CODESRIA *Africa Development*, Vol. XXVIII, Nos. 3 & 4, 2003, pp. 112–141

(ISSN 0850-3907)

Globalisation, Institutional Arrangements and Poverty in Rural Cameroon

Francis Menjo Baye*

Abstract

This paper posits that the institutional environment, which is constantly modified by the forces of globalisation, significantly influences access to and returns on primary assets that determine poverty outcomes in rural societies. Within the framework of institutional economics related to globalisation, rural institutions and poverty, the paper (1) identifies monetary and exchange rate arrangements, public debt burden, democratic culture and rent-seeking, openness and obstacles to international trade, economic and structural reforms, and NGO activities as the main channels by which the forces of globalisation permeate down to the rural poor and (2) considers changes in land tenure arrangements, rural financial markets and marketing of agricultural products as important within the institutional environment that determines the capacity of rural dwellers to build on and derive returns from their primary asset endowments. Good governance is viewed as crucial in curbing socio-economic difficulties and poverty in rural Cameroon.

Résumé

Le présent article cherche à montrer que l'environnement institutionnel, qui est constamment modifié par les effets de la mondialisation, exerce une grande influence sur l'acquisition et les bénéfices des ressources 'primaires' qui déterminent les effets de la pauvreté en milieu rural. Dans le cadre de l'économie institutionnelle mettant en rapport la mondialisation, institutions du milieu rural et la pauvreté, l'article identifie en premier lieu, les politiques monétaires et de taux de change, le poids de la dette publique, la culture démocratique et la recherche effrénée des gains, l'ouverture et les obstacles au commerce extérieure, les réformes économiques et structurelles, et les activités des ONG comme principaux moyens par lesquels les effets de la mondialisation atteignent les populations pauvres des zones rurales. En deuxième lieu, il examine les changements relatifs aux règlements fonciers, aux marchés financiers ruraux et à l'écoulement des produits agricoles en tant qu'éléments essentiels dans l'environnement institutionnel qui détermine la capacité des populations des zones rurales à accroître leur

* Department of Economics and Management, University of Yaoundé II, P.O. Box 1365 Yaoundé, Cameroon.

dotation en ressources 'premières' et d'en tirer des bénéfices. Enfin, l'étude présente la bonne gouvernance comme constituant un facteur essentiel pour la réduction des problèmes socio-économiques et de la pauvreté en milieu rural Camerounais.

Introduction

After the remarkable success of the post-war Marshall Plan assistance to Europe, foreign aid in the form of investment capital was brought to the fore as a credible policy prescription, which could be transplanted to stimulate growth in less-developed countries (LDCs). With the disappointing experience of foreign aid in the LDCs in the 1960s, the concept of capital was widened to include human capital whose scarcity was considered another critical obstacle to development in poor countries. While both physical and human capital accumulation are indispensable for economic growth and development, the problem of economic progress in developing countries appears to be more complex. This view is buttressed by the observations that (1) high rates of physical capital accumulation in most developing countries have been accompanied only by modest economic growth, and (2) some countries in sub-Saharan Africa and South America achieved rapid expansion in education, but growth failed to follow (Clague 1997).

In this regard, the importance previously ascribed to foreign aid or indigenous physical and human capital accumulation has recently been waning because of the growing forces of globalisation. It is becoming increasingly apparent that creating an enabling environment in a given country would attract both private physical and human capital that would foster growth and development. Hence, to encourage the entry and accommodation of existing investment resources, as well as augment their productivity, the focus needs to be extended to include the incentive structures that lead to the accumulation or attraction of physical and human capital. These incentive structures represent aspects of the institutional environment, as it is progressively being recognised that attempts in understanding and explaining the determinants and consequences of institutional arrangements can help in the analysis of the problems of poor countries (North 1990).

These institutional arrangements include community culture, which is the set of norms, attitudes and values of an entire community that induce individuals to behave in particular ways. This links with Commons's (1961) characterisation of institutions as 'collective action in control of individual actions'. Community culture tends to reinforce and be reinforced by specific patterns of behavioural innovations in the community such as corruption and democratic culture. It is, therefore, obvious that the formally sanctioned behaviour patterns and associated cultural norms can be serious obstacles or incentives to economic progress whose trickle-down effects influence the welfare outcomes of rural communities.

The majority of people suffering from abject poverty in Cameroon live in rural areas and are engaged mainly in agriculture-related activities (Fambon et al 2000; Njinkeu et al 1997; World Bank 1995). A credible way of responding to the plight of the rural poor is to facilitate their access to economic assets that are essential for their survival and well-being. Economic assets in this context include primary assets (natural, physical, human and financial) and secondary assets (formal and informal institutional environment) (Nissanke 2000). Poverty results from a deficiency in the level of and returns on primary assets, a situation that is the outcome of economic, social and political processes, and their interactions, which are mediated through a wide range of institutions – both formal and informal. Institutional structures that motivate and regulate actions and interactions of economic agents have two effects – a set of incentives and a set of constraints. It is the influence of these two effects on poverty outcomes in the context of globalisation that this study attempts to illustrate.

The main focus of this paper is to explore the impact of globalisation and rural institutional arrangements on poverty outcomes in Cameroon. The specific objectives are to (1) identify channels by which globalisation impacts on the asset characteristics of the poor, and (2) examine the institutional environment that determines the capacity of households to build and enhance returns on primary assets in the process of globalisation. These objectives are guided by the view that the institutional environment, which is constantly modified by the forces of globalisation, significantly influences the welfare of the rural people. The rest of the paper is in four parts. Section 2 presents the conceptual framework that links poverty to globalisation and rural institutions. Section 2 discusses the vectors of globalisation that impact on poverty outcomes. Section 4 relates rural institutional arrangements to assets holdings that affect poverty outcomes, and Section 5 pools the various strands of the paper into concluding remarks.

Conceptual framework

This section presents the concepts of globalisation, institutions and poverty, and shows how they may interact to determine the welfare outcomes of the rural people.

Concept of globalisation

Globalisation is often taken to mean the increasing depth of economic interaction among countries reflected in (1) an increasing share of imports and exports in GDP, (2) increasing share of foreign capital in domestic investment, (3) increased financial integration among countries and (4) greater harmonisation of domestic laws and standards with well established norms. Globalisation can provide immense opportunities for a small open economy like Cameroon to accelerate its development process. These opportunities centre on access to world financial, commodity, labour and technological markets that enhance the potential for exploiting comparative advantages and the opportunity for greater capacity utilisation. Successful participation in the global economy, however, requires the achievement of stability in key macro-economic issues such as maintaining low inflation, sustainable budget deficits, stable and appropriate real interest rates, and appropriate and stable real exchange rates (Rodrik 1996).

Globalisation is viewed as an inevitable process that is driven by new technological innovations, market forces, as well as inescapable socio-political forces. Successfully participating in the process of globalisation is, however, not neutral to policy, but a policy-induced condition. In this regard, trade and financial liberalisation is seen, along with other market-based structural and institutional reforms such as privatisation, legal and other regulatory systems, as a *sine qua non* of a successful integration into a globalising world economy (Nissanke 2000). Mere integration into the international economy, *per se*, does not necessarily ensure benefits. Since the current phase of globalisation is taking place in an environment of global instability, characterised by the rapid expansion of global financial markets, the risks and costs involved in integration can be large for fragile economies.[1] Before reaching the rural people, the effects of globalisation are transmitted through a wide range of institutions, which may mitigate or aggravate these effects. The next sub-section is, therefore, devoted to the concept of institutions.

The concept of institutions

We consider institutions here as governance structures (the gamut of rules and regulations) imposed by both formal and informal arrangements that regulate the way economic agents – organisations, businesses and individuals – (1) articulate their interests, (2) exercise their rights and obligations, and (3) mediate their differences in the process of asset acquisition (Baye et al 2002). This perception of institutions is well articulated by North (1990) where he asserts that institutions are the humanly devised constraints that shape human interaction. By defining and limiting the set of choices of individuals, institutions structure incentives in human exchange in the political, social and economic domains. Institutions can be (1) formal rules, regulations and enforcement, which include political, judicial and economic rules and contracts, or (2) informal constraints, which refer to conventions, codes of conduct and norms of behaviour that are culture-specific. Hence, as North (1990) intimated, the same formal rules and constitutions could produce different outcomes if they were applied to different societies. A good example here is the variation in the outcomes of the democratic culture imposed by the 'winds of change' that swept through sub-Saharan Africa from the 1990s.

Whether rules are formally written down and enforced by officials or are unwritten and informally sanctioned, the respect or non-respect of these rules depend on the credibility of the prescribed or implied punishment strategies. The rules need not be uniformly obeyed to be considered institutions, but the concept does imply some degree of rule obedience (Clague 1997). If the rules were generally ignored, we would not refer to them as institutions. Institutions can be classified into three categories – constitutional order, governance structure of organisations, and cultural endowments.[2]

As North (1992) observes, the subjective perceptions that may prompt economic or political 'entrepreneurs' to contemplate institutional changes are partly culturally derived, partly acquired through experience and partly through training. Sources of institutional changes are both externally and internally driven. External changes in the institutional environment may be sanctioned through changes in relative prices, which are often the most important source of institutional change, or through the process of indigenisation of the western-style democratic culture. Internal sources are manifested through education and training, which may suggest to the entrepreneurs new opportunity sets that lead to institutional changes. Institutional changes, however, are generally motivated by some blend of external changes and internal learning, which determines choices available to the leadership of organisations. Interest in setting-up new institutions or modifying existing ones is based on the recognition that they significantly affect access to and returns on primary assets, which determine poverty outcomes, especially in rural areas. It is therefore important to discuss the concept of poverty.

The concept of poverty

The concept of poverty covers both monetary and non-monetary aspects. Monetary poverty can be considered as an absolute concept (see Ravallion 1994), or a relative concept (see Ali 1997). As an absolute concept, poverty may be defined as the inability of an individual (or household) to command sufficient resources (or assets) to satisfy basic needs. These basic needs may include food, clothing, shelter, health care and other non-food necessities of life (Fields 1997), which may vary from one society to another. These requirements are evaluated and expressed in local monetary units as the poverty line. The relevant unit – individual or household – is then classified as poor if its income (or consumption) is below the poverty line and non-poor if it is above. As a relative concept, the poverty line can be measured, for instance, as the average real income of the poorest 40 percent of the population. In this context, the poverty line is augmented in proportion to increases in the mean income (or expenditure), that is, the richer the population in which poverty is being measured, the higher the poverty line.

The World Bank (2000) draft report on poverty and development as reviewed by Nissanke (2000), takes a specific position with respect to the concept of poverty and the effects of globalisation. In particular, (1) poverty is viewed as a multidimensional phenomenon arising out of complex interactions between primary and secondary assets and (2) global trends present extraordinary opportunities for poverty reduction, but also extraordinary risks: growing inequality, marginalisation and social explosion. A critical concern, therefore, is how to manage these risks in order to make the most of the opportunities. Multidimensionality is the perception of poverty held in this paper.

Globalisation – institutions – rural poverty linkages

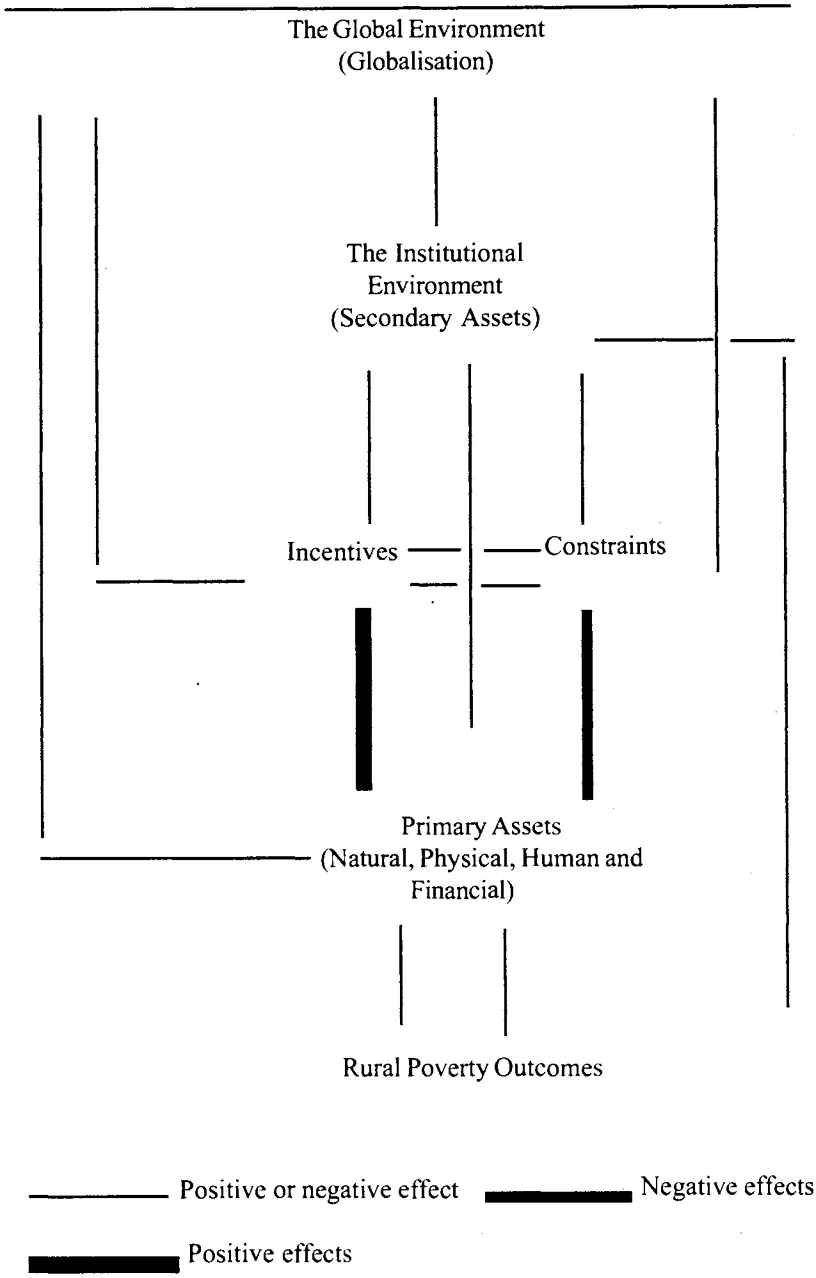
Poverty results from a deficiency in the level of and returns on primary assets, a situation, which is the outcome of economic, social and political processes, as well as their interactions. These interactions are mediated through a wide range of institutions. Nissanke (2000), inspired by the World Bank (2000) draft report on Poverty and Development, classifies the multitude of assets highlighted in the draft report into two main categories – primary assets and secondary assets. Primary assets can be sub-divided into four groups, comprising (1) natural assets (land, pastures, forests, fisheries, water etc); 2) human assets (household composition and size, health and nutritional status, education and skills), (3) physical assets (productive and household assets, livestock and food stocks), and (4) financial assets (cash, savings, access to credit and insurance markets). Poverty at the individual level is seen as caused by a blend of low levels of primary assets, low returns on these assets, and high volatility in returns on these assets.

Secondary assets encompass the entire institutional environment that affects and determines the level of and returns on primary assets, which individuals possess. The institutional environment is, therefore, composed of all market and non-market formal and informal arrangements that may influence poverty outcomes. The institutional environment also affects and determines the distributional mechanisms of the returns on primary assets. By the same token, changes in the institutional environment could act as a constraint on primary asset accumulation and their returns or provide the poor with new opportunities to access different primary assets or extract higher returns from existing ones. Thus, the institutional environment can have a profound effect on inequality and poverty profiles of a given society. Secondary assets within this framework of analysis may include those governing (1) gender relations, (2) land tenure arrangements (3) technology and productivity, (4) rural financial markets, and (5) marketing of agricultural products.

The level of and returns on primary assets, as well as the volatility of returns on those assets are usually affected by both micro and macroeconomic policies, and overall economic conditions. Since these economic conditions in general, and government policies in particular, have been changing as the economy opens up to international trade, capital, technology flows, and democratic culture, the poverty outcomes, including asset characteristics of the poor, would be subject to globalisation effects. Moreover, liberalisation and other requisites of structural adjustment policies in Africa have not only brought about substantial changes in relative prices in both goods market and factor markets, but also considerable amendments in rural institutions and their interactions with each other (Nissanke 2000). Yet, economic policies are executed directly or indirectly within the ambit of the institutional environment that is constantly changing, and whose effects on the level and returns of primary assets naturally trickle-down to the rural poor.

This framework of analysis goes beyond the conventional economic analysis of the determinants of poverty.[3] This is done by explicitly recognising that individuals interact with each other not just through markets, but through a myriad of institutional arrangements that include markets, whose main facets are changing because of the effects of globalisation. Consequently, this framework considers poverty not just as a function of the level of income/expenditure, but also a function of the institutional

Figure 1: Globalisation – Institutions – Rural Poverty Linkage Framework



environment and the effects of globalisation. Such an analysis is therefore more robust than the conventional analysis, and is capable of filling the knowledge gaps that exist when an attempt is made to explain the causes of poverty in any given society.

Figure 1 proposes a simple framework that attempts to capture the linkages between globalisation, institutions and rural poverty. Vectors of globalisation influence the institutional environment, which in turn generates a series of incentives as well as constraints that have an impact on primary asset holdings that determine rural poverty outcomes. The forces of globalisation may still influence these incentives and constraints directly, intensifying them or mitigating their influences on primary asset holdings, which again determine rural poverty profiles. Incentives reduce rural poverty while constraints worsen the poverty situation through their influence on access to and returns on primary assets. The effects of globalisation can also be transmitted directly to influence the primary asset holdings and thus, the poverty outcomes of the rural people. The outcome of activities in the rural economy may also transmit signals that influence changes in both the formal and informal institutional environment. As concerns the global environment, rural communities and the institutional environment are considered too small to exert any real influence on it.

Channels of globalisation and rural poverty

Cameroon is a country endowed with abundant natural and diversified cultural resources. It fared well until the second half of the 1980s, when world prices of its commodities plummeted. The over-valuation of the CFA franc against the US dollar – a currency in which most of Cameroon's exports are quoted – and the structural deficiencies of the country also accounted for the economic crisis. The severity of the crisis plus external pressures led managers of the country to abandon the long-term development planning system pursued since independence[4] and adopt the IMF/ World Bank structural adjustment programmes (SAP) from 1988. The intensity of the crisis introduced an array of structural and behavioural changes, some of which, inevitably, led to significant institutional changes that affected rural poverty outcomes.

Although poverty existed in Cameroon before, it became more pronounced in the 1990s. This worsening poverty situation was blamed, at least in part, on poor macro-economic performance and the short-term effects of the ensuing policies designed to redress the situation. In the discussion that follows, we examine vectors through which the effects of globalisation impact on the welfare outcomes of people in rural Cameroon.

Six channels are identified and discussed for this purpose, viz. (1) monetary and exchange rate arrangements, (2) public debt burden, (3) democratic culture and rent-seeking, (4) openness of the economy and obstacles to international trade, (5) economic and structural reforms, and (6) NGO activities in rural Cameroon.

Monetary and exchange rate arrangements

Cameroon is a member of the Central African Franc Zone, with a Central Bank – BEAC.[5] Members maintained a fixed parity of CFAF50 to 1FF (French Franc) until 12 January 1994 when the CFA was devalued to CFAF100 to 1FF after a decision by member states. The BEAC zone is governed by a number of principles, namely (1) use of the same currency among members and hence, a common foreign exchange policy with the rest of the world, (2) pooling of the zone's reserves, (3) full convertibility of the CFAF to the FF through an operations account (Compte d'Operations) kept at the French Treasury, and (4) a loan facility for each member of not more than 20 percent of her previous year's tax revenue from the Central Bank.

The fact that member countries are obliged to hold at least two-thirds of their reserves in the operations account is quite constraining, but this is the price to be paid for the full convertibility of the CFAF into the FF, and through the FF into the EURO, which absorbed the FF from 1 January 2002. As a group, BEAC countries appear to have benefited from the discipline imposed by the need to co-ordinate monetary policies within member states. The need for co-ordinating monetary policies, however, imposes constraints on individual member countries. Some policies such as monetary growth and nominal exchange rate changes must be co-ordinated. Although this facilitates the control of inflation in the region, it might be at the cost of output and employment objectives pursued by the individual governments. This puts a greater burden on other policy instruments for maintaining balance of payments (BOP) equilibrium, particularly on fiscal and wage policies.

When the real exchange rate of the CFA against currencies of Cameroon's major trading partners was overvalued prior to 1994, food commodities and other consumer goods were imported more cheaply into the country. Prices paid to local producers for similar commodities were depressed. This reduced returns on primary assets and the welfare of their holders. Overvaluation, therefore, acted as a subsidy on imports and a tax on local producers. It diminished the competitive strength of domestic producers and reduced their production incentives accordingly.

Overvaluation, however, reduced the cost of external debt servicing in local currency terms. With the 1994 realignment, the external debt burden more than doubled. Local producers were supposed to benefit on the commodity export-side and lose on the fertiliser and other inputs import-side. Farmers suffered a cost-price squeeze that drastically reduced their incomes. The high cost of inputs resulting from foreign exchange rate changes, and over-production of their main export crops by other regions of the world, depressed output prices on the world market. Farmers consequently abandoned their coffee and cocoa farms. The net outcome was low incomes for farmers in an environment where incomes from these cash crops had sustained families over the years.

Public debt situation

Globalisation can also be viewed as an economic phenomenon characterised by the adoption of international agreements aimed at enhancing mobility of capital resources between countries. Foreign capital inflows do fill in the gaps or shortfalls in investment expenditures in many countries, notably the developing nations. Repayment of debts contracted this way or otherwise has been problematic for many developing countries, especially those that depend on natural resources. These countries can be victims of wild swings in prices on the world market and this affect their ability to service their debts. Indebtedness and debt servicing and repayment in poor countries raise issues of great concern to the welfare of their people, notably the rural poor.

Most of Cameroon's debt burden was fuelled by bilateral loans with 'strings', which obliged the country to import technical expertise and/or goods and services from the creditor country. This lack of freedom to take advantage of competition on the international market of goods and services led to extra costs, which compounded the debt burden through over-billing, high prices and monopoly-like practices. A significant proportion of some of the loans contracted to carry out rural development projects were diverted into private pockets, a situation that further perpetuated inequality in the distribution of income. The debt indicators presented in Table 1 show, starting from the early 1980s, the deterioration in Cameroon's debt situation over time. This dismal debt situation can be attributed to (1) the ease with which the country contracted loans in the late 1970s and early 1980s when the economy was booming, (2) the duration of the economic crisis that started in the mid 1980s, and (3) the collapse in export commodity prices, which reduced the capacity to reimburse previous debt obligations.

Table 1: Some indicators of Cameroon's Public Debt (in billion CFA francs or otherwise as indicated)

	1982	1985	1989	1990	1992	1994	1996	1997	1998	1999	2000
External Debt	426	858	1318	1503	1987	4243	4456	4271	4079	4656	4874
Debt servicing owed (a) (in million dollars)						670	1131	1045	915	992	
Debt servicing paid (b)(in million dollars)						307	510	396	768	590	
Gap (a-b) (in million dollars)						363	624	649	147	590	
Debt Servicing./ Social Expenditure. (%)					1.13	1.64	3.77	6.03	5.47	1.84	
Effective Total Debt Service / Gov't Revenue (%)		20.7	6.04	14.47	14.53	12.08	18.17	15.82	18.06	20.05	26.7
External Debt Stock. / GDP. (%)		14.9	23.49	27.82	40.06	57.2	97.28	91.09	82.98	78.98	83.3
External Debt Stock. / Export (%)		71.9	389	192.2	275.8	473.5	535.6	575.8	459.4	393.8	312

Source: Cameroon's Debt Management Fund (CAA, French acronym) [6] and IMF.

External debt can affect investment in three ways: (1) debt servicing and repayment involves a withdrawal of funds from the debtor economy, which means a reduction of resources available for public investment in key development sectors such as road infrastructure, health, education and rural development projects, (2) the anticipated 'tax' that future servicing of debts implies reduces the expected returns from investment and hence, employment, and (3) external debt can affect investment as a result of 'debt overhang'[7]. In this regard, as the economic performance of the debtor country improves, part of the proceeds from all investments would, at least in part, go to its creditors rather than be used by the country itself to ameliorate the welfare of its citizens.

An important feature of the Cameroon debt situation is that most of the debts were contracted by the public sector. This was based on the structure of the economy where the rural sector produced the cash crops, but a public sector mechanism - the marketing board – was responsible for the sales. Output from the rural areas was thus a sort of guarantee for the repayment of debts that were contracted. Unfortunately, Cameroon became a victim of fluctuations in world market prices that led to shortfalls in government revenues. Rural areas were doubly victimised because (1) payments for their produce dropped, and (2) public sector investments in infrastructure, health, education and extension services were no longer possible in many rural areas because of the shortfall in the government investment budget.

There is, however, an emerging consensus among creditors, debtors and the civil society that the HIPC initiative is likely to be a more credible means of helping Africa out of her debt problems, and hence poverty.[8] This is because, unlike previous initiatives, it touches both on bilateral and multilateral debt cancellation and resources are effectively generated and 'saved' for development purposes in the debtor countries. Cameroon reached the 'decision point' of the HIPC initiative in October 2000 and has started benefiting from interim debt cancellation. Although the outcome of the HIPC initiative on poverty alleviation is still a matter of 'wait and see', if the funds 'saved' from it are well used in the social sector, the welfare situation of the poor will improve. However, if they are mismanaged, then the poverty burden may even become heavier. Cameroon submitted its final Poverty Reduction Strategy Paper (PRSP) to the Executive Boards of the World Bank and IMF in April 2003. Success in implementing the PRSP is subject to constructive achievements in the domain of good governance.

Democratic culture and rent-seeking

Democracy is a complex set of checks and balances to ensure good governance. For democratic culture to prevail in a country like Cameroon, a number of conditions are needed. The first of these is the presence of a democratic state, the second a free and vibrant civil society, the third the existence of effective institutions that ensure the rights and liberties of the citizens, and the fourth a free and objective press.

The difficulties Cameroon is facing today stem, at least in part, from changes in the international environment and the delays in coping with them. In 1966, a few years after independence, Cameroon moved from a multiparty state to a one-party state. The reasons for this move, according to the political 'entrepreneurs' of the time, were that the multiparty system was too expensive and slowed down economic progress. During the years of the one-party state (1966–1990), the country was effectively under the excessive weight of the Executive.

With the near collapse of the economy in the mid 1980s, it turned out that the one-party one-man rule could no longer deliver the goods. State authority dwindled and the probability of arresting and punishing lawbreakers declined as the number of violators increased. Through international pressure and internal agitation in the early 1990s, Cameroon introduced some elements of a democratic state,[9] but within a background where the morale of the population had been destroyed by the one-party system. A rent-seeking elite developed, using the political dispensation to perpetuate its hegemony. Corruption increased and the extent of inequality exacerbated because access to public services was and is still mainly obtained through the very vibrant and expensive *black market*, which sometimes involves patronage. Politically inspired tribal hatred that sometimes led to death and loss of property was encouraged by unscrupulous elite with a view to reaping fall-outs when called upon by political 'entrepreneurs' to act as brokers.

The spread of political pluralism can only help strengthen democratic culture in Cameroon, if and only if, the participation of the people is solicited. Participation of the rural poor can best be achieved through decentralisation since the majority of people live in the countryside. Decentralisation will guarantee local self-governance and draw on the historical and contemporary experiences of the country to build a democratic nation. For practical purposes, there is a need for civic education to enlighten the rural people concerning their rights in making institutions accountable. Rural people generally view the government as a monster that is sometimes benevolent by providing them some amenities, and sometimes is wicked by extracting taxes from them without providing them any benefits.

The outcome of introducing elements of a democratic culture has unfortunately reinforced tribalism instead of political pluralism, as reflected in the unevenness in the spatial distribution of administrative portfolios. The rural poor are preyed upon by the political actors and are reduced to hand clappers and passive animators (especially women), at the mercy of some elite figures, who dishonestly obtain their votes during 'multiparty' elections. At the end of the day, the citizens are even deprived of justice in a rent-seeking judicial system as they lack *bribe money* required to navigate through judicial procedures.

Openness and constraints to international trade

Computing the degree of openness and the net foreign direct investment-GDP ratio can capture some facets of the extent of Cameroon's insertion into the global economy. The general indication as shown in Table 2 is that Cameroon was more open to the global economy in the early 1980s than at any other period since then. This observation is supported by the ratio of net foreign direct investment, which suggests an important inflow of foreign capital, even if it was mainly absorbed by the oil sector. From the latter half of the 1980s, Cameroon's participation in the global economy weakened as she plunged deep into economic crisis. Disinvestments followed (negative sign of the ratio of net foreign direct investment) as confidence crisis in the management of the economy deepened. The 1994 CFA devaluation somewhat enhanced Cameroon's international participation, and the ratio of net direct investment subsequently turned positive.

The liberalisation of the audio-visual and information landscape has witnessed the opening up of private radio and television stations and private operators are now doing business in the telecommunications and Internet distribution sectors. Although the Internet is considered as one of the main vectors of globalisation, duties on imported communication equipment are considered high. The 2001/2002 Finance Law, however, cut down duties on the imported computers (excluding computer accessories) up to fiscal year 2003[10] with a view to increasing the quest and taste for these new information and communication technologies. These technologies are still impractical in most rural areas, which have no telephone services.

The slowdown in economic activities in the industrialised countries subsequent to the 'September 11' events (terrorist attacks) in the United States and the wars that ensued are being translated into deteriorating terms of trade for Cameroon. These have implications for the rural poor, since the momentum of implementing poverty reduction strategies will likely be slowed down because of shortfalls in previously budgeted financial resources.[11]

Table 2: Indicators of the degree of Cameroon's insertion into the global economy (in %)

	Average Propensity to Export	Average Propensity to Import	Degree of Openness	Ratio of net Foreign direct Investment
1981/82	23.34	18.49	41.84	1.34
1982/83	25	16.41	41.4	1.11
1983/84	25.34	14.49	39.83	1.85
1984/85	14.83	12.38	27.21	2.46
1985/86	19.01	16.16	35.17	0.6
1986/87	12.96	14.24	27.19	1.98
1987/88	12.2	11.87	24.07	0.52
1988/89	15.28	11.45	26.73	-0.28
1989/90	16.61	12.42	29.03	0.82
1990/91	16.42	11.48	27.91	-0.94
1991/92	16.32	9.8	26.12	-0.56
1992/93	13.4	9.32	22.72	-0.19
1993/94	17.67	9.4	27.07	-0.51
1994/95	19.6	11.23	30.83	-0.73
1995/96	18.03	12.57	30.6	-0.54
1996/97	19.52	14.07	33.59	0.88
1997/98	20.53	16.56	37.09	0.88
1998/99	17.14	15.26	32.4	N/A
1999/00	18.95	15.81	34.76	N/A

Sources: Computed by author with data from BEAC and Ministry of Finance and the Budget.
Note: The GDP is the denominator in all the indicators computed.

Transaction costs in Cameroon are still relatively high as reflected in (1) the slow and cumbersome administrative procedures as well as delays in the settlement of commercial and civil litigations,(2) the many police check-points on the highways and the general poor state of the road infrastructure as well as insufficiency in storage facilities, which all have serious consequences for the development of exports, (3) the fact that the Douala port, which is the main transit port in Cameroon, is the most expensive port on the West African Coast, notwithstanding the recently set up of one-stop export taxes and duties window at the Douala port, which is a timely move to reduce bottlenecks, (4) the poor and comparatively costly telecommunication facilities, (5) the very limited access of exporters to bank loans due to the prohibitive nature of required collateral and the absence of specialised financial institutions, and (6) the observation that some powerbrokers gain from and seek to maintain the *status quo*.

It is now recognised that the poor quality of products and production processes in Cameroon are the root causes of poor competitive positions, lower employment levels, underdeveloped research and development capabilities, few opportunities in supply networks and joint ventures, and a smaller tax base. Improving quality is the basis of enhanced competitiveness, and with the present globalisation trends, continuous quality improvement is a major factor in attracting investment. Similarly, standardisation and technological regulations are increasingly becoming essential to trade and transfer of technology, given that they are sometimes used as important non-tariff barriers to trade. In some industries, for instance, wholesalers, industrial partners and potential investors may demand evidence of compliance with international standards.

Economic and structural reforms

In an effort to redress the dismal economic situation, Cameroon adopted the IMF/World Bank Structural Adjustment Programme in 1988. The government engaged in a series of expenditure-reducing and expenditure-switching measures. The expenditure-reducing measures included (1) liquidating non-profit making public enterprises and privatising some marginal profit making ones, (2) reducing public expenditure on education, road infrastructure, extension services, rural water and electrification as well as health care services, (3) freezing advancements of public sector workers, (4) drastically reducing the salaries of public sector workers by about 60 percent on the average in January and November 1993, and (5) retrenching public and semi-public sector workers from the early 1990s.

After implementing all these measures, it became apparent that expenditure-reducing measures alone could not overturn the dismal economic outlook. That is why an expenditure-switching component was added. With a view to enhancing the global competitiveness of the economy, a 50 percent devaluation of the CFA franc against the French franc was effected on 12 January 1994. As a centrepiece of adjustment, devaluation was intended to slowdown domestic absorption of imported goods as the level of foreign prices increased in domestic currency terms, and to reallocate resources away from non-tradable to tradable commodities, especially agricultural exports. This was a measure to boost the rural economy. Unfortunately, the cost–price squeeze the rural sector suffered worsened the poverty situation.

The expenditure-reducing measures aggravated the burden on the poor, extending the dimension of their deprivation to include social, political, moral and spiritual poverty. This manifested itself in many ways, including high rates of infant mortality, low levels of literacy, reduction in life expectancy attributed to the spread of the HIV/AIDS pandemic, limited access to medical facilities, environmental degradation and corrupt practices.

In Cameroon before now, the poor were located mainly in the rural areas and engaged primarily in small-scale agriculture and its related activities. The advent of the economic crisis and its associated policy responses introduced a new poverty class in Cameroon (Baye 1998). This new category of the poor is comprised of civil servants, state employees, retrenched workers, retired public sector workers, and unemployed certificated school-leavers.

The price hikes resulting from the 50 percent devaluation of the CFA franc and the meagre salaries following the double salary cuts (about 60 percent) pushed many Cameroonian public sector workers towards the consumption of second-hand goods from Europe including items of clothing, household equipment, cars etc.[12] The nutritional status of most public sector workers deteriorated sharply as priority was given more to quantity than quality. Foodstuffs like cocoyams and cassava products, formerly regarded as inferior, were then prominent in the diet of most households. Financial assistance to relatives in the village was curtailed and this led to more hardship in the rural areas. An increasing number of public sector workers and/or their relatives in rural areas did not have access to or could not afford health services. This led to the emergence of roadside vendors of both modern and traditional medicine – a potential hazard to public health.

Activities of NGOs in rural Cameroon

From the mid 1980s, public finances dropped considerably, making it difficult for the government to smoothly pursue its rural development strategy. Even some infrastructural achievements in rural areas deteriorated due to lack of maintenance. Many of the rural development institutions put in place by the state collapsed, thereby aggravating the poverty of people in the rural areas.

The donor community started doubting the efficiency of public management of rural projects. Coupled with problems of governance and their attendant effects, foreign governments and donor agencies preferred assisting local communities through NGOs rather than through their traditional governmental counterparts.[13] The proliferation, in Cameroon, of both international and local NGOs with the mission of ameliorating the living conditions of the rural poor appears to be in line with this perception. With the present wave of globalisation, liberalisation of economic activities and the progressive state withdrawal from active involvement in aspects of rural development, NGOs are perceived as a means of filling the gaps left by governments (Tafah and Asondoh 2000). An example of such an NGO is the American cattle development project in developing countries - the Heifer Project International (HPI) - that operates in many rural areas. NGOs obtain development assistance from foreign countries, international donor agencies and other NGOs based abroad to foster development in local communities in Cameroon.

Development initiatives propelled solely by NGOs, however, are likely to be risky and possibly unsustainable because NGOs operate projects with fixed and short duration, and at times funding may be withdrawn when projects are still being executed. When this happens, the participating groups are deeply frustrated and their willingness to effectively collaborate with other NGOs is weakened. Moreover, rent-seeking NGOs can be described as brokers who confiscate the value-added to projects. To ensure continuity and sustainability, formulating new institutions and promoting networking and partnerships among them is likely to be more appropriate than NGOs operating in isolation.

Institutional arrangements and rural poverty

In this section, we explore some aspects of institutional arrangements and attempt to show how their evolution has affected the welfare status of the rural people. For this purpose, we discuss three institutional arrangements: (1) land-tenure arrangements; (2) rural financial markets, and (3) marketing of agricultural products.

Land-tenure arrangements

Land-tenure institutions are the laws or customs relating to the control and use of land. These institutions influence and are influenced by the pattern of land-use and the rural population density. At the same time, they reflect national socio-political characteristics. The land-tenure system that operates in any country will determine the degree to which investments are made in land to make it more productive. The dynamic land-tenure and resource-access system operating in Cameroon is the outcome of the chequered history of the country. The geographical entity now identified as Cameroon went through different periods and experiences beginning from the time of migratory tribal groups in search of appropriate places to settle, through a colonial period that saw Germany, Britain and France as colonising powers that imposed their systems of tenure and resource access on the territory. The present tenure and resource-use arrangements in Cameroon draw heavily on this colonial heritage.

Since the National Land Laws first came into effect in 1974, only about 3 percent of rural lands have been registered under private title, and mostly by civil servants (Sikod et al 2000). In order to obtain a land title, the law stipulates that the occupants must demonstrate that they have the means to develop the piece of land, implying that there can be no title to a virgin land. The dominant governance structure over land continues to be the traditional system whereby land belongs to the tribe. The tribes claim long-standing or historical rights to land, the forests and resources. The land laws define four categories of land tenure: state, national, private and local council. State land includes all communal lands on which usufruct rights are granted to villages by the State. Yet, this is still considered by the local people as traditional land over which they have control. The land law provides that individuals, families or lineages can obtain titles to the land they are using from the State. The traditional councils, with the chief at the head, serve as mediators between the grassroots and the administration.

Land disputes are a frequent phenomenon among the rural farmers, especially in the Northwest, West and Far North Provinces where there is a shortage of fertile land. These disputes are of two forms, namely farmer-grazer disputes and farmer-farmer disputes. Land is the most important input in rural production. It is also a store of wealth for the rural population. Disputes arise because of insecurity of tenure and population growth. Disputes tend to aggravate the feeling of insecurity among farmers and promote open access. The settlement of these disputes is the joint responsibility of the Ministry of Territorial Administration and Decentralisation, the Ministry of Agriculture and the Ministry of Livestock, fisheries and Animal Industries. Unfortunately, these ministries issue orders related to the settlement of land disputes which are hardly enforced and which at times are conflicting.

One of the characteristic features of Cameroon over the last decade or so has been pronounced regional movement of people; the most remarkable of which has been the mass movement of rural people to the cities. There has also been mass regional movement. This phenomenon has had an impact on land-tenure, access to resources and the use of these resources. This is because the logic and motives of migrants are different from the socio-cultural logic of the local population. Mixing migrants' and local beliefs and cultures tend to modify the traditional institutions – beliefs and governance structures. This modification in social factors influences the perceptions of the local and migrant populations, leads to changes in land-tenure, as well as resource use and management. Because these factors tend not to be coherent, resources are overexploited, leading to environmental degradation and rural poverty.

Rural financial markets

Financial services targeting the rural population are necessary for poverty alleviation. The rural finance system in Cameroon is very complex, involving a multiplicity of formal institutions, informal groups and private individuals. Some of these institutions are only incidentally involved in rural finance, but nevertheless play an important role. One way to categorise the different entities involved would be to distinguish between a formal sector including commercial banking arrangements and the informal sector including the credit union system, the rotating savings and credit associations as well as private individuals.

Before the economic crisis, formal financial institutions that directly or indirectly provided financial services in rural areas included the Bank of Central African States (BEAC), commercial banks and specialised institutions, such as the defunct National Fund for Rural Development, (FONADER – French acronym), the Marketing Board (NPMB), etc. The Central Bank gave preferential rates to the commercial banks to finance the purchasing and storage of traditional export crops, cocoa, coffee, cotton, palm oil, rubber, for cash food crops, groundnuts, maize, rice. When the economy started collapsing, almost all the commercial banks went bankrupt. Those that survived were restructured and could no longer offer adequate services to the rural sector.

Even before the crisis in the banking system, commercial banks financed mainly large public enterprises, co-operatives, and authorised exporters. Small rural farmers benefited only from trickle-down effects. Commercial banks were located mostly in urban centres and were quite few in rural areas. These unfavourable conditions obliged rural operators to take refuge in decentralised financial institutions and in the informal financial market. Decentralised financial institutions here comprise credit unions, saving co-operatives, specialised networks and projects. The Post Office Savings Fund can also be included in this set because it collects rural and urban deposits. With the exception of those belonging to the Cameroon Credit Union League (CAMCUL) network, the oldest of which dates back to 1963, co-operatives were created following enactment of the 1992 law. Savings co-operatives autonomously managed by their members and which are located in both rural and urban areas, collect savings and extend credits.

In Cameroon, it is estimated that informal finance institutions or loan and thrift societies (*Njangis*) account for 75 percent of the total assets and liabilities in rural finance and grow rapidly (Heidhues and Weinschenk, 1986). Nzemen (1989) puts the gross amount of money held by *Njangis* in 1984 at 18000 million CFA francs or about 4.5 percent of GDP. Schrieber (1989) indicates that in 1988, the value of the credits extended by informal groups represented 36 percent of the total amount of loans made available to the private sector by the banks. According to the same source, informal savings/deposits could have amounted to 54 percent of the country's total financial deposits. These observations are as valid today as they were fifteen years ago. The informal financial market is filling the gap created by the collapse of the commercial banking system. Informal production units, urban micro enterprises and agricultural activities can count only on the expansion of informal sector financing for their development because available formal credit is inadequate, difficult to access, urban-biased and involves a high transaction cost.

Marketing of agricultural products

The marketing of agricultural products can be considered under two broad categories: the marketing of food crops and the marketing of traditional exports. Food crop marketing has always been open and is operated by private individuals, especially women. Specialisation by type of product among the various classes of intermediaries is not common and the volume of trade for each of them is relatively modest. Transportation of commodities and the role of intermediaries (including the rent-seeking behaviour of the forces of law and order) are shown to be the major handicaps on food marketing. At the national level, the institutional environment supposed to cater for food crop marketing includes the Ministry of Agriculture, the Ministry of Livestock, fisheries and Animal Industries, the Ministry of Trade and Industrial Development, the Ministry of Territorial Administration and Decentralisation, the Ministry of Transport, and the Ministry of Public Health. These ministries should normally have some influence on the marketing and transportation system of food products, pricing, handling, weights and measures, grades and standards, and food flows. Unfortunately, there is no co-ordination among these ministries, and this makes it difficult for the marketing system to be efficient.

Before 1991, the domestic marketing of the main traditional agricultural exports (cocoa, coffee, cotton etc.)[14] was carried out through the National Produce Marketing Board (NPMB)[15]. The main objectives of the NPMB were to stabilise and guarantee remunerative prices to the producers and to undertake quality control. In this regard, the Board was to (1) insulate producer prices from the day-to-day fluctuations of the international commodity market, and (2) achieve a measure of stability in the incomes of producers. Fixing pan-territorial guaranteed prices in advance of each crop season, and hence breaking the link between farm-gate prices and the unstable world prices, led to the achievement of these objectives.

Domestic price stabilisation was effected through a price schedule with all cost elements such as transportation, storage, bank charges, cost of jute bags and conditioning, and a margin of profit for the middlemen added to the guaranteed farm-gate price to arrive at a 'guaranteed export' price level. If international prices obtained for a given consignment of produce were higher than the level guaranteed in the schedule, the difference was received by the NPMB as withdrawals (or an implicit export tax). If vice versa, the difference was paid by the NPMB to the exporter as an export subsidy.

Through this system of price fixing and stabilisation, the NPMB inadvertently became an extremely effective instrument for the mobilisation of revenue for government-sponsored economic development. Since the resources of the NPMB were held in the Public Treasury, the traditional export commodity sub-sectors contributed to the development of the entire country. For instance, the large size of the NPMB's contribution to the national budget (almost one fourth in fiscal year 1980/1981) constituted one source of the charge that the export crop farmers were financing the general development of the country rather than development of the rural areas (USAID 1983).

Faced with the prolonged declining world market prices in the latter half of the 1980s, and handicapped by extremely high production costs, low yields, shortage of liquidity at the Public Treasury and the banking sector, the NPMB could no longer continue to perform its functions as it could not lay hands on funds that had been accumulated over the years. Deficits increased and the stabilisation mechanism was disrupted. As part of the SAP measures, Government withdrew from the production and marketing sectors by the progressive liberalisation of (1) the fertiliser sub-sector starting from 1988, and (2) the internal and external marketing of the coffee and cocoa sub-sectors. From 1990, the State disengaged itself from domestic and export trade on cocoa and coffee and these sub-sectors were partially liberalised. In 1991, the NPMB was dissolved and replaced by the National Cocoa and Coffee Board (NCCB), which had as mission to manage the stabilisation system and undertake quality control. From 1994, the government abandoned the policy of guaranteed farm-gate prices and the stabilisation system. The NCCB ceded the role of quality control to three licensed private companies in 1997,[16] thus marking the total liberalisation of the cocoa and coffee sub-sectors.

The liberalisation of the cocoa and coffee sub-sectors exposed farmers to the world commodity markets. The process coincided with two lucky episodes - the 50 percent devaluation of the CFA franc in January 1994, and the July 1994 world commodity market price hikes following the Brazilian frost.

The coffee business became very lucrative and there was panic buying at all levels in the marketing chain. A multitude of agents entered the business, buying coffee in all its forms. Subsequent seasons witnessed the same scale of activity and a speculative expectation developed that prices would improve towards the end of the season. The buying of coffee at the farm-gate was done with no premium for quality. This pushed some farmers and dealers to seek artificial ways of increasing the quantity marketed by harvesting unripe fruits or introducing foreign matter into their produce. These malpractices were further exacerbated by the laxity in quality considerations at the port of shipment. Of course, Cameroon exports were soon rejected for non-conformity with quality norms. The attempt by exporters at the port of shipment to sort and dry (reduce moisture content) to conform to quality norms led to the non-respect of contract deadlines and attracted enormous penalties, resulting in the near collapse of marketing produce abroad. The world prices of these commodities have since dropped, especially with countries like Vietnam entering the coffee market. The response by farmers as they experience sharp drops in their incomes has been to reduce maintenance and re-orientate production strategies towards other activities.

Conclusion

Within the context of globalisation, the paper developed a framework of institutional economics, with a view to explaining rural poverty outcomes.

In particular, it (1) identified channels by which effects of globalisation impact on the asset characteristics of the poor, and (2) examined the rural institutional environment in the process of globalisation that explains rural poverty in Cameroon. These objectives were guided by the view that the institutional environment, which is constantly being modified by the forces of globalisation, significantly influences access to and returns on primary assets that determine poverty outcomes in rural Cameroon.

Prior to 1994, the CFA was overvalued and food commodities and other consumer goods were imported more cheaply into the country. Prices paid to local producers for similar commodities were depressed. This slowed down acquisition and reduced returns on primary assets as well as the welfare of their holders. It diminished the competitive strength of domestic producers and reduced their production incentives accordingly. With the 1994 realignment, local producers benefited on the commodity export-side but lost on the fertiliser import-side, while the external debt burden more than doubled. Debt servicing and repayment meant reducing resources available for public investment in key sectors such as road infrastructure, health, education and rural development. Fortunately, there is an emerging consensus among creditors, debtors and the civil society that the HIPC initiative is likely to be a more credible means of helping Africa out of the debt burden and rural poverty. This is because, unlike previous initiatives, it has to do with debt forgiveness that touches both on bilateral and multilateral debt cancellation and resources are effectively 'saved' for developmental purposes in the debtor country.

Through international and domestic pressures in the early 1990s, Cameroon introduced elements of a democratic state, but within a background where the psyche of the population had been destroyed by the one-party system. A rent-seeking elite developed, using the political dispensation to perpetuate its hegemony. Corruption increased and the extent of inequality exacerbated because access to public services was and is still mainly obtained through the very vibrant and expensive *black market*, which sometimes involves patronage. Politically inspired tribal hatred was encouraged by unscrupulous elite with a view to reaping fall-outs when called upon by the political 'entrepreneurs' to mediate.

With the near collapse of the economy in the mid 1980s, Cameroon's participation in the global economy weakened and disinvestments followed as a confidence crisis in the management of the economy deepened. The 1994 devaluation somehow enhanced Cameroon's involvement in international issues. Although transaction costs remains relatively high, it is now recognised that, in addition, the poor quality of products and production processes are the root causes of poor competitive positions, lower employment levels, and a smaller tax base. Improving quality is the basis of enhanced competitiveness, and with the present globalisation trends, continuous quality improvement is a necessary factor in attracting investment. The expenditure-reducing measures of SAP aggravated the burden on the poor, extending the dimension of their deprivation to include social, political, moral and spiritual poverty. A new poverty class was born and remittances to rural relatives were curtailed.

With progressive state withdrawal from active involvement in aspects of rural development, NGOs were quickly perceived as credible alternatives. Yet, development initiatives propelled solely by NGOs are likely to be unsustainable because they operate projects with fixed duration, and at times funding could be withdrawn when projects are still being executed. In this context, institutional structures that amalgamate and regulate partners in rural development appear to be the way ahead.

The land-tenure (and resource access) system operating in Cameroon is dynamic and is the outcome of the chequered history of the country beginning from the pre-colonial era through the colonial period right up to the present. The traditional tenure system is, however, still the most common and at times conflicts with the national land laws - an outcome that discourages productivity-enhancing investments in land. The rural finance system in Cameroon is very complex, involving a multiplicity of formal institutions, informal groups and private individuals. The informal financial system is the main source of financial support for the rural sector because available formal credit is inadequate, difficult to access, urban-biased and involves high transaction costs.

The liberalisation of the cocoa and coffee sub-sectors coincided with two lucky episodes that made business very lucrative, leading to panic buying at all levels in the marketing chain. Many agents entered the business, buying produce in all its forms at the farm-gate with no premium for quality. This led to malpractices and rejection of Cameroon origins for non-conformity with quality norms. The attempt by exporters at the port of shipment to sort and reduce the moisture content to prescribed levels led to the non-respect of contract deadlines, which attracted enormous penalties. The trickle-down effect of this adversely affected rural poverty.

The paper recommends good governance – behavioural cleansing at the level of the individual agency, institutional alignment and credible punishment strategies – as the required menu in the present context to redress the dismal socio-economic performances and rural poverty in Cameroon.

Notes

1. Many authors have recently been interested in aspects of globalisation in Cameroon; see for instance, Touna Mama (1999), Biao and Noumba (2000), Ngongang (2000) and Tamba (2000).
2. For a succinct discussion of these categories of institutions, see Ostron, et al. (1993).
3. See Fambon et al. (2002) for the determinants of poverty in Cameroon using household data.
4. For a succinct presentation of the planned development policies executed through Five-Year Development Plans in Cameroon, see Baye and Fambon (2001).
5. The BEAC Zone is a component of the wider Franc Zone (FZ). The African Franc Zone has three Central Banks: BEAC (Bank of Central African States), having as members, Cameroon, Chad, Central African Republic, Congo, Equatorial Guinea and Gabon; BCEAO (Central Bank of West African States), with Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo as members; and the Central Bank of Comoros.
6. The Autonomous Sinking Fund is in charge of the management of Cameroon's public debt.
7. A country's debt overhang refers to its inability to fully service its debt, and this results in a situation where effective repayments are determined through negotiation between the debtor country and its creditors. In this case, the amounts to be repaid are generally determined by the economic performance of the debtor country and not the terms agreed on at the time the loan was being contracted.
8. Launched in September 1996 by the Bretton Woods institutions, the HIPC initiative aims to provide relief for eligible countries with foreign debt burden deemed 'unsustainable' even after getting debt–stock reduction from bilateral creditors, mainly the Paris Club.
9. A democratic state should have political pluralism representing different ideologies, freedom of the press and of information, independence of the judiciary, free, fair and open elections at reasonable intervals, a peaceful and orderly alternation in power, a clear separation of powers, and separation of the state from political parties.
10. The budgetary year was changed to correspond to the civil year from 2003 in Cameroon.
11. This outcome may only be abated if the donor community accepts to fill the ensuing financing gaps within the ongoing IMF- and World Bank-supported programmes.

12. Following the devaluation of the CFA Franc in 1994, domestic inflation initially accelerated to 35 percent before tapering off. Contrary to the situation in other countries of the CFA Franc zone where nominal salary increments of 10-15 percent were granted, in Cameroon nominal salaries remained at their 1993 reduced levels. Thus, while the social costs of SAP were high in rural areas (particularly in remote areas where 65 percent of the population are women), urban poverty also worsened.
13. This view is well articulated by Bebbington and Thiele (1993) as they note that 'donors, faced with the confidence crises and inefficiencies of their traditional governmental counterparts now prefer to work with NGOs in programmes of poverty alleviation... and sustainable development'.
14. For a detailed discussion of marketing arrangements in these sub-sectors before liberalisation, see Baye (1991).
15. The NPMB was established in 1978, and took over, as a unifying and harmonising force, the activities of the former Stabilisation Fund' (CAISSTABI) in Francophone Cameroon and the Produce Marketing Organization (PMO) in Anglophone Cameroon.
16. These companies and their volume of activity for the 1997/98 season are: Société Générale de Surveillance (SGS) –78.4 percent; Observatoire Camerounais de la Qualité (OCQ) – 15.1 percent; and Cornelder Cameroun S.A. –6.5 percent.

References

Ali, A. A. G, 1997, 'Dealing with Poverty and Income Distribution issues in Developing Countries. Cross Regional Experiences', Paper presented at the AERC Bi-Annual Research Workshop, Nairobi, Kenya, December 1996, revised: January, 1997.

Baye, M. F. ,1991, *Coffee Pricing and Resource Utilisation in Cameroon*, Unpublished Ph.D. Thesis, University of Reading, United Kingdom.

Baye, M. F., 1998, 'Inequality and the Degree of Poverty Among Public Sector Workers in Cameroon', *Nigerian Journal of Economic and Social Studies*, Vol. 40, No. 3 pp. 433-452.

Baye, M. F. and Fambon, S., 2001, 'The impact of Macro and Sectoral Policies on the Extent of Poverty in Cameroon', in *Globalisation and Poverty: The Role of Rural Institutions in Cameroon*. Background paper submitted to FASID, Tokyo, Japan.

Baye, M. F., Fambon, S., and Sikod, F., 2002, *Globalisation, Institutional Changes and Poverty in Rural Cameroon*. Final Report submitted to FASID, Tokyo, Japan.

Bebbington, A. and Thiele, G, 1993, *Non-Governmental Organisations and the State in Latin America*, Routledge, London.

Biao, B. and Noumba, I., 2000, 'Mondialisation et Intégration Régionale: Quelles Perspectives pour le Cameroun?', *Revue Africaine des Sciences Economiques et de Gestion*, Vol. 2 No. 1 pp. 29-54.

Clague, C., 1997, 'The New institutional Economics and Economic Development', in *Institutional and Economic Development: Growth and Governance in less Developed and Post-Socialist Countries*, edited by Christopher Clague. The Johns Hopkins University, Baltimore and London, Press.

Commons, J.R., 1961, *Institutional Economics*, Madison, University of Wisconsin Press.

DSCN., 1996, *Enquête Camerounaise auprès des Ménages* (ECAM), Vol. 2 Résultats, tomes 1-5, Yaoundé.

Fambon, S., Amin, A.A., Baye, M.F., Noumba, I., Tamba, I, and Tawah, R., 2000, 'Pauvreté et Répartition des Revenus au Cameroun durant les Années 1990', *Cahier de Recherche*, N° 01-06 de l'Université Laval, format PDF, Available on http://www.crefa.ecn.ulaval.ca/cahier/liste01.html

Fields, G. S., 1997, 'Poverty, Inequality and Economic Well-being: African Economic Growth in Comparative Perspective', Paper prepared for presentation to the AERC, Nairobi, Kenya, August, 1997.

Heidhues, F., and Weinschenck, G., 1986, *Cameroon Rural Finance Study*, Deutsche Gesellschaft für Technishe Zusammenarbeit (GTZ) GMBH, (May-April).

Ngongang, S., 2000, 'Globalisation des Marchés Financiers: Ses Effets possibles sur la Conduite de la Politique Monétaire de la BEAC', *Revue Africaine des Sciences Economiques et de Gestion*. Vol. 2, No. 1 pp. 55-94.

Nissanke, M., 2000, 'Globalisation and Poverty: The Role of Rural Institutions', Framework Paper for the FASID Africa-Asian Comparative Studies, presented at the International Workshop for the FASID research project, on 1-2 December 2000, Nairobi, Kenya.

Njinkeu, D., Kobou, G., and Noumba, I., 1997, *Structural Adjustment and Poverty in Cameroon: A Labour Market Analysis*, Final Report submitted to ICEG, Nairobi.

North, D., 1990, *Institutions, Institutional Change, and Economic Performance*, Cambridge, Cambridge University Press.

North, D., 1992, 'Transaction Costs, Institutions, and Economic Performance', *Occasional Papers* Number 30, International Centre for Economic Growth.

Nzemen, M., 1989, *Tontines et mobilisation de l'épargne au Cameroun*, Presse Universitaire du Cameroun.

Ostron, V. Feeny, G. and Picht, H., 1993, *Rethinking Institutional Analysis and Development: Some Issues, Choices, and Alternatives*, San Francisco, Institute for Contemporary Studies Press.

Ravallion, M., 1994, 'Measuring Social Welfare with and without poverty lines', *American Economic Review*, Vol. 84 No. 2, pp. 359-364.

Rodrik, D., 1996, 'Understanding Economic Policy Reform', *Journal of Economic Literature*, Vol. 34, pp. 9-41.

Schrieder, G., 1989, *Informal Financial Groups in Cameroon: Motivation, Organization and Linkages*, Unpublished MSc. Thesis, Columbus, Ohio, Ohio State University.

Sikod, F.; Ngwasiri, C.; Mbah, G.; Jum, C., and Vabi, M., 2000, *Land Tenure and Resource Access in Selected WWF-CPO Field Project Sites*, Yaounde.

Tafah, E. E.O and Asondoh, R. T., 2000, 'Partnership Mix in Assisting Local Communities to reach Sustainable Development in Cameroon', *International Journal of Public-Private Partnerships*, Vol. 2, No. 3, pp. 463-475.

Tamba, I., 2000, 'Les Enjeux de la Mondialisation sur l'Economie Camerounaise', *Revue Africaine des Sciences Economiques et de Gestion*, Vol. 2 No. 1 pp. 125-140.

Touna Mama., 1999, 'Qu'est que-ce la Mondialisation?', *Revue Africaine des Sciences Economiques et de Gestion*. Vol. 1 No. 1 pp 9-27.

USAID, 1983, The *Tortoise Walk: Public and Private Activity in the Economic Development of Cameroon*. AID Evaluation Special Study No. 10, USAID.

World Bank, 2000, *World Development Report 2000/2001: Attacking Poverty*, Oxford University Press, Oxford.

World Bank, 1995, *Cameroon: Diversity, Growth and Poverty Reduction*, Report No. 13167-CM.