaking, these markets' players are at the crossroads of two types of proximity: the geographical and the relational.

This is what organized proximity from Torre's (2004, p.4) viewpoint is all about. In other words, activate the geographical proximity when it is crucial, develop the relational proximity with other players in the market and, at the same time, build trust between the merchant and his/her customers. Finally, these markets are each a set of associations sometimes formal or very often informal, sometimes homogeneous or heterogeneous, but which functioning is a stabilizing and sustainable dynamic. An essential fact in local markets is the apparent disorder therein found, but which contrasts with the order reality and space organization and players. Everyone knows where he/she must be

and what he/she has to do: what are the conflicts' managerial mechanisms, the job organization, just to name the few. In the final analysis, this is on what their robustness is based, that is, these markets' stability and sustainability in a difficult environment for the stakeholders' category, the vast majority of whom are the poor.

Thus, African States must exploit the economic potential and social dynamics of these markets, so as to transform them into real centers of development and social stability. Beyond the cognitive proximity developed within the different social groups and subgroups found in these markets, the development of institutional proximity's mechanisms can encourage the formalization of a number of activities and integrate the association with an individual and global economic developmental perspective. Understanding these individual microenterprise centers and their exploitation is an important source of revenue for the State's institutions. It is also a paramount condition to encourage micro informal entrepreneurs to progressively formalize their activities. Some players make strategic choices to remain in the informal sector, that is, a priori in a legal less comfortable situation especially not having a marginal growth perspective. This investigation finds its meaning in a context where public authorities are struggling to deploy incentives to encourage informal actors to migrate to the formal sector. It falls within an exploratory perspective. The case study approach, although reliable, still has shortcomings in findings' external validity. This research aims at questioning the quality of local markets' organization, given the apparent disorder therein found. The goal was not to quantify the microenterprise potential of these markets, rather, to highlight on how it is of paramount significance. This shortcoming could lead to some future research avenues, and some key elements to justify a good decision might be tackled.

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**For Cited this Chapter:**

**Ndebi, P.E., & Dama-Die, M.M. (2019). Local markets in Africa: Implementation process, organization, social dynamics and microenterprise potential in a poverty context: Case study of Cameroon. In B. Yamb (Edt.), *Socio-Economic Issues in Cameroon Vol.1*, (pp.70-90), KSP Books: Istanbul.**

ISBN: 978-605-7736-65-9 (e-Book)

KSP Books 2019

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# 5

## Corruption in Cameroon: How to measure the phenomenon, the explanatory variables, and the fight against corruption

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### Introduction

**T**he measurement of corruption is an estimation of its magnitude with the objective of establishing actual knowledge of the phenomenon in terms of level, evolution and organization. The knowledge of this measurement in several countries makes it possible to classify these countries and thus to compare them. This spurs the most corrupt countries to take action against corruption and enables investors who travel across the world in search of the best fund investment opportunities to avoid the most corrupt countries.

Unfortunately, corruption is naturally an underground phenomenon (Shleifer & Vishny, 1993). But to measure corruption, it should be visible (Dartigues & Lescure, 2000). Despite its secret

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nature, when corruption became a priority program for International Organizations such as the World Bank and the International Monetary Fund, researchers, at the request of these organizations, abandoned theoretical work in an attempt to quantify it (Cartier-Bresson, 2008). Since then, research work in various institutions such as Transparency International and the World Bank has led to indicators that can be global (Mauro, 1997, Gupta, Davoodi & Tingson, 2002) and sectoral (Hunt & Lazlo, 2009); the Cameroon National Institute of Statistics (2011). All these indicators are important. Indeed, the former helped to raise public awareness on the extent of corruption in the world by ranking countries by level of corruption and comparing them. The latter made it possible to classify the sectors of activity according to the level of corruption, and thus, to direct struggle efforts towards the most corrupt sectors. But they are limited. When an indicator is global, it does not encompass corruption issues in their diversity (low-level, high-level, political, administrative...) and sectoral indicators lack objective data on top-State corruption.

Corruption studies in Cameroon include these two types of indicators. In 1998 and 1999, this country was ranked as the most corrupt country in the world by Transparency International (TI) based on the Corruption Perception Index. The scores of 1.4 (1998) and 1.5 (1999), which caused Cameroon to occupy this rank, reflect the importance of top-State corruption that occurs between businessmen from around the world and the high-ranking officials of this country. Here offering a gift has become so much common practice that some naturally give presents to others. However, if the top-ranking officials may consider it normal to receive gifts from foreign visitors; for the latter, is it not possible to confuse these presents with bribes? If so, to foreigners, is there no corruption?

Since 2000, the Cameroon National Institute of Statistics measures corruption from one sector to another. This approach was also adopted by two non-governmental organizations, SOS corruption and TI respectively in 2004 and 2007. The conclusion from their studies is that the rankings of corruption levels by sector of activity are different when we move from SOS corruption measurements to those of the National Institute of Statistics as well

as those of TI. More precisely, the ranking of the National Institute of Statistics (NIS) of the sectors of activity in decreasing order according to the degree of importance of corruption gives the following results: Police, gendarmerie, tax services, justice, customs, civil service, electricity, land sector, water distribution and insurance. For sectors such as the police and tax services, the ranking is close to that proposed by TI in 2007, based on the percentage of reported bribes by sector. However, it differs from that made by SOS corruption in 2004 which listed taxes before the police and gendarmerie, education, health and justice. Why are these rankings different from each other? Is there among them a ranking that better reflects the reality of the phenomenon and therefore better than the others? Can one account for corruption in Cameroon from these measurements? Are there any explanatory variables for the aforementioned corruption measurements? How to fight against this phenomenon?

According to Médard (1997a), the differences appear on the importance and extent of culturalist-typed explanations. Indeed, for proponents of the "continuist" theory, current corrupt practices are related to traditional practices. In contrast, for the "Africanist, Third-Worldist" proponents, corruption is a modern phenomenon linked to the colonial and then post-colonial period (Daloze & Heo, 1997). In this debate, the authors do not take into account the complexity of the phenomenon; do not integrate the analysis of the environment, its functioning, its mechanisms and dynamics.

The purpose of this article is to explain from a systemic approach that anti-corruption measures in Cameroon are biased owing to a number of factors specific to this economy. This makes it difficult to identify the explanatory variables for the phenomenon and thus the choice of reform measures. Our work is subdivided into three parts. The first part consists in analysing the scales of measurement, the second one focuses on the explanatory variables, while the last one is a critical analysis of the solutions implemented.

## Limits of global and sectoral measures of corruption in Cameroon

The purpose of this section is to highlight the inherent limitations to the different approaches to measuring corruption. To achieve this, it is essential to understand what this scourge actually is. Literature review reveals that there is no consensual definition. Complete knowledge in terms of level, evolution, form and organization is an even more tedious task. In order to avoid an erroneous, even pejorative view of the phenomenon amplified by the rumour, it is necessary to produce empirical data especially when one wants to eradicate this phenomenon. The specialised literature offers a typology of measurements recorded in the table below.

**Table 1.** *Typology of corruption measures*

Sources	Measurements	Objectives	Methodologies	Limits
Global indicators				
Transparency International	Corruption perception index	Evaluates the level of corruption perceived in public administration and political class	Surveys of experts (business community and analysts, resident or not, to judge the degree of corruption perceived in the public sector	The significance of the notes is unclear: is it the value of the bribe, its importance, its influence a priori, a posteriori on the activity and the life of the populations which is put forward?
	Bribery index and bribe payer	Seizes the side of corruption opportunity (likelihood for companies from industrialized countries to pay bribes abroad)	questions about business practices of foreign companies operating in a given country.	Poor idea of continuity: (the difference in ranking between two countries rated 2 and 3 is not identical to the difference between two countries rated 3 and 4
	Global Barometer of Corruption Index	Evaluates regional and global trends, cross-country comparisons of perceptions of corruption	Public opinions surveys on the perception of corruption in their country and live it.	Confusion between corruption, administrative dysfunction and poor performance;  Low ability to account for short-term positive or negative developments in corruption and its reforms;
World Bank	Evaluation of policies and national institutions	Evaluates transparency, accountability and corruption in the public sector	Rating of experts (World Bank staff).	Strong discrepancy between what is perceived and the reality of corruption;
	World governance index	six dimensions of governance:	Views and experiences of citizens, entrepreneurs and experts in the public and private sectors and	indicators largely influenced by the environment of the experts, their interests, their area of influence,

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	Investigation about the business environment and business performance	participation in public life; political stability and absence of violence, state effectiveness, quality of regulation, rule of law and fight against corruption	that of NGOs around the world, on the quality of different aspects of governance.  Investigations at the level of the enterprise	the big dumb: several sectors or areas are omitted because of their nuisance capacity, which makes it difficult to evaluate the actual cost of corruption, the implementation of an effective anti-corruption strategy and the measurement of the impact of a specific anti-corruption program. Example: a few unfair practices are taken into account on issues relating to diplomatic pressure, military protection, colonial historical bond, etc.
	public expenditure tracking surveys	Evaluates the business environment,  Retraces the backflow of resources from origin to destination while identifying the location of anomalies	Quantitative survey of public services on financial flows, products and accountability mechanisms, etc.	Anthropological, social, cultural, religious and gender factors are not taken into account
United States	Corruption control indicator	Examines the extent to which power is exercised for personal ends	Analysis of low-level and high-level corruption by surveyors of business leaders, the general public and analysts at the country level.	
	Global integrity Index	Measures the existence and effectiveness of practices that prevent corruption	Evaluates both de jure and de facto measures to prevent corruption and help ensure the consistency of the rating between individuals and cultures.	
	Illicit Financial Flow	Evaluates the magnitude of these flows and propose policies that can significantly reduce their negative effects	Evaluates from three categories: illicit commercial and financial flows, capital transfer of illegal origin (money laundering, corruption, counterfeiting, ...); transfer of funds used for illegal purposes	A blur characterizes the demarcation between outright tax evasion and aggressive tax evasion; The tax authorities do not report tax offenses to the police authorities and other measurement institutions of the IFFs, which leads to an underestimate of this variable.
African Indicator	African Governance Indicator	Monitors political, economic and corporate	Literature research, expert surveys and household surveys	

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		governance trends on the continent		
Sectoral indicators				
African Indicator	Afro barometer	Measures the social, political and economic atmosphere in Africa	National survey of social science experts, African policymakers, journalists and the civil society	Risk of litany of universal and abstract measurements of corruption The value of the results depends on the number of interviews, the quality of the panel questioned; Perception bias Absence of objective data
Transparency international	National Barometer of Corruption Index	Disaggregated and sectoral analysis of the causes and consequences of corruption	National Household Survey, aimed at collecting information on the administrative sector, the nature of transactions, the type of service purchased, the frequency of payments, etc.	
National surveys	NIS  Diagnostic Investigation			

**Source:** Based on the Africa Governance Report IV, "Measuring Corruption in Africa 2016" Economic Commission for Africa and Karamoko Kane (2009), "Corruption of African Civil Servants". Editions Clé.

In this table, two types of indicators are mentioned: global indicators and sectoral indicators.

Global indicators include, for example, the Corruption Perception Indicator (CPI), which is based on the "TI" source, the World Bank's Global Governance Index, and the Global Integrity Indicator whose source is the American government. Most of these indicators are based on data provided by international country risk surveys. Cartier-Bresson (2008) classifies them into objective and subjective economic, political and social data related to the host country of investments and financial investments. Thus, objective political and social data include ethnic, linguistic, religious and political splits such as coups, while objective economic data contain the usual macroeconomic indicators (growth rate, inflation, etc.) collected from national public accounts organizations. Similarly, subjective political and social data deal with the degree of democracy, nepotism, efficiency of public services, corruption, (...) and finally, subjective economic data is about the business environment, ethics and weight of the regulations. Their production is the result of surveys by international and national experts. These experts rate countries on a scale (for example, 0 to 10 for corruption, and 0 to 7 for democracy). There are currently 13 sources offering more than 300 objective and subjective indicators for 178 countries (KKZ, 1999)



In particular, the World Bank governance indicator is based on 6 governance items (table 1). These sources are identical to that of the CPI, which is supplemented by specialized agency indicators (Freedom House for Freedoms).

These measures enable international agencies to identify countries according to their level of corruption and can be an important information tool on the business environment. However, they are limited in that they do not inform us about corruption practices observed from one sector to another. To fill in the gaps in global measurements, researchers proposed sectoral indicators.

These are conceived from diagnostic surveys aimed at collecting information by administrative sector, the nature of the transactions, the type of service purchased, the frequency of payments, their amount, the hierarchical level of public officials concerned, the main victims of corruption, etc. But these surveys often address all governance issues by asking, for example, business-specific questions about taxes, macroeconomic management, infrastructure, competition, security, and regulatory coherence. The purpose of these surveys is to provide a disaggregated analysis of the causes and consequences of corruption, avoiding the implementation of unrealistic and inappropriate reform strategies. Can we say that these measurements reflect the reality of the phenomenon? The case of Cameroon will serve as a basis for our analysis.

The analysis of the measurement of corruption in Cameroon can be done according to whether sectoral indicators or global indicators are concerned:

### **Global indicators**

By ranking Cameroon as the most corrupt country twice, especially in 1998 and 1999, using a composite index based on expert polls conducted by various organizations since 1995 (Bayemi & Bakiti Ba, 2019) the NGO Transparency International (TI) seems to edify us on the scale of poor governance in this country. Indeed, for the NGO, corruption is defined as the abuse of public power for personal ends. The value obtained for the Corruption Perception Index is an indicator of illegal payments,

and other impediments, to which the business community is subjected by the public administrations and the political class. Three criticisms can be made to this index. The first is inherent in the definition which does not reflect the reality of the Cameroonian context. Indeed, this index refers to the high-level corruption which concerns on the one hand the exchanges between top-ranking officials and businessmen and, on the other hand on important sums of money. It does not take into account the low-level corruption which according to Blundo & Sardan (2007), appears in six variants: The commission, which supposes that the user pays for a civil servant's intervention by giving him access to a profit; The gratification, which supposes a form of thanks ex post to the user's appreciation; The piston, which supposes a perversion by domination of favouritism and signs of membership to the detriment of the criteria of competence or efficiency. The undue remuneration of a public service or "choko"; The tribute or "toll"; and finally, the wig which consists in using the material belonging to the public administration for personal purposes. The point of view of ordinary citizens (users and voters), common victims of corruption practices assembled under the typology of "low-level corruption" is not taken into account. The empirical data collected for the calculation of the index is therefore only the result of the business community's views and of resident and non-resident analysts who are characterized by a strong gap between the perception and the reality of corruption<sup>1</sup>.

Another limit comes from its name "perception index". The perception measured may be wrong because, driven by interests, the nature of the relationships between Cameroon and the countries of origin, as well as the political point of view of the respondents. Indeed, if we take into account the origin of funding for Transparency International or all these NGOs, the host country and the desire of the West to perpetuate their hegemony over the other countries of the world, given the political lies that led to the second Gulf War, to the assassination of Gaddafi, it is legitimate to question the result of such a scale of measurement, as well as the approaches used. In addition, the problem of development aid,

<sup>1</sup> - Most of these experts are not aware of the local bribery measurements, because.....

conditioned and rendered opaque by interests of both elites and donor countries, has favoured corruption and other elements that gave rise to the white elephants who have maintained the vicious circle of development. The most recent example of sports facilities (football stadium) for the African Total Nations Cup, 2019 is a pathetic illustration. This state of affairs creates a psychosis that conditions the behaviour of experts and directs their perception.

In addition, according to the report of the High-level Panel on Illicit Financial Flows from Africa, Cameroon would have lost 4,200 billion CFA francs between 2012 and 2013. These illicit financial flows are worth around 6% of the country's GDP. They have serious consequences on the country's development. Indeed, when large sums of money are illegally transferred out of Cameroon, the economy cannot benefit from the multiplying effect that the domestic use of these resources in the form of consumption and investment would have. These lost opportunities have a negative impact on growth and ultimately on job creation.

The group of experts that has studied illegal financial flows does not always present the reality of these flows when for example it comes to funds leaving Cameroon and intended to finance the electoral campaigns of the candidates running for president in France, in return for the new president will back the ruling regime. In its quantification of illicit financial flows, the group of experts studies flows out of African countries on the basis of traditional corruption that often results in personalized and individualized acts (provider, plaintiff, and bribes) and neglects network corruption. France, however, maintains historic and privileged relations with its former colonies, including Cameroon. Indeed, between these two countries, there is network corruption through personal goods that combine economic exchanges and political exchanges and that allow France to preserve its international position and the rulers in Cameroon to stay in office and increase their wealth (Médard, 1997). Indeed, in social networks, the illicit transfers that take place can indefinitely postpone the compensations over time. Moreover, the competitive mechanisms of the corruption market are consequently weakened by the functioning of networks. These social networks give corrupt transactions a more justifiable aspect of exchange of services and

natural solidarity. In this insidious form, guilt takes the form of a general irresponsibility, difficult to identify and which has the virtue of protecting the actors (Cartier-Bresson, 2008). The result of the analyses that has just been done is only valid if these illicit financial flows are consumed or preserved abroad. If money is only "gobbled up" or put aside abroad, without being redistributed at least in part, the political power is weakened. The stabilization of personal political power has a cost. The use of economic corruption is not only economic, it is also political in that it enables the maintenance of political clientele necessary for the survival of rulers. When the Head of State distributes prebends, such as a post of director of a public company, or director in a ministry, it is obvious that it is for the beneficiary a base for private accumulation, which must be used to support himself and his own redistribution obligations. To the extent that the economic base of accumulation is mainly related to extraversion, and / or where the stability of leaders is largely based on external support, whether financial, economic, political or military, the relationship between cronyism and corruption is an extension at the international level. One can thus speak of an international clientelism between France and its former African colonies, with corruption malpractices for political, strategic and economic purposes (Médard, 1997).

### Sectoral indicators

The analysis of GERDDES documents (Titi-Nwel, 1999) shows that corruption is a very common practice in Cameroon, only 0.42% considers that the phenomenon of corruption is rare. The question asked by GERDDES specialists as to whether with money you can get or achieve anything is not bad in itself. Applying it to the regions, there are differences, with the lowest figure for the western region (66.24%) and the highest for the north and centre with respectively (88% and 81.11%). However, understanding corruption from the mere perspective of bribe (money) can be reductive. These studies identify besides money, service and gift as instruments of corruption. The analysis of the "money" factor puts the west in the fourth position with a difference of 13 compared to the first. However, when we look at service and gift items, we observe that the West is first with a difference of 15 and 13

respectively compared to the second for service and gift. This urges to question the sectoral measures relating to bribes for a better political orientation of the fight against regional corruption.

**Table 2.** *What can be given in exchange for a service*

	Center	East	Littoral	North-west	Far North	North	west	total
money	72,22	37	39	68,51	41,66	65	58,49	54,55
services	37,78	24	26	21,11	25,66	25,66	52,19	29,43
gifts	38,89	27	26	16,22	26,33	26,33	49,45	28,50

**Source:** GERDDES Sector Study in Cameroon (1999).

We observe that the GERDDES analysis focuses more on barter corruption (bribes, services, gifts) than on social exchange corruption. Padiouleau (1975) specifies that, with barter corruption, an actor exhibits an X behaviour only if there is reciprocity of conduct defined by an individual B. On the other hand, in a complex political society like that of Cameroon where power is a generalized medium, bribery by exchange of services is also reflected in other forms of transactions close to social exchange but more complex, more differentiated and more discreet than the ordinary relationship of economic exchange. Not all clauses of the transaction are defined with precision and the execution of the contract is largely at the discretion of one of the actors. Well beyond family ties, these relationships extend to camaraderie, neighbourhood, "batch", work, party, church, association, esoteric circles which provide a large social relation capital, with a moral obligation of mutual assistance, the cement of which is nothing but corruption.

The INS (2007) survey of heads of households ranks sectors according to the degree of perception of corruption level. An excerpt is as follows: police, - gendarmerie, - tax services, - justice, - customs - civil service with respectively 88%, 83%, 78%, 74%, 72% and 71%. However, the study relies on the implicit assumption that all respondents were clients of these different institutions. However, the reliability of such an assumption seems unlikely to us insofar as some heads of families may never have requested the services of one or more of these administrations, given the situation of extreme poverty in the Cameroonian context. Their

answers will be more the result of prejudices, gossip and the desire to universalize the measurement.

In addition, taking the example of justice, if it appears that the justiciable head of household can actually estimate the extent of corruption that is played between him and the judicial staff, it seems difficult or rather impossible to understand the meanders of corruption between judicial personnel. This is usually the case when a member of the judiciary system is forced to bribe his colleague for a service that is normally free. According to Titi Nwel (1999), this situation is recurrent and the evil is so deep that it does not spare the corrupt ones themselves as this excerpt from the interview with a member of this body at a seminar exemplifies it. Sometimes a magistrate who has filed a lawsuit wins it. To receive the written decision or engrossment, he complies with the implacable rule of paying under the table. This is the case of a magistrate who, having waited for his engrossment for 4 months, is obliged to pay CFAF 50,000 to the justice clerk to get him to write down this decision. This testimony from a participant to a workshop-seminar on justice was confirmed by many similar cases.

Finally, the great mute which is the army is very little mentioned in internal rankings. The socio-political and economic situation has led the state to vote anti-terrorist laws. These laws, coupled with the fear of being labelled as a traitor, can only reduce respondents' freedom of expression and objectivity in decrying corrupt behaviour in this sector. The army's power of deterrence, or that of powerful countries is, in our view, a hindrance to the truth. If we take the case of colonial agreements, we can see that some businessmen in these countries impose bribes on the ruling regime to protect themselves from global competition. The question that arises in this case is about who is corrupt? If we say Cameroon, should not we talk about imposed corruption? How can we change the situation? To provide some answers to these questions, we will highlight the factors which justify our view of corruption measurements.

## **The question of the explanatory factors of the various global and sectoral rankings of corruption**

The existence of a delegation contract, with discretionary margins, is a precondition for the establishment of a corrupt relationship (Jacquemet, 2006). However, it is not enough because corruption is stimulated by other factors. The results of a literature analysis highlight multitudinous and diverse causes. It appears that the divergence of interest between the principal and the bribe-giver, the informational structure, collusion, lack of incentive instruments, particularly low wages are the most frequent causes. Still, others highlight the nature of the political regime, the market conditions. As concerns health these different causes can, be grouped in three big groups according to Vian (2008): health system causes, health professional-related causes and user-related causes.

Moreover, among the multiple explanatory factors for the prevalence of corruption in the health sector, the United Nations Development Program experts list the weakness or the absence of rules, the excess of regulations, lack of liability, lack of remuneration or low wages, and limited supply of services (e.g. the high demand as compared to supply). The level of corruption may also vary: it may be minor corruption (such as bureaucratic or administrative corruption that prevails at the implementation stage, in the context of service recipient relationships with public officials) or high-level corruption (corruption which affects top officials, especially at the political level.) All these reasons, although not exhaustive, could explain, according to the scales of measures adopted as developed above, why the level of corruption is so high in Cameroon. However, the problem of the measurement of corruption questions the relevance and reliability of the explanatory factors and the solutions proposed to fight against the phenomenon.

If one borrows the metaphor of the human body, the biological analysis of the human body reveals a system composed of a set of organs fed from the blood vessels. One would then be here in front of two organs fed by the said scourge. The mineral and organic composition of the cells will be impregnated with the elements

brought by the blood through the blood channels. From this perspective, corruption appears as a system whose chosen measurement indicators will condition the sources and causes. Corruption for Pierre Titi-Nwel (1999) is an effect, a consequence that depends on a cause, an antecedent. Indeed, if we take the case of the tip which is considered a wrongdoing by an imposed law passed and inherited from the colonial administration in the Cameroonian civil service, can we talk about haggling the service when a user, satisfied with the services offered to him, deliberately decides to reward the care agent with a gift in accordance with the habits and customs of our traditional society? Is this not just a social exchange typical of a traditional society?

One of the answers is the systemic approach that constitutes the major contribution made to psychology by the Palo Alto School (Marc & Picard, 2000). It focuses on communications and social interactions as an essential dimension to understanding and acting on the organization. To paraphrase these two authors, if we consider the family as an organization, moving from the family to the economic structure in which corruptible behaviour manifests itself is simply a matter of scaling up and encountering more complex situations involving simultaneously more actors. Can the type of primary socialization and its scale not lead to different perceptions of corruption?

The posture of the systemic intervener, situated in a "circularity" model, refusing to consider as a "reality" what is only the result of an individual point of view and which does not take into account reciprocal relational conditioning. In the case of corruption, conditionings of all kinds affect the results of a study of the causes and consequences of the phenomenon. Clearly, what is considered today as the cause of corruption in Cameroon may be tomorrow a factor improving social life. The example most often cited is that of the values conveyed by our government and private media through the radio and television that unsuccessfully denounce some NGOs, namely those who defend children's rights. Ethical values are not universal, but linked to each individual, culture, society, history (...). According to Bayart (1989), the refusal to recognize full historical societies in African societies leads to a misunderstanding of the consequences of historical facts on



current political spaces and on the behaviour of contemporary social actors (Titi-Nwel, 1999).

The other explanatory factor was developed by the founding fathers of economic anthropology, who have since the publication of "Essai sur le don" revealed exchanges between individuals in archaic societies. For Mendras (1981), exchange as an elementary relationship can be studied in various contexts and according to different points of view, as it is true that if "all social life is made of exchange (...)" [...], the rules and institutions aim at codifying and organizing the exchanges. Since corruption is a social exchange relationship, it would not be trivial to say that this form is as polysemic as our first developments show. It is based on "giving it", "receiving it" and "rendering it". Cameroonian society, without being primitive, is composed not of one, but of several cultures, notwithstanding the political ideology of "all Bantu" whose forefathers probably came from Egypt. Moreover, in the book titled "Corruption in Cameroon", report of the study conducted by GERDDES-Cameroon in June 1999, Titi Nwel argues that the diversity of peoples and cultures in Cameroon spurs us to undertake this survey by provinces or geographical regions.

An analysis of the virtues of the peoples of the West-Cameroon region, as illustrated by local comedians, shows that they are very homoeconomicus, turned to profit. For these actors, a native of the West-Cameroon region looks at the company of bikers who accompany the output of the President of the Republic as a business that would bring in a lot of money if we used the motorbikes for profit transport. This reasoning partly explains the high percentage of corruption obtained during the GERDDES study in the Western Region compared to what can be paid in exchange for a service (Table 2). In spite of a strongly established chiefdom structure, the traditional political authority in this region weighs heavily on the individuals who are used to obtaining what they desire from this authority, whether it is maliciously or by disguised ways. The central region, political capital is another high place of bargaining of all kinds.

The same comedians claim that members of the Bassa ethnic group who inhabit a large part of the Littoral, part of the Center, South and South West always walk around with a stamp to file a

complaint in case an interpersonal conflict arises. The promoters and managers of this region according to a study conducted by NKakleu *et al.* (2010), are said to make more competence-based recruitments. Only 20% clan-based recruitments are made, most of them in positions of subordinates. These regional peculiarities reflect the complexity of the sectoral analysis, the case of the Littoral region is very illustrative for this purpose. The high level of perception of corruption cannot be exclusively the result of a significant financial transaction focus, but the ethnicity of most businessmen working in this region.

As part of an analysis of profiles of corrupt managers in Cameroon, Sangué Fotso (2011) notes that the specificity of the ethnic groups that populate southern Cameroon, the region of origin of most of the managers, lies on the family and clans that nurture this deviant behaviour. An honest leader who did not "steal" to provide extra benefits to his family, his friends and maintain his network, etc. is rejected and humiliated once someone else is appointed in his place. One of the source factors for this is cultural and traditional insofar as it is a people without a strict notion of organization and respect for the hierarchy. Does such a statement not question the formalistic school and the legal approach which emphasize the universalization of economic and social facts?

The religious aspect cannot be excluded in a country where there is a multitude of conceptions of worship. In a comparative perspective, both the Muslim and Christian religions encourage the gift. It is seen as a means to strengthen and prove one's faith by redistributing some of the benefits received from the Creator; the Muslims also speak of "salaka", a fofoulbé word to name the practice. Evolutionary theories are very illustrative of such an analysis. They highlight the "habitus". On the contrary the use of the "habitus" paradigm enables an analysis of human behaviour, conceived according to the principle of activated cultural sedimentations. Husserl, Merleau-Ponty and Polanyi explain decisions and judgments (Mangolte, 1998). "The thesis is simple: with each of our perceptions, each one of our judgments, each one of our decisions, we mobilize, be it only in a pre-reflexive way, a preconstructed habitus that structures our expectations and

interests, each experience in turn is deposited in habitus. Without this double process of deposit and reactivation, we could not judge anything" (Heran, 1987) despite exchanges in the form of a gift.

Marcel Mauss is one of the first to study the theory of giving. It has enabled him to show that in a large number of companies, the circulation of objects, services, symbols and people does not take place according to the terms of purchase and sale. It would then be normal in the case of our traditional and religious societies to offer a service or good as a sign of recognition and condemnable not to do so. Moreover, the theory of social identity (Tajfel, 1978) shows that from the moment an individual considers himself a member of a group, when the social identity of the group is attractive, he then tends to act in a way that is consistent with the prevailing stereotypes in this group. Turner's work on the theory of social categorization (Turner, 1985) has confirmed and deepened this view. The person adapts their self-concept so as to correspond to the prototype of the group to which they identify themselves. We are here faced with an attitude that proves the complexity of measuring corruption.

By measuring perception, are we not determining a religious source, traditional, personal or even political and legal? Will the nature of the person's commitment and involvement in this deviant exchange of society be the result of their own will or simply the respect of the moral standards that are supposed to govern the exchanges between the stakeholders? If beyond the rules of law that guide our daily exchanges, having an idiosyncratic posture of the concept of corruption, it goes without saying that questioning the origins and causes is an always interesting issue. Can we really make a classification of the different services, administration and political authority, from the most corrupt to the least corrupt? In a society like ours where money and power go along with happiness, can being dishonest, making "famla" savings to get rich be seen as sources of corruption?

The fact of resorting to a perceptual approach would most often help to question the different rankings of Transparency International, CONAC and many other polling institutes. This point of view is supported by the secret nature of the corruption

act. When an agent is given a bank note or anything else, nobody can know at a distance what it is. The fact that we are in a context where corruption is endemic leads us to conclude at first glance that this is a reprehensible act. Let's take the case of a police or gendarmerie officer who entrusts a commission to a car driver to buy him at the price of the factory a product or a good, the driver performs his task and brings the item to the police or gendarmerie officer, gives it to him in full view of other users. If we assume that the driver normally pays his taxes, and therefore is not guilty because has not violated any law; in short, he is benevolent, should we talk of corruption? If "yes", the source is relational. If "no", it disappears and will exist only as a perceived image. It may be thought that measurement methods such as the Afro Barometer, national experience-based statistical surveys, patient satisfaction surveys, and the focus survey / study reports will provide more clarity. This is not so because they are steeped in methodological bias, which contributes to presenting only the sources of what it expects to measure and the point of view of the people surveyed. Once again the results have a strong individual connotation, hence the interest of talking about perception.

The organizational factor is not the least. Mintzberg distinguishes six components of the organization, including organizational culture. Organizations therefore have different values, customs and traditions. Moreover, the resource-based theory approaches organization as a constellation of resources whose idiosyncratic nature explains the heterogeneity of firms and their performance (Grandval & Soparnot, 2006). Such a perception may justify the difference in results obtained between two or more sectors of activity. Everyone has their routine, some of them expose the members to perceived corruption. This is particularly the case of police, gendarmerie and customs officers responsible for roadside checks, unlike doctors, magistrates and university teachers, when it comes to measuring low-level corruption, also known as sectoral corruption. The former performs a job exposed to the general public and can only regularly obtain money and products in the sight and knowledge of other users, while the latter sometimes enjoys "sofa" benefits and many others which are hardly visible, especially in the case of mutual consent.

Denunciations are only made in case of conflicts between the co-contracting parties. Beyond culture, proximity to users increases the propensity for corruption. How to measure two sectors or countries having different intrinsic characteristics, but with the same index? In our country a popular saying goes that: "we do not compare cocoyam and sweet potato".

The plurality of scales of measurement of corruption in the Cameroonian economic system is the consequence of different institutional and orthodox approaches. It underlies a rational, institutional and Universalist approach, so the bias is to ignore the behaviourist approach. Although it sets the conditionality of the game, it is nevertheless a rationality in the sense of Simon. Can there be a miracle and absolute answer to corruption?

## Reducing corruption

The fight against corruption has continued to be a priority for many organizations and administrations around the world. Practitioners, researchers and politicians are competing with recipes supposed to put an end to this scourge. A review of the specialized literature highlights four major means of struggle. These include incentives, control, training and communication.

The United Nations Anti-Corruption Program experts in Africa propose rewarding exemplary behaviour and punishing misconduct. To do this, it is possible to define appropriate incentive structures that help promote the adoption of exemplary behaviours, such as performance-based funding. It is also important to punish those involved in corruption activities, if possible. Either of these solutions requires the manager to design a control system whose stake would be the behavioural and attitudinal evaluation of public agents and an efficient means of detection of their immoral acts. These different measures of struggle had already been advocated by authors such as Rose-Ackerman, Becker G.S and Stigler G. J and many others.

It should be noted that a corrupt relationship is established when the principal is deprived of the incentive instruments, in particular the agent's remuneration and control, which are likely to reconcile their interests. More specifically, the principal must be unable to propose to the agent a contingent remuneration scheme

or an efficiency salary equal to the expectation of gains associated with corruption, which could prevent it. Indeed, it is practiced since the systems of remuneration and supervision fail to reconcile the interests of these two actors. Becker (1968) in the perspective of a cost / benefit analysis highlights the efficiency wage as an optimal means of fighting corruption. According to Rose-Ackerman (1998), for a corrupt state official, the penalties of corruption should be proportional to the extent of the gratuity, and for a corrupt user, to the extent of the profit gained from the act of bribery. To him, when designing such systems, it is important to ensure that bureaucrats do not have a monopoly power that they can use to extract increasing amount rents.

This is a very limited instrumental approach in that it considers that all agents are flanking and motivated by financial, monetary and material incentives. It does not take into account the public service motivation developed by Perry and Wise. Moreover, contrary to Rose-Ackerman (1998), for Platon: "the servants of the nations must perform their services without receiving any present [...]. Those who disobey must, if they are condemned, die without more ceremony." (Bayemi & Bakiti Ba, 2019). The officials would therefore be value-brokers according to Aristote. Indeed, in the absence of an incentive instrument, it is towards the behaviour of the agent and thus on the motivations to adopt an illegal behaviour that the analysis turns (Jacquemet, 2006).

Communication has also often been used with more or less positive results. It is recommended to display the prices of the services and to communicate on the budgets of state structures. For others, an effective anti-corruption strategy must be able to provide solutions to the three levels of relations that public officials maintain. As a result, it must be able to provide answers to intra-administration, inter-administration and administration-administered corruption; and this, on the preventive and repressive aspects.

Not with standing, the traditional means of control in the public service: encouragement, communication, training and awareness, the State of Cameroon has in recent years developed a number of strategies. As part of the reform of the Public Administration, the performance pay has been implemented in several sectors, the

program budget has been adopted, the action of the Supreme State Control has been strengthened as well as the judiciary system.

Control and prevalence mechanisms have been strengthened. Cells with available telephone numbers are open to users who have been victims of corruption acts. The criminal aspect is not left out with the development of the Special Criminal Court to judge white-collar thieves. Other measures, such as incentives, awareness-raising and personal development, are part of the state's control system. This has led to a proliferation of particular and special statuses, a slight increase in salaries, awareness-raising campaigns carried out by several organizations such as CONAC, as well as training courses offered to staff from other administrations, public institutions as well as public and parastatal enterprises by the Ministry of Higher State Control on "management misconduct". All these devices have not curbed the phenomenon. The proliferation of particular and special statuses is source of perceived inequity among agents who feel wronged. Justice itself is perceived as very corrupt, political authorities are seen as mere politicians; and the government is viewed as a caste of predatory "businessmen" whose sole goal is to remain in office. All these limitations, added to the absence of an independent and consensual electoral commission, do not contribute to the achievement of this goal. Moreover, these incentives are comprehensive; they do not take into account the particularities and idiosyncratic nature of individual expectations of civil servants. Even if we can observe a shift towards the management of the person, it remains in fact global and sectoral.

However, after reading the word from the President of CONAC (2010), the first major phase of this struggle was the implementation of many mechanisms in our country. The most striking illustrations are: the society-freefrom corruption campaign in which white-collar criminals are called to account for their mismanagement of public wealth; Cameroon's accession to international governance mechanisms such as the Extractive Industries Transparency Initiative (EITI), the African Forestry Law Enforcement and Governance (AFLEG), the ratification of the United Nations Convention against Corruption (UNCAC) and the creation of specialized anti-corruption institutions (CONAC,

ANIF, etc.). It was less about a true strategy than just a move to respect the donors' recommendations and comply with the resolutions of meetings like that of Dakar on the reform of the African public hospital system; and a little-veiled mimicry.

Despite all these instruments, the expected results in the fight against corruption have remained poor. One of the reasons for this lack of results is the scattering of efforts by the many public and private organizations to curb this scourge. Indeed, whether the actions are carried out by state institutions, private sector organizations or the civil society, there is no synchronization in the implementation of anti-corruption actions in Cameroon. The creation of positive networks is one of the key success factors in the fight against corruption. With this in mind, the Government decided to draw up the National Strategy for the Fight Against Corruption. The new logic aimed at more targeted actions by business line and strategies to strengthen the pillars of integrity. This is for the president of CONAC, a major tool in accompanying policies to reduce corruption. This involves an assessment of corruption in the sectors and pillars on which it is based, by identifying the strengths and weaknesses in each of the sectors and pillars, defining the roles of all the stakeholders in the process, drawing up the action plan to be implemented in the context of the fight against corruption by sector and pillar of integrity, as well as by setting up mechanisms for monitoring and evaluating the actions to be carried out. If we observe a decrease in the level of perception of corruption, it seems to us, that the means to fight against this phenomenon are also to be questioned. The sectoral approach does not solve the cultural, anthropological and individual problems of corruption acts at first, nor is it an isolated approach to any political and international considerations. The colonial historical character of our administration, which is struggling to make the transition to decentralization, cannot cope effectively with such an approach; the whole administration is to be reviewed. The program budgets are simple transpositions of management practices of the private sphere to the public one, which is in opposition with the notion of public service despite the supporters of the New Public Management. It is appropriate to recall that the Cameroonian civil service has opted for competitive



entrance exams as the main recruitment method for its staff, the civil service is the rule and the structures like the Supreme State Control which are supposed to be the police of the State, are pervaded by the political authority as they are only accountable to the Head of State who appoints all the main officials.

The phenomenon continues, financial scandals are linked to the SCC, the delivery of projects in connection with AFCON is being delayed and the users continue to complain about bribery. TI and several other NGOs continue to denounce corruption in Cameroon. The problem is therefore to know if one can fight against a poorly measured phenomenon, poorly understood and whose explanatory variables cannot be fully understood. They are not only global, but also sectoral, specific to the entity. To reduce the probability of their failure, the answers are aimed at combining the mechanisms so that there is compensation of the limits of one by the strengths of the other. The decision-maker must look for alternative solutions, to an incomplete and inaccurate knowledge of the consequences of the actions and choose those which he hopes will be satisfactory (Simon, 1997; Arena & Lazaric, 2003).

## Conclusion

The analysis that has just been made shows that corruption is a complex phenomenon. The debate on the measurement of corruption in Cameroon context goes beyond oppositions between proponents of the "continuist" theory and "Africanist, third-worldist". Several factors account for the existence of corruption and depend on the definition used. The choice of a measurement affects that of the recommended solutions. To say that Cameroon is the most corrupt country or not, simply reflects in our view, the operationalization that the author makes of corruption without being an absolute reality which would be unquestionable. We can therefore understand why it is difficult to determine an appropriate and comprehensive solution against this scourge, as its definition is cultural, idiosyncratic, contingent, anthropological, in short is not universal. It would therefore be important to focus on the definition and development of an optimal tool for measuring corruption.

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**For Cited this Chapter:**

**Bayemi, O., Ba Mbog, B., & Desire, E.N. (2019). Corruption in Cameroon: How to measure the phenomenon, the explanatory variables, and the fight against corruption. In B. Yamb (Edt.), *Socio-Economic Issues in Cameroon Vol.1*, (pp.91-117), KSP Books: Istanbul.**

ISBN: 978-605-7736-65-9 (e-Book)

KSP Books 2019

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# 6

## Microfinance: Can the Grameen Bank Model be transferable to Cameroon?

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### Introduction

Microfinance has to do with the financial activity of collecting savings and giving credits to social groups whose members are poor. Excluded from the classical financial system because of its state of dire poverty, microfinances are the heart bit of borrowers in a very close manner (Yunus, 2009). Therefore, the activities of microfinance do seem a welcome method to narrow the financial gap between the poor and the rich. A good number of experiences have shown that microfinance could improve the condition of life of the poor by facilitating their

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access to financial services and the creation of viable enterprises (Murduch, 1999, 2005; Mosley & Hulme, 1998; Kerane & Wydick, 2001). As such, microfinance has lessened greatly the major economic problems of the poor, notably their difficulties having access to financial credits.

In 2005, the entire world, under the guise of the United Nations Organization (UNO), celebrated the international year of microfinance. Since the first summit on microfinance was held in 1997 in Washington, a significant evolution in this domain has been noticed. In a review of some empirical works devoted to Asia and Latin American, Weiss & Montgomery (2005) present globally positive reports on the programs of microfinance on the reduction of poverty. The Grameen Model put in place by Mohammad Yunus in Bangladesh registered great success. Our epistemological preoccupation here is to find out in what ways the successful Grameen Bank method can be imported in Cameroon and, by extension, to the Central African Zone.

The choice of the applicability of the Grameen Model in the CEMAC zone through Cameroon may be justified for two reasons. Firstly, the country plays host to 460 of the total 783 microfinance Institutions found in the six countries of the zone giving 58,74% of the total. Secondly, Cameroon has a sufficiently diversified network of microfinance Institutions and has the characteristics of the other countries (a more dynamic economy with several geographic regions: forest, savanna, sea, sahel, the country side and urban zones, etc.) and different sociological habits.

Referring precisely to the Central African sub region, the management of Microfinance Institutions (MFI's) remains a very cautious subject added to their role of solving the problem of financial exclusion of a greater number of the poor masses. It is therefore convenient to proceed to the analysis of the inherent methods and practices of the activities of MFI's and to evaluate the hopes of a dynamic leap out from the financial exclusion and from poverty. It therefore seems important for us to come back to the orthodox Grameen Bank. A careful examination of this model may reveal the useful success path that can give lessons which may be applicable in the Central African zone in general and in Cameroon in particular. This chapter, therefore, is organized on three points:

The practice of microfinance in the Central African Zone: what hope for the poor? (2); Methodology of analysis (3); the Grameen Bank experience: what lessons for the Central African Zone? (4).

## **The practice of microfinance in Cameroon: Is there hope for the poor?**

The UNO (2005) had clearly identified the difficulty of access to finance as the major obstacle which obstructs the poor population and small and medium size enterprises of developing countries. The microfinance, through financial inclusion which it has to promote in favor of the lower category of people, was perceived as the miracle solution to the ragging question of poverty <sup>1</sup>. Nevertheless, the microfinance in central Africa in general and in Cameroon in particular, is evolving in an environment undermined by acute asymmetric information on the credit market (Stiglitz & Weiss, 1981). The microfinance presents microfinancial Institutions in a fragile state and also the fact that their activities are counterproductive leading to the view that it may be difficult to take out the poor from poverty.

### **Acute asymmetric information surrounding the microfinance institution**

The existence of acute asymmetric informations is one of the characteristic links giving the scope of the challenge to be overcome entirely by microfinance in the domain of credit supply. In effect, Akerlof (1970) in his seminal article points out those developing countries undergo a very high social cost because of the opportunistic behavior of certain economic agents in the context of asymmetric information. The case of Cameroon is particularly edifying vis-à-vis this topic in the sense that the financial system which brought about the creation and development of MFI's in the 90's underwent devastating effects of

<sup>1</sup> The microfinance is one of the strategies to fight poverty and one of the necessary measures to follow to attain the millennium goals put in place by the world Bank



financial crises one of which was caused by the non repayment of certain credits<sup>2</sup>.

Consequently, the microfinance inherited an unfavorable situation thus compromising its mission as a bank for the poor and a strategic instrument to attain the millennium development goal. One of the roles of the financial intermediaries is to produce information necessary for transparency in the financial contracts on the credit market. The microfinance, believed to be closer to the poor population it is supposed to serve, ought to feel more efficient in providing credits to the poor given its proximity to the needy population. But a look at its daily reality of operations, it would appear that the credit does not necessarily go towards the neediest. This observation nurtures the idea of lost hope on the part of average households and micro-enterprise under creation.

Small borrowers are actually very sensible to asymmetric information, following the hypothesis of excess sensibility (HES) of Gertler & Gilchrist (1993a). The problem of anti selection then follows making credit cost very high because of an increase in the risk tax on the credit market put forth by the banks. The latter, besides all, has the tendency to request for exorbitant guarantees, which guarantees only systematically disqualify the poor from credit offers.

### **Opportunist behaviors and weaknesses of microfinance institutions**

The opportunist behaviors had already been identified by Akerlof (1970) as the origin of the entire social dishonesty cost. The weakness of the MFI's in Cameroon is one of the main consequences and it identifies itself as the second reason which establishes the disappointment related to the poor in terms of financing. Most of these institutions go bankrupt most often against the expectations of the poor people either because of the

<sup>2</sup> Doubtful debts grew in huge proportions. In Cameroon alone around 450 billions CFA and 11 banks got into bankruptcy most of which were financing development: Cameroon Development Bank (CDB), Credit Agricole, National Rural Development Funds (FONADER), Funds of Guarantee of Credit to the SMEs (FOGAPE), etc.

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dishonesty of some promoters or because of managerial incapacities of their managing teams. In this regard, we can cite the recent cases of FIFA and COFINEST among 33 MFI's that went bankrupt within the CEMAC Zone<sup>3</sup>. Such an evolution is a clear revelation of the weakness that legitimately pushes the public to be very skeptical and above all the poor whose financial situation is particularly precarious with a very poor or inexistent savings. The Central African zone is however, in a vicious circle of poverty where the low income of household leads to low or no savings at all. This is seen through the low deposits at the level of MFI's whose loan supplies are very limited in scope.

### **The counter-productive practices of MFI's in Cameroon**

The credit conditions proposed to the poor and to small and medium size enterprises in Cameroon are such that cannot help in the growth of the destitute majority. They are particularly draconian and do not differ significantly from those of classical banks. In effect, customers lack material guarantees to give as security for their loans. The formalization and the registration of such guarantees as surety render the loan activity excessively expensive for the MFI's. On the other hand, the non provision of material guarantee and formal documents used on the credit market will make things difficult concerning supervision on the part of external supervisors as prescribed by law ([Vogel et al., 2000](#)). This is a real dilemma. The supply of microcredit gives rise to important costs for establishments engaged in the financing of economic activities. These institutions can only be financially viable if they fix high interest rates to cover bearable charges. But if the state does not intervene through dissuasive laws, the MFI's can fix rates which are above those of the money lenders. In certain legal frame works like those of West Africa or those of Bangladesh, the authorities came up with certain restrictions concerning the

<sup>3</sup> In December 2014, the Cameroon Ministry of Finance published a list of 28 other microfinancial Institutions that went bankrupt and their licenses were withdrawn. This was only in Cameroon.

application of interest rates. The primary wish in these cases was to protect the borrowers (Christen & Rosenberg, 1999).

In other context, the authorities estimate that the MFI's can only be viable if they apply a minimum level of interest rate, from where there is a particular arrangement of the minimum rate. In the Central African zone, no restriction is established and the interest is freely allowed to be managed by the market. A research that was carried out by the Institute for Research and Agronomic Development (IRAD) bearing on agric exploitation by farmers of maize in the West Region of Cameroon and the MFI's failed because of lack of land certificates. These farmers, who were taken care of by the PRP maize<sup>4</sup> project, were already witnessing some improvements in their productivity thanks to the new nursery methods and also the best quality agricultural seeds. Then came the problem of the purchase of pesticides, improve seedlings in large quantities and expenditure linked to storage and conservation of harvests before being carried to the market. This phase of the project systematically carried out by mixed research teams of IRAD (agronomists, economists) had, as obstacle, the systematical refusal of contacted MFI's to finance the farmers' needs because of lack of the demanded land titles.

The systematic rejection of all projects not having the required guarantees appeared to be a counter-productive action, an error which was to be rectified by the microfinance institutions to propagate dynamic economic growth. In like manner the MFI's only go to the field to cajole farmers to joint their organization to make profits. They do not go there to follow the daily evolution activities of the poor. They do not find out to better know and better take care of their laudable and diversified economic activities so as to help them make some profits. These groups of the poor include hairdressing, sellers of second handed dresses, second handed books, sellers of foodstuffs, call boxers, etc. Although these are generally practiced in the informal sector, these small activities are often generating very high profit.

<sup>4</sup> The partnership reinforcement project with focus on maize is one of those projects put in place by IRAD Cameroon with some financial support from France.

In the Central African Zone in general and in Cameroon in particular, the available possessions to serve as surety such as land, cattle, land title, etc. seem determinant and therefore discriminatory to have access to credit. Title deeds of some assets are then requested for in addition to an average 20% contribution for the borrowing promoters of micro projects. Most of the poor people live in impecuniosity and hardly have the requested guarantees except in some rare cases of inheritance. It is also the same case in South America and in certain countries of Asia like Vietnam where the commercial logistics of certain networks concentrate the activity on the segment of intermediary customers. As a result, the poor are reduced to inexorable tendency of their eviction from the finances of the funds of MFI's.

### **The tendency of inexorable financial eviction of the poor**

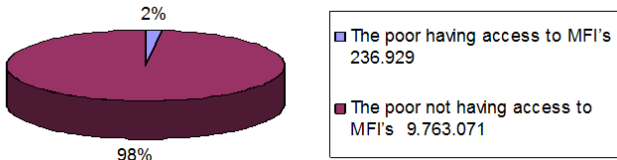
Studies on the impact of microfinance have certainly shown the efficiency of microcredit in the struggle to get out poverty. These studies can be analyzed from two complementary problems notably: the efficiency of programs to get to the targeted vulnerable poor population (outreach) and the efficiency of microcredit to effectively reduce poverty. But what is really the situation in the CEMAC zone in general and Cameroon in particular? Do the poor really get the needed finances from microfinance Institutions? Far from it, because the microcredit access conditions and the creation of small enterprises are therefore more difficult for the poor.

Consequently, the microfinance activities can be analyzed through a certain number of indicators from their performance concerning the fight against poverty being financially pushed out. In the Grameen Bank program in Bangladesh, there is a noticeable huge positive impact. As for "save the children" program in Honduras, there is also an extended positive effect on the poor. It has been demonstrated several times that those who benefit from the microcredit are not the vulnerable population. We notice that the need to evict the poor out of poverty is becoming difficult because most of the poor groups cannot meet the condition. Consequently, poverty is aggravated as has been degradation in

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the human development index in Cameroon for over at least two decades (Ekomane, 2015, pp.260-262).

*Fighting poverty through access to MFI's*

On a proportion of 10 million poor people in Cameroon in 2011, only 236.929, giving 2,37% saved money with microfinance institutions amounting to a total of 100,450 billion francs. What comes out clear here is that the hopes of the poor to have access to sufficient micro credit remains a nightmare given that the financial system of regular banks is more excluding to this categories of persons.



**Figure 1.** Access to MFIs by the poor in Cameroon in 2011

**Source:** Authors, from IMF statistics 2012, International financial statistics.

The Cameroon population that is over 23 million inhabitants actually<sup>5</sup> is made up of over 50% poor people. As can be seen from the above figure less than 3% of the people do savings with MFI's. These statistics are clear proof of the generalized exclusion of poor people from microfinance credits which from the onset was perceived as the lone and effective measure to fight poverty. Access to microcredit as shown by the figure below is a clear confirmation of the exclusion of the poor from financial credits.

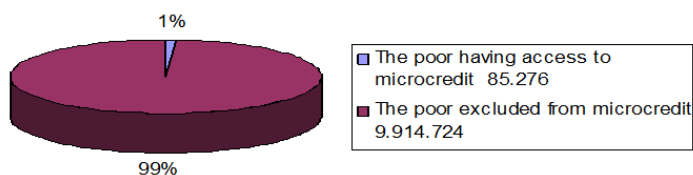
*Exclusion in relation to microcredit from MFI's*

**Table 1.** Access to microcredits by the poor in Cameroon in 2011

	Total poor	%
The poor having access to microcredit	85.276	1%
The poor excluded from microcredit	9.914.724	99%
The total poor population	10.000.000	100%

**Source:** Findings from IMF statistics 2011.

<sup>5</sup> In 2014, Cameroon population stood at 23 130 708 inhabitants in [Retrieved from]. “Cameroon profile population 2014”, July, 2014.



**Figure 2.** Access to microcredit by the poor in Cameroon in 2011

**Source:** Authors, from IMF statistics 2011.

Figure 2 confirms the fact that MFI's remain lagging in relation to their responsibility as "banks for the poor". In effect of an estimated population of 10.000.000 inhabitants, only 85.276 people have access to microcredits from MFI's. These statistics are very indicative of the weak banking transactions which stand at 6% in Cameroon<sup>6</sup>. In a bid to offset the weaknesses, the Cameroon Government came up with a project to help MFI's called *Support project to MFI's for development* (PAD-MC2 / MUFFA) to the tune of 3.814.544.650frs in 2005. In the course of the execution of this project, it came out clear that this money was not going to the neediest population<sup>7</sup>. Despite the numerous financial activities in the CEMAC Zone from the microcredit, especially in the dynamic informal sector, the unproductive practices of these institutions became very discouraging to the poor population. In such a situation will it not be necessary to ask whether to fall back on the Grameen Bank Model that registered great success concerning the fight against poverty and financial exclusion? To answer this question, we have adopted a method that is broken up into the following paragraphs.

## Methodology of analysis

### Reminder about the main problem

From our previous works on microfinance ([Assoumou & Onomo, 2010](#)) and on money financing in the CEMAC Zone ([Ekomane, 2015](#)), we try to explain the limitations of the MFI's in

<sup>6</sup> COBAC (2011), Report of activities.

<sup>7</sup> Ministry of Agriculture and Rural development partial evaluation of PAD-mc2/MUFFA project

Cameroon in their fight against poverty. While basing on the famous Yunus model, we try to show in what ways the MFI's in this country are acting contrary to the original mission of microfinance. A part from some recent works, literature on microfinance in this sub region is still lacking basic and acceptable statistics which could allow or permit microfinancial credits. Our main problem is a result of two observations: the proliferation of MFI's in Cameroon and the absence of appropriate microfinance credits meant for the poor. Our approach aims at filling up this lope hole, while proposing an assistance tool to the MFI to take good decisions given that their role in financing the economy is uncompromising. We have chosen the Yunus model due to its universal and well-known operations. We want to show that a judicious adaptation of this model in the context of the CEMAC zone where the rate of repayment of credits is very high and where the MFI's give more credits to the rich than the poor may reverse the trends so as to reduce the high level of loan refund and effectively fight against poverty and offer credits to the less privilege.

### **The justification of the qualitative step**

According to Yin (1984), this essential criterion that orientates the choice of a research strategy remains the answer to the question "How" and "Why": 1- the experience, 2- the historical study, 3- case study. Experience requires the control of events and implies external information which is more or less mastered; the historical study explains the present phenomena by analyzing past events. Finally, case study concerns more with actual and contemporary phenomena whose main outcome are uncertain (Menye, 1999). This last step is in line with research objective. Given that our reference scope is very unfairly codified because of an informal sector that is more than just important, it was impossible for us to have structured and organized elements.

The case study approach with the use of open techniques offers an opportunity to apprehend the phenomena' in the exhaustive form and to end up with results more useful. In like manner, Quivy & Van Campenhoudt (1995, p.63) think that: *"the categorical and structured methods such as making findings through questionnaires*

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*or certain sophisticated technics of analysis of content are only convenient  
for exploratory work...".*

Despite the few persons interrogated the qualitative approach can give sufficiently solid conclusions especially all that can give a more or less structured attitude of representation, behavior, motivation and procedure. Furthermore, that is certain affective components of studied situations are sometimes very difficult to come out with through questionnaires, due to an inadequate and adapted vocabulary to all cases and also because it is a method which can easily lead to rationalizations: an individual can better overcome his answers, to particular question before a physical enquirer (Ghigione & Matalon, 1995, p.94). These are the reasons why we have adopted the qualitative approach in analyzing the studied phenomenon.

### **Putting in place of this step**

The putting in place of this step is done in a simple manner following the qualitative approach of Mintzberg (1979) making reference to two main issues: a real work of didactics and an important effort of imagination. In like manner, we have taken into account three steps of a case study: the summary of statistics, the presentation of statistics and the elaboration and verification of statistics (Huberman & Miles, 1991). The selection of case study was determined by the IMF reports (2012) and of MINFI (2013) supported by certain observations on the field and the actual economic situation (see Table 3 below). The summary of statistics was inspired when there was some cognitive clash, the principle of triangulation of Berelson developed by Kohlbacher (2006). Finally, while basing our research on the works of Yunus (2009, pp.167-168) that bring to the limelight 16 moral values, ethics and good governance, we have proposed a systematic process in the form of a synopsis of 5 keys of success making it possible for the MFI's in Cameroon, and by extension those of the CEMAC zone, to better fight against poverty.



## **The Gramen bank experience: What lessons for Cameroon?**

Transposing the Grameen bank experience to another country means to adapt the essential characteristics of its formula to different national contexts (Yunus, 2009). But, the 16 resolutions prescribed by the microfinance constitute the main remedy of such adaptation whatever the context.

The founder of the Grameen Bank states: *“those who wish to draw inspiration from our system imperatively ought to start their attempt with the 25% of the poorest population, while concentrating on the most deprived women”* (Yunus, 2009, p.264). Looking at the low level of the performances of microfinance in the Central African Zone, one would think that the Grameen model basis as was developed by the founder could be of great significant use to the financial system in Cameroon. The two economies (that of Bangladesh and Cameroon) have virtually the same characteristics of poverty, financial exclusion and a high multitude of informal activities, etc. It is therefore relevant to present the conditions of application of the said model and to revisit the main success keys so as to better adapt to the sub regional context of the CEMAC in which Cameroon<sup>8</sup> is a typical example of a country that represents, correctly, the CEMAC Zone.

### **The Grameen bank: a model to imitate?**

Literally speaking, the Grameen Bank means “Bank of the country side”. Officially created in 1976 by its founder, Mohammad Yunus in Bangladesh<sup>9</sup>, the bank is specialized in Microcredits. Its financial policy consisted of making microcredits available and accessible to the poorest families in Bangladesh. To start off this activity, the take off point was to give loans of 27

<sup>8</sup> Cameroon plays host to the highly densed financial network in the sub region and has over 460 Microfinancial institutions

<sup>9</sup> Muhammad Yunus, founder of the Grammen Bank and winner of Nobel Peace prize in 2006, is holder of PHD in Economic Sciences from the Vanderbilt University in the USA (P.T.O). He was compensated for his contribution in the fight against poverty through his microfinance activities.

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American<sup>10</sup> dollars to a group of 42 families to develop very small economic activities for survival. Yunus thought that such loans could significantly ameliorate the living conditions of these poor groups and to pull them out of misery. He was not wrong because the success story of the Grameen Bank in Bangladesh, then its expansion to other countries, gave him enormous international recognition.

From the Jobra village, which is adjacent to the University of Chittagong where the eminent promoter officiates as Head of the Grameen Bank has registered sparkling successes with the assistance of the government, it was extended to other regions of the country. Presently, the Grameen Bank has more than 1400 branches and is deployed in more than 50.000 villages. Since its creation, the bank has given out loans not less than 4.69 billion US dollars and has registered a repayment rate of above 96.54% (Wikipedia). It was then transformed into an independent bank in 1983 by the Bangladesh government. Today, it has more than 2100 agencies and has been extended to over 43 countries throughout the world. From these facts, the Grameen Bank is therefore a model to be imitated taking into account its main key successes to capitalize on and better use them within the frame work of the central African zone.

### **The keys of success of the Grameen bank**

It would be unfair not to recognize the immense success that the Grameen Bank has registered in the domain of Microcredit and not to make a model for MFI's in developing countries around the world to imitate. It would also be necessary to state here the glaring key points of the Grameen Bank success story which may inspire promoters of MFI's and public authorities in Cameroon. The method of the management of microcredit by the Grameen Bank integrates some 16 moral values, ethics and the management of daily life from (Yunus, 2009) where we can make a synopsis of 5 of the key facts of the Grameen Bank success.

<sup>10</sup> This sum represented about 1350frs only the 70's

***1<sup>st</sup> fact: the respect for four action principles***

The Grameen Bank distinguishes itself through four principles to which all its members (workers) adhere: discipline, unity, courage and assiduity to work (Yunus, 2009, p.167). Discipline is sometimes considered to be “military force”. This principle remains true in microfinance. Any establishment without discipline will sooner or later register failure. Several MFI’s have crumbled because they cannot respect simple minimal management rules which are put in place by COBAC which is the supervisory authority in the CEMAC countries. To work in unity and to have the courage to go towards the poor, irrespective of the difficulties, is an element that goes with discipline<sup>11</sup>.

***2<sup>nd</sup> fact: The vision for development***

The microfinance activity should not be seen first as an activity whose main aim is to make profit but rather as an accompanying activity and a support to development. This vision presupposes a convergence between short and long term objectives which are reduction of poverty and promotion of development respectively. It is the combination of these double objectives of the Grameen Bank that made it register such success as we know it today.

***3<sup>rd</sup> fact: Focus attention on the poor***

A particular attention must be focused on the poor in all activities of the microfinance. The advantage of such a step is twofold: the poor are generally very honest in financial matters than the rich. This observation is diametrically opposed to the system of risk calculation used in most classic banks which erroneously think that it is necessary to give loans only to the rich because they are more credible to repay than the poor. It means that MFI’s should be interested in the poor, their daily activities, go towards them, observe them, understand them and to accompany them in what they want to undertake as business. Most often, the

<sup>11</sup> The Grammen Bank however received some criticisms for wanting to offset traditional norms in Bangladesh and break social order by putting women at the front scene of economic activities, making them independent and financially autonomous. The traditionalists saw this as inciting women to rebellion.

poor are very clever but suffer numerous prejudices that exclude them from the classical financial system and from microfinance credits.

***4<sup>th</sup> fact: The respect of moral and ethics of life***

The 12<sup>th</sup> of the 16 resolutions put in place by the ethic code to which all members of the Grameen Bank must abide calls on them never to commit any injustice and to oppose any form of injustice that others may want to commit. This resolution is particularly pertinent to economies that fall prey to opportunistic behavior. Such a role can be very crucial in the vicinity of the CEMAC Zone where bankruptcy of MFI's is generally due to the dishonesty of certain promoters of these institutions. This fourth fact is probably that which can ameliorate the efficiency of the Cameroon system if it is rigorously put in place to influence the management of microfinance especially on the microcredit market. It is the same thing where the public moral in general and the respect of the orthodox managerial skill in particular, constitute the important preoccupations in the management of public and private structures. Corruption <sup>12</sup>, though regressing because of the government fight against it, still remains a problem in our country.

***5<sup>th</sup> fact: Collective ownership and effective solidarity***

The Grameen Bank belongs to all its members; workers and customers who are shareholders. This gives rise to a solidarity chain that ties all together, making the institution to withstand all turbulences that sometimes offset the finance sector amongst which are microfinance institutions. The following table establishes a profitable comparison between the practices of the Grameen Bank and those of the MFI's in the CEMAC<sup>13</sup> zone giving, as well, the results of these strategies in either of the cases.

<sup>12</sup> In 1998, Cameroon was classified 1<sup>st</sup> most corrupt country in the world by the NGO "Transparency International". Since then government authorities took serious measures to pull her off from corruption. This corrupt behavior is particularly present on the financial credit markets.

<sup>13</sup> Amongst the MFI's in the CEMAC zone, Cameroon alone has about 59% of these MFI's in this zone (Cameroon, Central Africa, Congo, Gabon, Equatorial Guinea, and Chad).

**Table 2.** *Comparative managerial approach of microfinance of the Grameen Bank and MFI's in Cameroon*

Criterion	Grameen Bank	MFI of Cameroon
Ethic	Very respected	Opportunistic behavior
Financial capital	* Customers / members – 97% * State 3%	* Proprietors and private partnership – 98% * Customers / members -2%
Perspective	Vision of development for all (social benefit)	Financial vision(essentially for financial benefits)
Target population	Essentially the poor	The rich and least poor
Sex of those benefiting from microcredits	Women in the majority	Men in the majority
Rate of recovery	Above 96%	Less than 75%
Impact on poverty	Very significant	Hardly perceptible
Time lapse	Long time lapse	Short life time lapse
Development zone	Mostly in villages (50.000 villages)	Urban and semi urban zones
Deployment results	1400 branches 2100 agencies	460 in Cameroon, over 783 MFI's in CEMAC
International expansion	Adapted in 46 foreign countries amongst which France, USA, China, etc...	Mostly in the CEMAC Zone
Distributed credits ( billions CFA)	2345	387

**Source:** Our findings from Yunus (2009), IMF (2012), Cameroon Ministry of Finance (2013).

## Lessons to learn by Cameroon and the CEMAC Zone

From the successful experience of the Grameen Bank, five lessons can be learnt which can help edify microfinance in the Central African zone and in Cameroon in particular. These lessons are linked to: 1) giving out interest free credits from the initial stage of activities; 2) the attitude to adopt vis-à-vis external assistance; 3) the place of the needy in relation to credit offer; 4) loans to women; 5) the movement of the bank towards customers.

### *A MFI can give out loans without interest at its initial stage*

The normal path of any project is that it starts in deficits within the first phase of its existence before it finally gets to the profitable phase desired by the promoter. Yunus, from the onset, made it a duty to give out interest free loans to the tune of 856 taka, being less than 27 dollars, to 42 poor individuals who were carrying out lucrative activities, thus freeing them from money lenders who,

before then, were exploiting them. Here, the immediate principal objective was not to make bank profits at all cost as it is practiced by modern classical banks in the CEMAC sub region. Rather the first objective was to look for a means to help 40 persons full of health and productive potentials. And in such perspective, when information is mastered given the proximity of the borrower, then the best guarantee of repayment is the profitability of the project to be financed.

### *To avoid tied foreign aids*

The philosophy and method of the person financing any activity is often to impose himself on the promoter of the project. The project promoter can avoid such aids and keep to his ideas without necessarily allowing him to be influenced by financial assistance from certain institutions. Such institutions often have the tendency to impose their views, thus distorting ideas, convictions, and motivations of the creator of economic activity that may bear enormous potentials from the beginning. Of course, it is confirmed that, very often local agents master much better their environment, realities and the socioeconomic context in which they carry out their activities. To provide them with financial assistance with condition will really not be of true service to them. That is why, for example, the Grameen Bank refused a loan of 200 million dollars at a reduced interest rate that the World Bank proposed to them. "We do not need any funds and would not like that lofty and arrogant World Bank consultants should come and constantly dictate to us how our things ought to work", wrote Yunus (2009, p.33).

According to the Grameen Bank founder, these consultants always have a paralyzing effect on ideas and initiatives of the beneficiary countries whose political and university authorities can only support the consultants even if they know truly that the statistics on paper are faulty. He noticed that close to three quarters of all foreign aids meant for Bangladesh were spent back in the country providing the funds; he also concluded that the aid has become a means for the rich countries to offer jobs to their population and to sell their products. This came in line with the views to others especially Ngango (1994) to whom foreign aids

brought illusions those realities. It should be understood here that foreign aid in itself is not bad as such but its utilization and the loan conditions can sometimes be distorting and damaging. It is therefore necessary to keep away from foreign aids which can kill any lofty economic ideas from the poor. Similarly, the highly practiced well-known principle which holds that “loans are given only to the rich” is diametrically opposed to the factors that led to the success of the Grameen Bank.

***Be interested more in poor people than the rich people***

The vocation of traditional classical bank is to give loans only to the rich. In addition classical bank study the financial states of the customers basing essentially on the ratios of solvency and liquidity. It bases its decisions on criteria such as the ratio of indebtedness, financial profitability, repayment schedule, the degree of the risk, material guarantees, etc.

The three fundamental preoccupations of such a bank are: (1) the market demand and supply, (2) the product, (3) people. Calculations are done to evaluate the solvency of their customers to decide whether or not to grant the demanded credits. Nothing of that nature is applied in the Grameen Bank. First of all this is prohibited. Customers must only be the poor. The Grameen Bank keeps closer to its customer shareholders, to help them get a better profit. Though financial benefit is good, the Grameen experience often contributes to guarantee the destitute population a minimum of social well being in terms of allowances in the form of housing, health, feeding, education, etc. which are more important to the customers. The poor people also seem respectful, more honest and more grateful to their borrowers than the rich who may even sought the services of a lawyer when they are threaten court action. Moreover, they are usually engaged in very complicated investments than the poor whose economic activities are simple, direct, less costly but highly profitable. The relative element of honesty and recognition of the financial donors as well as a mastery of information concerning them helps to sometime explain, why the rate of repayment is higher from the poor than from the rich customers.

***Give more loans to women than men***

Classical banks and even MFI's have the tendency of being gender sensitive in the sense that they are pruned to giving more loans to men than to women. Some of these financial institutions sometimes request for authorization from a husband before granting any loan to any married women. On the other side, these very financial institutions will not request a man to bring an authorization from his wife before obtaining a loan. In the frame work of its experimental project, the Grameen Bank maintained that 50% of its borrowers should be women. Not only did they witness better results in terms of loan repayment but also the women were restituted in the privileged position of being the main actors in family and social development. Their daily activities in the fight against hunger and misery made them to be pillars on which all activities geared at fighting poverty and improving social well being could depend. Moreover, to be poor is sufficiently difficult for everybody, especially women. Her social vulnerability can have other negative consequences that are worst than poverty: prostitution, sexually transmissible illnesses, unwanted pregnancies, abortion, deaths, etc. To give more loans to women than the men can substantially limit social problems.

***Go towards the customer than wait for him in an office***

Answering the question as to where he got all these innovative ideas that led to the success story of the Grameen Bank, Yunus answered *"We looked at how other banks were functioning and we did the contrary"* (Yunus, 2009, p.170). In fact, it can be noted that in developing countries, classical banks are usually at variance with the local and economic needs of its people. This pertinent characteristic reality is particularly glaring in the economies of the CEMAC Zone (Ekomané, 2015). One of the principal lessons that can be gotten from the experience and success of the Grameen Bank is the requirement that all senior staff of the bank must be "on the field", closer to the population which they handle than to wait for them in the offices. In this connection, the presence of all Grameen Bank staff in the office is considered a violation of the rule of the bank. Generally speaking, all traditional banks have the age-old practice of waiting for customers in the offices. But what



the Grameen Bank has noticed is that an office has something frightful and causing anxiety in a poor, illiterate potential customer. Such attitude from staff of classical banks installs or builds up a barrier between the poor and the rich. Now, the financial system, given its credit supply, contributes to determine who should enrich himself and who should remain poor since access to credit is a factor on the social ladder and the fight against poverty (World Bank, 2005).

## **Microfinance and the perspective of economic emergence in Cameroon**

It would appear that up to this moment, the microfinance, as it functions in the Central African zone, has not yet shown its efficiency vis-à-vis what the public and monetary authorities are expecting of it. Would it then be right to say that or conclude that all hopes of finances for the poor are lost? A flash back at the orthodoxy presented by Yunus on microfinance gives us room to foresee a future in a more or less optimistic manner, if and only if the lessons learnt from the disfunctioning MFI's in Cameroon are properly applied. Today's failures in the microfinance system in the Central African Zone can be transformed into tomorrow's successes, on condition that the contact with the successes of others can create a metamorphosis from which lessons can be gained. Microfinance therefore must be taken into account in the long term development strategies of Cameroon whose vision was put in the Strategic Document for Growth and Employment (SDGE), the Cameroon government economic program.

## **Conclusion**

The present studies had, as objective, to examine and determine the conditions of adaptability of the Grameen Bank model in the Cameroonian financial system, from the analysis of its main keys of success. It has come out that this model can effectively be exported to the Central African Zone in general and in Cameroon in particular, on condition that the problems of ethics and discipline should be regulated, which problems sometimes destroy the environment meanwhile these problems are a force to reckon with in the functioning of MFI's elsewhere. Promoters of MFI's and

public authorities should therefore work in synergy in the perspective of truly re-establishing the microfinance in its role of a bank for the poor and to put it on the rail as the main agent of development in Cameroon. Such an action requires that operators should have a completely new spirit. Because according to Chombart (1970) and Perroux (1971) every system is first of all characterized by its spirit, its form and its technique. The need for a reconversion of mentalities and managerial practices through a reformed microfinance system in the Cameroonian economy is presented with some acute particularity. It is important to change the system and give it a spirit, a form and a technique adapted to the real needs of the economy which it is supposed to serve. A harmonious adaptation to the successful Grameen Bank model, taking into account the socio-economic specificities of the Cameroonian economy, seems, to us a veritable and efficient tool to fight against poverty.

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**For Cited this Chapter:**

**Assoumou-Menye, O., Ekomane, J.L., Tuebola, R.A.I. (2019). Microfinance: Can the Grameen Bank Model be transferable to Cameroon?. In B. Yamb (Edt.), *Socio-Economic Issues in Cameroon Vol.1*, (pp.118-142), KSP Books: Istanbul.**

ISBN: 978-605-7736-65-9 (e-Book)

KSP Books 2019

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# 7

## The work under European domination in Cameroon: From protectorate to independence

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### Introduction

**A**fter the German protectorate in Kamerun in 1884, the political frontiers of Cameroon before 1961 (Levine, 1970), were considered as a unit of two territories, the French and the other Republic under British trusteeship, had something in common with those of most African territories; they followed lines of demarcation that were neither geographical nor human (Levine, 1970).

The nineteenth-century struggle for European expansion in Africa did not spare the Kamerun and gave birth to a territory roughly shaped as a triangle. This is how Cameroon will be known after the German domination, those in French and British. In this movement of European domination, work was organized in plantations, various administrations and especially in the religious congregations precisely Christianity. Employees in its various

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sectors of the economy were not remunerated in the same way. As such, in Cameroon this was not different. That was the reason why the populations were able to learn both the notion of gain and that of learning. This may be one of the reasons for the decline of its agrarian economy, also called the "plantation economy" in the same way as other African countries.

Paul Bairoch finding's indicated that since the end of the First World War, the annual productivity of the work of the Afro-Asian peasant was already in decreased by about a fifth (Review in development and civilizations, 1969).

In similar manner, the Europeans have not done something great in wage development in Cameroon. Thus, for centuries, the white man has shamelessly exploited the black continent in general and Cameroon in particular which faced exploitation that continues until after independence.

Thus, with African civilizations that reached a climax in the 14th and 15th centuries, if not earlier in Benin (Dumont, 1962) envisage improving the system of cultivation, like the tillage in Cameroon that was done with the hoe after clearing and burning, with alternation of long fallows. Notwithstanding, farmers themselves were considered the forerunners of farming operation where they were employer and employee. However new crops were introduced, coming from America such as cassava, peanut, sweet potato, became the main food crops of Cameroonians. With the introduction of cash crops like cocoa, coffee, rubber ..., wages have become a sine qua non. Men and women greatly emerge in this sector of activity. At this level, confusion became order of the day because of so much disparity of wages since the advent of Europeans economy of trade that gave rise to the notion of surplus value as the key word of the evolution of capitalism in Cameroon.

The chapter seeks, to determine the wage conditions of Cameroonians since the arrival of the Europeans in the plantations agriculture and in the administration. The article will study the notion of works of religious congregation case of Christianity, economic paternalism as well as to highlight the consequences of this disparity of wages in the Cameroonian society.



## **The salary conditions of Cameroonians since the arrival of Europeans in plantations and in administration**

Jules Ferry asserted in parliament on July 28, 1885, that "the declaration of human rights had not been written for the blacks of equatorial Africa. General Meynier wrote honestly: "From the first day of their meeting, the Europeans have posited in principle of their superiority over the Black race ..."

It is from these declarations that Africans bowed to slavery, justifying their actions by the right of the strongest ... In order to open up outlets for their trade, they destroyed African civilizations. This was so because they wanted to compare their work with that of the Berbers and even the Arabs, all this was for the advantage of the European nations (Meynier, 1911).

The domination was thus total since their arrival in Africa in general and Cameroon in particular. This can be proven during the construction of the Douala-Yaoundé railway, where Cameroonians were forcefully recruited to work without salary (Gouet, 2018) in the domestic work, on agricultural plantations, in administration and many others sectors of the economy coordinated by the Europeans with meager wage rate.

### **In agricultural plantations**

Before the arrival of European traders, the Bantu tribes at the coast of Cameroon were economically autonomous societies. The Duala, the congeners of the coast and the Bassas all practiced subsistence agriculture that was an alternatives to the fishing activity at coast. The descent by the paternal lineage was respected, and the lineages of the clan did not extend beyond the neighboring villages. Chiefs among: Bakweri and Duala usually acted more as lineage symbols than as decision-makers; the most important decisions were made by local assemblies and councils, separately or jointly; village elders playing the role of unofficial chiefs (Sarrant, 1923).

Until the end of the Second World War, it was in the southern part of British Cameroon that enormous progress was made in the fields of economics and education, more precisely in the regions of

Victoria today Limbe, Kumba, Mamfe and Bamenda. The plantations established in the Southwestern area were once again in the hands of German nationals, who by far had the greatest influence on the economic development of Southern Cameroon (Levine, 1970). The presence of a large number of workers that is permanent and seasonal made the plantations prosper and made the region the main economic and financial bulwark of the territory. In addition, to expand the port facilities of Tiko and Victoria (Limbe) they built many shops, in which many people were recruited to work. Through this initiative they created several workers' camps, although rudimentary installation and poor construction nevertheless, enabled the plantation workers to live in a relatively clean and comfortable environment (Levine, 1970). It is important to remember that the German plantations were returned to their owners in 1924 and that, two years later, they were in full production. In 1925, trade with Germany dominated the export market of southern Cameroon, (La voix du peuple, 1960). Another important aspect of the economy of the territory concerned the large number of workers that the plantations attracted from the interior of Cameroon as well as from Nigeria and French Cameroon. The presence of these natives, "foreigners", later had important political consequences; they were destined to become a political football for the main parties, they were courted or finally looked for each other, according to the changes in political trends of the moment (Levine, 1970).

**Table 1.** *Plantation workers by region of origin: 1925-1955.*

Year	British Cameroon	French Cameroon	Nigeria and others	Total
1925	5735	6330	63	12128
1930	5412	3395	233	9040
1935	10.025	5251	415	15691
1938	17879	4725	2509	25113
1955(a)	15517	1208	6801	24026
				31589
Div. Victoria	2107	230	Nigeria, 6676	General total
Div. Kumba			2226	4563
CDC Only (a)			Nigeria 2225	

**Source:** Report on the Cameroons (1925, 1930, 1935, & 1938); For the data of the year 1955, Ardeuer, Edwin and Shirley, et W.A. Warmington, plantation and village in the Cameroonians (Hess, 1960).

On table 1, (a) 1955 the statistics for that year concern only Cameroon Development Corporation alone. Over 3,000 men from the general total, despite the presence of this plantation there was still lack of roads. Beside, the Cameroonian coast and a large part of the equatorial forest were infested with mosquitoes, agents of malaria transmission and tse-tse flies. Shoulders and heads were used as means of transportation of cargoes from the interior of the territory to towns. This exercise was very tedious, according to an estimate done of 80,000 travelers in 1963, from Yaoundé to Kribi by road, a distant of 190km, was a nightmare (Kemner, 1937). From the mentioned number 12,000 to 18,000 travelers were labourers who worked on plantations (Kemner, 1937: pp.328-344). The important point to emphasize here is that these maneuvers were poorly salaried, usually paid on the basis of a fixed-term contract. It should also be noted that even if wages were low in relation to the size of the tasks and the conditions in which they were carried out, there were at least paid. Most workers received a monthly salary, were fed, housed and enjoyed other benefits. All had access to company stores, and plantation owners preferred to pay part of the wages for goods that could be purchased from these depots (Levine, 1970). On the other hand, the concentration of workers in plantations offered them a compulsory course on the mechanism of the exchange economy.

### **In administration and others**

After 1884, when the Germans established their protectorate over Cameroon, they had to overpower the tribes of; Bakweri, Duala, Bassa, Boulou, even before they could enter the hinterland. It was not possible until 1911 that the Germans were able to submit themselves to the indigenous groups in the far north of Lake Chad region. All these struggles necessitated the white to immediately establish a European Tax in the replacement of traditional authority symbols by a European administrator (Levine, 1970: p.91). As soon as the systems of authority of traditional societies were weakened, the European forces took over by accelerating the process of disintegration. There was therefore a need to create administrations and this required the need for the recruitment of workforce and the concept of work took shape. For example,

labourers were needed for the construction of administrative buildings.

Notwithstanding, the arrival of Europeans on Cameroonian soil makes the traditional authority to lose their hegemony and they decided to divide Cameroon into regions and Sub-divisions. They further created national and multinationals firms. This is the case of the *consorcium pechinet* in Paris, which in the 1950s needed cheaper raw materials and cheap labourforce from Africa. In Cameroonian coast the while facilitated the creation of ALUCAM in Edéa. Since 1958, this company has more than 4500 employees and employs executive administrators, skill labour and general labourers.

The European domination of Cameroon was total, and even the wage disparities that have existed since then continue to be in a capitalizing world where the workers were found, Despite their diligence their positions remains the framework, of simple official, contractor and finally labourer. Salary did not depend on what they do but on what the employer decides. Forced labour in mines and plantations continue until 1946, poorly paid. There was lack of encouragement (Dumont, 1962). In the last colonial phase, all those that had been proclaimed "assimilative" perspective, were equal paid as their European counterparts. The aboriginal official received, in addition colonial supplement as metropolitan balance.

At independence, this pseudo-equality leads to a flagrant disparity with the rest of the population, whose standard of living is often less than one-fifteenth (Dumont, 1962) of the former.

Constituent elements of the public service, a sort of privileged caste civil servants, parliamentarians, and Ministers support each other. Thus this is created in Africa a "bourgeoisie" of a new type, which Karl Marx could hardly have foreseen, a bourgeoisie of the civil service (Dumont, 1962: p.72) who took shape in the Cameroonian society to the detriment of those who give too much effort to the work: the workers, the laborers and even the hustlers.

What is happening in Cameroon is in fact what Franz Fanon in the *damned of the earth*, aimed above all at the business bourgeoisie, said: "the national bourgeoisie, which takes power at the end of the colonial regime, is an underdeveloped bourgeoisie. Developed of almost no economic power ... That is not oriented

towards production, invention, construction, work ... it sinks, the soul in peace, in the horrible, anti-national way of a bourgeoisie flatly, stupidly, cynically bourgeois. Nationalization, for her, means transferring to native people the privileges inherited from the colonial period ... her enormous profits are not reinvested, she entrusts them to foreign banks. Important sums are used in ceremonial expenses, in cars, in villa ".

Work in the administration should therefore be a livelihood; the Bible says that "you will eat by the sweat of your brow"?

He has therefore become a hunger starter. For those who give too much effort at work have nothing, and those who do not provide it are the better off. This is also the legacy of colonial capitalism. Of this diversity of salary, of these incongruities of wages, Christianity came to be grafted while carrying out a routine of *already seen*.

## **Salary conditions in religious congregations: The case of the Catholic Church**

### **Divine reward**

Quotation from a romantic Englishman who said: "The barbarities and atrocities perpetuated by the so-called Christian races in all regions of the world and against all peoples, which they have been able to subjugate, have no parallels in any era of universal history, no other race so savage, so coarse, so pitiless, so shameless as it is" ([Howitt, 1838](#)). He had not only the stratagems for the establishment of the cross of Christ, but also for those who were called to implant this cross. As an example at the Sacred Heart Parish in Edea, workers and labourers worked for the priesthood.

Due to the lack of financial resources to be satisfied the church, Father Albert created palm, cocoa, coffee and food crop fields throughout the parish and on the banks of the Sanaga's river where is today called the city of Bilalan of the Alucam Company ([Dikoume, 1991](#)). Let us pause for a moment on the various categories of the mission's work force.

### **The school kids**

Every day in class at 10 o'clock break, bricks are carried either quarries to the kilns, or to building sites or storage sheds. All schoolchildren of all ages (except the sick and the infirm) worked for the mission. The carrying of bricks was also included among the punishments inflicted on marauders, the absentees without justification, the rude ... Schoolchildren were also responsible for various chores: clearing the plantations, picking and carrying cabins, bays, palm kernels. Each class devoted two hours a week to the work of the mission (Dikoume, 1991: p.25). These schoolboys worked without payment: it is pure exploitation.

### **The sixa (sisters)**

They were kind of boarding schools that prepared girls for marriage, and sometimes girls were engaged. Three times a week (Monday, Wednesday, Friday), twenty women, led by Nicolas Beyiha, crossed the Sanaga on a canoe to go to work in Ekité from where they returned only around 16:30 pm (Dikoume, 1991: p.26) and without pay. This is how work was considered under European administration.

### **The workers**

In fact, and apart from specialized workers like Robert Minué, a carpenter, a graduate of the German school, this category of employees was mainly represented by people from the interior regions fleeing the forced labour and the bullying of the native chiefs, or completely idle.

Thus, it was a sort of social and philanthropic action rather than a business involving employer-employee relations (Dikoume, 1991: p.27). It is evident that from on set, the game was skewed that idlers could not oppose anyone who accepted and all that was proposed to them by the employer. The conditions of labour for salary were not respected according to the law. To better understand the situation it must be said that during the period concerned, that is, from 1925 to 1935, the urban life in the locality of Edéa was only embryonic, the young people coming from the regions of the interior had to choose between to remain as "domestic" (at the option of matrimonial relations among others),

with the natives of the surrounding villages or to look for a hypothetical employment with a Greek merchant and especially to take refuge in an institution like the catholic mission. This category of employees was housed in three places: on the Mbanda highway at *Ngihikoa*, at the coast of River Sanaga that is *Sihikoa*, finally at the slope of Sanaga presently Ekété. It consisted mainly of maneuvers for clearing, porting and earth road workers but there were also some workers or trainees with paltry wages (Dikoume, 1991).

After the war, Douala, as it was in all the towns of the coast, noticed a considerable transformation which did not leave Mgr. Bonneau indifferent. From 30,000 inhabitants it passed in a few years to nearly 130,000 inhabitants (Bouchaud, 1957). As one might expect, such a mushroom town does not go without many material misery, and it was heartbreaking for the bishop to see unhealthy neighborhoods multiply. He was in the forefront to favored and animate generosity to help the needy (Bouchaud, 1957).

Many Cameroonians flocked from other cities in the hope of finding better working and living conditions and this was the major concern of the bishop who said: "In new times, new methods and works are needed (Viennot, 1956).

In this quest to shape the Christian for a good return in the future, he founded the secondary and professional schools and brought in Canada Brothers of the Sacred Heart for the college of Makak and brothers, Christian schools for the Douala Learning Center (Bouchaud, 1957). Works still palpable and prosperous today, able to prepare young people to the world of work, allowing the emergence of elite whose influence can be decisive in the Cameroon of tomorrow and a non-negligible livelihood.

## Consequences of labour distribution and disparities under European administration

One of the consequences of the division of labour was the introduction of the commercial system by the West, which allowed the use of labour at a low price, a process which was a function of the pacification of the development of trade, the emergence of an exchange economy. Coleman calls it "land and labour marketing" and defines it as "... the shift from an economy that is almost entirely substance-based on the cooperative links of the family to a

variable, but relatively stable system of stratification, to a dynamic monetary economy, based on an aggregate of monetary factors, individual profit and salaried employment (Hailey, 1910).

Before the arrival of European traders, the Bantu tribes of the coast of Cameroon were, for the most part, economically autonomous (Levine, 1970) societies and / or each were personal and the concept of work = wages was individual. The Douala as the congeners of the coast and the Bassas all practiced subsistence agriculture, supplemented by fishing at sea and in rivers. The development of slavery and later the establishment of commercial posts radically changed their way of life. The Douala moved from the subsistence economy to the more lucrative slave trade, the exchange economy and later to the labour-intensive market economy. However, the coastal and interior tribes were finally absorbed into the trading economy by three other important factors: the shortage of labour (to work in the new plantations and to transport the goods to the coastal ports areas), the development of the plantation system itself and the acquisition of land by Europeans.

Due to the growth of coastal trade, towards the end of the nineteenth century, it became essential to have the centers and commercial ports of an ever increasing quantity of goods. In most plantations, stimulation was made for the growth of the economy and / or individuals had nothing in common apart from their employment in the plantation villages. Most workers received a monthly salary, were fed, housed and enjoyed other benefits.

All had access to the companies' shops, and the proprietors much preferred to pay part of the wages for goods which were purchased from these depots (Levine, 1970: p.95). As a consequence, there was a concentration of workers in the plantations; "What offered them thus, a compulsory course on the mechanism of the exchange economy.

The inter-war period created a number of injustices, making the people revanchist.

Although French policies and administrative institutions created anti-French sentiments in many parts of Cameroon, the widespread use of forced labour to perform certain developmental tasks gave rise to a similar grudge, especially among rural



populations. The French had largely resorted to drudgery, forced labour, during the first years of their administration in Cameroon, when they undertook important projects of railways and roads, such as the extension of the Douala-Yaoundé railway. (The old German Mittelbahn), this was followed by the construction of a number of major intercity highways linking the major urban centers in the south and the development of major roads linking the south to the main cities in the north. The animosity felt towards the French administration by many continued even after the abolition of forced labour and tended to make the institution of the system of rural communes suspicious. Even after this, the natives usually had a general mistrust of the French motives during the start of the public works projects and the recruitment of the necessary labour was stopped. (Levine, 1970: p.185)

The Germans, for their part, did not hesitate to use forced labour to build roads, railways and other public works projects. Under their administration, the tax burden had been limited to the tax on labour, reduced to thirty days per year and commutable in cash (Hailey, 1956). Only in two localities that the Germans replaced it with the form of income tax.

Criticisms of the French system of forced labour in general and in particular in Cameroon came in two main forms, one legal and the other humanitarian. Originally, the critics of forced labour found nothing wrong with the system itself, but in truth, this system was a feature common to all colonial administrations.

In 1931, again, in a German newspaper *Kölnische Volkszeitung*, Catholic missionaries asserted that forced labour had reached disgusting proportions in Cameroon, recruitment sometimes taking the form of a manhunt. The natives would be captured in their huts during the night and then taken to their places of work where they would be malnourished, poorly housed and badly treated (Levine, 1970).

Manpower requirements, to say the least, led to abuses by European administrators later by local chiefs who used their power to recruit labour for their plantations, and afterwards for the needs of the general interest. Thus the notion of work no longer had the same connotation as that defined by the Larousse. Even more than this work became synonymous with constraint and

consequence the desertion of the villages not to face the convict and the categorical refusal because the minimal remuneration.

## Conclusion

Chartier (1949), said: "who sleeps in freedom, wakes up in bondage". Work is seen as the lever, a livelihood for every human being. As soon as this takes on another connotation of the kind of servitude to pay for less, as the Europeans have bequeathed to us, it becomes very difficult to survive in this plural Africa in general and in particular in Cameroon. Thus between 1925 and 1955, a large number of French Cameroonians were under the guarantee of 500FCFA, nor the passport right of 25FCFA by the French at that time (Levine, 1970).

Their number is thus an indirect testimony of the relatively good conditions offered by plantations between 1922 and 1927, a period during which the French administration undertook several of its main construction projects using labor supply or chore (Levine, 1970).

In short, the work under European administration in Cameroon was two-tiered and had two overtones: first, it was a means of survival and therefore voluntary even if the notion of surplus value persisted in societies, businesses and even administrations. And we can say that it was done against the will of the workers, and here we call on the convict of the workers from the German period to the French-English period.

In this nascent millennium, when it is the reign of triumphant capitalism, it seems that the legacies of colonization in wage matters are still relevant.

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**For Cited this Chapter:**

**Nyeke, P.M. (2019). Work under European domination in Cameroon: From protectorate to independence. In B. Yamb (Edt.), *Socia-Economic Issues in Cameroon Vol.1*, (pp.143-156), KSP Books: Istanbul.**

ISBN: 978-605-7736-65-9 (e-Book)

KSP Books 2019

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KSP Books

e-ISBN

978-605-7736-65-9

KSP Books 2019