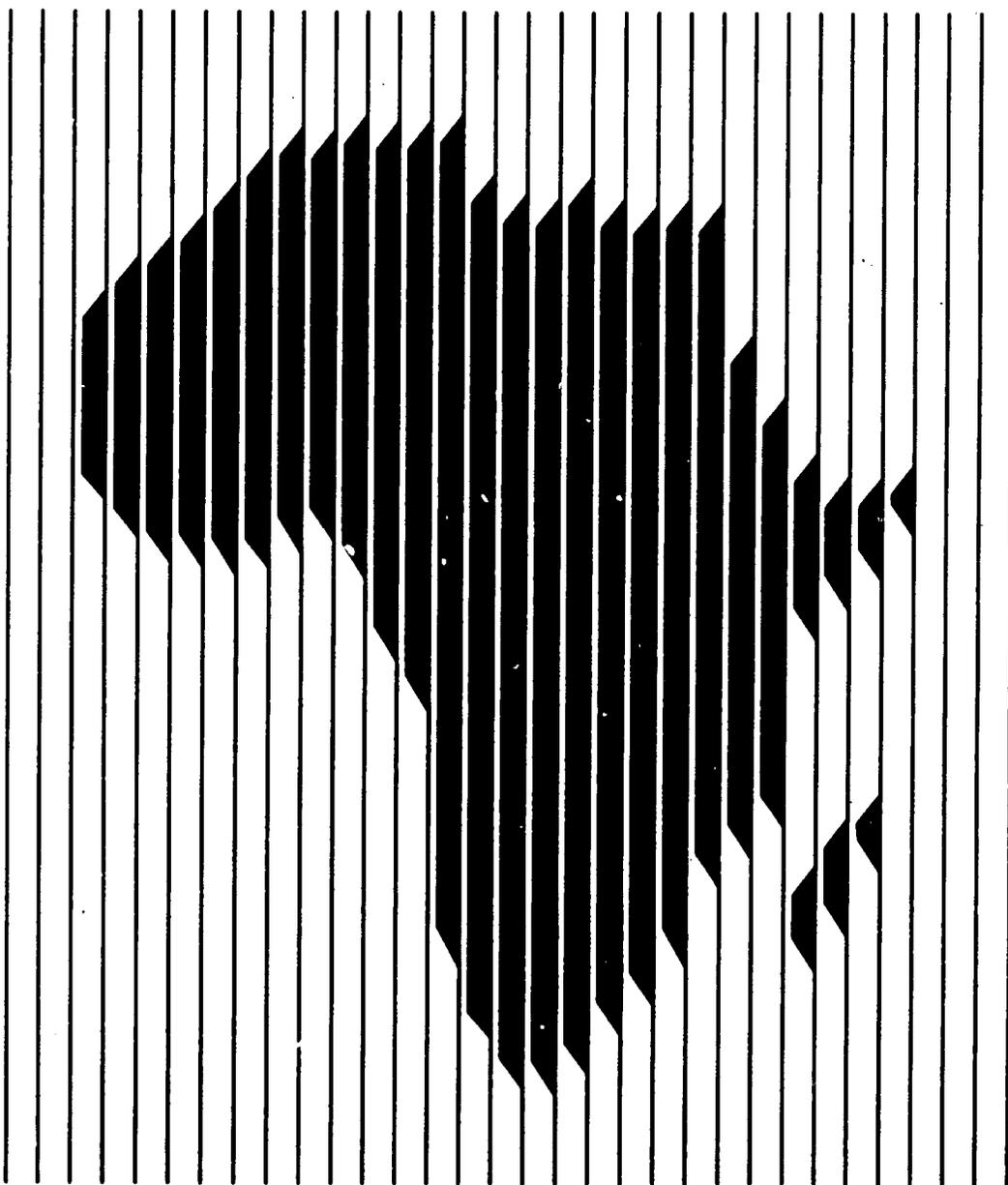


Development Fund for Africa

Impact Evaluation of the Cameroon Credit Union Development Project



Agency for International Development
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**IMPACT EVALUATION OF THE CAMEROON CREDIT UNION
DEVELOPMENT PROJECT**

Prepared for the U.S. Agency for International Development under contract number PDC-5315-I-05-8101-00 by Development Alternatives, Inc. (DAI) and the Institute for Development Anthropology (IDA), under a joint venture agreement between DAI, IDA, and Research Triangle Institute (RTI).

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February 1989

FOREWORD

In September 1988, the U.S. Agency for International Development's Africa Bureau (A.I.D./AFR) launched a three-stage exercise to assess the impact of assistance in the area of rural credit. This effort was carried out in collaboration with Development Alternatives, Inc. (DAI) and the Institute for Development Anthropology (IDA), under a contract to provide technical assistance to the Agency.

The exercise was undertaken for three principal reasons:

- o First, A.I.D. is responsible for ensuring that its assistance to governments in Africa is as effective as possible. This implies looking not only at the efficiency with which A.I.D. funds are channelled to recipients but also at the impact these expenditures have on the lives of people over time.
- o Second, as a problem-solving organization with limited resources, A.I.D. must constantly be searching for better ideas. This implies periodic re-examination of experience to look for ways in which performance could have been improved.
- o Third, in any particular sector such as that of rural credit, there are lessons to be learned from experience: theories to be disproved or refined, implementation alternatives to be tested, and unwanted effects to be avoided.

The first stage of this impact evaluation exercise was a review of project documentation and other pertinent literature. The results of this review are laid out in the document, "An Impact Evaluation of Rural Credit Projects in Africa: A Summary Review of the Literature."

The second stage of the exercise was a series of field assessments conducted by multidisciplinary teams in Cameroon, Malawi, Kenya, Lesotho, and Liberia in late 1988. Each team prepared a report of its findings, conclusions, and recommendations. These individual country reports form the basis of the final synthesis.

The last stage was the preparation of a final synthesis report, which has been issued as a separate document entitled "The Impact of Rural Credit in Africa: A Synthesis Report."

February 1989

PREFACE

In September 1988 The U.S. Agency for International Development Africa Bureau's Office of Development Planning launched a three-stage exercise to assess the comparative impact of rural credit program assistance. This effort is being carried out in collaboration with Development Alternatives, Inc. (Washington, D.C.) which is under contract to provide technical assistance to USAID (PDC-5315-I-00-8101-00).

The first stage in this exercise was a review of project documentation and other pertinent literature by Dr. John Gadway and Nicolas Kulibaba, the results of which have appeared as "An Impact Evaluation of Rural Credit Projects in Africa: A Summary Review of the Literature."

Following the presentation of the results of this effort at a workshop which included both USAID Washington personnel and technical assistance teams, a series of five field studies began, including projects in Malawi, Lesotho, Liberia, Kenya and Cameroon. This document is the draft report of one of those studies. A synthesis of all field studies will be produced at a later date.

The study team utilized a rapid appraisal approach in the field and interviews with key informants in Yaounde, Bamenda, Bafoussam and Limbe and at rural sites in three of Cameroon's provinces and in a number of rural towns. Reviews of credit union records, official documentation of government agencies and lending institutions also proved invaluable.

The study team was comprised of the following individuals:

Development Alternatives, Inc

Dennis DeSantis (Financial and Institutional Analyst)
Tamara Duggleby (Financial Analyst)
Nicolas Kulibaba (Social Scientist and Chief of Party)

USAID

Tim O'Hare (Agricultural Economist)

The team also benefitted extensively from the efforts of Paola Lang (Robert R. Nathan Associates), whose work on an analysis of micro-enterprise development lending coincided with its own study and fieldwork.

The team is indebted to Mr. Abraham B. Ndofor and the staff of the Cameroon Cooperative Credit Union League for their generous assistance. Their professionalism and dedication to the communities they serve set a high standard for our own efforts. We are additionally grateful to Marcel Ngue and Bob Shoemaker at USAID/Yaounde for their helpful

guidance and support.

Mr. Ayen Simon deserves acknowledgement as well, both for his patience and for his sure hand at the wheel.

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EXECUTIVE SUMMARY

RURAL CREDIT IMPACT EVALUATION CAMEROON CREDIT UNION DEVELOPMENT PROJECT

The Agency for International Development has undertaken an impact evaluation of its agricultural and rural credit activities in Africa as part of an effort to formulate a policy analysis framework and provide program guidance for future activities. The activity is being managed by AID's Africa Bureau's Office of Development Planning in collaboration with Development Alternatives, Inc. of Washington, DC which has been contracted to provide technical expertise and supportive services.

The impact evaluation's review of AID's experience developing rural credit projects in Cameroon concentrated on the continuing activities of the Cameroon Credit Union Development Project.

The review determined after an extensive review of Project documentation, implementing entities records, and field visits that the credit union model promoted under Project auspices is appropriate for Cameroon's rural development needs and presents good prospects for replication in other countries and regions.

USAID's Project financed support has been timely and appropriate. A large measure of the Project's impressive implementation record can be attributed in large part to the cooperating entity's strong management and USAID's willingness to make a commitment to Project implementation far exceeding the traditional Life of Project cycle. Another factor contributing to the Project's success has been the apparent compatibility between the credit union model and traditional Cameroonian values, institutions, and economic orientations.

In providing institutional development assistance, USAID has contributed to the creation of an effective financial intermediary which is bridging the gap in financial markets between rural and urban areas, and providing services complementary to those in the informal and formal sectors.

In Cameroon, the Project-supported credit union system has made an important contribution to the quality of life of its rural and market town members by: mobilizing financial resources that might have otherwise remained outside the formal system; providing secure and interest bearing depository for mobilized savings; and financing members' production activities, health, education and housing needs, and business and consumer demands.

The Project has had only limited success promoting investment in agricultural technology or small enterprise development. At the same time it has avoided the pitfalls of directing credit to finance explicit economic activities at the expense of investment opportunities generated by market demand.

The current productive lending activities of the Cameroon Cooperative Credit Union League and its affiliates tend to finance building activities which are a form of capital accumulation and a possible hedge against inflation. Health and education loans are an important source of demand for credit union-financed borrowing. The continuing decline in the demand for agricultural credit may be more a function of limited technology and commodity pricing than the credit union system's ability to generate and deliver productive credit.

Problems remain, as do potential pitfalls. Loan delinquencies in many credit unions are at unacceptable levels, while other have failed to observe credit union guidance and good commercial practices in the execution of their credit policy. External pressures from political and economic elites to interfere with democratic policy-making within the credit unions has had a detrimental effect on certain younger institutions and those located in the French-speaking provinces.

The Project-supported credit union will be expected to improve the quality of the services it currently provides its affiliates while incorporating new credit unions into the League. All of this will be undertaken in a national economic situation that is becoming increasingly problematic.

ACRONYMS

BCD	Banque de Camerounaise de Developpement
CamCCUL	Cameroon Cooperative Credit Union League
CLF	Central Liquidity Fund
CUNA	Credit Union National Association of the United States
FOGAPE	Fonds de Garantie des Credits aux Petites et Moyennes Enterprises
GRC	Government of the Republic of Cameroon
SFPC	Small Farmer Production Credit
SME	Small and Medium Enterprises
WOCCU	World Council of Credit Unions

PROJECT DATA SHEET

1. Country: Cameroon
2. Project Title: Cameroon Credit Union Development Project
3. Project Number: 631-0044
4. Project Funding

Phase I 1979 - 1985	\$1.6 million
Phase II 1986 - 1989	\$3.2 million

I. PROJECT SETTING

The Republic of Cameroon, with a total land area of 469,000 square kilometers, lies on the west coast of Africa bordered by Nigeria, Chad, the Central African Republic, Congo, Gabon and Equatorial Guinea. It has a diverse terrain with plains on the coast and the north, a plateau in the center and mountains in the west. Climatic conditions across the country are likewise diverse, ranging from dry in the north to hot and humid along the coast.

Cameroon contains approximately 200 ethnic groups speaking a variety of languages. The total population, currently 10.5 million, grows at an annual rate of 3.6 percent. The urban growth rate is close to 6.5 percent. Yaounde (the capital), Douala (the economic center and industrial hub), Limbe (a major port and industrial center) and Ngaoundere, Bafoussam and Garoua (all important regional centers) appear to be absorbing most of the rural migrants. Together, Yaounde and Douala account for approximately 70 percent of the urban population. Over 60 percent of the total population remains rural.

Cameroon has a long and complex history. The area was a German colony from 1884 to 1914, partitioned by the French and the English subsequent to World War I, and became independent between 1960 and 1961. From 1961 to 1972, Cameroon was governed as a federation, with the East (former French) and West (former British) sections of the country having individual parliaments and ministries below the federal government structure. Midway through 1972, a fully centralized administrative system (with a new National Assembly and Constitution) was adopted. Local administration is based in 10 provinces, each with a Governor who is appointed by the President (Paul Biya since 1982). French and English are both official languages. Some four-fifths of the Cameroonians live in the French-speaking, eastern part of the country.

Cameroon's recent economic performance may be divided into three periods. The first period, 1965 to 1978, was one of moderate but sustained expansion based on the production of a well diversified agricultural sector. The diversity of cash crops, such as cocoa, coffee, bananas, cotton palm oil and cane sugar, also led to the establishment of agro-industries, including sugar processing plants and cotton spinning mills.

The second period (1975-1985) was one of strong, if slightly imbalanced, economic growth fueled by rapid oil production. Per capita GDP rose 62 percent to about \$800, one of the highest in tropical Africa. Oil replaced agriculture as the major earner of foreign exchange. Agriculture, in turn, suffered from the combined effects of persistent drought (1981-83) and fixed market prices for cash crops. Gross fixed investment (concentrated initially on industrial expansion, and then on government services and administrative structure) increased from 21 percent to nearly 25 percent of GDP in three years (79-81), and remained at that level until

1985. Development of the manufacturing sector remained limited to capital-intensive import-substitution industries by government policies favoring those industries over the informal, small-scale manufacturing sector.

The third period (1986 through the present) consists of an economic contraction owing to high debt levels in the parapublic sector, declining oil production, and low world market prices for Cameroon's major agricultural exports (cocoa and coffee). The government is currently implementing a parastatal divestiture program (affecting 62 companies operated by the State Investment Company) and has abandoned the capital-intensive thrust in infrastructural development (in areas such as urban water systems). Public sector debt and lower government revenues, however, have effectively lowered current asset levels in the country's banking system (the government having traditionally placed its surplus funds in commercial bank accounts) and has limited private sector access to capital.

The growth of the industrial, construction and service sectors of Cameroon has been largely urban-based. The World Bank estimates the number of jobs created outside of agriculture between 1980 and 1984 as 48,000 -- or 20,000, 8,000 and 20,000 within the private/parapublic, public and informal sectors respectively.

Formal credit tends to be channeled towards the larger establishments. Bank credit, with a special interest rate of 7 percent, is available to registered small- and medium-sized enterprises (SMEs) of at least 51 percent Cameroonian ownership with equity of less than CFAF 50 million. Two initiatives to bring greater amounts of credit to the SME sector consisted of a special window for small and medium sized enterprises, financed by the World Bank at the Banque Camerounaise de Developpement (BCD) and Fonds de Garantie des Credits aux Petites et Moyennes Entreprises (FOGAPE). Through the window, BCD extended in the early 1980s loans to SMEs that amounted to 23 percent of its total direct credits. Average loan size was approximately \$24,000. On the other hand, FOGAPE, a guarantee fund for bank loans to SMEs, has never been able to mount a successful operation largely owing to the legal requirement that every recourse against defaulters be exercised before the guarantee can be honored.

II. DESCRIPTION OF THE IMPLEMENTING ORGANIZATION AND A.I.D. ASSISTANCE

The Cameroon Co-operative Credit Union League, (CamCCUL), traces its legal antecedents to the colonial era when the Cooperative Savings and Loan Society was registered under British law in 1955. But perhaps more importantly, the credit union movement built upon the informal tontines and njangis, savings and credit associations, which existed in the pre-colonial era and have continued to the present day. The first rural credit union was created by a Catholic priest in 1963 to provide a more secure and permanent place for the savings of farmers with seasonal cash flows. In the following years the credit union movement gained momentum, and by 1968 there were 34 registered credit union organized primarily by the

Catholic Church. At this time the Church began to retreat from the credit union movement and an independent Cameroonian body, The West Cameroon Co-operative Credit Union League, the CamCCUL of today, was founded on September 4, 1968. CamCCUL's mission was to provide security to savers, and make productive and provident loans to members. Its objectives were to promote credit unions, educate officers, perform audits and inspections of accounts, provide central financial services, and offer other related services to affiliated credit unions.

In 1969 the first published statistics of CamCCUL reported membership of 4,000; total share savings of \$53,300; loans outstanding of \$33,300 and 35 registered credit unions, with 30 discussion groups (pre-cooperative associations). Through the 1970s CamCCUL established a pattern of growth. It steadily increased membership, share savings, loans outstanding, and number of affiliated credit unions. Services to credit unions were expanded to include central financial services including investment of credit union funds deposited at CamCCUL headquarters, liquidity loans to affiliated credit unions, loan protection and risk management; educational services; and technical assistance. A.I.D. assistance which began in the mid-1970s, directed technical assistance to CamCCUL in its effort to encourage credit unions to make more productive loans to small farmers, to be used for improved agricultural production.

A.I.D.'s promotion of rural financial markets in Cameroon began in 1975 with the approval of the Credit Union Development Project (631-0044), which has financed the continuing activities of an agreement between the Government of Cameroon (GRC) and the Credit Union National Association of the United States (CUNA). Under the agreement's terms, the Cameroon Cooperative Credit Union League (CamCCUL) has continued to receive technical assistance and training services from CUNA and/or its sub-grantee.

As set forth in its goal statement, the project has assisted CamCCUL to attain financial viability and technical proficiency in the delivery of services to its affiliates while increasing the number of its affiliates over an expanding geographic area. The project has been described in this and other reports as a qualified success. That assessment is based on a determination documented herein that Project resources have been applied in an effective and timely manner supportive of the Project's stated goals of promoting the expanded development Cameroon's cooperative credit union system.

Project-supported efforts to liquidate or consolidate marginal credit unions fell short of the targets contained in the Project Paper. With its cumbersome legal and administrative procedures, the process of liquidating or consolidating a problematic credit union proved to be a much more difficult undertaking than that anticipated in the project design exercise. Nevertheless, eleven non-viable credit unions were liquidated and eleven marginal ones were merged into the operations of five stronger credit unions.

One of the project's goals was the establishment of 28 credit unions that would specifically serve the production finance needs of their small farmer members through the delivery of credit generated by the Project's Small Farmer Production Credit Program. During the course of the project 15 of the scheduled 28 new rural credit unions were established. This shortfall in project

output is a function of the lower than anticipated demand for agricultural production credit among the members of CamCCUL's affiliates, a phenomenon consistent with the low returns to agriculture prevalent in the Cameroon economy.

CamCCUL's ability to services its affiliates accounting, auditing, and training needs can be attributed to its sound management capabilities engendered by the Project. While the Project's small farmer production credit component project did not perform as planned, it was managed in a sound manner and in the long run did not represent a liability to the system. CamCCUL's ability to manage this Project component was enhanced to a large degree by the advisory services of a production credit management programs and procedures. As it became apparent that demand for loans under the Small Farmer Production Credit Program would not materialized at the anticipated level, Project financed technical assistance helped CamCCUL to identify alternative investment strategies and programs. Project supplied management expertise assisted CamCCUL with the development of standardized risk management, accounting, and auditing procedures, each complete with its respective operations manual. A personnel system for CamCCUL's central office and field staff was prepared and implemented under project auspices.

The training of CamCCUL staff and affiliate managers has proven to be one of the project's lasting contributions. By mid-term of the life of the Project, 66 training exercises had been conducted for the benefit of 1,026 cooperative leaders and 592 bookkeepers. On the job training was presented to 59 CamCCUL extension workers while eight of its higher management received long term training in the United States. In recent years the project funding has supplied CamCCUL a limited amount of commodity support in the form of office equipment, vehicles, training material, and computer hardware and software.

The project was amended in 1980 to increase its total funding to \$1,600,000 and include a corresponding expansion in the amplified project description. In 1986 a second project amendment was executed to provide incremental funding in the amount of \$3,200,000.

In the early phases of project implementation, CamCCUL's Small Farmer Production Credit activity was the recipient of extensive development assistance as was the management of the Central Liquidity Fund, (CLF). The CLF was capitalized by affiliates' depositing the equivalent of 25 percent of their members' deposits with CamCCUL. Thus capitalized, CamCCUL could lend to those affiliated credit unions having difficulty meeting their short-term liquidity requirements. The CLF would also prove important to CamCCUL in the financing the seasonal demand for agricultural credit generated by the SFPC activity. At the credit union level, SFPC lending was characterized by investments that increased farmers' operating costs which were to be offset by increased gross incomes.

In 1979, the first CamCCUL Five Year Plan was implemented with A.I.D. assistance to consolidate and strengthen credit union affiliates, provide more and better services to affiliates, and formalize and document standard operating procedures. While CamCCUL's growth slowed to more sustainable levels in the 1980s it has continued, with increased attention to the

development of central office staff, as well as a sharpened focus on strengthening individual credit unions. In June of 1988, CamCCUL reported membership of 68,460; total share savings of \$31.17 million; loans outstanding of \$21.5 million; 121 registered credit unions and 114 discussion groups.

CAMCCUL Structure and Operations

CamCCUL is legally registered as a non-profit cooperative according to Cameroon government regulations and is supervised by the Ministry of Agriculture and the Department of Cooperation and Mutuality. This relationship is defined as collaborative in nature, and while the government is involved, it does not interfere in the management of CamCCUL. The government of the Republic of Cameroon, (GRC), pays the salary of one civil servant who serves as the manager of CamCCUL, a post he has held for 16 years. The GRC exempts customs duty for the importation of project equipment.

It is a CamCCUL tenet of operation that the members are the owners and managers of the credit union movement in Cameroon. This is in fact the fundamental philosophical basis for the existence and the functioning of CamCCUL. Accordingly, the following brief organizational description of CamCCUL begins with the membership and proceeds to the functioning of the credit unions, chapters, manager, and board of directors.

The majority of the more than 68,000 members of the 121 credit unions affiliated with CamCCUL are Anglophone Cameroonians residing in the Northwest, Southwest, West, Littoral, and South provinces of Cameroon. The credit unions are grouped into eight chapters, on the basis of geographical location for administrative purposes by CamCCUL. The majority of credit unions are concentrated in the Anglophone provinces of Northwest and Southwest. In 1984, 86 percent of CamCCUL members resided in these two provinces. French speaking Cameroonians are represented in numbers that are difficult to ascertain, but are clearly a minority.

Depending on the geographic location or the common-bond principle of membership, the individual credit unions are composed of small farmers, merchants and traders, or specialized interest groups. Some common-bond credit unions were formed by employees of one large enterprise, as in the case of CAPE-COPLABAM, who are all employed by the same coffee producing cooperative. Others like the Kumba Police Credit Union, are composed of the police officers of that township. The Cameroonian Employees of the American Mission Credit Union is made up of Cameroonians employed by the U. S. Embassy and A.I.D., and is a registered affiliate of CamCCUL.

Some credit unions include small groups, (pre-cooperatives of approximately 5-10 members), listed as one member, but these cases are rare. There is a one-time enrollment share of between 1,000 and 5,000 CFAF, per member, depending on the individual credit union. In all cases of membership a standard procedure is followed for the creation of a credit union, and

the election of the Board of Directors which guides the credit union. The members organize themselves, without direct assistance from CamCCUL, until a discussion group is formed. At that point, if requested by the discussion group, CamCCUL will provide organizational assistance. The credit union becomes an affiliate when it meets the deposit requirements of the Central Liquidity Fund, and implements the recommended operating procedure.

The board of directors, usually consisting of five members of the credit union, is elected by the general assembly of each credit union, for a two-year term. Board members are elected by obtaining a majority of member's votes, with each credit union member having one vote. A delegate to CamCCUL, usually a board member, is also elected by the same system. A manager and bookkeeper are either employed, or are volunteers drawn from the membership.

CamCCUL's own board of directors is elected by the delegates of the credit unions for a two year term. They meet monthly at the CamCCUL headquarters in Bamenda. Their role is to set broad policy guidelines and give recommendations to the manager. Both the Board of Directors and the manager are advised by several international credit union organizations. The African Confederation of Cooperative Savings and Credit Associations, ACCOSCA, provides training programs in Africa and project evaluations; The Credit Union National Association, CUNA, administers the A.I.D grant; The World Council of Credit Unions, WOCCU, provides three long term expatriate advisors; Cooperative Credit Unions of Canada, provides funds for institutional support, along with USAID.

Each credit union is autonomous in the mobilization of savings and the granting of credit, but follows the broad guidelines established by CamCCUL. Loans fully secured by member savings, and/or fully secured by co-signers, also members of the credit union, can be approved by the manager and do not need board approval. Loans over three times member savings require board approval. Loan applications are reviewed and approved monthly.

The term for a typical loan varies from three months to three years at a rate of one percent per month on the unpaid balance. Loans are classified into several broad categories: health, education, consumption, building, and trade. The ultimate end use of the credit is difficult to ascertain, since most of the loans are fully secured. The credit application asks only which of the five categories the loan will be used for, and little monitoring is performed by the credit union. The credit unions deposit 25 percent of their shares and savings to the CamCCUL Central Liquidity Fund, which is held on deposit and can be loaned back to the credit union if loan demand cannot be met. Loans are short-term at 12 percent interest per year. Fifteen percent of share savings are also held in reserve by the individual credit union.

Three committees have been formed by CamCCUL to provide assistance to the member credit unions. They are the credit, education, and supervisory committees. The committees provide direct assistance to the member cooperatives. The credit committee, consisting of 20 full time workers, including three Peace Corps Volunteers, conducts audits, monitors lending practices, investigates cash shortages, and works to combine or liquidate failing credit unions. The educational/promotional committee is responsible for the preparation and delivery of training

seminars for the bookkeepers, boards of directors, and committees at the credit unions. The education committee is also the marketing branch of CamCCUL, responding to requests for assistance from groups forming credit unions. The supervisory committee provides technical assistance to the credit unions concerning the organization and administration of each affiliate.

The Central Liquidity Fund, of approximately \$12.1 million, is invested in time deposits and savings at several Cameroonian banks. The interest earned from this fund is the primary source of revenue for CamCCUL, accounting for 89 percent of revenues. In 1987 CamCCUL had income of 106 percent of expenses, (not counting expatriate advisors' salaries).

III. IMPACT OF CAMCCUL CREDIT UNION PROGRAM ON FINANCIAL MARKETS

Through the creation and operation of savings and credit facilities, serving both urban and rural populations, CamCCUL has satisfied savers' demand for safe deposits and borrowers' demand for credit and liquidity. CamCCUL continues to provide these services during a time when the formal financial market is experiencing a severe liquidity crisis, brought on by: declining prices for the country's oil and coffee exports, decreasing government revenues and deposits, eroding capital base of financial institutions due to losses on accumulated bad debts, and declining consumer confidence in the banking system.

For 19 years CamCCUL has enabled its members to build savings in a formal institution. CamCCUL has also improved financial market intermediation by extending credit and saving facilities to thousands of small borrowers and savers formerly excluded from formal financial markets. These services are offered at convenient and reasonable terms (average rate 12 percent per year for credit and 6 percent per year for savings.) Loans have been made for both provident and productive purposes, with the majority for provident lending to cover education, health and construction costs.

As of the June 30, 1988 CamCCUL Quarterly Report, CamCCUL had extended savings and credit facilities to some 68,460 members in 235 credit unions and discussion groups in five of the ten provinces of the country. Assuming that each member is from a household averaging five persons, an estimated 3.2 percent of the Cameroonian population is being affected. CamCCUL is attempting to increase its geographic reach by expanding into other provinces and increasing the number of credit unions.

The population served, predominantly residents of rural areas and small market towns, was not using formal sector deposit and lending facilities due to: 1) a lack of access, 2) limited user experience, and 3) poor adaptation of existing financial services to small savers and borrowers. CamCCUL reports, and this was confirmed by visits to credit unions, that the majority of credit union participants never before used the services of a formal financial institution.

Impact on National Financial Markets

Through development of a network of member credit unions as savings and credit facilities, CamCCUL has had a significant and growing impact on the Cameroonian financial market. Based on June 30, 1988 CamCCUL Quarterly Report, CamCCUL has \$31.1 million in member savings, predominantly in the Northwest and Southwest Provinces, representing approximately three percent of total deposits in the country.

Of more significance is the fact that despite a downturn in public receipts, liquidity shortages, and other factors affecting the banking system, the credit union movement has been able to attract and relend sizable amounts of private savings resources. It has done so at an increased volume every year, and has paid consistent rates of savings interest during a period of declining returns on other investments.

With sound management CamCCUL should be able to continue to mobilize and loan rural financial resources. Over the medium-to long-term, the continued financial viability of CamCCUL will depend upon its ability to strengthen existing credit unions, expand the number of credit unions, and manage its investments of the credit union Central Liquidity Fund (CLF) to achieve rates of return higher than the inflation rate.

Regional Level Impact on Financial Markets

At present, the CamCCUL credit unions as savings and deposit institutions are playing a complementary role to that of the banks in the regional financial markets. Credit unions are serving as intermediaries, attracting financial savings from rural areas and depositing reserves in bank savings instruments. Since the credit unions serve the different needs of their small savers and borrowers, they complement the activities of local banks.

Currently, funds on deposit by CamCCUL (comprised of mandatory deposits into the CLF) compared to current deposit base figures given by four of six banks serving CAMCCUL's primary region of operation indicate that CamCCUL has a significant impact on regional financial markets. As of September 30, 1988, CamCCUL had on deposit with local banks in Bamenda \$12.1 million, or 39 percent of the \$31.1 million managed by CamCCUL and its affiliates.

The CamCCUL deposits of \$12.1 million represent approximately 28 percent of total deposits reported by four of six banks serving the Northwest region in Bamenda. CamCCUL deposits represented 67 percent of the fixed deposits of one of the banks. The remaining two banks in the Northwest region were unwilling to release their deposit figures, but it remains clear that CamCCUL is one of the largest depositors in the region.

Currently, most Cameroonian banks are experiencing serious liquidity problems. Government deposits have dropped off to almost nothing. Private savings accounts and

certificates of deposit have dropped both in volume on deposit and in rate of growth (new account openings). Under these conditions, CamCCUL funds are being sought out by bankers, eager to negotiate deposits at favorable rates. The CamCCUL manager has often made short-term loans to local banks at rate a point or two above market rates. The banks have not defaulted on these loans or failed to provide CamCCUL access to deposits when needed recognizing the importance of CamCCUL as a client.

Impact at the Credit Union Level

Interviews and field observations at a representative sampling of 10 percent of active CamCCUL affiliates indicate that the most direct impacts have been increases in the financial resources of the small saver, and the availability of credit to the small borrower. Loan records and borrower histories indicate that as a result of the extension of convenient deposit and loan facilities, members have (1) developed the habit of financial savings, (2) increased their rate of savings over time, and (3) established a pool of available funds used predominately for education and health needs, but also for housing construction and improvement, and entrepreneurial ventures.

Interviews with individual credit union members and an examination of their records, indicate that members have often doubled their rate and amount of savings in the course of the first twelve months following their enrollment in the credit union. The credit unions have been able to use those savings to increase the number of loans. Site visits and financial records indicate that the average patronage rate (the rate that savers become borrowers) for credit union credit services is between 35 and 55 percent. Some credit unions showed patronage rates of as high as 70 percent.

Loans to deposit ratios range on the average from 60 to 75 percent, indicating a significant rate of reinvestment of savings back into the community. Apart from the Central Liquidity Fund requirement most of the deposits are on loan to the local membership. As most loans are short-term, turnover of funds is also significant. There are clear patterns of repeated use of loan facilities by members (up to as many as four to five times during the first two years in some cases), and use of progressively larger amounts of credit. Finally, through the provision of savings and loan services, credit unions have assisted small savers in increasing their capacity to invest and in some cases, increasing their income from the timely use of credit for an economic activity.

Administrative loan costs are kept to a minimum, and often members volunteer to maintain the books. Loan delinquency rates are low enough in most credit unions to avoid significant loan losses. The delinquency rate for a sample of 65 credit unions was: less than ten percent (excellent) for 42 percent of the unions; between 11 and 20 percent (good) for 22 percent of the unions; between 21 and 50 percent (insufficient) for 25 percent of the unions; between 51 and 75 percent (poor) for 9 percent of the unions; and between 76 and 100 percent (failing) for 1.5 percent of the unions.

Despite the policy of making secured loans, to reduce the risk of borrower inability to repay, a number of credit unions visited, have adopted the practice of extending to borrowers progressively larger amounts of credit, before the debtor has repaid the previous outstanding balance. This financial practice has been abused by some borrowers who use the facility as a rollover line of credit, rather than paying off a series of small short-term loans.

The result has been that some borrowers have become caught in a spiraling level of debt which they may have difficulty paying, given their current income levels and capacity to save. The credit union, faced with the choice of serving what is judged to be real need, and having to fall back on risk management measures in cases of non-repayment, has chosen to rollover credits, in some cases clouding the actual number of delinquent loans.

Credit unions are paying interest on member savings at rates of 5 to 6 percent per annum. They are making loans to members at one percent per month on a declining balance. At this rate the credit unions are not covering all of the real costs of credit funds operation and servicing on loans of one year or less. This has been recognized both by the CamCCUL board and its affiliates. Early in 1989 a proposed rate structure was to be presented to the CAMCCUL member unions, with possible revision upward of both savings and loan rates.

IV. THE SOCIO-POLITICAL STRUCTURE OF RURAL CREDIT INSTITUTIONS

The evolution of indigenous savings associations and the emergence of egalitarian political and cooperative institutions in English-speaking Cameroon in the middle of this century created a social and political environment in which the credit union movement has been able to thrive.

By the same token, traditions of centralized control over political and cooperative institutions in Francophone regions of the country has impeded the growth of the credit union movement. Numerous other preconditions which would have otherwise indicated a high probability for its success are undercut by historically-rooted differences in political philosophy and the administrative ethos.

Informal Savings and Credit Institutions

The underlying principle of credit union organization -- the egalitarian pooling of economic resources by a community for the explicit purpose of maximizing their value to members -- has a long tradition in southern and western Cameroon, and may be recognized in a variety of informal and formal institutions.

A variety of indigenous capital management schemes developed in southwestern Cameroon, and became popularized early in the current century. Referred to generically as "tontines," the rotating savings schemes that were forerunners of the credit union movement

(and which parallel it at present) employ the familiar principle of circulating pooled resources on a voluntary basis among small, socially homogeneous groups. Regardless of minor organizational variations which occur in different regions and among different ethnic groups, all are based on the principle that access to a larger mass of capital can, if properly employed, maximize returns to the user in a single instance.

The most familiar of these, commonly referred to as the "**njangi**", is a rotating savings scheme to which members subscribe through a mutually-agreed upon weekly or monthly payment. Pooled deposits resulting from subscriptions are distributed on a scheduled basis to individual members, the schedule of distributions being proportional to the number of members. (On the basis of information gathered in the field, the majority of rural **njangis** appear to be composed of between twelve and twenty-four members.)

In more sophisticated urban groups that are better capitalized, the members of the **njangi** may add value to the pool by bidding on access to deposited funds. Accumulated "dividends" which result from bidding may be distributed to members or, more commonly, accumulated as a pool of capital from which members may borrow at times of crisis or other need. Interest derived from such loans add further to the pool of available lending resources.

The role of **njangis** as informal economic institutions has been extraordinary on several levels. In their various forms, they have spread throughout western and central Africa at all levels of society, though rarely as pervasively as in Cameroon. Among the political and commercial elites, they have become a means for mobilizing major blocs of investment capital; in one instance, informants noted several **djanguis** in major cities to which monthly subscriptions entail amounts of up to \$6,666 per member.

A latter day extension of the **njangi** is the "**asusu**", "meeting" or "**banque populaire**" -- a village savings association which functions much the same as a credit union, albeit without a formal charter. As an informal deposit facility, the **asusu** acquires capital through subscription over a year-long period. It lends to members for periods of several months at a commonly agreed upon interest rate, ranging between 5 to 10 per cent per month. At the conclusion of a year or some other established period, savings and interest dividends, reportedly in the range of ten to twelve per cent, are distributed to all members. In certain instances, the **asusu** may retain a portion of its earnings as capital for provident lending, such as the health or educational needs of members' families.

Formal Institutions and the Political Ethos

In regions which share many common traditions of governance and resource management at an informal level, the contrast of ingrained egalitarianism in the Anglophone regions with hierarchical centralization of formal institutions in adjacent Francophone areas is stark. Critical differences in the character of institutional management and administrative philosophy between the two regions are the legacy of the pre-independence period, yet are pervasive in the present

day. In many respects this seems to be a factor affecting the viability of individual credit unions and the credit union movement as a whole. As several examples discussed below indicate, the ability of credit unions to operate autonomously, without pressure from external hierarchies, is often reflected in the financial health of the institutions.

The influence of external institutions on the viability of individual credit unions stems from two principal factors: formal linkage between the credit union and such institutions as cooperatives, plantations, or public enterprises; and political institutions with sanctioning authority over the credit unions and their individual members.

A significant number of credit unions are based in the workplace, or within an association of workers in a common field. The SONARA Cooperative Credit Union and the Victoria Police Credit Union in Limbe, the Tole Tea Plantation Credit Union in Tole, and the CAPLABAM Cooperative Credit Union in Bamboutos are all of this type.

These credit unions enjoy both an organizational and financial advantage: office and meeting-space is often donated by the institutions to which they are attached, and payroll deduction plans assure a regular flow of savings to the credit unions.

There are disadvantages to such linkage, however, in that the credit unions rely almost exclusively on membership attached to the workplace, and savings generated by them. The ongoing economic crisis in Cameroon has jeopardized a number of these credit unions following worker lay-offs and scaled-down production. This, in turn, has triggered a tide of increased borrowing from the credit unions, a decrease in savings, and an increase in loan delinquencies. While access to credit union savings and loans during such downturns may provide a valuable cushion for many members, the fact remains that the viability of credit unions can be threatened in such circumstances.

Similarly, the Upper Nun Valley Development Authority Cooperative Credit Union is attached to a multi-donor funded integrated rural development project, established in 1975. The termination or phasing-out of various components of the project in recent years has led to major reductions in credit union membership, worker layoffs, and a decrease in the organization's capital. The principal strategy that this project and other institution-based credit unions have employed to deal with crises has been to open membership to the general public.

A particular danger to credit unions is that external hierarchies in the workplace, administrative structure, or the community may be replicated within the credit union itself, or exercise undue influence upon it, as in the following example.

One credit union visited, was created by the workers of a large coffee cooperative, and was in the process of recovering from a period of abusive mismanagement, which occurred when the president of the cooperative, and several of his assistants were elected to the credit union board. Predatory management during their tenure was evidenced in a record of exorbitant borrowing by board members who held sanctioning authority over credit union members in the

workplace itself. Loan delinquencies were compounded at this site by a complete failure to maintain adequate records; at the time of the team's visit to this coffee cooperative-based credit union financial records were fully three years out of date.

A related problem was identified at several sites where administrative and political elites were elected to credit union boards and implemented a policy of granting "character loans" or "credit special" to themselves and their associates. This practice represents a departure from recommended CamCCUL practice of linking loan ceilings to deposited savings. Invariably, these large "character loans" (ranging in value between \$4,000 and \$23,500) were delinquent, often by several years.

The ability of the credit unions to enforce collection through legal means was limited as a result of a variety of factors: political authority held by delinquent borrowers (in one case a High Court Judge and in another the regional ministerial delegate charged with oversight of cooperatives and credit unions); the high cost and inconvenience of court proceedings; or the refusal or inability of local authorities to act against counterparts, superiors and colleagues. In two cases noted by the team, delinquent borrowers, who at the time of their loans occupied senior positions in local government, were currently incarcerated for commercial fraud unrelated to credit union activity.

In contrast to these instances of abuse by members of formal administrative institutions, the team was unable to identify any cases of default or mismanagement by members of traditional government. Most credit unions visited cited local Fons and other traditional leaders as being highly supportive of the movement and responsive when asked to assist in enforcing collection procedures.

Malfeasance and political abuse of credit union funds by administrative and political elites in our sample appeared to occur more frequently in those areas where the credit union movement is either of recent date, or where administrative controls were centralized outside the rank and file membership of the credit unions themselves. "Character lending" and "credit special" was nowhere viewed to be functioning with the same degree of efficiency as standard lending, and in every case exposed credit unions to undue external influence and higher risk.

Socio-Economic Impacts of Formal Credit Institutions

The credit union movement's success in southwestern Cameroon is only partially attributable to the prior existence of a variety of informal savings and loan traditions. Equally important is the fact that these institutions are structurally complementary, rather than mutually exclusive and provide a supplementary variety of economic opportunities and impacts.

The principal difference between such institutions as the njangi or asusu and the credit unions may be described as a function of approbation and scale. In purely social terms, the njangi is so firmly implanted in Cameroonian society that membership has become a social

obligation and an indicator of standing in the community. This is not yet so for the credit unions, although for certain communities visited by the team it would not be difficult to project the likelihood of credit union membership as a legitimizing social force within several years.

The social value attached to membership is often enhanced in situations where a credit union may be attached to other institutions, such as a churches, cooperatives, or industrial enterprises. By the same token, in certain cases such institutional affiliations may be an encumbrance, leading non-members to believe that the credit union is an essentially denominational or closed society.

In economic terms, the differences of scale and convenience between informal institutions, like the **njangi**, and the credit unions are notable. The **njangi** may be a means of mobilizing capital, but because of its limited size and rules governing the disposition of its capital, it is neither a highly liquid nor convenient institution.

The complementarity of informal and formal credit institutions is nowhere clearer than in situations where individuals deposit **njangi** earnings in credit union savings accounts in order to increase the ceiling on loans available to them. In at least one credit union visited by the team an effort to mobilize dormant savers centered on the creation of **njangis** among the membership.

Another notable blending of formal and informal institutions identified in the field involved group membership in credit unions. The Farmer's Club of Kibari (nine members) and the Mensai Women's Group (twenty members) in the North West Province are informal associations united for the express purpose of pooling resources for investment. While individual members of the groups are already members of credit unions, the groups have also enrolled, where they receive a single vote as a separate member-entity.

With total savings in October 1988 of \$1,830, the one-year old Farmer's Club has leveraged its savings into a series of loans for the purchase of a profit-earning village corn mill, several calves for fattening, and a communally-owned pick-up truck. The group has committed itself to small weekly deposits to its credit union account, which represent savings after distribution of profits from its operations.

The Mensai Women's Group is but one example of an informal savings and credit institution which has become prevalent in the North West and South West provinces during the last several decades. Referred to in a variety of historical and sociological accounts as the "Bamenda women's corn mill societies," these are associations organized for the purchase and commercial operation of corn mills--necessary for the processing of foodgrains for home consumption. First documented in the 1950s, the societies were founded in order satisfy their members' own milling needs and to invest in a profit-earning venture. Most of these groups combine elements of rural or urban micro-enterprise with rotating savings and provident lending.

Like individual membership in a credit union, informal association membership in credit unions is motivated by several factors: the need for a secure deposit facility; the need to

maintain liquidity; the opportunity to earn dividends on savings; and the ability to borrow funds at low interest.

In the hierarchy of rural institutions, the Farmer's Club and Womens' Group combine a non-conflicting variety of individual and group savings schemes: individual participation in **djanguis and informal, profit-earning associations**, and both individual and group participation in the credit unions.

Impact of Credit Unions on Savers and Borrowers

Data gathered from a non-random rapid review of ninety-two individual member savings and borrowing records conducted at all credit unions visited, plus interviews with credit union members, indicate the predominance of five patterns that are significant in their implications. For the purpose of this study, we have named these categories of credit union borrowers as follows: Random Savers/Borrowers; Steady-State Savers; High-Stakes Investors; Steady-State Builders; and Pyramiders.

Random Saver/Borrowers constituted the majority (nearly fifty per cent) of all portfolios examined. There is no "typical" random saver/borrower, although most credit union members in this category periodically lapse into dormancy or evidence a pattern of random savings over time.

Random saver records generally included intermittent borrowing of amounts between \$67 and \$333. No sustained cycle of borrowing and repayment was established, and many of these loans evidenced intermittent delinquency during the repayment period. Credit union staff noted that borrowing by this group was generally for consumption, education, and medical payments rather than for trade or building purposes.

Steady-State Savers are, as their name implies, regular depositors of savings. While the number of steady-state savers is significant in those credit unions which benefit from payroll deductions, an impressive number are also located in rural areas.

One model case, identified as a "housewife" in a rural credit union exemplifies this type of saver. A condensed version of her savings and borrowing record indicates the following: (300 FCFA = \$1.00)

Savings		Loans		
Date	Balance	Date	Amount	Date of 0 Balance
6/79	11,360	6/79	10,000	10/79
1/80	12,610	1/80	15,000	5/81
1/81	13,900	4/81	30,000	
1/82	15,300			
1/83	17,270			5/83
1/84	18,330			
1/85	19,920	9/85	20,000	
1/86	21,820			2/83
1/87	24,140	7/87	25,000	
1/88	25,800			
10/88	27,975			9/88

The growth rate of savings in the case of steady savers may be quite low, although constant over time. Through regular deposits (of between 100 FCFA and 500 FCFA in this case) the steady saver can nonetheless build a capital base to serve as a guarantee for a cycle of regular borrowings for a variety of purposes. The prolonged cycle of savings growth and loan repayments, however, makes it unlikely that significant productive investments are made with borrowed funds early on in the savers career. As global savings or increments of savings increase in amount and frequency, however, this type of saver may break into the ranks of steady-state builders, described below.

High Stakes Borrowers are so-called as the result of difficulties they encountered in determining the limits of manageable credit. They are, in a sense, the hare to the steady-saver tortoise.

The high stakes borrower typically begins by leveraging savings against ever-larger loans in a relatively rapid fashion. At some point, however, the borrower may encounter difficulty in repaying a loan in a timely fashion. Following a prolonged repayment period he or she will return to a "plateau" of borrowing which recurs as a regular cycle indefinitely.

One prototype high stakes borrower was a rural trader in the Western province who passed through the following cycle over a six-year period. (300 FCFA = \$1.00)

Savings		Loan		
Date	Balance	Date	Amount	Date of 0 Balance
11/77	110,340	11/77	230,000	3/78
3/78	113,850	4/78	500,000	
9/78	134,070			9/79
1/80	180,210	1/80	600,000	
2/81	209,010			
2/82	216,530			2/82
		2/82	200,000	9/82
12/82	316,530	12/82	200,000	4/83
6/83	401,615	6/83	225,000	9/83

Steady-State Builders are the Horatio Algiers of the Cameroonian credit union movement, and constitute a small but significant minority. Beginning as steady-savers, they leverage their savings to acquire an ever-larger portfolio of loans, which are typically invested in commercial activities. One such investor, known as "Suffer Man," began as a lorry driver. Using credit union funds he acquired a vehicle of his own and, within several years had built his own home, purchased a fleet of three passenger and goods vehicles, and constructed a bar and dance-hall in the North West Province.

A similar example, shown below, is demonstrated through the credit union record of a rural carpenter in South West province. Beginning as an occasional contract worker, during the course of a nine-year period he leveraged initial savings of 57,000 FCFA to acquire a savings balance of 1,910,935 by FCFA September 1988.
(300 FCFA = \$1.00)

Date	Savings Balance	Date	Loans Amount	Date of 0 Balance
9/78	57,000			
9/79	156,000	11/79	70,000	2/80
2/80	188,765	3/80	200,000	10/81
3/82	209,765	4/82	200,000	2/83
3/83	223,176	3/83	700,000	10/83
3/84	226,310	3/84	900,000	4/85
7/85	392,625	7/85	740,000	
9/86	729,020	9/86	500,000	7/87
7/87	649,935	7/87	1,000,000	10/87
11/87	1,010,135	11/87	500,000	
6/88	1,084,776	6/88	400,000	5/88
9/88	1,910,935			

Pyramidiers were identified only in the Western province, and may be the product of unusual credit union management practice. Nonetheless, six of these appeared in a sample of fifteen credit union members in and around Nkongsamba.

Like the farmer whose record is condensed below, the Pyramidier leverages loans upward in small increments, essentially compounding and rolling-over debt over time. As the following figures demonstrate, while such a strategy minimizes the impact of investment capital over the short term, when used strategically it may nonetheless contribute to extraordinary growth in personal savings. (300 FCFA = \$1.00)

Savings		Loans		
Date	Amount	Date	Amount	Date of 0 Balance
4/82	3,000			
5/83	13,000	8/83	35,000	--
9/83	33,000	9/83	35,000	--
11/83	43,605	11/83	26,500	--
1/84	79,930	1/84	38,000	1/85
1/85	133,480	1/85	46,250	--
3/85	353,450	3/85	17,000	--
4/85	364,555	4/85	20,000	--
5/85	371,705	5/85	22,000	--
7/85	392,705	7/85	50,000	--
10/85	480,000	10/85	30,000	--
10/85	502,580	10/85	37,000	--
11/85	495,000			11/85
12/85	530,000	12/85	98,000	--
1/86	753,900			
2/86	790,900	2/86	20,000	--
3/86	825,500	3/86	448,000	--
5/86	1,028,480	5/86	518,000	--
3/87	1,208,480			3/87
9/87	1,438,000	9/87	700,000	--
3/87	1,237,500	3/87	198,000	--
4/87	1,110,500	4/87	200,000	--
2/88	1,310,840	2/88	100,000	
7/88	1,200,000			7/88

V. PATTERNS OF CREDIT UNION LENDING

Baseline Data on Loan Designation

Data on the purpose of borrowing by credit union members is available from a number of sources. The 1987 Annual Reports of 92 credit unions and discussion groups, representing five of the eight regional chapters maintained by CamCCUL serve here as an initial source of data. (Three of eight chapters are poorly represented; they are Nkambe in the Northwest province, Mamfe in the Southwest province, and the Lit/West/South covering the Littoral, West and Southern provinces.)

data. (Three of eight chapters are poorly represented; they are Nkambe in the Northwest province, Mamfe in the Southwest province, and the Lit/West/South covering the Littoral, West and Southern provinces.)

Loans are generally classified by credit unions according to the following purposes: education, trading, construction, farming, health, consumption and other. The distinction between the last two categories of loans is not well defined, "other" loans often being used to defray the costs of marriage and family emergencies. The 1987 annual reports available at the CamCCUL headquarters indicated the following breakdown:

Type of Loan by Number of Loan
and Loan Amount

<u>Loan Category</u>	<u>No.</u>	<u>%</u>	<u>Total \$</u>	<u>%</u>	<u>Average</u>
Construction	5,047	17%	7,478,500	37%	1,482
Education	8,453	29%	4,688,967	24%	555
Farming	1,816	6%	750,700	4%	413
Trading	2,379	8%	3,008,833	15%	1,265
Consumption	3,330	11%	1,730,267	7%	520
Medical	5,785	20%	1,884,433	9%	326
Other	2,171	8%	743,967	4%	343
Total	28,981	100%	20,319,000	100%	701

In order to obtain more precise information, eleven CamCCUL affiliates were surveyed in the course of preparing this study. At each affiliate surveyed the key informant data collection methodology was utilized to gather information from management and board members pertaining the credit union's composition, current financial status, and savings and borrowing patterns. Information on members' savings was gathered by reviewing individual records through a rapid, non-random sample selection process to identify patterns of savings, borrowing, and repayment by membership type; farmer, teacher, merchant, civil servant, and women. The loan registry of each surveyed credit union was examined to determine lending patterns in terms of loan categories and sex of borrowers. The review covered the period from January 1 to

CamCCUL Affiliate Lending by Number of Loan and Loan Amount
January 1 through September 30, 1988
FCFA '000 300 FCFA = \$1.00

<u>Affiliate</u>	<u>Agr.</u>	<u>Bldg.</u>	<u>Ed.</u>	<u>Med.</u>	<u>Trade</u>	<u>Consum.</u>
Djindon	169	5,074	5,103	1,395	3,532	1,379
No.	8	37	90	47	64	19
Nkar	1,833	3,338	2,322	239	4,097	750
	23	20	37	11	12	14
Jakiri	252	1,459	2,234	509	1,536	271
	12	18	32	17	9	8
Bamunka	-	13,616	3,460	2,228	3,901	4,567
	-	41	8	21	6	12
Kumba Twn	430	9,087	17,138	10,309	3,951	7,491
	5	38	91	75	20	50
Tole Tea	2,512	12,314	17,965	30,272	671	18,678
	4	46	112	214	7	148
Victoria	-	16,756	14,009	1,450	5,007	1,735
Police	-	44	54	12	16	11
Sonara	-	27,308	12,523	8,118	2,070	17,800
	-	54	43	31	5	73
Azire(1)	3,400	641,600	122,500	122,500	18,900	77,900
	20	430	432	226	546	275
CDC(2)	1,559	24,498	47,227	9,598	12,914	3,873
	60	100	483	262	73	77
Caplabam(3)	2,265	31,538	3,331	2,165	12,763	9,917

(1) Azire loan amounts expressed in terms of CFAF '000,000. Period corresponds to year ending December 31, 1987.

(2) Caplabam loan numbers not available. Period corresponds to year ending December 31, 1987.

(3) Period corresponds to year ending December 31, 1987.

Data listed in the above table was summarized to facilitate a comparison with a similar exercise conducted on SFPC credit unions and documented in Dr. John Gadway's "Cameroon Credit Union Development Project-1986 Baseline Data Survey". The following table summarizes the information contained in the above table by total loans in each category, with percentages calculated both for numbers of loans and amounts of loans in each category. For the sake of time series comparison, the next table presents data collected by Dr. John Gadway in a similar exercise conducted on SFPC lending credit unions in 1984 as documented in "The Cameroon Credit Union Development Project - Baseline Data"

Eleven Credit Union Lending Pattern, By Type
January to September, 1988

Type	Number	(%)	Amount	Average Size	% of Total
Housing	298	17	296,507	1,003	30
Trade	212	12	82,550	552	8
Education	467	26	249,180	343	25
Agriculture	52	3	17,320	330	2
Medical	428	24	181,733	425	18
Consumer	335	18	175,570	469	17
TOTAL	1,792	100	1,002,860	560	100

SFPC Credit Unions' Lending Patter, By Type
January to September 1984

Type	Number	(%)	Amount	Average Size	% of Total
Housing	244	(25.3)	137,956	565	33
Trade	168	(17.4)	121,517	1,079	25
Education	252	(26.2)	87,723	414	21
Agriculture	110	(11.4)	31,307	776	8
Medical	95	(9.9)	13,093	435	3
Other	94	(9.8)	42,794	455	10
	963	(100)	434,390	451	100

Source: Table 8, CamCCUL/WOCCU Technical Report on the CamCCUL Central Liquidity Facility, October, 1985, as published in "The Cameroon Credit Union Development Project 1986 Baseline Data Survey."

The most important distinction between the lending patterns observed during the recently concluded survey of eleven CamCCUL credit unions and the published data corresponding to the 1984 experience of the SFPC lending credit unions is the relative decline in trade financing. Agriculture lending declined markedly, which contrasts with the reported increase in lending in that category during the period covering 1982 through 1984. The recently collected data suggest that members of CamCCul's affiliates are borrowing to enhance their capital base or

hedge against inflation by investing in construction, primarily the family home. Forty-eight percent of the loans were for education and medical expenses. Credit union members clearly think of their credit union savings and loans as a way to save for family expenses like school fees, or cover unexpected medical costs.

The Impact of Production Lending

The decline in borrowing by members of CamCCUL's affiliates to finance agricultural production is consistent with observations made by analysts regarding directed or "supply leading finance" programs or the scheduling of credit in advance of demand to stimulate production of specific commodities. (Von Pischke, J.D. (1981), **The Political Economy of Specialized Farm Credit Institutions in Low-Income Countries**. Washington: IBRD). CamCCUL, of course, has managed a relatively large agricultural credit portfolio under its small farmer production credit facility, whose balanced lending approach has avoided the pitfalls of directed credit. As with other productive enterprises financed by CamCCUL, its portfolio of agricultural lending has been guided by the axiom of "where enterprise leads, finance follows". (Robins, J. (1952) **The Rate of Interest and Other Essays**. London: Macmillan & Co. Ltd.)

CamCCUL and its affiliate credit unions are not the only source of agricultural production credit for farmers in the Cameroon. The agricultural commodity cooperatives have credit facilities to finance the production of their commodities, principally cash or export crops such as coffee, cocoa, and cotton. Generally, the loans are liquidated upon delivery of the commodities to the sponsoring cooperative.

The downward trend in CamCCUL's agricultural lending suggests that farmer members of its affiliates are financing the production of food crops from their cash flow or credit union savings. Their ability to finance their production of food crops out of pocket is consistent with current levels of technology and returns to agriculture and their enhanced cash position resulting from their access to credit union borrowing to defray the costs of major family expenditures such as school fees and medical emergencies. This evaluation's observations are consistent with those contained in a 1986 baseline survey measuring the effects of the Cameroon Credit Union Development Project on CamCCUL and its affiliates, which suggested, among other things, that the typical credit union member has savings of the same magnitude as a loan that he would be able to qualify for. Loans in rural area are frequently requested merely as a means of gaining access to members' savings balances in order to deal with irregular income flows and unexpected drains on cash reserves." (Gadway, John F. (1986), **The Cameroon Credit Union Development Project, 1986. Baseline Data Survey**, Bamenda.)

CamCCUL does not have a specific mandate to lend to private enterprises or to make loans for productive purposes. Business loans are made, but they are made in the context of traditional credit union member lending. Business owners are members of a credit union, and their loans are not treated any differently than loans made for other purposes. No business

evaluation is required, and it is not necessary for the business borrower to present an income statement, balance sheet, business plan, or state the end use of the loan other than for "business or trade".

Currently, loans for trading or business make up only 8 percent of all loans of the 92 affiliates whose records the study team reviewed, accounting for 15 percent of loan volume. As far as can be determined most of these loans are made to owner/managers, with unregistered businesses operating outside of the formal sector. They appear to employ few non-family members, have little capital assets, keep no written records, and mix business and household income. The five owner/managers visited, indicated that the loans were used to finance operating costs or inventory.

The impact of credit union lending on trading or business enterprises is not easily characterized. Certainly those entrepreneurs interviewed that have received the loans claim they have aided the growth or continuation of the enterprise. But, this is unquantifiable data from a small unscientific sample. The following table is a breakdown by type of loan made by the largest CamCCUL affiliated credit union, Azire.

AZIRE CREDIT UNION
Type of Loan by Number of Loan
and Loan Amount

Loan Category	No.	%	Amount		%
			('000,000 CFAF)	\$ '000	
Construction	430	22%	641.6	2,139	47%
Education	432	22%	122.5	408.	9%
Farming	20	1%	3.4	11.	-
Trading	546	28%	478.3	1,594.	35%
Consumption	275	14%	77.9	259.	6%
Medical	226	12%	18.9	63.	1%
Total	1,929	100%	1,355.5	4,474	100%

Azire is located in Bamenda, an important market town. Even here, loans for trading comprised only 28 percent of loans made and accounted for 35 percent of volume. Azire evaluated the business loans only on the basis of member and cosigner deposits. No attempt was

made determine the profitability or creditworthiness of the enterprise. Likewise, no attempt was made to determine if the loan was for capital expenditure or operating costs. The available data does not indicate how much of the loan actually was used in the business.

Visits were made to four enterprises that received trading loans from Azire. They were one large pharmacy, one small grocery, one large tailor shop, and one small tailor shop. The two tailor shops were owned and managed by women. In all cases the owners praised Azire, saying that the loans enabled them to stay in business by providing working capital. In all cases the owners were reluctant to disclose sales volume, or give precise figures concerning their operations. Probably only the pharmacy kept written accounts.

The reports of the 92 credit unions and discussion groups previously mentioned provide additional perspective on production and investment, however, when viewed through the lens of loan amount and broad purpose:

Loans in Descending Order of Size

<u>Loan Category</u>	<u>Average Size (CFAF)</u>	<u>Average Size (\$)</u>
Construction	444,532	1,482
Trading	379,428	1,264
(Business)	211,854	706
Education	172,802	576
Consumption	155,880	520
Farming	124,016	413
Other	102,810	343
Health	97,723	326

Trading loans rank second in average loan amount, perhaps indicating that they are used for business ventures. Or it may simply indicate that those involved in trade have higher savings and take larger loans. How these business loans are used is not known. Mindful of the fact that funds are fungible (i.e., that the purpose to which the loan is put is not always the one stated on the loan application), it may be helpful to group the loans into two broad categories: consumption and production. Assuming that education, health, consumption and other loans are obtained to meet consumption needs, and that trade, farming and construction loans are for productive purposes, the percentage breakdown is as follows:

	Loan Type	
	Production (%)	Consumption (%)
Number of Loans	32	68
Amount of Loans	55	45

These figures again suggest that the majority of loans extended by the credit unions are clearly destined to meet what may be roughly described as the social needs of the borrowers. That requests for education loans outnumber farming loans (by 4.5 to 1) and trading loans (by 3.5 to 1) indicates that most loans are not for commercially productive purposes.

The introduction of a production line of credit (supported by more rigorous application procedures) to the financial services offered by CamCCUL credit unions clearly shifts the orientation of their lending away from consumption credit. CamCCUL's management supports the change in lending strategy to the extent that it responds to its members' needs (i.e., as long as the service is demand driven not supply led). Comparison of loan use over time would reveal whether there is a need for productive credit amongst borrowers.

The Role of Women in the Credit Union Movement

The credit union movement has been particularly successful in integrating women into its ranks, both as savers/borrowers and as members of affiliate boards. While men remain in the majority in overall membership, numerous credit unions boast female membership near or exceeding fifty per cent.

On a proportional basis, borrowing patterns by women are significantly different from those of their male counterparts, although they are marginally skewed toward categories of providential lending. In the sample of individual savings and borrowing records reviewed by the team, a noticeable trend toward commercial borrowing was identified in several rural credit unions.

**Distribution of Surveyed Credit Union Loans
by Category and Borrowers' Sex**

	Housing	Trade	Educ.	Agr.	Medic.	Consumer Credit
FEMALE						
No. of Loans	50	35	139	13	166	85
% of Total in Category	18	30	23	25	39	28
MALE						
No. of Loans	228	81	282	39	261	215
% of Total in Category	82	70	67	75	61	72
TOTAL	278	116	421	52	427	300

VI. CONCLUSIONS AND LESSONS LEARNED

1. The credit union movement in Cameroon has significantly strengthened the resources of its rural and urban membership and impacted positively on their lives. With over \$31 million in members' savings, over \$20 million in loans outstanding, the 68,000 members of credit unions have secured savings and credit available which they use primarily to improve their socio-economic status through home construction and improvement, education loans, and medical loans.
2. The credit union movement is well-suited to the socio-economic environment of Cameroon, complementing both informal and formal savings and credit institutions. A key factor in its success has been its ability to channel financial resources from informal sector savings clubs to formal sector credit unions.
3. The majority of credit unions have mobilized rural financial resources by providing a secure, interest-earning deposit facility for savings that would otherwise have remained outside the formal sector. The credit unions effectively complement informal institutions.
4. The quality of life of credit union members has improved significantly as a result of borrowing for investment in human capital. A major proportion of borrower demand is for education, construction, and medical purposes.
5. The concept of directed credit to promote explicit economic activity is contrary to the demand-oriented structure and operating principles of the credit union movement.

6. The productive lending function of the credit unions has tended to be channeled toward building loans which are a form of capital accumulation and a possible hedge against inflation.
7. Artificial stimulation of productive credit through higher-risk loans may drive away savers looking for secure deposit facilities.
8. By lending at market rates CamCCUL is maximizing its potential for financial self-sustainability as well as its affiliates. Realistic, non-concessionary rates encourage the responsible use of credit.
9. The A.I.D. long-term commitment to credit union development in Cameroon is appropriate to the strategy of institution building that maximizes advantages to the final beneficiary.
10. Rapid expansion through the creation of new CamCCUL affiliates (especially in the Francophone provinces) could weaken the viability of the credit union movement itself. Other priorities, such as enhancing the management and services of existing affiliates, merits greater attention at the present time.

APPENDIX A
CAMCCUL QUARTERLY STATISTICS

CAMEROON COOPERATIVE CREDIT UNION LEAGUE LIMITED
QUARTERLY STATISTICS OF AFFILIATES BY CHAPTER DATA AS AS 31/12/87

<u>NO.</u>	<u>CHAPTER</u>	<u>N° OF GROUPS</u>	<u>MEMBER-SHIP</u>	<u>SHARES/SAVINGS</u>	<u>LOANS OUTSTANDING</u>	<u>RESERVES</u>
1.	<u>BAMENDA</u>					
	Mezam:					
	Credit Unions	24	10.208	2.208.629.068	1.626.990.775	93.625.080
	Discu. Groups	14	1.435	42.829.541	20.277.766	1.650.799
	Momo:					
	Credit Unions	5	1.458	70.496.338	32.373.137	1.811.214
	Discu. Groups	8	973	31.072.533	10.748.475	1.857.146
	Total	51	14.074	2.353.027.480	1.690.390.153	98.944.239
2.	<u>MENCHOUM</u>					
	Credit Unions	18	4.163	174.952.901	128.234.355	18.008.823
	Discu. Groups	6	735	61.224.184	39.574.720	2.942.676
	Total	24	4.898	236.177.085	167.809.075	20.951.499
3.	<u>NKAMBE</u>					
	Credit Unions	5	1.683	152.506.445	101.186.801	9.525.536
	Discu. Groups	7	429	5.471.775	1.732.655	183.284
	Total	12	2.112	157.978.220	102.919.456	9.708.820
4.	<u>F A K O</u>					
	Credit Unions	24	14.770	3.202.841.388	2.315.286.707	142.369.163
	Discu. Groups	10	2.081	134.305.018	62.804.438	2.061.387
	Total	34	16.851	3.337.146.406	2.379.091.145	144.430.550
5.	<u>MEME/NDIAN</u>					
	Meme:					
	Credit Unions	13	6.339	1.328.308.892	1.005.047.689	55.178.889
	Discu. Groups	10	1.094	90.170.836	55.159.242	3.487.501
	Ndian:					
	Credit Unions	2	1.702	341.158.265	243.417.184	23.990.421
	Discu. Groups	-	-	-	-	-
	Total	25	9.135	1.759.637.993	1.303.624.115	82.656.811
6.	<u>M·A·N·Y·U</u>					
	Credit Unions	4	650	85.577.851	56.456.102	2.417.861
	Discu. Groups	11	1.294	35.265.109	16.688.145	2.039.077
	Total	15	1.944	120.842.960	73.144.247	4.456.938
7.	<u>NSO - BUI</u>					
	Credit Unions	19	3.336	177.485.779	115.657.975	13.294.209
	Discu. Groups	9	966	30.610.976	16.733.691	2,199.283
	Total	28	4.302	208.096.755	132.391.666	15.493.492
8.	<u>LITTORAL/WEST</u>					
	Littoral:					
	Credit Unions	5	3.543	266.545.378	192.793.047	6.545.306
	Discu. Groups	17	3.286	214.108.002	144.949.113	3.604.522
	West:					
	Credit Unions	1	429	74.711.539	38.133.730	1.811.759
	Discu. Groups	18	1.965	148.760.165	105.320.073	3.644.792
	South:					
	Credit Unions	-	-	-	-	-
	Discu. Groups	1	204	13.612.211	10.882.955	40.806
	Total	42	9.427	717.737.295	492.078.918	15.647.185
	<u>GRAND TORALS:</u>					
	Credit Unions	120	48.281	8.083.213.844	5.855.567.502	368.578.261
	Discu. Groups	111	14.162	807.430.350	485.871.273	23.711.273
	T O T A L	231	62.443	8.890.644.194	6.341.439.775	392.289.534

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APPENDIX B

CAMCCUL GROWTH OF AFFILIATED CREDIT UNIONS, 1969-1988

CAMEROON COOPERATIVE CREDIT UNION LEAGUE LIMITED
GROWTH OF RELATED CREDIT UNIONS AND DISCUSSION GROUPS

<u>DATE</u>	<u>MEMBER-SHIP</u>	<u>TOTAL SHARE/SAVINGS</u>	<u>LOANS OUTSTANDING</u>	<u>RESERVES</u>	<u>NO. REG. UNIONS</u>	<u>NO. STUDY GRPS</u>	<u>TOTAL NO. OF UNIONS</u>
31/3/69	4.000	16.000.000	10.000.000	?	35	30	65
30/6/69	4.500	17.500.000	11.500.000	?	35	31	66
31/12/69	5.200	21.500.000	14.000.000	?	41	44	85
31/03/70	6.000	25.150.000	14.500.000	?	43	55	98
30/06/70	7.660	29.650.000	16.250.000	?	45	60	105
31/12/70	8.470	40.700.000	23.750.000	?	51	76	127
30/06/71	11.522	70.735.000	34.884.000	?	57	104	161
31/12/71	13.975	89.005.000	50.254.000	?	66	107	173
30/06/72	15.102	118.030.000	62.409.000	?	66	118	184
30/09/72	16.272	134.035.000	73.324.000	2.074.000	67	117	184
31/12/72	19.268	142.061.000	86.658.000	4.155.000	67	123	190
31/03/73	20.174	162.508.830	92.450.670	5.766.743	80	110	190
30/06/73	20.154	177.626.530	93.442.578	6.458.896	83	102	185
31/12/73	22.514	224.121.063	126.762.981	6.562.655	92	09	102
31/03/74	24.259	251.562.601	136.264.592	8.942.987	92	90	102
30/06/74	24.983	277.088.045	153.213.819	8.853.506	92	86	172
31/12/74	24.969	354.969.407	203.312.173	9.671.428	91	86	177
31/03/75	26.910	399.509.786	213.384.954	15.220.304	92	89	181
30/06/75	28.398	444.420.421	237.848.777	14.851.281	92	92	184
31/12/75	31.236	549.731.866	318.762.129	14.685.665	92	110	202
31/12/76	35.040	777.431.876	479.035.437	34.455.472	93	98	191
30/06/77	?	854.646.921	517.993.022	30.862.551	90	92	182
31/12/77	37.457	985.941.277	633.667.241	32.891.383	95	92	187
31/12/78	36.662	1.366.079.821	926.329.169	47.358.791	99	98	197
31/12/79	40.524	1.799.418.149	1.263.435.152	68.363.135	106	98	204
31/12/80	41.197	2.338.517.094	1.626.657.306	84.116.216	106	98	204
30/06/81	42.897	2.621.676.442	1.725.026.967	115.973.598	103	98	201
31/12/81	44.778	2.939.423.719	2.035.159.225	119.706.100	109	95	204
30/06/82	46.059	3.313.217.743	2.136.143.101	146.910.799	110	99	209
31/12/82	47.888	3.583.737.100	2.494.877.009	154.745.615	112	104	216
30/06/83	48.470	3.997.587.366	2.637.396.042	179.189.791	111	107	218
31/12/83	50.042	4.307.511.428	3.010.598.133	179.016.260	112	108	220
31/12/84	53.016	5.328.305.547	3.677.394.661	200.788.509	112	113	225
30/09/85	55.243	6.221.410.844	4.341.802.991	237.725.787	112	109	221
30/12/85	58.604	6.493.662.064	4.584.349.874	241.865.832	116	106	222
30/03/86	57.986	6.895.737.824	4.653.349.874	287.064.834	116	104	220
30/06/86	58.622	7.231.655.576	4.918.365.271	350.063.057	119	104	223
30/09/86	59.281	7.452.362.814	5.208.730.010	305.820.200	119	100	219
31/12/86	60.512	7.834.431.097	5.711.797.281	311.267.726	120	103	223
31/12/87	60.451	8.152.031.449	5.710.335.784	348.997.523	120	104	224
30/06/87	62.683	8.544.455.119	5.655.087.789	355.408.930	120	107	227
30/09/87	62.476	8.866.886.471	6.369.793.567	358.980.509	121	110	231
31/12/87	62.443	8.890.644.194	6.341.439.775	392.289.534	120	111	231

APPENDIX C
INFORMAL CREDIT INSTITUTIONS IN RURAL CAMEROON

APPENDIX C

INFORMAL CREDIT INSTITUTIONS IN RURAL CAMEROON

The underlying principle of credit union organization -- the egalitarian pooling of economic resources by a community for the explicit purpose of maximizing their value to members -- has a long tradition in southern and western Cameroon, and may be recognized in a variety of informal and formal institutions.

Informants at all levels of Cameroonian society have been quick to compare the egalitarian structure of credit unions to the long-standing tradition of labor-pooling in their own communities. In its most basic form, members of a community maximize the value of available labor by rotating their communal efforts in order to perform agricultural tasks, particularly during "bottleneck" periods (cultivation and weeding). "Dividends", in the form of food and drink, are provided to the members by the individual whose lands are being worked by the group on any given day.

While this comparison may appear overly simplistic, the fact remains that monetization of the economy of southwestern Cameroon (including the South West, West, and North West provinces) in the pre-colonial era gave rise to a number of informal institutions based on this identical principle. In various forms they have evolved and pervade contemporary society.

The historical emergence of rotating savings organizations in Cameroon preceded the colonial era, following indigenous monetization in discrete "currency zones" of the country. Inter-regional trade in the cowrie, brass rod and brass rod/bead zones of southwestern Cameroon and adjacent Nigeria has been described by historians as having exhibited sophisticated characteristics of other monetized systems.¹

Employing currencies that were subject to fluctuating, supply-generated value, the pre-colonial populations of the region adapted traditional systems of resource pooling to the management of convertible capital. As a result, the introduction of the currencies of the colonial powers late in the nineteenth century was less a conceptual revolution than a stabilization of currency values and an expansion of currency zones and markets.

A variety of indigenous capital management schemes developed in southwestern Cameroon, and became popularized early in the current century. Referred to generically as "*tontines*," the rotating savings schemes that were forerunners of the credit union movement (and which parallel it at present) employ the familiar principle of circulating pooled resources on a voluntary basis among small, socially homogeneous groups. Regardless of minor organizational

¹ For a detailed discussion of this phenomenon, see P.N. Nkwi and J.P. Warnier, *Elements for a History of the Western Grassfields*. Yaounde; 1982.

variations which occur in different regions and among different ethnic groups, all are based on the principle that access to a larger mass of capital can, if properly employed, maximize returns to the user in a single instance.

The most familiar of these, commonly referred to as the "**njangi**", is a rotating savings scheme to which members subscribe through a mutually-agreed upon weekly or monthly payment. Pooled deposits resulting from subscriptions are distributed on a scheduled basis to individual members, the schedule of distributions being proportional to the number of members. (On the basis of information gathered in the field, the majority of rural **njangis** appear to be composed of between twelve and twenty-four members.) In more sophisticated urban groups that are better capitalized, the members of the **njangi** may add value to the pool by bidding on access to deposited funds. Accumulated "dividends" which result from bidding may be distributed to members or, more commonly, accumulated as a pool of capital from which members may borrow at times of crisis or other need. Interest derived from such loans add further to the pool of available lending resources.

The role of **njangis** as informal economic institutions has been extraordinary on several levels. In their various forms, they have spread throughout western and central Africa at all levels of society, though rarely as pervasively as in Cameroon. Among the political and commercial elites, they have become a means for mobilizing major blocs of investment capital; in one instance, informants noted several **djangis** in major cities to which monthly subscriptions entail amounts of up to 2 million FCFA per member.

By mid-century, the **njangi** had become a legitimizing feature of individual identity in the community. In the South West, West, and North West provinces it had also become an important catalyst for vertical economic and social mobility. Numerous informants in Anglophone and Francophone Cameroon stressed that membership in one or more **njangis** is a "necessary" responsibility present at all levels of society, among both sexes, in all ethnic groups, and within institutions in the formal economic sector.

Because the **njangi** is an informal institution based on mutual trust among its members, entry into a particular **njangi** reflects social acceptance of an individual among his **njangi**-peers. By leveraging an increase in his subscription capital, an individual may obtain social leverage by moving upward in the hierarchy of **njangis**, increasing his or her access to both prestige and capital in the process.

A latter day extension of the **njangi** is the "**asusu**", "meeting" or "**banque populaire**"-- a village savings association which functions much the same as a credit union, albeit without a formal charter. The size of the **asusu** varies widely, and may range from several to several hundred members, with membership generally limited to the members of a homogenous community. As in the case of the **njangi**, the **asusu** is above all a community of interests based on mutual trust among its members--a factor which assures a high degree of control over fraud or abuse of its resources.

As an informal deposit facility, the asusu acquires capital through subscription over a year-long period. It lends to members for periods of several months at a commonly agreed upon interest rate, ranging between 5 to 10 per cent per month. At the conclusion of a year or some other established period, savings and interest dividends, reportedly in the range of ten to twelve per cent, are distributed to all members. In certain instances, the asusu may retain a portion of its earnings as capital for provident lending.

APPENDIX D
EVOLUTION OF INSTITUTIONS IN FRANCOPHONE AND
ANGLOPHONE CAMEROON

APPENDIX D

EVOLUTION OF THE INSTITUTIONAL ETHOS OF RURAL CREDIT IN ANGLOPHONE AND FRANCOPHONE CAMEROON

The formalization of savings and credit institutions in Cameroon occurred largely as the result of colonial administration. However, the dissolution of German Kamerun following World War I led to the emergence of disparate patterns of political and economic development in the British and French mandate territories. Successive regimes in the post-independence period have sought to overcome the divisive effects of this process. However, the fact remains that critical differences in the character of formal institutions and administrative philosophy are the legacy of this period and remain characteristic of the English and French-speaking provinces. In many respects this is reflected in viability of individual credit unions and the credit union movement as a whole.

By 1916, when the North West and South West provinces came under British colonial administration, the principal orientation of regional-level development was the creation of a plantation-based, export-oriented economy. However, during the next several decades this focus shifted to less capital-intensive production at the smallholder level. In order to consolidate marketing and processing operations by rural farmers, the British sponsored the creation of locally-managed cooperatives. The majority of these, however, were located in the South West.

British administrators in Cameroon sought to utilize the cooperative movement as a popular instrument of government, promoting the institutions as a unifying and democratic force. Establishment of the Kumba Cooperative Marketing Society in 1932 was an explicit effort by colonial authorities to mobilize the influence of more than twenty of the regions largest farmers for the expressly political purpose of democratizing indigenous elites. Similar efforts were expanded as rural infrastructure expanded northward.

By the time that the British turned their cooperative development efforts to the North West province in the late 1930s, the cooperative movement had spread on its own, largely as the result of initiatives by indigenous leaders and missionaries. These cooperatives were democratically structured and managed, and concerned equally with economic gain and provident assistance to their members. In their structure and purpose they represented an institutionalized and somewhat expanded version of informal associations at the village level.

By contrast, French development of cooperatives elsewhere in Cameroon was similar in name only. The first of these, the Cooperative Agricole et d'Elevage at Dschang was established in 1924, and within ten years similar institutions were established in each **circonscription** (administrative division) of the French mandate, as required by law.

As institutions whose mission was to educate farmers and promote export crop production, the cooperatives were centrally managed by French administrators or political appointees. Named

"societes de prevoyance" and "societes africaines de prevoyance" in the late 1930s, the institutions collected fees from farmers, whose participation in the local cooperative was required by law. Members played little or no role in the management of the societes. In 1969 the organizations were renamed "societes mutuelles de developpement rural," allowing members a limited voice in the management of the cooperatives for the very first time. In 1973, the Government of Cameroon renamed the organizations "societes cooperatives d'epargne et de developpement" -- or SOCOOPEDS -- and opened election of their boards of directors to the full membership.

In their latest form the "societes cooperatives de developpement rural" (SOCOODERs) the management structure of these institutions replicate political and economic hierarchies outside the organization. Resource management and lending is largely determined by government administrators and representatives of the agricultural ministry's Department de Cooperation et Mutualite--which has regulatory jurisdiction over both cooperatives and credit unions.

Hierarchical and centralized management, albeit in the guise of egalitarianism, has extended from the cooperatives to the credit union movement in much of French-speaking Cameroon. In several instances, discussed below, the failure to sufficiently insulate credit unions from external hierarchies has had disastrous consequences on the financial health of the institutions.

In regions which share a rich variety and tradition of informal credit associations, the contrast of engrained egalitarianism with hierarchical centralization in formal institutions is stark.

As a phenomenon with Anglophone roots, the credit union movement has encountered numerous barriers to expansion, the majority of which are social and political in nature. Expatriate observers and informants have often cited mutual "distrust" among the peoples of the two regions as the key factor impeding growth of the movement. However it is more likely that structural "fit" of the credit union's "common bond" ideology within differing administrative traditions is the greatest impediment to growth at the present time.

APPENDIX E
LIST OF PERSONS CONTACTED

APPENDIX E

LIST OF PERSONS CONTACTED

CAPME/Yaounde

Tsoungu Noi Dieudonne, Director

CamCCUL

Joseph Bote, Production Credit Officer

Jonathan Fonchin, Assistant Manager

Eileen Muragui, Education and Training Advisor (WOCCU)

Abraham B. Ndofo, Manager

Christina Tangi, Assistant Financial Officer

Jonas Tientchou, Assistant Production Credit Officer

Roland Thurlow, Chief of Party and Management Advisor (WOCCU)

Shey Denis Maimo, Regional Coordinator, South West Province

Azire Credit Union

Timothy Annoh, Technical Advisor

Peter Anye, Acting Manager

Bafut Credit Union

M.M. Fusi-Naamukong, President, President of CamCCUL, Vice-President, ACCOSCA

Che John Njiyang, Vice President

Tangye Philip Namfor, Secretary

Kande Richard, Board member

Chebisi Aloysius, Board member

Chene Theresa, Board member

Mbersoh Clement, Board member

Kokankoh Crispus Suh, Board member

Tamanjong Arthur, Board member

Foncha Vincent, Board member

Akonji Che, Board member

Nyamyelle Joseph Che, Board member

Nsarimunwi Credit Union

Rodulf Ndifor, Board member and former President

Mr. Fusi

CAAPE CABLABAM

Maurice Dsounda, President
Camille Ninda, Vice President
Mr. Nobessi, Secretary
Fomat Jean, Administrator
Keumbou Paul, Secretary/Accountant

Njindom Credit Union

Baminka Credit Union

Seraphine Nsai Langwa, Administrator

Jakiri Credit Union

Ndzeidze Maurice, Bookkeeper

Nkar Credit Union

Ngoran Willie, Manager

Caisse Populaire de Nkongsamba

Koumetio Jean, Director

Yiwelela Pierre, Accountant

SONARA Credit Union, (Limbe)

Ndifoh Misodi Germane

Efonge Fritz

Victoria Police Credit Union

Fon Peter Kimbi, Inspector

Ajiah Comfort Tabot, Bookkeeper

CDC Head Office Credit Union (Limbe)

Bosambe Fredrick, Manager

Martin M. Tenga, Bookkeeper

Elizabeth E. Abangma, Bookkeeper

Mr. Akue, Board Member

Mr. Bengwe, Manager

Mr. Tah, Board Member

Kumba Town Credit Union

Enoh Martin, Bookkeeper

Mrs. Enotaw Judith, Cashier

Nkwa William, Assistant Bookkeeper

Tole Credit Union
Manager
Bookkeeper

Enterprises sponsored by CamCULL Credit Unions

City Pharmacy (Bamenda), S. A. Abam, Owner
David's Grocery (Bamenda)
Njimdom Bar (Njimdom)
Rolling Enterprise (Bamenda)
Tailor Shop (Bamenda)
Suffer Man Off-License Ltd. (Nsari)

Ministry of Agriculture

Juan Carlos De Grande, Medium Farm Program Advisor (FAO)
Jean De Lion, Conseiller en Planification de Petits Projets (World Bank)
Anthony Ngenge Wawa, Chef, Division des Etudes

Ministry of Industrial Development

Mvondo Armand Firmin, Directeur de PMEs

UNIDO

Nonike Koware, Conseiller Industriel

USAID/Cameroon

Jay Johnson, Director
Butch Amonson, Deputy Director
John Balis, Agricultural Officer
Marcel Ngue, Project Officer
Norm Olsen, Program Officer
Robert Shoemaker, Project Development Officer
Tham Truong, Economist

Banking Sector

Jean Tagne, Chef d'Agence, Societe Generale des Banques (Bamenda)
David Hakam, Chef d'Agence, BIAO/Bamenda
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Susanne Mittleman, PCV (Bamboutos)

APPENDIX F
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