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# The National Produce Marketing Board in Cameroon, 1978–91: An Analysis of its Origin, Performance and Collapse

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## Abstract

The operation of African export monopoly boards has been one of the intensively debated topics in the statutory marketing of agricultural produce. Following the reunification of the two Cameroons in October 1961, two agricultural boards were put in place to prevent the exploitation of farmers by freelance produce buyers. Against this backdrop, between 1961 and 1976, two produce boards emerged, the West Cameroon Marketing Board in West Cameroon and the *Caisses de Stabilisation* in East Cameroon, to control and stabilize the prices of agricultural produce. These boards merged in 1976, leading to the creation of the National Produce Marketing Board (NPMB). This article focuses on the rise, performance and collapse of the NPMB and the significance for produce marketing for the Cameroonian economy. It provides insight into the historical origins of the board, scope, activities, performance and the eventual collapse and liquidation of the National Produce Marketing Board in 1991. It highlights the fate of the coffee and cocoa sector by examining the implications of structural adjustment programmes on the activities of the National Produce Marketing Board.

## Résumé

Le fonctionnement des offices de monopole des exportations africaines a été l'un des sujets les plus controversés en matière de commercialisation légale des produits agricoles. Suite à la réunification des deux Cameroun en octobre 1961, deux offices agricoles avaient été mis en place pour empêcher l'exploitation des agriculteurs par les acheteurs indépendants de produits alimentaires. Dans ce contexte, entre 1961 et 1976, deux offices de produits de base ont vu le jour, l'Office de commercialisation du Cameroun occidental dans l'Ouest du Cameroun et les Caisses de Stabilisation dans l'Est du Cameroun, afin de contrôler et de stabiliser les prix des produits agricoles. Ces offices ont fusionné en 1976, aboutissant ainsi à la création de l'Office national de commercialisation des produits de base (ONCPB) du Cameroun. Le présent article se focalise sur

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l'essor, la performance et la faillite de l'ONCPB ainsi que sur l'importance de la commercialisation des produits de base pour l'économie camerounaise. Il donne un aperçu sur les origines historiques de l'ONCPB, son envergure, ses activités, sa performance et sa faillite ainsi que sa liquidation en 1991. L'article met également l'accent sur le sort du secteur du café et du cacao en examinant les conséquences des programmes d'ajustement structurel sur les activités de l'ONCPB.

### **Introduction**

According to Bauer and Yamey, the British set up crop marketing boards in West Africa during World War II because of commodity price fluctuations and access concerns (1968:143). After the war, the preservation of marketing boards was justified primarily on the grounds of price stabilization for chronically volatile world prices. The boards spread throughout the developing world, supported both by statist Keynesian philosophies dominating the international scene and the nationalist and socialist tendencies of many newly independent countries, especially in Africa (*ibid.*:19). The impact of the marketing boards on the burgeoning economies of these countries was substantial. In the words of Robert Bates, they sometimes became 'the wealthiest and economically most significant single units in their respective economies' (2005:13).

While their actions were justified in terms of price stabilization, the marketing boards generally used their powers simply to siphon resources away from the agricultural sector. By setting farmer payments substantially below world prices, the marketing boards effectively levied a tax on farmers, which discouraged farm production and dampened farmers' income (*ibid.*:18). Meanwhile, the surpluses the government accrued were rarely used to stabilize prices; instead, they generally funded industrialization and development projects, primarily for urban populations, and provided patronage resources for those in power (Bauer and Yamey 1968:167-9).

The marketing boards became not only the means for collecting patronage resources but also the vehicle for distributing them. Jobs within the agricultural marketing system became rewards for party loyalty, and the marketing boards soon became bloated. With time, the marketing boards developed a reputation for being institutions of egregious inefficiency that exploited farmers and discouraged agriculture (Bates 2005:27). Though the World Bank and International Monetary Fund (IMF) initially supported the state-run marketing boards, their support waned with the strengthening of the free market in the mid-1960s, the rise of neoliberal tendencies in the international arena and the growing evidence of marketing board inefficiency (Lele and Christiansen 1989:6). As part of its structural adjustment programmes (SAP), the World

Bank and IMF sought to abolish the marketing boards and build, in the words of Michael Hubbard and Marisol Smith, a 'vibrant, competitive private agricultural marketing sector, with direct state intervention only in cases of clear market failure' (Hubbard and Smith 1996:10). International pressure instigated a wave of privatizations, and by the end of the 1990s, virtually all marketing boards in Africa had been either fully or partially privatized. The privatization of state-controlled agricultural boards eventually led to the collapse of Cameroon's National Produce Marketing Board (NPMB) in 1991.

The central premise of this article is the rise, performance and collapse of the NPMB and the significance for produce marketing for the Cameroonian economy. Drawing extensively from primary and secondary sources, the article investigates the historical origins of the board, examines its activities, analyses its significance for the Cameroon economy and finally probes into the causes of its collapse in 1991. The article finds that though the NPMB was created to stabilize commodity prices and accompany Cameroon in its goal of achieving economic growth that could later translate into economic development, the structure fell short of this aspiration due to mismanagement on the part of its officials and the introduction of structural adjustment programmes by the Bretton Wood institutions. This was later compounded by the drastic fall in commodity prices that forced Cameroon to adhere to the prescriptions of SAP that eventually led to the liquidation of some state-owned corporations like the NPMB.

The article is structured into five main sections. The first section provides a background of the development of marketing boards in Francophone and Anglophone Cameroon between 1940 and 1978. The development of the NPMB is the main focus of the second section. The third section examines the marketing activities of private and cooperative enterprises. The evaluation of the performance of the NPMB follows in the next section, and an assessment of the role of SAP and liberalization in the demise of NPMB constitutes the final section.

Discussions on agricultural marketing in tropical Africa usually introduce two broad divisions. Firstly, the division between large and small-scale production, a division specified as one between modern plantations on the one hand, and small farmers on the other.<sup>1</sup>

The second division relates to destination: some crops are entirely or largely exported, while others are sold on the domestic market.

A rising standard of living in Cameroon between 1965 and 1987 caused some former export crops such as groundnuts and palm oil to be increasingly absorbed by the domestic market. Similarly, the growth of the manufacturing industry in Cameroon during this same period reduced the amounts of crops

such as cotton, palm kernels and tobacco available for export. Several new factories bought large quantities of these crops as inputs for their manufacturing processes. The link with small farmers and export crops indicates that, for purposes of international comparison, the NPMB was classified as an export marketing board (Hesp and Van Der Laan 1985:6). Cocoa and coffee were the principal export crops that it handled, each of these crops accounting for about 30 per cent of Cameroon's export earnings during the 1970s.

Between 1961 and 1973, Cameroon exported a fair amount of groundnuts, but from 1974 the entire production was consumed domestically and the NPMB's responsibility in the marketing of this crop became nominal. Finally, tobacco, a rather recent cash crop in Cameroon, was cultivated under close supervision of two large tobacco companies, The Cameroon Tobacco Company and later the *Société Industrielle des Tabacs du Cameroun*, which also took care of marketing. Hence, there was no need for the NPMB to fulfil this function.

### **The Development of Marketing Boards in Cameroon, 1955–76**

Contemporary Cameroon consists of ten administrative regions. Ruled by the Germans between 1884 and 1919, the country became a League of Nations Mandate territory split between French and British colonial rule. Two of the regions in the area now covered by the South West and North West regions were under British rule from 28 June 1919 until 1 October 1961. British influence is evident in the use of English language in administration, commerce, education and many other aspects of life in these regions. The area is therefore often, but informally, called Anglophone Cameroon. The remaining eight provinces were under French rule until 1 January 1960 and are often called Francophone Cameroon. Until 1976 these French and British administered areas of Cameroons had different, largely separate, arrangements for the marketing of export crops. Generally speaking the British model of marketing boards prevailed in Anglophone Cameroon and the French model of stabilization funds or boards prevailed in Francophone Cameroon.

At the time of independence in 1960, Francophone Cameroon possessed five stabilization funds: the Cocoa Stabilization Fund, created in December 1955;<sup>2</sup> the Cotton Stabilization Fund, created in December 1955;<sup>3</sup> the Groundnut Stabilization Fund, created in February 1958;<sup>4</sup> the Arabica Coffee Stabilization Fund, created in July 1959;<sup>5</sup> and the Robusta Coffee Stabilization Fund, created in July 1959.<sup>6</sup> These funds were based on a French Act of February 1955, which created a general reserve fund known in French as the *Fond national de régularisation des cours des produits d'Outre-Mer* (Assoumou 1977:254). Afterwards, the French administrators overseas

proceeded with the creation of the territorial stabilization funds. In December 1955 French Cameroon created three funds: one each for coffee,<sup>7</sup> cocoa and cotton. In 1959 the stabilization fund for coffee was split into two, with one for the *arabica* variety, and another for the robusta variety. These funds enabled the government to stabilize the prices for these crops for the duration of a buying season. At first only the port-of-shipment price was fixed but later two prices were fixed: the farmers' price and the export price for exporters based in Douala, the main port of shipment.<sup>8</sup> The difference between the two prices was determined by a cost schedule scale.

The export of agricultural crops was conducted by private enterprises especially multinational corporations often referred to as licenced buyers. To prevent these exporters making exorbitant profits in times of high world prices, the boards levied dues on each export transaction. In calculating these dues a board took into consideration the following parameters: 1) the assumed contract price which was based on world prices that did not differ from the contract price; 2) the export price; and 3) a schedule of external costs. The amount by which the first variable exceeded the sum of the other two was taxed away by the dues. If in times of low world prices the first variable was lower than the other two, the board was obliged to pay the balance to the exporter. The dues levied by the board were paid to the Customs Department at the time of shipment (Assoumou 1977:253).

The imposition of profit dues led to marginal profits for exporters on their selling operations though there was some scope for additional profits in their up-country buying operations. On the whole, a licenced buyer was an agent rather than an independent trader. In these circumstances a realistic scale or cost schedule was extremely important. Negotiations on the revision of the cost schedule (or particular items in it) therefore occurred frequently.

The five stabilization boards remained virtually unchanged from independence until 1978, when the NPMB was created to cover the marketing of agricultural produce for the entire Cameroon. The cocoa and coffee boards were based in Douala, while those for groundnuts and cotton had their offices in Yaoundé. All the boards were placed under the responsibility of the Minister of Trade and Industry. In 1962 a drastic re-organization of the boards was imminent because of plans to establish a national produce marketing board which was an export marketing board that would greatly reduce the role of the licenced buyers (Assoumou 1977:263).<sup>9</sup> Due to opposition from some business interests, these plans were first reduced in scope – they applied to cocoa only – and were later shelved. The task of the boards increased in the 1960s because of obligations which the government had to fulfil as a result of international agreements. Thus, the coffee boards had to administer the export quota system instituted by the International Coffee Agreement in 1962.<sup>10</sup>

Similarly, the cocoa board had to monitor and restrict cocoa exports because of Cameroon's membership of the Cocoa Producers Alliance (Assoumou 1977:123–9). As a result of growing international contacts, civil servants in the cocoa and coffee Boards acquired the expertise to sell these crops overseas. By 1970 the boards for cocoa and *robusta* coffee were given the power to make direct sales abroad. The execution of these sales contracts, however, was entrusted to the licenced buyers, who were paid a commission for this service.

The oldest marketing board was the West African Cocoa Control Board. Since this board was responsible for the whole of British West Africa, the cocoa harvested in Anglophone Cameroon came under its control. After the Second World War, separate marketing boards were established for the various colonies, and Anglophone Cameroon's cocoa and oil palm produce were henceforth handled by the Nigerian boards. In 1954 significant constitutional changes were introduced in Nigeria, leading to the creation of a federation. Nigeria was divided into regions and the Southern Cameroons was recognized as a separate, albeit small, region. The national marketing boards of Nigeria were subsequently replaced by regional boards, including the Southern Cameroons Marketing Board, which started operations in January 1955.<sup>11</sup> While the colonial wisdom of suggesting the cultivation of local cash crops for what Ali Mazrui describes as 'Europe's sweet tooth' was debunked by unstable world market prices as a development strategy, the Southern Cameroons administration set up the Southern Cameroons Marketing Board (SCMB) in 1954 to facilitate the marketing of its raw materials: cocoa, coffee, sugar cane, tea and palm nuts with a view to obtaining precious foreign exchange for its economy. The regionalization was not complete, however, because selling and exporting was entrusted to a federal organization, the Nigerian Produce Marketing Company in Lagos. For anybody wishing to describe the situation in Anglophone Cameroon during the colonial period, it is necessary to study the marketing boards in Nigeria (Helleiner 1996).

The producer prices in East and West Cameroon were equalized – an operation which followed the adoption of the CFA franc and the metric system in Anglophone Cameroon. Furthermore, coffee became a controlled crop for the first time. Finally the West Cameroon Marketing Board (WCMB) had to be completely separated from Nigeria and the Nigerian Produce Marketing Company. This did not happen until March 1962. During the federal period, 1961–72, the WCMB received instructions from the federal government in Yaoundé and the state government in Buea. It was the federal government that decided the level of the producer prices for cocoa and coffee. Moreover, the export quota for coffee was divided by the federal authorities between the WCMB and the coffee *caisses* in Douala. Conversely, the state

governments decided which crops should be controlled. On this point there were noticeable differences between the two parts of the country. Palm kernels, for instance, were never controlled in Francophone Cameroon, presumably because a factory in Douala had provided a market since 1944.<sup>12</sup> Similarly, the WCMB extended its control to castor seed (in 1964) and hides and skins (in 1966) without corresponding measures in Francophone Cameroon.

West Cameroon established the West Cameroon Produce Marketing Company (WCPMC) which was registered in London. Given that the WCMB had no experience with overseas selling, it appointed John Holt Ltd. of Liverpool, a company that had traded in Anglophone Cameroon for many decades, as managing agent of the WCPMC. Two years later a London company, Cadbury, replaced John Holt. Two years after this move, the WCPMC was dissolved. After October 1966, the WCMB temporarily sold through agents, but after telex facilities were installed in Victoria it changed to direct selling, an arrangement that continued until the NPMB was founded in 1976. It must be pointed out that although all selling decisions were taken in Victoria, produce was increasingly shipped from Douala, as road and rail transport improved.

In February 1974, that is two years after Cameroon became a unitary state, the WCMB became the Produce Marketing Organization (PMO).<sup>13</sup> The change was largely nominal because the PMO handled the same products as the WCMB. It was given control over coffee, cocoa and palm kernels but not over hides and skins. Although it continued to buy the latter two products, this was now done in competition with others. The WCMB Board did not last. With the subtle, albeit gradualist, infiltration so typical of the Ahmadou Ahidjo regime (1960–82), majoritarian Francophones were moved into key positions on the marketing board. The WCMB became the Produce Marketing Organisation (PMO). Funds from the PMO were channelled through the governors of the provinces who after taking huge cuts sometimes served as speed brakes into what they thought were ‘important development projects in the province’ (Courade 1988:14). For instance, there was the creation of the Cameroon Bank in West Cameroon, and from 1972 the rural development Fund was founded to provide loans to farmers at very low interest rates.

### **The National Produce Marketing Board (NPMB), 1975–91**

In 1975, Ahidjo decided to nationalize the Produce Marketing Board calling it the NPMB. On 9 September 1976, an Act was promulgated which officially established the NPMB.<sup>14</sup> This was an important step for several reasons. First of all, the NPMB was the first marketing board that operated in both West and East Cameroon. As such, it united the marketing systems that the

British and the French had left. It was, however, a gradual step to unity and integration since the federal system was abolished as a result of the 1972 referendum. To show that the new organization was truly national in character, it was given two names, one French and one English. It was known in French as the *Office National de Commercialisation des produits de Base*. It was known in English as the National Produce Marketing Board. Unification required some geographical concentration. The old organizations were established in three towns: Douala, Yaoundé and Victoria, but only one of these could be chosen as the headquarters of the new organization. Douala, which already housed three important boards, and was relatively close to Victoria, was chosen to serve as the seat of the NPMB. Some activities and some people had to be transferred from Victoria and Yaoundé to Douala.

A conspicuous change for the staff in Victoria was that responsibility for overseas selling was taken away from them and given to officials in Douala. A second change involved changing their function from a stabilization fund to a produce marketing board. In several countries the funds established by the French in the colonial period were replaced or supplemented by marketing boards after independence. Thus, Senegal created an Agricultural Board known in French as *Office de Commercialisation Agricole* (OCA) in 1960; Togo an *Office des Produits Agricoles du Togo* (OPAT) in 1964; Dahomey (now Benin) an *Office de Commercialisation Agricole du Dahomey* (OCAD) in 1962; and so on. In all of these cases the intention was to increase the role of the public sector at the expense of private enterprise. In Senegal, this culminated in 1966 in the complete exclusion of private traders from the trade in groundnuts (Van Chi-Bonnardel 1978:569).

Stabilizing funds and marketing boards were not categorized internationally as similar marketing instruments. In general, the stabilization funds belonged to category 3 while the boards were placed under category 5 of the classification for marketing instruments adopted by the Food and Agriculture Organization (FAO) of the United Nations (Abbott and Creupelandt 1966:4–8). The difference did not lie in the stabilization of the producer prices but in participation in trade. In general the board engaged in trade, while the fund did not. In Cameroon this distinction began to blur around 1970 when the coffee and cocoa boards entered into export contracts. They were no longer non-trading organizations. The important question in 1976 was whether the NPMB would further increase its trading operations – a question of great significance for private enterprise, and one that recalled the discussions of 1962. The question was not answered until 23 February 1978 when a decree conferred a selling monopoly on the NPMB.<sup>15</sup>

After a transitional period of three years the selling of key agricultural commodities was exclusively done by the NPMB (*Marchés Tropicaux et*

*Méditerranéennes* 1979:259). Though this monopoly curtailed the position of the licenced buyers, it still meant a great deal of work because the execution of the overseas' sales contracts was left in their hands. Moreover, the role of licenced buyers in produce buying was not reduced. The new monopoly permitted an administrative simplification; all sales contracts were now made by the NPMB and consequently it knew all contract prices. There was no longer any need to have an authenticated cost, which had served as an assumed contract price. It was therefore possible to abolish the Trading Committee, which since 1955 had determined the authenticated buying price on the basis of overseas prices for cocoa, coffee, cotton and groundnuts, as they were registered at various commodity exchanges abroad (Assoumou 1977:253). While the previous boards had been so-called single commodity boards, the NPMB was a multi-commodity board (Abbott and Creupelandt 1966:14–16). In principle, a multi-commodity board had more freedom of action in allocating staff and funds. This freedom was, however, limited by the stipulation that the financial accounts for each of the controlled crops should be kept separately (*Marchés Tropicaux et Méditerranéennes* 1979:259).

The organizational changes from the PMO to NPMB in the late 1970s were marked by a significant investment in new infrastructure. At the time of the national takeover, the PMO had reserve funds of 48 billion CFA francs and assets (offices, vehicles, warehouses, etc.) worth over 20 billion CFA francs. The *Marchés Tropicaux et Méditerranéennes* stated that:

The tidy sum was immediately wolfed up to erect an exotic yellow elephant NPMB headquarters in Douala. A thirteen-storey building overlooking the port of Douala was constructed to provide the NPMB with adequate headquarters. Plans for this building dated from 1971 but their execution was closely linked to the legislation of 1976. From this perspective, one can insinuate that President Ahmadou Ahidjo already nursed plans to strip off the federal system even before the referendum was conducted in 1972. The building was completed early in 1979 but many officials had already moved in by October 1978 and, for all practical purposes, the NPMB may be said to have started functioning on 1 October 1978. The Bota Wharf, as the point of export of cash crops in West Cameroon, was scuttled. Henceforth, and despite its expensive nature, the export of cash crop was done at the Douala seaport (*Marchés Tropicaux et Méditerranéennes* 1962:292).

What were the main motives of the government for creating the NPMB? One of the chief motives was a desire to harmonize the marketing institutions of the two parts of the country. This desire had existed for many years, but it became stronger when a unitary state was established in 1972. Such harmonization demanded a major adjustment in Francophone Cameroon, and only minor changes in Anglophone Cameroon because Francophone

Cameroon was much larger geographically and more influential, politically. However, many people had always preferred the marketing board system to the fund system, mainly because it favoured state enterprise and curtailed private enterprise (Assoumou 1977:249). Because of a general feeling that private enterprise was unscrupulous, any proposal to dislodge it from long held positions could count on a warm welcome. Cameroon, like other African countries that had just gained independence, wanted to assert its economic position as a country rich in natural resources and raw materials.

If harmonization was, indeed, the principal goal, it should also be admitted that the achievements fell far short of it. Considerable geographical differences continued to exist. The NPMB's participation in export crop marketing was considerably stronger in Anglophone than in Francophone Cameroon, and the role of private enterprise was correspondingly weaker. The NPMB was aware of this, and its activities in Anglophone Cameroon were treated as a largely separate enterprise, the Limbe Agency, with its own headquarters in Limbe (as Victoria has been called since 1983). The NPMB coined new terms to suit the geographical diversity. Anglophone Cameroon was called the Limbe Zone, and Francophone Cameroon was called the Headquarters Zone (*Zone de Siège*) (*Marchés Tropicaux et Méditerranéennes* 1979:262).

When the NPMB started operations in 1978, it was responsible for cocoa, coffee, cotton, groundnuts and palm kernels. Since *arabica* and *robusta* coffee required different marketing arrangements, the NPMB treated them as two separate crops, bringing the number of crops that it marketed to six. To fully understand how the NPMB operated, we must understand the distinction between the legal concept of control and the economic one of participation. Control refers to the legal powers of a marketing board, which were granted by law.<sup>16</sup> In general, a marketing board had full control of the crops for which it was responsible. It is however quite a different question whether and to what extent the marketing board participated in the actual marketing. Marketing boards across Africa varied in the extent to which they participated in marketing. Some handled all stages of marketing, while others confined their activities to only one stage. The NPMB was interesting because its participation in marketing activities varied from crop to crop and from region to region. Cameroonian authorities modified policy to suit the special requirements of particular crops or regions.

The marketing of *arabica* coffee, which accounted for some 20 per cent of total coffee production, was notable for the important role of the cooperatives. The marketing of cotton was shared by the NPMB and SODECOTON, another parastatal, which is engaged in the cultivation, processing and marketing of cotton. However, as a result of the closure of the NPMB in 1991, SODECOTON has since emerged as the main cultivator

and marketer of cotton in Cameroon. Private enterprise was represented here by the *Compagnie Française pour le Développement des Fibres Textiles* (CFDT), which is an important shareholder of the SODECOTON. Cotton should be considered an exception among the NPMB crops because it requires far more supervision at most stages of cultivation and marketing. As already indicated, the export of groundnuts was important until 1974. The marketing of palm kernels was controlled in West Cameroon only. The buying agents who operated in that area sometimes delivered this product to the NPMB for export.

### **The Marketing Activities of Various Enterprises**

#### ***Private Enterprise: The Licenced Buying Agents and the Marketing Boards***

Licensed Buying Agents (LBA) operated in Anglophone Cameroon only. Until 1974 there were licensed buyers in Francophone Cameroon but these were agents of the agricultural produce trading firms and not of the boards. The typical LBA was a local trader who bought produce (cocoa, coffee and palm kernels) from the farmers and then delivered it to the NPMB.<sup>17</sup> Officially, the licensed buyer operated as an agent and bought at prices fixed by the government. In theory, all risks were borne by the principal and not by the agent, but in practice LBAs were more than mere agents and bore a certain amount of risk. Like independent traders, they examined the quality of the produce and took care of weighing, storage and transportation. Their task was completed when they delivered their produce, properly packaged to the board's stores, where they also received payment. For their operations LBAs needed buildings, equipment, staff and working capital.<sup>18</sup>

At first, the only place where the LBAs could deliver their produce were the board stores in Bota and Victoria, but in the course of time, up-country stores were established in Kumba, Mamfe and Bamenda. This meant that LBAs had to transport their produce over shorter distances and needed less working capital. LBAs were rewarded with a commission or buying allowance. Many LBAs rather saw themselves as traders who bought at the official producer price and 'sold' to the board at another fixed price, which was calculated as the producer price plus the buying allowance. To compensate them for their transport costs the LBAs received a transport allowance. Competent and efficient LBAs were able to keep their costs below the buying and transport allowances and thus made a profit.

The licensed buyers in East Cameroon were trading companies, and like all traders, they engaged in buying and selling, transportation and the holding and financing of stocks. In the case of robusta coffee their commercial

function included some processing, so-called hulling. The other crop, cocoa, did not require processing. The principal activity of the licenced buyers in East Cameroon was buying. Most of the buying was done at markets designated by the authorities. The licenced buyers had to send their staff to these markets to take delivery of the cocoa and *robusta* coffee, which the cooperatives or the farmers offered for sale. The key member of each buying team was the cashier, a man who was responsible for large amounts of money, because trade was conducted on a cash-on-delivery basis. There was frequent contact between the buying teams up-country and the office staff of the licenced buyers, because the latter were obliged to report weekly to the NPMB about their purchases – an obligation which was rarely fulfilled to the satisfaction of the NPMB.

As in other countries with marketing boards the licenced buyers had to comply with the producer prices fixed by the government and the grading results of the produce inspectors, who, in Cameroon, were employees of the NPMB. What was unique to Cameroon was the quota system and the zoning arrangement. Every licenced buyer was given a buying quota based on earlier performance. Purchases remained within an 85–115 per cent range of the quota but the sanctions did not deter dynamic licenced buyers from trying to increase their purchases year after year. The zoning arrangement linked each licenced buyer with particular areas. This facilitated contact with cooperatives, which, in the case of cocoa, were the only sellers. Occasionally, licenced buyers complained about their zones, either because the local cooperatives did not fulfil their obligations, or because production in the area was falling off. The second activity of the licenced buyers was transportation. They arranged transport from the markets in the production areas to the point of destination, which for *robusta* coffee was always Douala. For cocoa there were two, albeit minor, alternatives to Douala: the NPMB took delivery of some cocoa at its stores at Yaoundé, and one exporter, A.E. Kritikos Limited, transported its cocoa to the port of Kribi for shipment from there. The licenced buyers normally used their own trucks but at times they sent their stocks by rail or employed road transport firms.<sup>19</sup>

With regard to buying and transportation there was a close resemblance between the LBAs and the licenced buyers. There was for instance a differential transportation item in the buying scale of licenced buyers which corresponded to the transport allowance of the LBAs. Keeping transport costs down was therefore as important for the licenced buyers as it was for the LBAs. In general, selling, that is overseas selling, consisted of several activities: the negotiation of sales contracts; shipment and delivery abroad; and receiving payment. These operations corresponded roughly to the legal, physical and financial aspects of exportation. The first activity consisted of

contacting overseas buyers, negotiating with them about quality, quantity, price and delivery dates, and entering into sales contracts. Selling in this narrow sense was, as we have seen, the prerogative of the NPMB.

The work of shipment, namely choosing a ship, contacting the shipping company and arranging the loading of a consignment, was done by the licenced buyers. The bills of lading were in their names and they were responsible until the overseas buyers took delivery of the consignment. The overseas buyer paid the licensed buyer, and not the NPMB. One may wonder whether it was wise to retain the name 'exporting firm', when the NPMB was given a selling monopoly in 1978. If we look at the legal and commercial aspects of contemporary export arrangements, the name 'exporting firm' is definitely misleading. There was close collaboration between the NPMB and the licenced buyers. When the NPMB entered into a sales contract, it needed an exporting firm to execute the contract. When an exporting firm was approached and accepted the proposal, it undertook to fulfil the contract as if it were the seller.

The fact that the licenced buyer received the payment suggests that he pocketed any profits from the transaction. However, this was not the case because of the dues system, which was introduced by the funds and later retained by the NPMB. The NPMB sold part of its cocoa and *robusta* coffee to a licenced buyer so that the latter could sell abroad in its own name. Of course, the licenced buyer never asked for a release of all the produce unless he expected to have an opportunity to sell at a price that was higher than the price demanded by the NPMB. Only exporters with excellent contacts abroad made use of this arrangement because the NPMB's offer to release a particular quantity was valid for a short period only, say 24 hours. Exporters were only permitted to ask for the release of cocoa and *robusta* which they themselves bought, and then only to the level of 30 per cent of their quota. The release arrangement made it worthwhile for the exporter to remain well informed about the international market. It also justified retention of the word 'exporter' at least for those companies that regularly used the arrangement. It may be argued that it was advantageous for Cameroon to preserve a fair amount of expertise about the international market, also in the private sector. The fact that the arrangement was highly confusing to outsiders<sup>20</sup> should be taken into the bargain.<sup>21</sup>

We now turn to the ownership of the stocks. The licenced buyer was owner of the cocoa and *robusta* coffee from the time of purchase up-country till the moment of delivery to the overseas buyer. During the first part of this period the licenced buyer was in a position to improve the quality of his stocks by drying, cleaning and removing the defective (broken, mouldy, etc.) beans. All these activities together were called conditioning. At the end of this period he placed the produce in new bags, filled to standard weight

and properly marked. These bags were delivered to the forwarding agent and remained unopened until they were inspected by the overseas buyer.

All licenced buyers made tremendous efforts to keep the stock holding period as short as possible. They did so to reduce storage costs and to avoid deterioration of quality. The humid climate of Douala is known for its harmful effects on produce, particularly on cocoa. A further reason to shorten the stock holding period was financial. In general, the length of this period was the main factor in determining the capital requirements of the licenced buyers. Since this period was long, the buyer needed a lot of working capital. It was often thought that he could borrow all of this from the banks but this was not true. In the later stages when cocoa and *robusta* coffee were in Douala or on board ship, it was relatively easy to get credit from the banks but never to the full value, so the licenced buyer needed a lot of capital of his own. This was even truer in the early stages of operations when the cocoa and *robusta* coffee were still up-country. Thus, the financial assistance of the banks was limited, although some credit was given to each exporter, related to their quota.<sup>22</sup>

This whole matter of finance was very important in the relations between the NPMB and the licenced buyers. The latter were anxious to ship as early as possible and were in favour of quick and simple procedures with regard to the various documents.<sup>23</sup> It was equally important for licenced buyers that the stamps, which formed part of the coffee export quota system, were issued according to well-known rules so that the burden of stock holding was shared fairly among the exporters. The provision of working capital appeared to be the chief contribution the licenced buyers made to the Cameroonian economy. But in fulfilling this task they ran several risks, which, curiously enough, were associated with factors that were generally, and rightly, considered favourable for the economy. Thus, a higher producer price (favourable for the farmers!) raised the working capital requirements of the exporters and compelled them to borrow more money or buy less than before.<sup>24</sup> Furthermore, high dues payments as a result of high world prices (favourable for the country) raised their capital requirements temporarily. To sum up, until the NPMB disposed of large sums of working capital, the licenced buyers were indispensable and their position as a group was secured.

The last activity of the licenced buyers was processing. Most of the *robusta* coffee was processed in small factories where the beans were separated from other vegetable matter. The farmers could do this themselves but most of them were happy to let the coffee hulling be done mechanically by the licenced buyer. There were some 150 hauling factories in East Cameroon. It was one of the wishes of the NPMB that the licenced buyers

modernized their hulling factories but it seems that these companies used too low a proportion of their allowances for new investment.<sup>25</sup>

We should finally consider some social aspects of the licenced buyers. To do this we must briefly go back to the 1950s when export trade in French Cameroon was largely controlled by six large European trading companies: the *Compagnie Française d'Afrique Occidentale* (CFAO), *Société Commerciale de l'Ouest Africain* (SCOA), *Société du Haut Ogoué* (SHO), Hollando or CCHA, Paterson & Zochonis (P.Z.) and R.W. King, which had belonged to the United Africa Company (UAC) since 1930.<sup>26</sup> It appears that all of these companies applied for positions as licenced buyers in 1956 when the board system became operational. Indeed, the designers of this system counted on these long-established companies as the main representatives of private enterprise in the new organization of the export trade. These big companies eventually lost interest in produce trade. By 1962 only Hollando, PZ and SCOA were active as *exportateur agréé* for cocoa (*Marchés Tropicaux et Méditerranéennes* 1962:1800). By 1971 only Hollando appeared on the list of *exportateurs agréés* and this company gave up in 1974. As these companies withdrew, another category of traders, the Greeks, came to the fore. They operated not as employees of companies in Europe but as small independent entrepreneurs. The more successful among them had, by the 1960s, grown to a size large enough to replace the companies mentioned above.

By 1987, there were thirty licenced buyers, both for cocoa and robusta. Some of them dealt in one crop only but others combined cocoa and robusta. As the share allocated to each licenced buyer (which corresponded to their quota) was published in the *Official Gazette* it was easy for insiders to calculate what percentage of the cocoa and robusta coffee trade was in the hands of the Greeks. For outsiders it was more difficult because most licenced buyers were organized as companies and chose a name that did not reveal the nationality or background of the directors. By 1991 more than half of the trade was in the hands of Greek enterprises. The other licenced buyers were Cameroonians. The NPMB followed an active policy of encouraging and assisting them.<sup>27</sup>

### ***Cooperative Enterprises and the Marketing Boards***

Cocoa and coffee were grown in seven out of the ten regions in Cameroon. In three of these regions (North West, West and East), the agricultural cooperatives were dominated by one central organization but in the other four provinces (South West, Littoral, Centre and South) the cooperative movement was weak. It was not that there were very few local cooperatives or that they lacked members but there was insufficient continuity and inadequate management. This should be understood against the backdrop

that the first three regions are traditionally administratively centralized while the latter are decentralized. The situation in the West Region is often cited as exemplary. Against this backdrop, I dwell here on the situation of an organized cooperative, the *Union des Coopératives de Café Arabica de l'Ouest* (UCCAO). In 1958, UCCAO was created as the apex organization for seven cooperatives all operating in the West Province. In 1961, a monopoly for *arabica* coffee was granted to the UCCAO (and to the much smaller *Cooperative Agricole* (COOPAGRO), which grouped two dozen European plantation owners). During the 1960s and 1970s, UCCAO invested in offices, stores and factories, which permitted the Union to embark on exportation. The government accorded them the status of licenced buyers.<sup>28</sup>

The fact that cooperative enterprises dominated the marketing of arabica coffee was reflected in the producer price system. It was common practice to describe the producer price as an advance payment, which was followed at the end of the season by a bonus,<sup>29</sup> the level of which depended on the results of that season's marketing operations. As, in general, the bonus payments were substantial, and, as private enterprise was entirely excluded, there was no need for the payment of dues. The NPMB merely levied insignificant dues in the form of a fixed rate per tonne.<sup>30</sup> In 1978, the UCCAO extended its operations to robusta coffee, which required a change of name. It invested in coffee hulling factories, a transformation unit and operated as one among many licenced buyers in the *robusta* coffee trade (Champaud 1983:241–8).

In the North West Province, the North West Cooperative Association Ltd. (NWCA), another apex organization, was established around 1950.<sup>31</sup> Its main product was Arabica coffee, cultivation of which was feasible only in two provinces: West and North West. The NWCA had fewer functions than the UCCAO because it did not export but sold its *arabica* coffee to the NPMB under the usual arrangements for West Cameroon. The NWCA also acted as a LBA for small quantities of cocoa and robusta.

In the East Province, there was a government organization, the *Zone d'Action Prioritaire Intégrée* (ZAPI de l'Est), which supervised the local cooperatives. This organization acquired sufficient marketing experience to act as a licenced buyer for cocoa and *robusta*. For this province and these products, it was the only licenced buyer. In the South West Province, there were about ten cooperatives, which bought cocoa and *robusta* coffee. Some of them competed, with private traders, who, like them, were licenced as buying agents by the NPMB. All cooperatives were united under the South-West Farmers' Cooperative Union (SOWEFCU). Some of these cooperatives owned trucks for the transportation of cocoa and *robusta* – an indication that they had money to invest. The cooperatives distributed profits among

their members, but it must be remembered that the profits of the LBAs were never large and that they did not reflect high world prices as with the discounts on *arabica* coffee.<sup>32</sup>

In the three remaining provinces (Littoral, Centre and Sud) the local cooperative was called the *Société Coopérative de Développement Rural* (SOCOODER). In some areas it was assisted and supervised by the *Centre National de Développement Coopératif* (CENADEC) but on the whole it stood on its own. In general it lacked the competence and experience to drive a hard bargain when selling the members' cocoa and robusta coffee. Since 1974 there were official rules to regulate relations between the *exportateur agréé* on the one hand and the cooperatives on the other. There were frequent complaints from the licenced buyers, cooperatives, and from their members about the way marketing was conducted at the official buying points in the villages. Farmers expressed worries over the transport charges levied on them by the licenced buyers and the supply of fungicides at exorbitant prices (van der Laan 1998).

It greatly annoyed the authorities that the marketing, in particular of cocoa, was marred by so many unsatisfactory elements. They wanted to see a strong apex organization, like the UCCAO, established in, for instance, the Centre Province, but the prospect of this happening was far-flung. In the meantime several attempts were made to strengthen the cooperatives. A move in 1985 was the payment of a bonus to cocoa farmers. This acted as an incentive for the members of the cooperatives to insist on better management and improved accounting procedures. The conclusion from this section seems to be that whenever cooperatives were strong, the role of private enterprise, in particular the licenced buyers was small or absent, and vice versa.

### **Assessing the Performance of the NPMB**

In West Cameroon the NPMB functioned as a full-fledged trading enterprise. At its stores in Victoria, Bota, Mamfe, Kumba and Bamenda it took on the delivery of cocoa, coffee and palm kernels, which the LBAs bought on its behalf.<sup>33</sup> It had its own trucks to transport produce from its up-country stores to Bota, Victoria and Douala. As the NPMB was the owner of this produce, the payment of dues did not apply.<sup>34</sup> Profits made on shipments of this produce therefore belonged to the NPMB. In fact, in years of high world prices the NPMB earned a great deal on the produce from West Cameroon. Part of this was seen as a stabilization surplus while part was trading profit, or, to be more precise, a gross trading profit, from which the appropriate cost was subtracted. It should be pointed out that the costs of the NPMB operations in West Cameroon were high, considerably higher than in Francophone Cameroon. There were for instance more people employed in

Anglophone Cameroon.<sup>35</sup> Moreover, more working capital was seasonally required. And, lastly, more fixed assets were used.<sup>36</sup>

At the level of the NPMB in Francophone Cameroon, the first four years of its operation could hardly be described as a trading enterprise. True, it was a selling enterprise (it even had a selling monopoly) but it did not buy any produce. It was a selling-without-buying-enterprise. To those not familiar with the board arrangements, this sounds absurd, but as experience in Cameroon shows, it worked all right in practice.<sup>37</sup> In 1982 a marginal but interesting change occurred. The NPMB was drawn into active buying, much against its will. This venture into trade concerned cocoa of inferior quality. Since 1953 this cocoa was bought by the *Société Industrielle des Cacaos* (SIC), which owned a factory in Douala where it processed cocoa beans. It was advantageous for Cameroon to have beans of poor quality grinded locally to avoid further deterioration during the sea voyage and to have cocoa mass and other cocoa products exported instead. This was what the SIC did. It was further favourable for the reputation of Cameroon's cocoa that inferior quality was no longer exported.<sup>38</sup>

For many years the SIC (and two smaller, more recent factories, the *Société Camerounaise du Cacao* (SOCACAO) and *La Chocolaterie du Cameroun* (CHOCOCAM)) bought a considerable part, up to 30 per cent by weight, of Cameroon's cocoa production.<sup>39</sup> But in the 1980/81 season the SIC ran into financial problems and could not continue buying on the same scale. In the following season the factory had to close down and it required external financial support for it to be reopened in March 1982. The NPMB had to lift the ban on the export of low grade cocoa for several months. When the 1982/83 season started, it advanced money to a number of cooperatives for the primary buying of low grade cocoa. These cooperatives then delivered their low grade cocoa to the SIC factory in Douala or the NPMB stores in Yaoundé. As a result, the NPMB and the cooperatives partly took over some of the activities of the SIC. The actual trading of the NPMB consisted in receiving and holding stocks in Yaoundé, and providing working capital for the buying season. This operation was largely successful, although the NPMB lost some money due to the fact that a few cooperatives were unable to repay the advances.

By the time the NPMB folded in 1991, it had solved many of the difficult coordination issues in the agriculture sector. The agriculture sector suffered from a time inconsistency problem. Farmers could not collect revenues until after the harvest, however, they needed to make investments long before the harvest, during planting and cultivation. The NPMB solved this problem by using credit allocation and other methods to ensure that resources were available to the sector.

Second, the NPMB provided important services – including quality management, disease control and plant research – which benefitted from central coordination. Central coordination of disease control, especially for cocoa, was particularly important, as diseases resurged and spread if not treated completely. The government of Cameroon periodically coordinated mass sprayings of cocoa farms to prevent disease, which likely contributed to the large increases in production between 1978 and 1987. The NPMB also offered a range of other services, from supporting the development of input markets to investing in the basic infrastructure of the value chain.<sup>40</sup>

The obvious problem with marketing boards is that they centralize power and control, and that power can often be a temptation for those able to abuse it. There is also an inherent tension between a marketing board's ability to support an agricultural sector and its incentive to exploit it. If the marketing board does its job well and boosts industry revenues, the potential rents available for exploitation also increase. Therefore, positive outcomes of marketing board coordination can augment incentives for exploitation. Historically, agricultural marketing boards have tended to succumb to their flaws instead of living up to their virtues. However, dismantling the marketing board wholesale – as occurred under privatization – created other problems, as valuable coordination roles were lost (Jua 1990).

A cursory glance at the economic history of Cameroon reveals that the postcolonial state in Cameroon depended continuously, and sometimes excessively, on the extraction of surplus value from farmers. Between 1960 and 1972, producer prices were set almost consistently at more than half the free on board (FOB) price for cocoa and coffee. This pattern changed in the post-1972 era as producer prices dipped considerably. Initially, this was triggered by the state's attempt to foot its bills, a pernicious feature of the post-1973 oil crisis. The crisis exacerbated extraction of surplus value from the farmers because the state was in dire need of funds to develop and exploit the oil sector. Efforts made to revamp the agricultural sector faltered as attention was diverted to the newly discovered oil deposit at Cape Limboh.

This was readily proffered as a reason for the meagre prices that producers/farmers received in the 1970s. The average producer prices paid to cocoa, *arabica* coffee and *robusta* coffee farmers between 1973 and 1979 were 33.4 per cent and 49 per cent respectively (Hesp 1985:112–30). During this same period, it is axiomatic that the income of farmers was reduced in both relative and constant terms. This was borne out of the fact that the purchasing power of the *robusta* coffee farmers was eroded by 10 per cent, that of *arabica* farmers by 37 per cent and of cotton farmers by 24 per cent between 1960 and 1980. It was as a result of this trend that the agricultural sector became a victim of the Dutch Disease phenomenon that most developing

countries suffered during this period, thus leading to the quasi neglect of the agricultural sector. For instance, for farmers to receive the same amount that 100kg of cocoa had earned in 1963, the arabica coffee and cocoa farmers had to market 140kg of their produce respectively in 1975 while their robusta coffee counterparts marketed 165kg. This trend also meant, ipso facto, an increase in the revenue of the NPMB (Boutrais et al. 1979:65).

During the life span of the third five-year plan (1971–76), gross savings from the combined operations of the stabilization funds, replaced by the NPMB, totalled about 45 billion CFA francs out of an estimated 139.7 billion of public savings. Thus, for the 1976/77 and 1977/78 seasons alone, the combined trading surplus of cocoa and coffee was placed at circa 19.4 billion and 43.5 billion CFA francs respectively. Between 1978/79 and 1980/81, only 40 per cent of the total revenues of the NPMB were used to cover normal marketing and operations expenses. Consequently, the remaining 60 per cent were used for other ends, prominent among which was the direct contribution of the NPMB to the government budget. In 1976/77, its contribution amounted to 5.9 per cent of the total budgetary revenues and between 1977/78 and 1979/80 it was 2 per cent. Part of the funds was disseminated in the agricultural sector, through the financing of the National Fund for Rural Development, known by its French acronym FONADER. It should be highlighted that whereas the budget of FONADER was fixed at 11.53 billion CFA francs in 1978/79 and 14.46 billion in 1979/80, NPMB's contribution was 7.43 billion CFA francs in 1978/79 and 8 billion in 1979/80. This is tantamount to more than mere subsidization.<sup>41</sup>

If part of the NPMB's funds were used to finance FONADER, it should be understood that part was equally used to contribute towards promoting various agricultural organizations. As cases in point, we can cite the NPMB's contribution to the increase in capital of establishments such as the *Société d'expansion et de Modernisation de la Riziculture de Yagoua* (SEMRY), the *Société Hevea-Cameroun* (HEVACAM), the Upper Noun Valley Development Authority (UNVDA) or its subsidies to the *Société de développement du Cacao* (SODECAO) and other integrated rural development projects.<sup>42</sup>

These projects, besides contributing to balanced development, were meant to boost the production of cash crops that were consequently exported. Ultimately, this helped raise the requisite funds needed to finance the state's budget. This was done mostly through the imposition of export taxes. Prior to 1980/81, export taxes were fixed at CFA 126 per kilogramme of cocoa, CFA 235.2 per kilogramme of *arabica* coffee and CFA 134.4 per kilogramme of *robusta* coffee. In the post-1980 period, these prices reduced to CFA 56, CFA 76.8 and CFA 65.6 respectively.<sup>43</sup>

**Table 1:** National produce marketing board subsidies:  
1978/79, 1979/80 and 1980/81

Beneficiaries	Subsidies in CFA francs		
	1978/79	1979/80	1980/81
FONADER	7,435,000,000	8,005,193,000	7,000,000,000
SODECAO	1,000,000,000	1,000,000,000	1,550,000,000
SODECOTON	1,817,837,906	2,340,000,000	800,000,000
MIDEVIV	120,000,000	150,000,000	95,000,000
FARM & MARKET ROADS	695,594,734	612,727,937	400,000,000
COCOA ROADS	5,599,305,917	6,312,315,431	17,865,000
NW COOP UNION	583,500,000	100,000,000	395,000,000
SW COOP UNION	179,250,000	100,000,000	150,000,000
<b>TOTAL</b>	<b>17,430,488,557</b>	<b>18,017,509,368</b>	<b>10,407,865,000</b>

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

Given the above rates plus the volume of exports of cash crops, it can be posited that the share of the taxes in cash crops in the overall revenue from taxation on international trade was considerable. For example, in 1978/79, 66,882 tonne of cocoa were exported for CFA 45,925,681,307; 72,489 tonnes of coffee for CFA 44, 120,928,577 and 16,904 tonnes of cotton for CFA 5,373,834,000.<sup>44</sup>

In 1982 before Ahmadou Ahidjo resigned as President of Cameroon, the NPMB had savings of 240 billion CFA francs. These funds were mismanaged and within three years, that is from 1982 to 1985, the Board started witnessing serious liquidity problems. Mismanagement was blamed as the sole cause of the NPMB's problems. It is alleged that during Roger Melingui's tenure as General Manager cash handouts were given to dubious institutions like CENEEMA, FONADER, CAMAIR, etc (Africa Research Bulletin 1989b).

The story of CENEEMA was particularly scandalous. It was an institution designed to purchase industrial agricultural machines to be leased out to

collective and individual industrial farmers. The CENEEMA machines, it is alleged, ended up on the farms of the elite especially the Mvomeka Ferme du Sud (Jua 1990).

In 1985, the President of the Republic, Paul Biya, surfaced on national television sporting a vast sombrero, looking like a Mexican farmer, to exhort Cameroonians to become serious farmers just like he pretended to be. The scene for that TV farce was his Mvomeka farm. Standing behind the wee 'Mexican farmer' was a huge caterpillar, property of CENEEMA, without doubt 'borrowed' by the president (*ibid.*). By 1986, the NPMB money was all but gone and the so-called economic crisis had come. It is ironic that President Paul Biya subsequently resurfaced on national television to fault the 'falling prices of raw materials' for this grand mismanagement. STABEX, the European Union's stabilization funds, automatically compensates African, Caribbean and Pacific group of States (ACP) farmers for the drop in the price of their cash crops.

### **Structural Adjustment Programmes, Liberalization and the Collapse of the NPMB**

In 1991, the Cameroonian government closed down the NPMB, not only as a result of its cash and corruption problems, but also as a consequence of the serious economic crisis facing the country and the liberalization policies imposed by the Bretton Wood institutions. The 1980s was a troubled decade for the marketing boards across tropical Africa. This was mainly due to a reorientation in economic thinking and policies – generally labelled 'structural adjustment policies' – which gained ground within major global financial institutions (in particular the World Bank and IMF, and African governments. Structural adjustment queried the usefulness and effectiveness of marketing boards. In addition to the structural adjustment programmes imposed on a good number of African economies, mismanagement equally played an important role in the collapse of the NPMB. Though the collapse of the NPMB was influenced by the structural adjustment programme imposed on Cameroon by the World Bank and IMF, mismanagement and misappropriation on the part of the board of trustees contributed largely to the liquidation of the structure (Africa Research Bulletin 1989a). While the actions of the NPMB were justified in terms of price stabilization, the NPMB generally used its powers simply to siphon resources away from the agricultural sector. By setting farmer payments slightly below world prices, the board indirectly levied a tax on farmers, which discouraged farm production and depressed farmer income (Bates 2005:27).

Meanwhile, the surpluses the government accrued were rarely used to stabilize prices; instead, they generally funded industrialization and development projects, primarily for urban populations, and provided patronage resources for those in power (Bauer and Yamey 1968:167–9). The marketing board became not only the means for collecting patronage resources but also the vehicle for distributing them. Jobs within the agricultural marketing system became rewards for party loyalty, and the marketing boards soon became bloated and costly as a result. Between 1989 and 1991, the marketing board developed a reputation for being an institution of egregious inefficiency that exploited farmers and discouraged agriculture.<sup>45</sup>

Structural adjustment gave rise to various policies and programmes which tended to differ according to the resources and problems of the country. In spite of these variations, it is possible to identify two major policies: firstly, structural adjustment for the public sector; and secondly, structural adjustment policies geared towards the agricultural sector. In practice, the whole impact of SAP on the NPMB can be traced to these two policies. The NPMB was a multi-commodity raw material board (RMB), which started operations in 1978. By following a prudent course of modest expansion and staying clear of crop-promotional activities, it managed to avoid major problems until 1987. As a result of falling world prices for cocoa and coffee in 1987, Cameroon, like many other countries, was faced with the question of whether to lower its producer prices or not. The Cameroonian government decided to maintain the prices at the old level; that seemed justified because of the considerable stabilization reserves of the NPMB. Unfortunately, it turned out that most of these reserves could not be mobilized because the banks in Cameroon failed to meet up to their obligations. More or less at the same time, exports of coffee slowed down, saddling the NPMB with excessive stocks that reached 100,000 tonnes in 1989, thereby aggravating the RMB's liquidity crisis (Jua 1990:45).

The inability of a large parastatal to fulfil its obligations towards farmers, cooperatives and others, forced the government to come to its rescue. However, given that structural adjustment thinking was very strong in Cameroon, a plan for financial recovery of the marketing board was accompanied by a restructuring programme. In keeping with practices elsewhere in Francophone Africa, the Government of Cameroon and the NPMB signed a performance contract in December 1989. This plan stipulated the following points: first, the NPMB had to dispose of its plantations; secondly, it had to give up three out of its five commercial crops. It retained two major commercial crops, cocoa and coffee while losing control over cotton to SODECOTON (Cameroon Ministry of Commerce 1989). It equally

relinquished its authority over palm kernels and groundnut that were not very significant as commercial crops. Thirdly, it had to close five of its twelve branches and also withdraw from certain stages of collection in favour of private and cooperative enterprises. Fourthly, it had to terminate its quality control activities at village level and eventually dismiss produce inspectors. All these measures rendered many employees and assets redundant. It slashed its staff by 60 per cent (Van Der Laan and Van Haaren 1990).

Despite the drastic nature of the restructuring plan, some basic elements of the marketing board system were preserved. The commercial monopoly of the NPMB over cocoa and coffee was maintained. Moreover, the producer price system was maintained and the goal of price stabilization was conspicuously confirmed in the performance contract. At the same time, the producer prices for cocoa and coffee were drastically lowered, thus compelling farmers to make their contribution to the Board's financial recovery. Following this performance plan that was an agreement between the NPMB and the State of Cameroon; and the government agreed to pay the arrears owed to farmers by the board. The government's inability to complete these payments brought about the liquidation of the NPMB and its eventual collapse in 1991 leading to the total liberalization of the agricultural sector.

In analysing the impact of liberalization we do need to distinguish between changes that could have been brought about without privatization and changes resulting from that privatization. For example, in Cameroon farmers are now receiving a much higher share of the FOB price for coffee than they did before, but this stems primarily from a reduction in the high levels of taxation on exported coffee. Such changes could have been brought about while still retaining the state marketing system. Under the previous system, Cameroon set pan-territorial farm prices for export crops, as well as marketing margins up to the FOB level. For *arabica* and *robusta* coffee, buying was handled by licenced buyers who had fixed areas of operation where competition was not allowed. Arabica coffee was the monopoly of the UCCAO in West Province and the NWCA in Northwest Province. The system, as it then operated, had to support heavy NPMB administrative costs, largely as a result of a bloated payroll, artificially inflated trading margins for authorized buyers, and the costs of badly managed coffee cooperatives and uncompetitive cocoa processing ventures. Despite these drawbacks, and the fact that producers were heavily taxed, coffee and cocoa quality was considered to be good.

Since the liberalization process began there has been some decline in quality. Three different reforms (1989/90, 1991 and 1994/95) led to the complete withdrawal of the state from the cash crop sector through the

abolition of the system of state licencing, the abolition of the annual stabilization mechanism and the transfer of quality control prior to export to the private sector (Nlend 1997). The *Office National du Cacao et Du Café* (ONCC)\National Cocoa and Coffee Board (NCCB) and the *Conseil Interprofessionnel du Cacao et du Café* (CICC) were created in 1991 and 1992 to replace the NPMB. The ONCC was charged with promoting Cameroonian produce on world markets, representing the country in commodity negotiations, carrying out quality control and registering exports and collecting statistics. The creation of the CICC provided a private-sector institutional framework for liberalization, as it represented exporters, buyers, processors, cooperatives, producers and even the ONCC (*ibid.*).

### **Conclusion**

The results of the reforms imposed on Cameroon by the World Bank and IMF on produce marketing can hardly be deemed a resounding success. While liberalization produced some positive outcomes, such as initial increases in producer prices and improved promptness of payment, even World Bank assessments found the results of reform to be mixed (UI Haque 2004:18–19). The vibrant and competitive private sector envisioned in the agricultural sector rarely emerged and, more crucially, the privatization process neglected the transfer of important and positive roles being fulfilled by the state – such as quality control, input provision, extension, credit and research and development – in favour of private actors (*ibid.*). Quality concerns became especially pressing after liberalization. The widely acknowledged policy implication of this history was that simply removing the state from marketing systems was not the solution, contrary to prior neoliberal assumptions.

Though the farmers decried the ill treatment they received from the NPMB, the liberalization of the agricultural sector has proven that the situation of cocoa and coffee farmers is deteriorating as days go by. Today, there are calls across Cameroon from farmers for the re-creation of a national agricultural marketing board. Since 1990, the quality of Cameroonian cocoa and coffee has dropped drastically because there is no certified establishment to control the quality of cocoa and coffee exported by Cameroon. The National Cocoa and Coffee Board that was created in 1991 has limited its activities to negotiating the evacuation of the produce out of Cameroon without having any direct link with the farmers. Cameroon can only become an emerging economy by 2035 if agriculture, which is the *cheval du base* of the Cameroonian economy, is given the place it deserves. An effective control of this activity can only be realized if the marketing board system, managed in a transparent manner, is reinstated.

## Notes

1. In the 1980s many 'small' farmers expanded their operations considerably but for practical purposes they remain classified as 'small farmers'.
2. *Décret* 55/1644 of 16 December 1955. The cocoa *caisse* replaced the *Compte Spécial hors Budget Soutien Cacao* of 1947. See also Assoumou (1977).
3. *Décret* 55/1645 of 16 December 1955.
4. *Décret* 58/13 of 12 February 1958.
5. *Décret* 59/120 of 23 July 1959.
6. *Décret* 59/120bis of 23 July 1959.
7. *Décret* 55/1643 of 16 December 1955.
8. For groundnuts Garoua was the official port of shipment.
9. See also Marchés *Tropicaux et Méditerranéennes* 1962: 1195, 1239–40, 1290.
10. The short-term International Coffee Agreement first entered into force October 1959; and was extended by its Board of Directors for additional one-year periods by Res. No. II of June 11, 1960; Res. No. 26 of September 27, 1961; and Res. No. 39 of October 4, 1962. It terminated upon the entry into force of the long-term International Coffee Agreement, 1962, on 1 July 1963.
11. *Ibid.* p. 246.
12. This factory belonged to the CCC (*Complexe Chimique Camerounais*). Initially the acronym stood for Compagnie Commerciale Chypriote. The CCC also processes palm kernels from Anglophone Cameroon.
13. *Décret* 14/16 of 1 February 1974.
14. Act no 76/20 of 9 September 1976.
15. *Décret* 78/054 of 23 February 1978 creating the National Produce Marketing Board.
16. *Ibid.*
17. There were foreign traders in the past, notably UAC (United Africa Company) and John Holt. These companies gave up their position as LBAs in the early 1960s.
18. At first the WCMB gave advances to the LBAs to help them finance their buying operations, but when some of these advances were not repaid, the WCMB gave advances only to LBAs that were cooperatives (Assoumou 1977: 247). A few LBAs own and operate coffee hulling factories.
19. Joseph Esong, Retired Accountant, NPMB, interviewed on 12 July 2014.
20. Readers familiar with Anglophone Africa probably assume that a selling monopoly implies an export monopoly but the *déblocage* arrangement shows that these two forms of monopoly are not identical.
21. Peter, Nnoko, Customs Agent and Produce Buyer, interviewed in Limbe on 15 July 2013.
22. Moses, Awang, Producer Buyer, Bangem, interviewed on 23 September 2010.
23. This point of view is expressed repeatedly in the CNCC reports on cocoa and coffee. The wish to ship quickly also explains why *exportateurs agréés* rarely refuse to execute ONCPB contracts. Every refusal means delay in clearing stocks.
24. Moses, Awang, interviewed on 23 September 2010.

25. This suggests that allowances have disadvantages too. Though they provided a strong incentive for the receiver to keep his costs down, they did not stimulate investment.
26. Assoumou (1977: 242) mentions also D. Mikes and the *Compagnie Soudanaise*, companies that, unlike the others, operated in Cameroon only.
27. Some Cameroonians who acted as licenced buyers were Nfon Mukete, Samfor and Chief Ntoko.
28. This legal category was created for private enterprise, but was extended to some cooperatives. The same thing happened in Anglophone Cameroon where cooperatives were appointed as LBAs.
29. Paying at the end of the season reduces the working capital requirements of the UCCAO.
30. In principle the farmers' receipts reflect world prices; for the objective of price stabilization this has been largely abandoned.
31. Christopher Mongwe Mbah, Former General Manager of NWCA Ltd, Bamenda, interviewed on 21 June 2015.
32. Fabien Ekongwesse. Former Vice-chair, South West Farmers' Cooperative Union Ltd, Tombel, interviewed on 12 August 2009.
33. In 1985, there was a change of name from Victoria to Limbe.
34. This means that one has to distinguish two kinds of shipments in the port of Douala: those that originate in Francophone Cameroon and have to pay a *prélèvement* and those from Anglophone Cameroon that were exempted from it.
35. NPMB, *Rapport Annuel d'Activité 1983/84*, p. 53, mentions that 1,416 people were employed in Anglophone Cameroon and 940 in Francophone Cameroon.
36. There are for instance coffee processing factories in Kumba and Fiango.
37. I have heard it said that the ONCPB, as far as Francophone Cameroon was concerned, was merely an amalgamation of the five *caisses*. This certainly underrates the significance of the NPMB but I can understand that some people came to this conclusion.
38. The *hors-standard* is separated from the other cocoa, not only up-country, that is at the first examination by the produce inspectors, but also later in the marketing chain.
39. CNCC (1980), *Le Cacao: Analyse du circuit d'acheminement*, Douala.
40. UNCTAD, *Government Policies Affecting Coffee Export Marketing*, Workshop for Senior Government Policy-Makers, Nairobi, 29 November–3 December. 1993.
41. National Produce Marketing Board Reports for 1978/79 and 1979/80 Budgetary Years, pp. 11–16.
42. *Ibid.*
43. *Ibid.*, p. 19.
44. Cameroon Ministry of Commerce, *Performance Contract for the Office National pour le commercialisation des produits de base*, Yaoundé: Ministry of Commerce and Industry, 1989.
45. FAO, 1990. *Structural Adjustment and Agricultural Marketing*, Selected Papers – Marketing and Rural Finance Service, Rome.

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