

The Financing of Economic Development in Cameroon

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INTRODUCTION

Some twenty years ago, the distinguished economist Professor Arthur Lewis, noted that although much had been written about the problems of economic planning and development, very little had been said regarding the financing of development programmes. To the extent that in many countries, the development programme determines what expenditures are to be adopted in the public sector and to be encouraged in the private sector, and particularly, as the process of development is indeed costly so that it is imperative to have a good financial plan which makes efficient use of the available and expected resources, the purpose of this paper is to examine the financing of economic development in Cameroon after independence. It should be pointed out from the outset that emphasis will be placed on the various sources of finance and to some extent on the pattern of allocation of the development funds.

Generally, the resources for the financing of the various investment projects in the development programmes of Cameroon, could have, in principle, been provided by one or both of the following ways :

- (a) the authorities could have drawn on domestic resources either by restricting current consumption through higher tax rates and efficiently utilizing the idle resources of the country and/or
- (b) the government could have sought foreign public and private funds.

However, Cameroon like many developing countries with inadequate domestic resources, chose before independence and has continued to do so even after independence, to finance her development programmes through both means.

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DEVELOPMENT FINANCING SINCE INDEPENDENCE

Since independence in 1960, the Cameroon policy of financing development programmes has been to seek financial resources internally and externally because the total planned investments for all the five Year Economic and Social Plans have always far exceeded the available domestic savings. Consequently, the policy of financing economic development has been that public and private capital from abroad should offset some or all three of the following differences as aggregates.

- (a) the value of products used minus the value of products produced domestically,
- (b) net planned investments in the development plans minus expected net domestic savings ; and
- (c) value of imported goods and services including factor payments minus value of exported goods and services including factor payments (1).

Using the above aggregates, Chenery has postulated a theory known as the « gap theory », which explains the existence of gaps (a), (b) and (c) above. He has, in addition, with H. Bruno, presented a formal statement and empirical foundation of this theory in his study on Israel (2).

Since the inception of the Five Year Development Plans, the most important constraint in determining the size of planned investment has been the insufficiency of domestic savings in Cameroon. To this extent, therefore, attention was focused only on the savings element of the gap theory, since the other aspect of the theory, which deals with the inadequacy of export earnings to pay for the necessary capital imports, appeared to be only a production bottleneck (3). Perhaps a statement of the savings gap would throw more light on the problem of financing development planning in Cameroon since independence.

To this end, therefore, the usual point of departure is the Harrod growth equation :

- (1) $g = sk$, where « g » is the proportional rate of growth of Cameroon national income, « s » is the proportion of national income saved and invested in Cameroon, and « k » is the incremental capital — output ratio. Thus « s » and « k » can also be written as,

$$(2) s = \frac{sY}{Y} = \frac{I}{Y}$$

$$(3) k = \frac{K}{Y}$$

where « K » is the available domestic capital, and « Y »

is the domestic national income. In this regard, then, when there is an inflow of private and public capital « a » (a fraction of national income) into the country as anticipated in the five year development plans, growth rate will rise to :

$$(4) g = (s + a) k$$

if g is the target or assumed rate of growth (which in the Cameroon case is 5.6 % per annum) and « K » is assumed to

be constant, one can deduce the rate of capital accumulation « C » necessary to achieve the target given. This rate of capital accumulation can be written as :

- (5) $c = g + \frac{1}{K}$. The difference between « C » and « S » indicates the savings gap, and therefore, the amount of foreign capital flows necessary to achieve the planned investment target can be written as
- (6) $a = c - S$. In the context of the Cameroon Five Year Development Plans, the value of « a » was approximately 30,000 millions CFA francs (65 %) of a planned investment (53,000 millions CFA francs for the 1960-65 Plan, and 120,500 millions CFA francs (73 %) of a projected investment of 165,000 millions CFA francs for the 1966-71 Plan. The implication is that the success of Cameroonian development plans has depended largely on the goodwill of foreign private investors, foreign governments and international development agencies since independence.

(a) *The 1960-65 Plan*

The Cameroon policy of development financing for the 1960-65 Development Plan was guided by the three paramount imperatives of « independence, budgetary equilibrium and priority for development ». The reasons for this policy are not far to come by. Firstly, a young nation had obviously to preserve its independence which implied that the State had to run its basic services with its own local resources ; finance an increasing share of public investments ; ensure that the burden of foreign debts did not weigh too heavily on the state revenue and that the balance of payments was not to develop a chronic deficit.

Secondly, budgetary equilibrium which was to be a constant factor in the financial policy of the country, required that the medium and longterm resources of the State had to balance budgetary expenditure so as to avoid on the one hand the draining away of government funds and foreign reserves, and on the other hand rapidly increasing prices which were to reduce incomes and, therefore, the standard of living of the masses. To this extent budgetary policy was linked closely with a prudent monetary policy which was intended to adjust monetary expansion to that of the Gross Domestic Product so as to avoid inflation and its consequences.

Thirdly, Cameroon's political independence and budgetary equilibrium had no meaning unless they were accompanied by vigorous development both in the economic and socio-cultural fields. In particular, it was necessary for the State to devote an ever-increasing share of resources to financing this development, encouraging the financing of productive operations and the promotion of Cameroonian businesses by means of a judicious credit policy.

For the 1960-65 Plan, the total projected investments stood at approximately 53,100 millions CFA francs — the distribution of which was as follows :

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2,400 millions francs (4,5 %) for Studies ;
16,700 millions francs (31.3 %) for Production ;
25,000 millions francs (47 %) for Infrastructure ; and
9,000 millions francs CFA (17.1 %) for Social Equipment.

As concerns the financing of the Plan, the data on the various sources of funds is available only for Year one (1961-62) of the Plan. Attention is, therefore, drawn to Table 1 which presents data on the economic sectors and financial sources. From Table 1 it will be observed that, although 7,760 millions CFA francs was projected as the initial investment for 1960-61, out of a total planned investment of 53,192 millions CFA francs for the 1960-65 Plan, actual budgetary allocations and external resources were about 10,230 millions CFA francs for that year. It will further be observed that about 72 % of the total planned investment for 1960-61 was financed from external assistance (4), whilst 28 % came from local sources (5).

As regards the additional increase in investment of 2,470 millions CFA francs over the initially planned figures, attention is drawn to Table 2 which shows the distribution of the increase by economic sectors. It will be observed from Table 2 that out of the additional investment of 2,470 millions CFA francs, the infrastructure sector had an increase of 1,993 millions CFA francs.

To sum up, the major sources of funds for the execution of the 1960-65 Plan, like the pre-independence development plans, were the French aid-giving financial institutions. As concerns the distribution of investment resources, the infrastructure sector in the 1960-65 Plan received the largest share (47 %) as compared to the allocations under the 1948-1953 Plan (83.3 %) and the 1954-1959 Plan (41.6 %), for East Cameroon and during the period 1955-60 (45 %) for West Cameroon. Thus the first Five Year Plan after independence, the infrastructure sector continued to receive considerable attention when compared with the other sectors of the Cameroon economy. Another notable feature is the diversification, to some extent, of the main sources of finance for the 1960-65 Plan (See Table 1), as compared to the dominance of France and Britain as major suppliers of development finance during the pre-independence period.

(b) *The 1966-71 Plan*

Like the 1960-65 Plan, the policy of the Government in respect of development financing did not change for the 1966-71 Plan. However, the total projected investments for the 1966-71 Plan more than doubled under that of 1960-65 Plan. To this extent, the total overall investments amounted to 165,176 millions CFA francs of which 157,409 millions francs were monetary investments and 7,767 millions francs were manpower investments.

With respect to the structure and financing of the investments under the Plan, it will be observed from Table 3, that the gross fixed investments of 165,176 millions CFA francs was almost divided equally between the public and private sectors ; both of which were expected to double their investment in comparison with the projected investment under the 1960-65 Plan. It will also be observed from Table 3 that the bulk of the investment was to be concentrated in infras-

TABLE 1
FINANCING OF 1960-65 PLAN — YEAR ONE
 (in millions CFA francs)

SECTOR	Cameroon Budget	Communal Budget	Other Local Funds	FIDES	F.A.C.	F.E.D.	U.S. Aid	U.N. Aid	Loans	Total Local Funds	Total Extern. Aid	Total per Sector
Studies	78.6	—	—	5.3	231.8	—	—	50.4	—	78.6	287.5	366.1
Agriculture	318.8	10.6	400	112.1	413.8	—	—	—	—	908.1	525.8	1,433.9
Stock Breeding	14.9	—	—	10.8	28.2	143.0	—	—	178.6	14.9	182.0	197.0
Forestry	.7	.1	—	2.6	40.3	177.0	—	—	—	.75	220.0	270.7
Industry	—	—	—	6.7	10.0	—	—	—	—	—	16.7	16.7
Cooperation	—	—	—	—	9.4	—	—	—	—	—	9.4	9.4
Roads	—	60.9	580.0	32.8	843.0	—	—	—	—	640.9	2,469.8	3,110.8
Ports	—	—	66.9	2.74	—	—	—	—	—	66.9	1,102.7	1,169.6
Aeronautical	—	—	—	17.8	67.0	1,594.0	—	—	—	125.5	356.4	481.9
Railway	10.0	—	115.5	.014	356.3	1,100.0	—	—	—	21.7	73.5	95.0
Post & Telegraphs	21.5	.2	—	36.0	37.5	—	—	—	—	—	1.4	1.4
Tourism	—	—	—	1.4	—	—	—	—	—	—	—	—
Health	169.0	12.4	—	93.7	363.4	573.4	—	—	—	131.5	1,063.5	1,245.0
Education	—	27.7	—	33.6	56.2	264.0	—	—	—	27.7	353.8	381.5
Youth & Sports	9.0	—	—	—	—	94.5	98.0	33.0	—	9.0	—	9.0
Housing	1.0	163.4	—	69.0	153.4	—	—	—	507.2	60.1	485.8	1,087.0
Not included	100.0	—	—	—	119.7	—	—	—	100.0	100.0	219.7	319.7
General Total	723.6	275.4	1,162.4	424.9	2,730.1	3,946.0	98.0	83.4	785.8	2,776.6	7,453.0	10,229.8

Source : Chamber of Commerce, Federal Republic of Cameroon (1963-64) ; Douala 1965.

FIDES = Fonds Investissement, Developpement et Sociale.

F.A.C. = Fond d'Aid Cooperation.

F.E.D. = Fond European Development.

U.S. = United States.

U.N. = United Nations.

structure, industry and agriculture. In particular, public investment was expected to be concentrated in the development of infrastructure, housing and education whilst a substantial proportion of private capital was to be invested in industry, agriculture and transportation. Unlike the pre-independence Plans and the 1960-65 Plan in which infrastructure received the lion's share of investments, there was a marked departure in the 1966-71 Plan because almost equal emphasis was placed on infrastructure, industry and agriculture (see Table 3).

TABLE 2
INCREASE IN PROJECTED INVESTMENT
(1961-65 Plan)

	Figure in the Draft Plan		Actual Figures 1961	
	Millions CFA francs	%	Millions CFA francs	%
Studies	668	8.6	366	3.6
Production	2,610	33.7	1,878	18.4
Infrastructure	2,951	38	1,944	*48.3
Social Equipment	1,531	19.7	2,722	*26.6
			Unplanned 320	3.1
	7,760	100	10,230	100

Source: Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun, *The Implementation of the Cameroon Plan in 1961*, Supplement au Bulletin, N° 76.

Note: * French aid and aid provided by the European Development Fund (F.E.D.) amounted to 95 % of the total external aid, and 69 % of the total projected investment for 1961.

TABLE 3
PROJECTED INVESTMENT UNDER THE SECOND FIVE
YEAR PLAN (1966-71)
(in millions CFA francs)

SECTOR	Public	Private	Total	% of Total Investment
General Studies	2,282	—	2,283	1.4
Agriculture	18,470	17,474	32,344	19.6
Industry	3,835	35,579	39,414	23.8
Commerce and Tourism	962	2,704	3,666	2.2
Infrastructure	39,719	2,050	41,769	25.3
Trucking	148	16,032	16,180	9.7
Health	3,700	350	4,050	2.5
Education	7,665	2,727	10,392	6.3
Housing & Urban Development	7,878	3,700	11,578	7.0
Administrative Equipment	3,500	—	3,500	2.2
TOTAL	84,560	80,616	165,176	100

Source: Ministry of Economic Affairs and Planning, *Second Five-Year Plan of Economic and Social Development*, July, 1966 — June 1971. Yaounde, June 1966.

The planned finances from foreign private sources included both the initial capital of private investors and the subsequent loans that were to be forthcoming from their headquarters abroad. Private external capital was expected to account for some 60,000 millions CFA francs, that is 36 % of the total projected investments. These estimates were made on the assumption that large scale operations which were an integral part of the Plan had reached a stage of well defined projection and therefore the degree of uncertainty about this source of finance was not great.

« Work investment » implied an increase in the number of hours worked and in unpaid voluntary work, and like in many developing countries, this could apply to a wide range of activities. Within the framework of the Cameroon 1966-71 Plan, « work investment » meant that: (a) « work capital » was to provide 20 % of the agricultural investments; (b) « work investment » was to account for 45 % of total investment for road-building; and (c) school buildings and sewerage schemes were to be carried with rudimentary materials.

External public aid estimated to reach 61,000 millions CFA francs (37 %) was closely linked with the hope of cooperation from the International Bank for Reconstruction and Development — (IBRD). Of the 61,000 millions CFA francs anticipated, some 29,000 millions CFA francs were to be obtained in the form of loans, and 32,000 millions CFA francs in the form of direct grants from multilateral and bilateral agencies. More than 50 % of the aid was to be devoted to large-scale basic services, and 50 % was to be diverted to social investments.

A detailed analysis of the resources for financing the projected global investment of 165,165 millions CFA francs under the 1966-71 Plan is presented in Table 4. From Table 4, it will be observed that local resources (both private and public) were to account for 27.4 % (i.e. 3535,536 millions CFA francs) of which the state was to contribute 18,578 millions CFA francs, Local Councils and Mutual Rural Development Societies were to put up 2,342 millions francs and public and para-public corporations were to provide for the remaining 14,616 millions CFA francs. External aid and loans were to account for some 46,808 millions CFA francs (i.e. 36.2 % of total investments) of which 20,234 millions CFA francs were to be grants and 26,573 millions CFA francs were to be loans. Thus both local and external public financing were to amount to approximately 82,244 millions CFA francs (i.e. 63.7 % of all the investments projected).

Finally, private domestic and foreign funds which had been underestimated because of difficulties of obtaining information were to amount to approximately 46,885 millions CFA francs (i.e. 36.3 % of the total investment).

It should be pointed out that by the end of the 1966-71 Plan, the actual monetary investments had amounted to 129,229 millions CFA francs (i.e. 82 % of the estimates in current francs and 73.6 % in constant francs — See Table 5). The actual total investments were probably more than 129,229 millions CFA francs for the following reasons:

- (a) There were some investments which were not programmed originally but were later considered necessary as a consequence of the expansion of production and some services ;
- (b) Foreign debt charges (repayment and interests) were provided by the recurrent budget of the State ;
- (c) A new policy regarding the utilization of the Treasury reserves was introduced by the Cameroon Government. To this end, a special sum of 9,000 millions CFA francs was set aside in December 1970 with a view to financing equipment operation and
- (d) The statistics in respect of investment operations in the « trade and commerce » sectors were incomplete.

TABLE 4
SOURCES OF FINANCING FOR 1966-71 PLAN
 (in millions CFA francs)

	Total million CFA francs	% of Investments		
		Totals %	Public %	Private %
1. - LOCAL GOVERNMENT				
State	19,890	12	23.5	—
Local Authorities	1,962	1.2	2.3	—
Public & semi-public bodies	7,888	4.8	9.3	—
TOTAL	29,740	18	35.1	—
Local public credit	6,986	4.2	—	8.7
Work investment	7,767	4.7	—	9.6
TOTAL 1	44,493	26.9	35.1	18.3
2. - OUTSIDE NON-PRIVATE HELP				
Grants to public sector ..	31,068	18.8	36.8	—
Grants to private sector ..	0,937	0.6	—	1.2
Loans to public sector ..	23,752	14.4	28.1	—
Loans to private sector ..	5,494	3.3	—	6.8
TOTAL 2	165,176	37.1	64.9	8
3. - PRIVATE CAPITAL	59,432	36	—	73.7
GENERAL TOTAL	61,251	100	100	100

Source : *Second Five-Year Plan of Economic and Social Development, 19766-71, Yaounde, 1966.*

TABLE 5
1966-71 PLAN : DISTRIBUTION OF MONETARY
INVESTMENTS BY SECTORS
 (in million CFA francs)

SECTORS	Estimates	Investment in Current francs	% of Total Investment
General Studies	2,283	1,521	62.6 %
Rural Production	26,750	18,650	69.7 %
Industrial and Mining Production ..	39,414	45,625	115.8 %
Trade and Tourism	3,666	3,146	85.8 %
Infrastructure	40,769	33,939	83.2 %
Road Transport	16,180	1,426	8.8 %
Education Training	9,319	6,866	73.7 %
Public Health	3,950	2,522	63.9 %
Town Planning and Housing	11,579	8,479	73.2 %
Administrative Equipment	3,500	7,978	201.6 %
TOTAL	57,409	129,152	82.0 %

(c) *The 1971-76 Plan*

Under this Plan, the financing policy of the Cameroon Government was to ensure budgetary equilibrium while at the same time increasing capital expenditures at an appreciable rate and also limiting the increase in recurrent expenditures to an average rate of 6 % per year in constant francs (8 % in current francs), slightly lower than the growth of Gross Domestic Product which was then 7.5 %. To this extent, the allocation of recurrent expenditure credits was such as to satisfy the most real needs and to allow capital expenditure credits to increase approximately at the rate of 17 % per year in constant francs (25 % in current francs) over the whole period of the 1971-76 Plan. In addition it was intended to allow the State to play a more active part than in the past in the financing of public investments. It was also the policy of the Government to ensure that the State Budget's share was not to be less than 35 % of the total investments during the 1971-76 Plan as against 23 % during the 1966-71 Plan. This target could only be achieved if the consumption of capital expenditure credits by public authorities was considerably improved, in particular, by means of rapid and thorough examination of project files.

The primary objective of all public bodies was to ensure a profit-earning enterprise. This goal could only be achieved by obtaining improvements in the management of all public corporations. To this end, some large-scale town planning projects were to be taken over by the State and the Local Councils.

In addition, the management of Local Councils was to be put on a sounder basis so as to enable them to make more capital expenditure credits available to the appropriate authorities for the development and improvement of operations in respect of the medium size towns and local communities. In order to lighten the burden borne by the Councils, the State was to take over such recurrent expenditure items like health and education.

It was intended by the State that under the 1971-76 Plan, private investments were to make up about 50 % of the total investments. Although the contribution by private foreign capital was necessary to carry out the projected investments in the 1971-76 Plan, it was essential that private domestic savings were to play an ever increasing dominant role in the financing of economic development. To ensure the realization of this goal, the following measures were initiated :

- (a) there was the encouragement of accumulation of capital which was to be reinvested in the economy within the framework of the Plan. To this end, certain measures such as financial incentives were provided by the National Investment Corporation (which was to participate in equity capital) and the various tax reliefs and benefits which were provided in the National Investment Code. All these measures were intended to benefit the different economic agents ;
- (b) the changing of the role of financial institutions from that of mere collectors of public and private funds for short-term credits to that of channelling cash savings towards the financing of productive economic ventures and the purchase of shares in the capital of private businesses ;
- (c) Agricultural credit and credit for small and medium size businesses was to experience a considerable increase during the entire period of the Plan. To ensure the realization of this goal, the activities of the National Fund for Rural Development (FONADER) and the Centre for Small and Medium-Sized Business (CAPME) had to be intensified ;
- (d) the Stabilization Funds were to utilize their accumulated reserves and liquid assets for the expansion of investments particularly in the rural sector.

During the period of the 1971-76 Plan, foreign public funds were to continue to play a considerable role in the financing of investments. The mobilization of foreign private and public financial assistance was to be speeded up by improved presentation of projects and a more elaborate study of project files.

It was also felt necessary for the state to procure a surplus in the trade balance so as to partly make the balance of payments equilibrium less dependent on foreign aid and partly to offset the unavoidable

deficit in balance of payments due to the remuneration of foreign factors of production. Finally, any requests for foreign loans by the State or by public bodies were of necessity to be preceded by a detailed analysis of their effects on the burden of the public debt on the national economy.

It was intended that public investments were to be financed half by domestic resources and half by foreign resources. Within the context of the above policy of development financing under the 1971-76 Plan, the total planned investments were 280,000 millions CFA francs. The distribution of the investments between the various economic sectors is presented in Table 6.

TABLE 6
1971-76 PLAN : DISTRIBUTION OF INVESTMENTS

SECTOR	Million CFA francs	% of Total
Rural Development	25,545	9.2 %
Industry and Mines	70,300	25.1 %
Participation	3,070	1.1 %
Commerce	42,400	15.1 %
Other Administration	3,500	1.2 %
Tourism	7,200	2.6 %
Studies and Research	3,000	1.1 %
Infrastructure	57,300	20.5 %
Education	26,635	7.7 %
Youth and Sports	1,500	0.5 %
Public Health	6,750	2.4 %
Urbanization	11,400	4.1 %
Housing and Rural Housing	1,500	0.5 %
Modern Housing	16,800	6.0 %
Information	1,300	0.5 %
Administrative Equipment	5,000	1.8 %
Other Equipments	1,800	0.6 %
TOTAL	280,000	100 %

Like the previous development plans, it will be observed from Table 6 that the infrastructure sector was again given considerable attention. However, the allocations to this sector alone accounted for only 20.5 % of the total investments as compared to its share in the previous plans : 47 % in the 1960-65 Plan, and 25 % in the 1966-71 Plan, the largest share of total investments went to industry and mines (which received 25.1 %) as compared to 31 % under the 1960-65 Plan — 23.8 % under the 1966-71 Plan.

As concerns the sources of finance for the 1971-76 Plan, it will be observed from Table 7 that the expected public resources were to be 144,540 millions CFA francs (i.e. 51.6 % of the total) as against expected private financing of 135,360 millions CFA francs (i.e. 48.4 % of total investments). From Table 6, it will also be observed that of the total expected financing of 144,540 millions CFA francs, 73,640 millions francs (26 %) were to come from the following domestic public sources : the State 48,000 millions francs), Local Councils (3,000 millions francs), Stabilization Fund (7,000 millions francs) and public corporations 15,640 millions francs. The balance of 70,900 millions francs (25 %) was to come from external public sources which were to be made up of grants (26,990 millions francs), loans from foreign governments (24,050 millions francs) and loans from international organizations (19,860 millions francs). Finally, private domestic and foreign financing of 135,360 millions CFA francs was to be made up of business financing (111,360 millions francs), household savings (16,800 millions francs) and administration (7,300 millions CFA francs).

It should be noted that although no data is yet available on the actual sources of finance for the 1971-76 Plan, there is no doubt that, unlike in the previous Plans, there was a concerted effort to rely more heavily on domestic public sources than on foreign public financing. This again demonstrated the desire of the Cameroon to reduce its dependence on external public funds.

(d) *The 4th Plan : 1976-81*

For the 1976-81 Plan, the Cameroon Government maintained the same general policy regarding the financing of development projects as under the 1971-76 Plan. The total projected investments of 725,232 millions CFA francs were made up of investment of national interest of 685,000 millions francs and provincial interest of 40,232 millions francs. To this extent, the projects indicated in the 1976-81 Plan were divided into two classes : (a) investment programmes of national interest were to be financed by the State, public and parastatals, the private sector and external aid, and (b) the provincial programmes which represented (for the first time) the investment effort of the different economic agents at the provincial level. These programmes concerned essentially small and medium-size projects to be financed by the resources of local collectivities, cooperatives, etc...

In the spirit of self-reliance development, the provincial programmes were to indicate the voluntary participation of the different life forces of the provinces towards the national development effort. The

TABLE 7
FINANCING FOR THE THIRD PLAN 1966-71
 (in million CFA francs 1970-71 prices)

SECTORS	PUBLIC FINANCING		Public financing Total	Private financing Total	Financing Total	Public financing in %	Total financing in %
	Financing out of own funds	Financing out of foreign funds					
Rural Economy	8,840	10,505	19,345	6,200	25,545	13.4	9.2
Industry mining power	3,900	10,140	14,040	56,040	70,300	9.7	25.1
Commerce, private transport	1,400	—	1,400	41,000	42,400	1.0	15.1
Tourism	1,000	—	1,000	6,200	7,200	0.7	2.6
Infrastructure	22,350	33,250	55,600	1,700	57,300	38.5	20.5
Education	9,950	9,085	19,035	2,600	21,635	13.2	7.7
Youth and Sports	1,500	—	1,500	—	1,500	1.0	0.5
Health	3,950	1,600	5,550	1,200	6,750	3.8	2.4
Town Planning	6,000	5,400	11,400	—	11,400	9.7	4.1
Rural housing and Village water supply	1,500	—	1,500	—	1,500	1.0	0.5
Modern Housing	—	—	—	16,800	16,800	—	6.0
Information	880	420	1,300	—	1,300	0.9	0.5
Administrative Equipment	5,000	—	5,000	—	5,000	3.5	1.8
Other Equipment	1,800	—	1,800	—	1,800	1.2	0.6
Other Authorities	—	—	—	3,500	3,500	—	1.2
Studies and Research	2,500	500	3,000	—	3,000	2.1	1.1
Financial Participation	3,070	—	3,070	—	3,070	2.1	1.1
TOTAL FINANCING	73,640	70,900	144,540	135,460	280,000	100	100
Public financing as %	50.9	49.1	100.0	—	—	—	—
TOTAL FINANCING AS %	26.3	25.3	51.6	48.4	100.0	—	—

distribution of both projected national and provincial investments under the 1971-76 Plan, between the various economic sectors, is presented in Table 8. As was the case with the 1971-76 Plan, a large proportion of the total investments was allocated to industry, mines and energy (240,785 millions francs), followed by Infrastructure (156,768 millions francs) and rural development (108,954 millions francs).

The financing of the 1976-81 Plan was to be assured in various ways. Public contribution was to account for 273,000 millions CFA francs (39.8 % of total investments) of which budgetary savings were to be 105,000 millions francs ; Loans were to be 140,000 millions francs and Foreign grants were to account for 28,000 millions francs. On the other hand, public and parapublic corporations were to generate some 227,052 millions francs (i.e. 33.1 % of the total investment) of national investments of 685,000 millions CFA francs.

TABLE 8
DISTRIBUTION OF INVESTMENTS : 1976-81 PLAN
(in million CFA francs)

SECTORS	National Investments	Provincial Investments	Total
Rural Development	90,000	18,954	108,954
Industry, Mines and Energy	233,027	7,758	240,785
Commerce and Transport	36,644	2,439	39,083
Tourism — Hotels	8,631	488	9,119
Infrastructure	156,768	—	156,768
Education and Training	33,521	3,200	36,721
Youths and Sports	3,000	—	3,000
Health and Social Affairs	11,000	1,005	12,005
Urbanization, Housing and Territorial Development	83,624	5,556	89,180
Information and Culture	4,015	41	4,056
Administrative Equipment	20,770	791	21,561
Studies and Research	4,000	—	4,000
TOTAL	685,000	40,232	725,232

Of this amount, autonomous financing was expected to amount to 39,696 millions francs and loans were to amount to 187,356 millions CFA francs. Private investments (both domestic and foreign) were to account for 184,948 millions francs (i.e. 27 % of the total).

Finally, the provincial programmes which covered nearly all sectors of the economy and which were estimated to cost 40,232 millions CFA francs were expected to be financed as follows: Local Councils were to generate some 7,246 millions francs (18.01 %); Cooperative bodies were to provide 5,090 millions francs (12.65 %) and private companies were expected to invest some 27,896 millions CFA francs (69.34 % of the total provincial investments). It should be pointed out that a salient of the financing of the 1976-81 Plan, was a clear division of financial responsibilities between the central government and the provinces with respect to the execution of the different development programmes. In addition, unlike previous development Plans, there was a greater attempt in the 1976-81 Plan to diversify the sources of finance. This attempt, notwithstanding, was, like the previous Plans, a continuous reliance on both foreign public and private capital, particularly as the total planned investments grew tremendously over the years since the 1960-65 Plan.

CONCLUDING REMARKS

Our analysis of the financing of economic development in Cameroon after independence, has revealed the following features:

- (a) there has been a concerted effort on the part of the government to diversify the sources of investment financing with particular emphasis on domestic contribution;
- (b) there has been an attempt on the part of the Government to ensure that the State Budget plays a dominant role in the financing of public capital projects;
- (c) there has been a considerable reduction in the total volume of investment funds traditionally allocated to the infrastructure sector whilst at the same time effort has been made over the years to allocate large investment resources to the industry, mines and energy, including the agricultural sector which is the mainstay of the Cameroon economy.

However, considering the structure of the sources of finance for all the development plans, it would appear that the success or failure of development planning in Cameroon has continued to depend largely on the continuous inflow of both external private and public capital. This has been risky because of the growing and more complex commitments of the major aid donors such as France, Germany, U.S.A., Britain, and U.S.S.R., coupled with the increasing concern for their own domestic problems. To this extent, it would be rational for the Cameroonian authorities to lay more emphasis on the domestic sources of finance for economic development in the future. This will help to reduce the growing external debt burden, to increase the capability of the Cameroon people in guiding more effectively their economic destiny and those decisions which affect the social and economic wellbeing of every Cameroonian.

To be able to do this, it will be absolutely necessary for the Cameroonian authorities to mobilize domestic savings with a view to

directing them by every means possible to productive economic sectors. As concerns public sources of finance, it will require an improvement in such budgetary receipts like customs duties and other indirect taxes which account for 75 % of total budgetary revenue, direct taxes, registration and stamp duties, revenues from state property, post office and telecommunications and the various contributions and subsidies from State financial and development institutions. To ensure a steady increase in public savings, there must be a transformation of the attitudes of the authorities who are charged with the responsibility of collecting and managing public funds.

With respect to private sources of finance, it would be necessary for all Cameroonians to willingly show a preference, all other things being equal, for locally manufactured products. Indeed, a « Buy Cameroonian » type of campaign enhanced by the publishing and broadcast media and sponsored by the government would lead to appreciable results. The mobilization of private domestic sources of finance could have a significant impact on national development. Such mobilization could take the following forms :

- (a) the encouragement of private domestic firms to reinvest their profits in exchange for tax incentives as provided at the moment in the National Investment Code ;
- (b) the creation of a money market which could drain off the floating savings and channel them into productive sectors ;
- (c) the creation of a large number of savings banks in the rural areas with well equipped mobile vans to collect peasant savings and effect the necessary payments as in the case of the National Post Office Savings Bank ;
- (d) coercive but flexible incentives could also be introduced when insecticides and fertilizers are purchased by farmers as is being done to some extent at the moment by the Produce Marketing Organization and the Stabilization Funds for Cocoa, Coffee, Cotton and Bananas — the main export crops of Cameroon and
- (e) those Cameroonians whose income may exceed a certain figure should be invited to produce evidence that they invest in the productive ventures. A certain amount of such income could then be exempted from all forms of taxation.

To be sure the foregoing sources of private domestic finance, some of which are unusual, would necessarily lead to a judicious use of the national resources to promote economic development for the interest of all Cameroonians. They, nevertheless, would entail definite sacrifices because it is imperative that the attainment of national development objectives may not permit the luxury of using traditional methods of mobilizing domestic savings. Indeed, whatever may be the role of foreign capital as we have seen in the analysis of the Cameroon experience in the previous sections of the paper, a country's ability to mobilize domestic savings with a view to channelling them to the service of production and the existence of effective savings and financial institutions which can subsequently make a lasting impact on the national

development effort, are amongst the preconditions for economic take-off. To this extent, Cameroonians owe themselves a duty and commitment to continue to save and to use their financial resources in consonant with the desired pace and rhythm of their national development.

FOOTNOTES

- (1) Simon Kuznets, « International Differences in Capital Formation and Financing », in *Capital Formation and Economic Growth*, National Bureau of Economic Research, Princeton University Press, 1955, pp. 34-35.
- (2) H. Chenery and M. Bruno, « Development Alternatives in an open Economy — The case of Israel », *Economic Journal*, 1962, pp. 79-103.
- (3) This is so because by eliminating the bottleneck, an import surplus can increase the efficiency of investment, and as a result, the entire production function will shift with a consequent increase in the rate of growth through the use of the available domestic savings and additional foreign public and private capital. Indeed, if the expansion of trade in general is such that exports do not expand as fast as the demand for more imports, import surplus will increase the absorptive capacity of the economy, and thereby increase the rate of attainable growth. At a later stage, exports will gradually catch up with imports and the Cameroon will be able to achieve a trade balance while preserving the high rate of growth.
- (4) In addition to direct U.S. aid of 98 millions francs, there was also indirect aid in the form of imports of capital equipment of U.S. origin. The total is estimated to be 367 millions francs. The United Nations aid consisted mainly for experts and scholarships within the framework of the normal technical assistance programme, and the activities of specialized Agencies in the extended programmes.
- (5) « Other local funds » consist of a Road Fund of 580 millions francs, on cocoa stabilization fund of 400 millions francs and supplementary budgets for Ports, Waterways and Railways of 182.4 millions francs. In addition, total local financing also included loans from the CDC Cameroon Development to the sum of 615.3 millions C.F.A. francs. C.f. Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun, « The Implementation of the Cameroon Development Plan in 1961 », Supplément au Bulletin, N° 76).

RÉSUMÉ

Dans la mesure où dans beaucoup de pays les programmes de développement déterminent quelles dépenses doivent être adoptées dans le secteur public et encouragées dans le secteur privé et en particulier étant donné que le processus du développement est si coûteux qu'il est indispensable de disposer d'un plan financier adéquat faisant un usage judicieux des ressources disponibles et potentielles, l'objectif de cet article, c'est l'étude du financement du développement économique au Cameroun après l'indépendance. Il faut tout d'abord souligner que l'accent sera mis sur des diverses sources de financement et aussi dans une certaine mesure sur le modèle d'affectation des fonds de développement.

Les ressources pour le financement des divers projets d'investissement dans les programmes de développement du Cameroun doivent en principe provenir de l'une de ces deux sources (ou des deux) :

- a) Les autorités peuvent les prélever sur les ressources nationales soit en restreignant la consommation par une augmentation de la fiscalité et une utilisation efficace de toutes les ressources du pays, ou alors

- b) Le gouvernement peut rechercher des fonds (publics ou privés) à l'étranger.

Depuis l'indépendance, en 1960, la politique camerounaise de financement des programmes de développement a consisté à la recherche des ressources financières dans le pays et à l'étranger parce que le total des investissements prévus pour tous les Plans quinquennaux a toujours de loin dépassé l'épargne nationale disponible. Par conséquent, la politique de financement du développement économique a toujours voulu que le capital étranger (public et privé) dépasse toujours une ou toutes les valeurs suivantes :

- a) La valeur des produits utilisés moins la valeur des biens localement produits.
- b) Les investissements nets prévus par les plans de développement moins l'épargne nationale nette prévue.
- c) La valeur des produits et services importés y compris les paiements aux facteurs moins la valeur des produits et services exportés y compris les paiements aux facteurs.

L'analyse du financement du développement économique au Cameroun après l'indépendance révèle les caractéristiques suivantes :

- a) Il y a eu, de la part du gouvernement des efforts concertés en vue de la diversification des sources de financement de l'investissement, en particulier avec l'accent mis sur la contribution nationale.
- b) Il y a eu de la part du gouvernement, des efforts pour s'assurer que le Budget National joue un rôle primordial dans le financement des projets publics.
- c) Il y a eu une réduction considérable du volume total des fonds d'investissement traditionnellement affectés au secteur de l'infrastructure en même temps que des efforts étaient faits pendant plusieurs années pour affecter d'importantes ressources d'investissement à l'industrie, aux mines et à l'énergie, y compris le secteur agricole qui constitue la base même de l'économie camerounaise.

Cependant, étant donné la structure des sources de financement de tous les plans de développement, il semble que la réussite ou l'échec de la planification du développement au Cameroun dépend encore largement du capital étranger tant privé que public. Cette situation comporte beaucoup de dangers à cause des engagements de plus en plus importants et complexes des principaux pays fournisseurs d'aide, tels que la France, l'Allemagne, les Etats-Unis, la Grande-Bretagne et l'URSS, qui ont en outre leurs propres problèmes à régler au niveau national. En conséquence, il serait plus rationnel qu'à l'avenir les autorités camerounaises mettent plus l'accent sur les sources nationales de financement du développement économique. Ceci contribuera à réduire une dette extérieure en constante augmentation tout en accroissant et en rendant plus effective la maîtrise par le peuple camerounais de son destin économique et en lui donnant la possibilité de prendre lui-même les décisions touchant au bien-être économique et social de chaque Camerounais.