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9. ABSTRACT

Since 1971, the Office of Housing of AID has been conducting preinvestment surveys in countries where housing investment guaranty programs are anticipated in order to provide the background and framework for its intervention. These surveys are, in fact, increasingly sophisticated analyses of the shelter sector of each country. Each report is intended to provide the Office of Housing with the information necessary to enable it to answer three primary questions about a specific country:

- . What is the country's capacity to undertake a large-scale housing program?
- . What is the effective demand for housing at a given price level?
- . What is the country's capacity to repay a foreign loan?

To paraphrase the introduction to the scope of work for a recent survey, its objectives are to determine the need for housing at all socio-economic levels of society, to determine the ability of each socio-economic group to pay for housing; to assess the capabilities of the Government to plan and manage large scale housing programs and projects; to analyze the impact of large scale foreign borrowing on the country's economy and its ability to repay; and to assess the ability of the country to absorb large sums of money into the shelter sector industries.

These objectives have been realized with varying degrees of success. Some of the more recent surveys, in particular, provide broad panoramas of the country housing sectors. Some of the earlier ones are more limited in scope and cover only a part of the sector.

These reports provide valuable orientation for anyone becoming involved in housing sector in one of these countries. They should also be useful for comparative studies of housing programs and policies on a regional or world-wide basis.

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CAMEROON

**SHELTER SECTOR
ANALYSIS**

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I. INTRODUCTION

A. Findings

A Team consisting of Messrs. Leibson, Votaw, and Wehner visited the Cameroon in June 1974 to conduct a pre-investment shelter sector survey. The Team arrived at a propitious time because the Government had just issued and begun discussing a draft National Housing Policy statement. The Team's views of this document are given below in this chapter.

There is unquestionably a need for additional housing in the Cameroon, especially for the majority of the population classified by GURC as low-income. Equally important, there is a need to provide an orderly framework for the use of urban residential land and to provide necessary roads, sewer, water, electricity, and drainage improvements. At present, much housing for low-income households is being provided in squatter settlements on a haphazard basis. This is wasteful because valuable building materials and urban land are being used in an un-planned and semi-permanent manner. The same resources could be better used through coordinated public policy, without an inordinate expenditure of public funds. The Government recognizes these issues which were well set forth in the draft National Housing Policy Statement.

The economy of the Cameroon has recently begun recovering from a slump brought about by a fall in world prices for the country's primary export commodities. With higher commodity prices in 1974, foreign exchange reserves have increased and the outlook has improved.

The full impact of higher petroleum prices on the Cameroonian economy has not yet been felt and until now has not been terribly serious. The Government has in recent years followed prudent monetary and fiscal policies and has made efforts to improve public savings through higher taxes and expenditure controls.

Public external medium and long-term debt amounted to an estimated \$315 million by the end of 1973 and the ratio of total debt service to export earnings was 8 per cent. There was a substantial increase in the size of the public external debt in the early 1970's but the present debt burden is not considered excessive and the country is ranked as creditworthy by principal international lenders. Prospects for growth and development in the economy are good if the country continues to receive sizable amounts of foreign capital on favorable terms. Growth in export earnings alone will not be sufficient to continue the present momentum in the economy in the coming years.

There is general agreement that diversification of the agriculture sector and further expansion of the transport network should receive top priority in the country's overall capital investment planning. There is also recognition that what planners call "the tremendous scope of the problems of urban growth" requires an increased allocation of financial resources to rationalize the use of urban land and to provide improved living conditions for the urban areas.

The alarming increase in construction costs, both domestically and through purchase of imported materials and equipment, as well as the need to conserve limited public capital indicates that Government efforts in the shelter sector should be aimed at encouraging the planned use of urban residential land, the provision of basic residential infrastructure, and the development of institutions capable of financing and developing housing rather than the subsidizing of housing construction directly. There is clear evidence in the Cameroon that low-income households can through self-help efforts expand on such a base.

B. Recommendations

The Team considers the draft Cameroon National Housing Policy a good statement of housing needs and objectives which merits AID's consideration for eventual financial participation.

The Team's comments and recommendations are based on such information as it was able to gather during a relatively short stay. Some of the recommendations are in areas which obviously require more intensive study by the Government, having been identified only briefly during the work of the Commission.

1. Continuing Policy Development

The draft policy defines low-income, recognizes the limitations of conventional construction techniques and materials, and by identifying the limits of Government intervention clearly establishes the major parameters of a National Housing Policy.

The Commission report singles out land tenure as an area requiring further policy definition and intensive analysis. ^{1/} The report also notes without elaboration the necessity of encouraging private initiative particularly in the areas of housing loans, savings generation, and establishment of housing cooperatives as well as coordination among government agencies. The Team believes that the Government should continue to study major constraints as identified in the draft Report in order to develop appropriate policies in more depth.

Recommendation No. 1: That the Government name special sub-commissions under the general supervision of the Ministry of Equipment to draft specific legislative and/or administrative proposals dealing particularly with the following institutional

^{1/} Since the Team's visit, legislation establishing a national system of land tenure and clarifying the categories and limits of public ownership has been passed.

constraints identified in the draft Policy, such constraints appearing to require action on the inter-Ministerial level.

a) Government municipal relationships.

b) Housing finance.

2. Updating City Plans

It is presumed that the Ministry itself will initiate action on other recommendations, such as the updating and improvement of town plans, and initiating steps to reduce cost of construction.

With respect to the updating of town plans, the Team noted that these have often become a serious deterrent to urban development. The Team noted, as an example of particular significance, that the tremendous self-help development in the Nylon neighborhood of Douala, where perhaps 50,000 persons live in a former swamp which has been filled and laid out by the residents themselves, can receive no assistance from the municipality because the site is indicated for a stadium on the out-moded but still valid Douala City Plan.

The Team also believes the planned redevelopment of downtown Yaounde needs to be updated and revised.

Recommendation No. 2: That the Government take the necessary steps to eliminate the legal cloud on development resulting from condemnation decrees issued as a result of out-moded city plans, except in those instances where implementation is financially and politically feasible within the upcoming budget year; and that the Government instead make residential areas so identified eligible for slum renovation.

3. Subsidy

The Team believes that the Government should consider reexamining the entire question of housing subsidies with a view to making the shelter sector self-amortizing to the maximum extent possible.

The Commission has recommended subsidizing the cost of land and infrastructure for Super-Economic housing, Middle Economic, and Economic housing, which together represent almost 95% of the urban housing market. A further partial subsidy is suggested for housing for families in the 94.5 to 98th percentile. In addition, construction grants are suggested for the very lowest income groups (CFAF 10,000 or less monthly income).

The Government continues to provide housing for high-ranking civil servants usually at costs far in excess of what their salaries can support (up to CFAF 99,600 per month in the recent Manguiers Project in Yaounde).

Recommendation No. 3: The Government should avoid use of construction subsidies and instead scale down design and structure standards for housing of low-income families and rely more heavily on self-help construction. To further reduce housing costs and need for housing subsidies, Government should lease land to households on a long-term basis at rates equal to the cost of raising public funds. The term of the leases should be such as to provide sufficient security of tenure for low-income families. Furthermore, lease payments shall include the full cost of principal and interest payments for the development of infrastructure (roads, sewer, water, drainage), with extended

amortization periods if necessary to reduce rentals to marketable levels.

Recommendation No. 4: existing housing for civil servants should be sold at cost, with right of first refusal to current occupants. Sale could be by lease-purchase from the Societe Immobiliere du Cameroun (SIC), the national housing authority, or through mortgage loans from the Cameroon Development Bank (CDB). In view of the high cost of some of these units, the Government may wish to consider extending monthly payments over a longer amortization period.

4. Housing Finance

Development of a specialized institution to encourage domestic savings for relending in the shelter sector at medium and long-term is an important goal to which we suggest the Government turn its attention as a next order of priority.

In the interim, however, it would appear that encouragement of some form of savings and loan society is necessary in order to speed up completion of improvements on existing serviced sites. The availability of loan funds shall be on a controlled basis, with disbursements linked to completion of a specific phase of construction.

Recommendation No. 5: Where local community organization permits, the Government should encourage organization of cooperative credit unions and/or savings societies, both to encourage local savings and to provide for locally-administered co-operatively - controlled and responsible sources of loan funds to speed up home construction.

5. Slum Improvement

Recommendation No. 6: Government programs of infrastructure to improve slum areas should be directed on a priority basis to neighborhoods demonstrating a capacity for community organization and self-discipline.

C. Country Background

The United Republic of Cameroon, located on the curve of the West Coast of Africa, is the only African country in which both English and French are official languages. Once a German colony, its territory was divided between the French and British after World War I, then reunited in 1961 as a federation of French Cameroon and the southern part of British West Cameroon (the northern portion of British Cameroon being absorbed by Nigeria). In 1972, the federation was succeeded by a unified republic whose constitution provides for a strong President and a unicameral National Assembly, both elected for 5-year terms. The chief of state, President and head of the ruling National Cameroonian Union (UNC) is El Hadj Amadou Ahidjo. The national capital is Yaounde, and the largest and major commercial city is Douala.

Roughly the size of California, the Cameroon's 183,568 square miles offer a wide variety of climates, landscapes, and peoples. Geographically, the country is a long, thin triangle, stretching northward 800 miles from the tropical rain forest on the Gulf of Guinea, where the rainfall is as much as 400 inches a year, to the sub-Saharan southern shore of Lake Chad.

Total population in 1973 was estimated to be 6,200,000 with an annual growth rate of about 2.1%. While the population is predominantly rural (78% live in communities of less than 5,000), urban areas are growing at a yearly rate of 6%. The Government estimates that by 1980, 40% of the population will be located in urban centers.

Additional background information on the United Republic of Cameroon -- its geography and climate, history and government, and population -- can be found in Appendix I.

II. THE ROLE OF GOVERNMENT IN HOUSING

A. Housing and Town Planning in the Second and Third Development Plans

1. The Second Development Plan (1966-71)

The Government of Cameroon's Second Development Plan -- designed to guide investment from 1966 to 1971 -- earmarked CFAF 11.2 billion in public and private funds (approximately \$45 million) for urban housing. Government assistance was limited to planning and provision of urban infrastructure (especially water and electricity) while private funds were to be used primarily for housing construction. The target figures turned out to be realistic ones; in actuality, public and private investment during the 5-year period totaled CFAF 11.6 billion, 4% above plan provisions.

As projected, urban shelter in the Second Development Plan was allotted 8.8% of public investment (including GURC and local government, the public utilities, and external assistance) and 4.6% of private investment. This was an overall total of 6.8% of total plan investment.

SECOND DEVELOPMENT PLAN (1966-71) (CFAF 000,000)

<u>Total Investment</u>	<u>Urban Shelter</u>
Public 84,560	7,478 (8.8%)
Private <u>80,616</u>	<u>3,700</u> (4.6%)
Total 165,176	11,178 (6.8%)

Besides helping to build a framework for urban development, the Government was directed to make certain structural changes. These were achieved generally with the establishment of specialized departments to handle building and housing codes and regulations with the creation in June, 1972 of the new Ministry of Equipment, Housing and Land.

In addition, civil servants housing subsidies were to be eliminated.^{1/}

Housing policy in the Second Development Plan was to encourage construction of cheap housing in the principal towns and to eliminate subsidies for expensive homes. External funds, both loans and grants, were to be used for the financing of serviced lots and for a part of the construction of dwelling units, whose prices, therefore, would include land and urbanization (defined as on and off-site development costs).

The Plan also included as a general objective some institutional improvements. Household savings were to be mobilized, in order to increase the amount of private capital available to the shelter sector. However, the Plan itself contemplated that private investment savings would amount to only CFAF 3.7 billion of the total estimated investment in housing construction of CFAF 6.9 billion. It was presumed that CFAF 1.1 billion would represent the savings of homeowners and CFAF 2.6 billion would come from non-public sources.

Actual Government expenditures on housing and town planning, exclusive of investment in water and electric supply, totaled 97% of the amount planned. Total public and private investment in the shelter sector was CFAF 11.6 billion.

^{1/} In Yaounde, according to a survey made at the time, 70% of those living in modern units were housed at the expense of the household head's employer with only a nominal salary deduction; of these, 95% were employed in the public sector. Figures from the 1968 administrative census of Buea, capital of former British Cameroon, indicate that rents were fixed for lower echelon civil servants at 6% of their salary for modern houses with full utilities) from 70-120 square meters in size.

2. The Third Development Plan (1971-76)

The Third Development Plan for the Cameroon (1971-76) focuses on the problem of urban growth and the resulting need for housing. It provides for proportionally less government investment in urban shelter (the Government's role again being limited to planning and provision of infrastructure), but for a much greater private investment in urban shelter, 70% of which is planned as low-cost housing. To date, however, even the modest governmental goals of the Third Plan have not been met. Actual expenditures are substantially less than those which were planned and, indeed, fall short of the average spent during the Second Development Plan.

Because of the "tremendous scope of the problems of urban growth to be faced in the major cities of the Cameroon," the Third Plan calls for increased investment in urban town planning and housing and for an "urban survey" of housing conditions. While public investment in the sector is to decrease relatively (although increasing absolutely) to 6.6% of total plan investment, private investment is to rise to 12.4% of all private investment (and to 64% of the total investment in the urban shelter sector). Combined public/private investment in urban shelter is to rise to 9.4% of plan investment as opposed to 6.8% of total investment in the Second Plan.

THIRD DEVELOPMENT PLAN (1971-76) (CFAF 000,000)

	<u>Total Investment</u>	<u>Urban Shelter Sector</u>	
Public	144,540	9,500	(6.6%)
Private	<u>135,460</u>	<u>16,800</u>	<u>(12.4%)</u>
Total	280,000	26,300	(9.4%)

The planners treat the issues of urban growth and the rural exodus as part of an overall program of territorial development and equipment. Investment is to reinforce the development of a hierarchy of urban centers above the simple village or hamlet.

Central Village: The first step in the urban hierarchy, with a population of 500 to 1,500 serving a rural area with a population of 5,000 to 15,000.

Local Center or Country Town: A population of 7,000 serving a rural area with a population of 40,000 to 80,000.

Secondary Development Role or Divisional Capital: A true town with a population of 10,000 to 20,000 serving an area of 150,000 to 200,000 population.

Town with Regional Role: Centers of administrative areas of less than a province, such as Maroua, Nkongsamba, Ngaoundéré, Edea, Kumba, with populations of from 22,400 to 90,000; or capitals of small provinces, such as Bertoua, population 9,900, and Bamenda, population 32,000.

Provincial Capitals: Garoua, population 40,000; Bafoussam, population 64,500; and Buea-Tiko-Victoria, population 65,300.

National Capitals: Yaounde, the administrative, population 210,000, and Douala, the commercial, population 315,000.

Special attention is also to be given the developmental needs of Bertoua, capital of the sparsely populated East; Ngaoundéré, northern terminus of the TransCameroon Railway; Bamenda, adjacent to the rapidly urbanizing west, itself to be given special attention because of the rate of growth of its towns (8.2% per year) and secondary centers; the Douala metropolitan region; and Yaounde.

Within this overall framework, the Government has set forth these long-range planning goals:

- "...every citizen, whether he lives in a capital or a secondary town, can be in a district with a minimum of infrastructure (an elementary system of improved roads, public water taps, drainage) and basic facilities (primary school, shops etc...)

- "...everyone having the means to build a home (either with traditional materials or cement and brick) can acquire land with the corresponding amenities provided;
- "...anyone having the means to acquire a brick or cement house has the chance to rent or purchase one". (Chapter 5.1.2.1. Town Planning, Third Development Plan)

As in the Second Development Plan, governmental intervention is to be restricted to town planning and to the provision of infrastructure. Housing, 70% of which should be low-cost, is to be privately financed or developed by the Cameroon National Housing Agency (SIC) with financing from foreign loans.

Table 1. lists the Third Plan public investments which are needed to realize the above objectives in urban areas.

Thus far actual public expenditures for town planning have turned out to be substantially less than those programmed and, indeed, less than the average CFAF 20 million a year spent by GUAC on these items during the Second Plan. During the first two years of the Third Plan period, a total of CFAF 88 million was spent, as compared with Plan provisions for CFAF 430 million. For fiscal year 1972-73 a total of CFAF 190 million was identified in the Plan for town plans, cadastral surveys and the laying out of subdivisions; only CFAF 92 million was budgeted, almost none of which had been spent by November, 1973, the last date for which the Team obtained data.

Production of low-income housing by SIC or through Development Bank loans also proved elusive during the first three years of the Third Development Plan.

Table 1. Third Plan Town Planning and Urban Housing

Project	Cost (in CFAF 000,000)
Town Planning:	
1. 30 summary town plans (at a cost of about CFAF 3.6 million per town; including those towns with regional roles such as Kumba, Bamenda, Bertoua, and the regional capital of Buea-Tiko-Victoria)	100
2. Detailed plans for portions of major cities (Douala, Yaounde, Bafoussam, Garoua, Ngaoundere, Kumba, Victoria, Bamenda, Buea)	100
3. "Operational" town planning, i.e., surveys, preliminary equipment for development or redevelopment in Yaounde and Douala	600
4. Cadastral surveys in 6 cities (Douala, Yaounde, Garoua, Buea, Victoria, Bafoussam)	250
Total Town Planning	1,060
Infrastructure:	
1. Urban water supply	3,800
2. Electrification of towns	2,900
3. Drainage and sewage disposal in Yaounde and Douala, and preliminary surveys for Victoria	1,200
4. Yaounde ring road	400
5. Sanitation and public hygiene	140
Total Infrastructure	<u>8,440</u>
Total Public Investment in Urban Shelter Sector	9,500

Source: Ministry of Equipment, Housing and Land

B. The Proposed New Cameroon Housing Policy

Besides giving greater emphasis to urban shelter in its Third Development Plan, governmental officials recognized the critical nature of the housing shortage by setting up a commission to establish a National Housing Policy. The draft of this Policy suggests a coordinated program to achieve the low-cost housing goals of the Third Development Plan through a technique of aided self-help.

Early in the 1970's, Government planners acknowledge that their objectives, particularly housing, were not being reached through existing agencies. For this reason, they pulled together the various governmental departments dealing with urban planning and housing, infrastructure (public works) and land control and registry into a new Ministry of Equipment, Housing and Land. The Ministry was officially organized in June 1972, with proclamation of the new constitution.

One of the Ministry's first assignments was the elaboration of a new national housing policy. To this end a special commission was appointed in October 1972, under the chairmanship of the Director of Town Planning and Housing of the new Ministry. Members included representatives from the Department of Construction, the National Housing Authority, Public Works Laboratory, Ministry of Plan, Ministry of Finance, Rural Engineering Service of the Ministry of Agriculture, Yaounde Mayor's office, Land Survey and Land Registry. Special sub-commissions also were established to report on construction costs (chaired by the National Housing Authority); and on constraints to housing sector development, especially land tenure (chaired by the Ministry of Plan).

A National Housing Policy, the Commission noted, has become an item of national priority because rapid urban growth (6 to 12% per year) has created an extreme shortage of housing together with uncontrolled and anarchistic development. The commission noted, however, that a Housing Policy must consider not only the construction of housing units but also needs exterior to the dwelling unit itself but necessary if it is to be habitable, i.e. urbanization, schools, community facilities and open spaces.^{1/}

The following summary is based on documents provided the Team, including the Draft Report of May, 1973, together with numerous technical annexes, and a revised Resume dated May, 1974. A Final Draft Report for submission on the ministerial level is expected to be released later this summer.

1. Existing Housing Needs and Problems

To accommodate increased population and to replace dilapidated urban units (at a conservative annual rate of 2% of the existing stock), 55,000 to 70,000 housing units should be built each year in the Cameroon.

ANNUAL HOUSING CONSTRUCTION REQUIREMENTS (1972-75)

Yaounde	4,300 housing units
Douala	5,500
Other Urban	<u>15,000-20,000</u>
Total Urban	24,800-29,800
Rural	<u>30,000-40,000</u>
Total Annual Need	54,800-69,800 units

^{1/} The French text here distinguishes between "Politique de l'Habitat" and "Politique du Logement", and in its description of the former parallels AID's concept of the Shelter Sector.

Data on urban income distribution are severely limited. Yaounde data are updated from 1964-65 figures, Douala data are based on a 1964 neighborhood study, and income data from other urban areas is non-existent. Based on such data as are available, five categories of housing units are suggested, together with an approximate percentage of the urban market requirement for each type. The minimum house size, given Cameroon family size and preferences, is 4-5 rooms. Table 2. describes the five categories.

The lack of well-defined public policy, land tenure problems, and abnormally high construction costs have combined to frustrate government efforts to resolve the Cameroonian housing crisis. Moreover, housing has traditionally been viewed restrictively as consisting only of dwelling units. Therefore, there has been no systematic public approach to the sector, and its role as an economic generator has been undervalued. In addition, no policy of financing the necessary governmental assistance has been spelled out.

On the local level, city plans are outmoded, incomplete, and too broad to be applied by local administrations. Systematic preparation of more detailed plans will permit municipalities to implement them, to collect tax and fee income from their application, and to coordinate or impel action by public utilities.

The absence of a coherent system of land tenure and registration in the francophone portion of Cameroon -- along with the effects of speculation -- makes land acquisition, whether by individuals or the Government, extremely difficult. The draft policy calls for the mixture of customary and registered titles, of legal and spontaneous subdivisions, to be clarified through adoption of a national land policy.

Table 2. Proposed Housing Units by Income Category

	Income (CFAF/Mo.)	% Market		Size (Sq. Mt.)	Description	DU	Cost(CFAF 000)		
		Country	Yaounde				Land	Urb.	Tot.
Super Economic	Up to 27,000	70%	50%	80	Cement floor, metal roof, single water source with drainage, Turkish WC with cess- pool, rammed earth or wood block walls, solid wood doors and windows	300	100	600	1,000
Middle Economic	22,000- 43,000	20%	35%	100	Same as Super-Econ plus inside & outside plastering, ceiling, louvered windows & interior doors	600	100	600	1,300
Equipped Economic	43,000- 61,000	4½%	7%	100	Same as Mid Econ plus full san & elec inst- alliations, septic tank interior paint & bet- ter concrete floors	1000	100	600	1,700
Superior Economic	61,000- 90,000	3½%	5%	70- 100	Concrete block, low- est cost house in modern materials	2,000	100	750	2,850
High Quality	More than 90,000	2%	3%	100- 200	Complete finish, ter- race, garage, land- scaped lot	5,000	1-2,000		6-7,000

Source: Ministry of Equipment, Housing and Land

Finally, inhibiting housing growth in the Cameroon are construction costs, which are 60% higher than those in Abidjan and Senegal.

2. Implementation: General Considerations

The Housing Policy divides the coordinated low-cost housing program into preliminary actions and financial policies. Suggested preliminary steps are to:

- Treat urban infrastructure as a positive economic investment.
- Develop a new land policy that will assure public control of and adequate revenues from development. Future actions could range from fiscal modifications of the existing system all the way to nationalization of all urban land.
- Update and actualize town plans.
- Clarify respective roles and access to revenues of the national government municipalities.
- Attack high construction costs through research, more use of local materials, development of Cameroonian enterprise without recourse to high-cost expatriate personnel, and prompt payment of public works contracts to reduce contractors' carrying charges.

Suggested changes in financial policy are to:

- Identify clearly the responsibilities of the national government and the municipalities.
- Identify the degree and nature of the national government's financial intervention. Assuming as a basic principle that public subsidy should favor lower-income housing, the subsidy can be limited to lot sizes of 300 square meters and land to that acquired through condemnation. The commission suggests

that for the three lowest cost economic categories the Government contribute the cost of infrastructure and the cost of land acquired through condemnation (for Middle and Super Economic a part of the presumably higher acquisition cost of private land may also be subsidized). Superior economic housing would receive half the cost of infrastructure from the Government but nothing else. Community facilities would, of course, continue to be the responsibility of the respective Ministries, but these could now be constructed with better coordination.

- Undertake complementary measures to encourage private initiative. This could include a stepped-up program of building materials, loans, construction bonuses, contract savings, interest subsidies, employer housing allowance, and housing cooperatives.
- Obtain external financial assistance from International Bank for Reconstruction and Development (IBRD), U. S. Agency for International Development (USAID) and Caisse Centrale de Cooperation Economique (CCCE).

3. Immediate Action Programs

In urban areas, where housing problems are most serious, three programs are proposed. One is a Sites and Services Project with an initial operation of 200 hectares in Douala and Yaounde (5,000 to 6,000 lots in each city), costing a total of CFAF 4.8 billion (\$20 million) of which half is to be sought from foreign assistance.

Another proposal is for slum renovation costing CFAF 280 million (\$1.17 million) a year, (at least half from foreign aid) to create rights-of-way and related infrastructure, particularly public fountains, in densely populated areas of Douala and Yaounde. The Commission recognizes that slum areas have a vitality and often an important economic function that should not be destroyed.

The third suggestion is the publication of a practical construction manual for economic housing.

Rural efforts will be two-pronged. There should be technical assistance for village housing as, for example, the provision of organizers, CINVA ram block presses, and access to construction

materials. At the same time, central villages should be aided through the improvement of such things as public buildings and the water supply.

The Housing Policy also requires institutional development. Since neither the Cameroon Development Bank nor the National Housing Agency is set up to finance and/or administer a substantial sites and services program, it is necessary to create a national para-statal housing bank and sites and services agency for this purpose. Such an institution could be initiated on a pilot basis within SIC in such a way to permit it to be spun off as it developed. The Draft Report suggests an initial capitalization of CFAF 50 million (\$208,000), to be increased ultimately to CFAF 200 million (\$833,000).

4. Financing the New Housing Policy

Based on available data, the costs of implementing the initial sites and services program in the Housing Policy (exclusive of any land acquisition) are given below:

<u>COST OF INITIAL SITES AND SERVICES PROGRAMS (CFAF 000,000)</u>	
Sites and Services (vacant land)	4,800
Services to slum areas	280
Capitalization of new institution	<u>50</u>
Total	5,130 (\$21.4 million)

This represents a hefty increase over the CFAF 150 million a year identified in the Third Plan for "operational town planning" and requires substantial foreign assistance, as the Draft Policy itself recognizes.

III. THE HOUSING SECTOR

A. The Construction Industry

1. Builders and Organization of the Industry

The modern sector of the Cameroonian construction industry is dominated by a half-dozen large general contractors, only two of which are Cameroonians, and a similar group of important subcontractors and suppliers. Some are subsidiaries of European companies others are held by local expatriate interests. They generally have on the order of CFAF 50 to 100 million in capital and handle contracts of CFAF 1 or 2 billion. The annual volume of the modern sector, including public works is approaching CFAF 18 billion and is growing, in constant prices, by about 4% per year.

Housing, however, except for the limited numbers of apartment units, upper income villas, and SIC projects, is almost all constructed either by the owners themselves or on a cooperative basis or by small tacherons (jobbers with limited skills up to basic carpentry) who hire labor and use materials supplied by the owner. Total construction in the popular sector is estimated at CFAF 8 to 9 billion annually and is 55-60% owner-built, according to an analysis by the Laboratoire des Travaux Publics (LTP); see Table 3. for details.

Table 3. Construction 1964-74 (In CFAF Billions)

	1964-65	65-66	66-67	67-68	68-69	69-70	70-71	Proj.73-74
a. Modern sector (inc. public works) in current prices	9.8	12.3	11.4	12.1	13.1	13.8	14.8	18.0
b. Index of construction wages	99.7	100.0	100.0	102.8	106.4	109.0	111.6	20.0
c. Modern sector at constant prices (a ÷ b)	9.8	12.3	11.4	11.8	12.3	12.7	13.3	15.0
d. Popular sector tacheronage	-	-	-	3.1	-	-	-	4.0
e. Popular sector owner-built	-	-	-	4.1	-	-	-	5.0
f. Total Popular Sector (primarily housing)	7.0	7.6	7.6	7.2	7.3	7.5	7.8	9.0
Total construction (c + f)	16.8	19.9	19.0	19.0	19.6	20.2	21.1	24.0

Source: National Accounts, IBRD, and Lab. des T.P.

A middle level of Cameroonian builders with a capability of contracting for small projects or subcontracting on larger jobs has not yet been formed. A few are aided by the Center for Assistance to Small and Medium Sized Enterprises (CAMPE) with support from the UNDP, and the SIC recently let contracts totaling CFAF 40 million to three small builders participating in its Cite Vert program, but the lack of capital and management experience will impede the growth of others.

An extensive site and service program as proposed in the draft National Housing Policy of the Ministry can provide a base for significant development of Cameroonian builders. Numbers of individuals building new homes in a concentrated area will give ambitious tacherons opportunities to secure several jobs at the same time, as many in fact as their particular skills at hiring and managing labor will permit. To be effective in this sense, the site and service program would have to have a building loan component so that owners have the financing to continue construction without interruptions giving tacherons more regular work and broader responsibilities from start to finish of a job. As their volume picks up those with project management skills will begin quantity materials purchasing at which point, to be most effective, builders will need greater access to small business loans for equipment and warehousing facilities.

The 10 to 12,000 serviced sites proposed by the Ministry of Housing would imply, assuming a cost of CFAF 300,000 per unit, CFAF 3.0 to 3.6 billion in housing construction or about one-third of present annual volume in the popular sector. Since most of this would be

construction in place of work that would have been done anyway in uncontrolled settlements, there should be little strain on the the building capacity especially since most of the labor required for this kind of construction is unskilled or semi-skilled with an elastic supply. Even if the entire program were to be regarded as increased production, it would only represent 6 to 8% over present annual levels assuming the lots would be developed over a 3-year period and the houses finished over an additional 2 (total 5-year program). The constraint would more likely be on effective control of construction quality.

The CFAF 4.8 billion estimated by the Ministry for urbanization costs of the proposed program would represent in this case increased production in the modern sector of about 9% over present annual levels if developed over a 3-year period or 5% if developed over a 5-year period. This could be attained without difficulty as enterprises in the modern sector have capital and equipment which is sometimes underutilized. Moreover, those with European connections have access to additional resources and experienced supervisory personnel if needed to keep up with business.

Part of the high costs of construction are certainly due to overhead costs of expatriate builders and suppliers. Working from National Accounts of value-added in the construction industry, statistics of construction wages from the professional association (GICAM) and analysis of cost estimates, the following approximation can be made:

DISTRIBUTION OF COSTS-MODERN SECTOR

Local labor	17%
Expatriate labor	<u>6%</u>
Total labor	23%
Profit and overhead	<u>27%</u>
Total value-added	50%
Materials (see A.3)	<u>50%</u>
	100%

Source: National Accounts, GICAM, and Team estimates.

A study by the SIC indicates that overhead costs are high for several reasons. Public works contracts tend to be irregular and a long time in negotiation and approval. Builders are sometimes working at capacity and idle at other times making efficient programming of personnel, utilization of equipment, and stocking of materials difficult. Operations are therefore more expensive. Payment on public works contracts tends to be slow adding financing costs to the builder's overhead. Spare parts for proper equipment maintenance are hard to obtain. Builders either overequip to avoid being immobilized by breakdowns or have parts air-freighted in at considerable expense. Qualified supervisory personnel are not available locally and must be recruited with expatriate benefits. Cameroonian technicians are more often absorbed by Government service.

Building contracts are awarded on the basis of francophone bidding procedures, but the builder's profit and overhead are usually included in his unit prices and not shown as a separate item. Local practice is to hold back 10% on payments to builder as a warranty escrow, but performance bonds are not common. A 10-year warranty

is purchased by the builder and costs him:

- 1.1% for insurance
- 2.1% for SOCOTEC (inspector)

The industry must eventually be restructured and national programs should be designed to maximize opportunities for local builders. This will, however, take time and Cameroonian builders will encounter some of the same cost problems as expatriates. Most important is to increase the number of qualified builders and step up competition.

2. Labor Supply

While there is no shortage of unskilled and semi-skilled labor or even of masons, carpenters and other tradesmen, there are not enough qualified supervisory personnel such as assistant engineers and foremen. In the past, Europeans often filled these slots. They are now brought in from other West African countries, particularly Senegal and Togo. The sources are limited, however, and builders are sometimes forced to spread themselves thin or to give more responsibility to less experienced men. This is not so much a constraint on the volume as on the quality of the work.

Specialty tradesmen such as those involved in multi-story construction or use of industrialized techniques are also in short supply, but this should not be a problem in the housing sector. Operators of grading and other equipment required for urbanization are generally trained in adequate numbers by builders involved in public works.

3. Availability of Materials

As in the rest of West and Central Africa the costs of materials have risen 30-40% over the last year while troublesome shortages in many areas have begun to develop. This has primarily affected im-

ported materials due to worldwide inflation and shipping increases following the petroleum crisis, but is coupled with dramatic increases in demand from the developing world and slowdowns in supply from the developed. Anti-pollution laws in the U.S. have cut down, for example, on the availability of clinker for cement needs. Production facilities for many materials both in Europe and Africa are becoming outmoded or undersized at a time when financing for new investments is difficult to obtain.

The price of cement in the Cameroon rose by about 25% during the first 6 months of 1974 to CFAF 22,000 a ton at Yaounde (\$3.90 per 94 lb. sack) as opposed to an annual increase of about 5% in prior years. The plant at Bonaberi near Douala is completing an expansion program that more than doubles its capacity to 280,000 tons per year which will satisfy local requirements for the time being. Up to now 135,000 tons per year have been imported from Europe. Cement production relies on imported clinker, however, which has been on short supply this past year and rose 40% in cost in 1974. Gypsum clinker rose 80%. Because of this and the high cost of machinery imported for the plant, cement produced locally is 20% more expensive than that which is imported. Geologic explorations have located workable calcium deposits to replace clinkers and reduce costs, but the investment program necessary to open them has not yet been scheduled. The company, CIMENCAM, is controlled by La Farge International with 43.1% participation by the Societe Nationale d'Investissement of the Government.

A small plant operated by the same company at Feguil using local calcium deposits serves the north of the country where transportation costs are prohibitive. The cost of cement delivered from Douala to Garoua for example is doubled. Production, however, is limited to 28,000 tons, one-third of which is exported to Chad.

Sand and gravel are generally available throughout the country except in the north though their exploitation has not been industrialized. Both Yaounde and Douala have adequate supplies. Costs in Yaounde are on the order of CFAF 1,800/cubic meter (\$5.70/cu.yard) for sand and CFAF 5,000/cubic meter (\$15.90/cu.yard) for medium sized gravel.

Cement block is most often made on the site by the builder but is available from both industrial and artisinale manufacturers in most principal towns. A 10x20x40 cm block will cost CFAF 75 (30¢) from an industrial manufacturer in either Douala or Yaounde while an artisanally made block of the same size but usually an inferior quality will cost CFAF 45 (20¢) in Douala and CFAF 60 (25¢) in Yaounde. It is estimated that over CFAF 6 billion per year is spent on concrete block or one-fourth of the total construction volume.

There is only one manufacturer of fired clay brick, and production capacity is limited to 750,000 bricks. The LTP reports that quality has not been good but is improving. It is hoped that location of clay for other plants will permit competition with concrete block thus lowering the import component in building. Unstabilized earth blocks are used extensively in the north and the Housing Division of the Ministry has purchased a number of CINVA RAM presses, but their use has not yet proven economic due to the high cost of cement.

Wood is abundant, except in the north, though it is not always properly cured or treated. Prices rose 30 to 40%, however, during the first 6 months of 1974 to CFAF 24,000/cubic meter (25¢)per board foot at Yaounde for roof framing material as opposed to average annual increases of 12% over previous years. The cost and difficulties of transport are an important element. Rough cut or split boards are used widely for walls particularly in Douala. Plywood is manufactured at M'Balmayo and also imported from Gabon. Glued shapes are manufactured by the SLAC at Eseka mostly for use in large structures, but the plant could get into industrialized production of housing components. Much needs to be done on the design and detailing of wood, as broader utilization probably offers the greatest long range potential in the area of building materials for economies and import-substitution.

Aluminum roofing is manufactured in good quantity for local consumption as well as export at Edea by SOCATRAL, a subsidiary of the ALUCAM group producing aluminum accounting for 8% of the Cameroon's exports. A thin sheet (26/100 mm) called "super économique" is very popular due to its relatively low price at about CFAF 400 for a 2 mm x 90 cm sheet (10¢ per sq.ft.). Over 4 million square meters of this type alone are sold annually in the country. Another 2 million square meters of better grades up to 6/10 mm are sold. Almost all urban houses are aluminum covered and it is estimated half of the rural area as well. The aluminum roof is rapidly replacing traditional thatch which untreated must be replaced every 3 years or so and is in many areas actually more expensive than aluminum.

The manufacturer is developing shapes to be used on round huts. Fiberglass roofing is also manufactured locally for special uses. Galvanized roofing is imported though it is more expensive and has a shorter life.

About 10,000 tons per year of reinforcing steel is imported. Its price has been rising rapidly to over CFAF 100/kg and stocks are subject to periodic shortages. Some reinforcing is produced in Douala from scrap metal. About 95% of the country's requirements for nails are met this way as well.

Plumbing, sanitary fixtures, electrical supplies, glass, and plastics are imported. Paint and varnish products are now being produced at Douala.

Assuming half the cost of cement is for imported clinker the total import component of modern housing as built by the SIC, for example, can be estimated at 30% of building materials or 15% of the total construction cost as shown below:

DISTRIBUTION OF COSTS-MODERN SECTOR

Imported materials	15%
Local materials	30%
Taxes on imports (clinkers excluded)	5%
Total materials	<u>50%</u>
Labor profit and overhead (See A.1)	<u>50%</u>
	100%

Source: Team estimates based on SIC cost build ups

The import component of traditional and improved constructions is fairly small while that of urbanization is probably somewhat higher. Assuming that the use of local materials is maximized, materials supplies should be able to keep up with industry growth. This will require regular programming however and allowance for continued rise in prices.

4. Building Methods and Costs

High construction costs in the Cameroon are due primarily to the structure of the construction industry and the abnormally high cost of materials, especially cement.

Traditional techniques vary with the region and materials available. Most widespread is a kind of wattle and daub construction. Closely spaced poles are driven into the ground and split wood strips are fastened to them on both sides horizontally with wires forming a remarkably rigid wall lathe which is filled in with mud plaster. The vertical poles are not treated before being put in the ground, but it appears that the rigid lathe is tight enough to work as a continuous surface which would still stand for a considerable time even if weakened by termites at ground level.

In the Douala area where clay is not as good for plaster, a standard wood frame is built again with uprights simply set into the ground and sheathed with wide irregular rough cut boards. Towards the north of the country where wood becomes scarce walls are built of simple mud block reinforced with straw. Roofs even in the north are framed in wood either cut or as poles. In the past they were covered with thatch, but as mentioned earlier, more and more have aluminum even in rural areas. Most houses, particularly in urban areas have cemented floors.

There are some outstanding examples of "architecture without architects" - beehive mud domes, two-story round huts, prefabricated "barn-raising" techniques, and some well planned traditional towns. The quality of popular construction and housing even at more mundane levels is fairly good. Typical costs of a very small house are given in Table 4.

Wattle and daub structures built around Yaounde generally cost about the same, CFAF 200,000 per unit, but are larger - the smallest being about 50 square meters or CFAF 4,000/square meter.

Improvements to these basic structures proposed at the "super-economic" level in the draft Housing Policy of the Ministry are addition of a water point, drainage, and w.c. They estimate this can be done at the minimum size to accommodate Cameroonian families for CFAF 300,000.

Those who can afford slightly more than a minimal shelter build a larger unit with the same basic construction but, adding interior and exterior plastering, false ceilings, and more doors and windows. This corresponds to the Ministry's "middle economic" level which it estimates at CFAF 600,000. Further improvements of the basic construction are better foundations bond beams, full sanitary and electrical installation corresponding to its "equipped economic" level which is estimated at CFAF 1,000,000.

Even the smallest house in "modern" materials is expensive by comparison. The least expensive units built by the SIC are costing CFAF 30,000/square meter (\$12 per sq.ft.) and contracts for the Cile Vert program are an average CFAF 45,000/square meter (\$17.50 per sq.ft.) not including urbanization. These are constructions

Table 4. Cost Build-up
For 30 Square Meter Basic Wood Plank House (Douala)

<u>Cemented floor:</u>	
12 sacks cement at CFAF 1,000	12,000
5 cu. meters sand	10,000
<u>Wall structure:</u>	
75 uprights at CFAF 500	37,500
150 rough cut boards at CFAF 75	11,250
40 kg. nails at CFAF 300	12,000
<u>Roofing:</u>	
30 sheets aluminum at CFAF 400	12,000
4 sheets aluminum peaking at CFAF 250	1,000
2 kg. roofing nails	
50 pieces roof framing at CFAF 500	25,000
3 doors at CFAF 5,000	15,000
2 windows at CFAF 2,500	5,000
Hired laborers	40,000
Entertainment of family helpers	<u>10,000</u>
Total cost CFAF 6,500/square meter (\$2.50/sq ft)	190,000

Source: 1972 ITP study updated by Team estimates

similar to work in other parts of francophone Africa with light foundations; concrete corner columns and bond beams at the top and bottom of 15 cm block walls; floor slab; aluminum roofing; plywood ceilings; plaster; complete electrical and sanitary installations. Technically, both SIC and privately built homes are well done, but a study by the SIC shows that costs are 60% higher in the Cameroon than in the Ivory Coast and Senegal. To provide a comparison, SICOGI and SICAP, housing agencies similar to SIC, were asked to price an 87-square meter model used in the Cameroon. Costs which have gone up 30% in all three countries since the study was made, are given in Table 5.

Construction costs in the Cameroon can be brought down some by closer attention to details and choice of materials, but to achieve additional savings it may be necessary to review design standards. Many of the finishes might, for example, be left to purchasers to complete or improve at a later time as their incomes grow, the emphasis at the beginning being to provide a minimum liveable shell. Units should be designed for easy expansion so that an initially small house is more acceptable. Engineering standards may also have to be reviewed - 15 cm block walls and some of the use of reinforced concrete in single story houses, for example, may be overdesigned.

To the basic construction cost, the SIC adds about 7.5% for other costs of project development:

- 2.5% SIC overhead
- 3.5% architectural fees
- 7.5% construction financing

There are an adequate number of firms in Yaounde and Douala providing architectural design services. Several are competent Cameroonians.

TABLE 5. Cost Comparisons 87 Square Meter Unit - Modern Construction

	<u>Cameroon SIC</u>	<u>Senegal SICAP</u>	<u>Abidjan SICOGI</u>
Earthwork	21,850	20,250	13,160
Foundations	218,282	72,650	101,178
Masonry and Concrete	583,138	266,600	296,930
Roofing	420,000	337,848	302,892
Plaster	360,000	206,930	217,360
Carpentry	187,000	127,850	141,000
Electricity	92,390	41,285	32,000
Plumbing	168,900	141,986	136,625
Sewerage	38,250	23,210	23,620
Painting	<u>92,420</u>	<u>100,035</u>	<u>101,465</u>
Total	2,183,130	1,339,184	1,371,430

Source: SIC

5. Urbanization Costs

The site and service concept proposed in the draft National Housing Policy is appropriate to the Cameroon because of the high costs of urbanization. In fact, there is probably no other way low-income families will get access to planned and serviced communities.

The National Housing Agency has the most recent experience in developing urbanization packages for housing projects. These projects generally have a density of 30 units per hectare on lots of 300 square meters. Their costs run from CFAF 12 million per hectare or CFAF 400,000 per unit for minimally equipped areas to CFAF 18 million per hectare or CFAF 700,000 per unit on higher standard, more spread out developments. The description and cost build up of one of their minimally equipped schemes is detailed in Table 6.

SIC notes that urbanization costs on its projects have been increasing 15% per year. Technically, it will be difficult to bring per hectare costs down. This estimate may, in fact, be low with recent cost increases. Per unit costs could be adjusted, however: designing into the project areas with good access, room for marketing, and surrounding lots zoned for commercial or mixed commercial/residential use that could be charged a higher share of urbanization costs, neighborhood commercial facilities might be built and rental income used to offset urbanization costs. Some larger well placed lots might be included, again at a premium cost. Those with larger lots might be permitted to include with the construction of their homes rooms designed for low income rental purposes (with access to water and sanitary facilities) to offset monthly payments.

TABLE 6, Cost Build Up (Urbanization)

SIC - REGIFERCAM Project - 92 Units; 3.3 Hectares

<u>Roads and grading</u> (CFAF 3.75 million/hectare)	12.4 million
- unpaved laterite streets	
- no sidewalks	
- tamped earth parking areas	
- gravel pedestrian ways	
- earth ditches for surface drainage	
<u>Sewer System</u> (CFAF 4.00 million/hectare)	13.5 million
- collector system	
- house connections	
- community septic tank	
- seepage field	
<u>Water System</u> (CFAF 0.75 million/hectare)	2.5 million
- distribution system	
- house connections	
<u>Electrical System</u> (CFAF 2.00 million/hectare)	7.0 million
- transformer	
- aerial distribution system	
- house connections	
- minimal street lighting	
<u>Other Costs</u> (CFAF 1.50 million/hectare)	
planting for slope protection	1.0 million
contingencies	1.0 million
SIC overhead	<u>2.8 million</u>
Total rounded to CFAF 12 million / hectare (CFAF 400,000/unit)	40 million

Source: SIC

B. Land Tenure Availability and Cost

A new national land policy designed to ensure public control of development, has been prepared by a special subcommission of the Cameroonian government's Housing Policy Commission. The Ministry of Plan is responsible for the group, which includes representatives of the Land Registry Department, the Mayor of Yaounde, the National Housing Agency (SIC) and the Housing Section.

There are three major issues addressed by the subcommission:

1. The basic differences between tenure in the anglophone and francophone parts of the country;
2. The mix of customary and registered ownership which encourages speculation and creates difficult and costly problems of land assemblage for almost any form of development; and
3. The absence of any urban land tax system which would permit the state or municipality to recover from private owners at least part of the increase in land values resulting from public infrastructure improvements.

1. Tenure ^{1/}

In the francophone areas there is a jumbled mix of customary (tribal) lands, rights of occupancy and usufruct of customary lands, provisional ownership pending completion of improvements, and registered fee ownership. Cadastral surveys are undertaken on an ad hoc basis and have not been completed or integrated in most centers; registration of title has been random; and clear title is sometimes difficult to determine, even in Yaounde, and, especially difficult, because of local conditions, in certain neighborhoods of Douala.

^{1/} Since the visit of the Team, GURC has promulgated a new national land tenure law, unifying tenure procedures nationally (and providing for individual fee simple ownership in Anglophone former West Cameroon) and delineating three types of public ownership .

Basic land tenure legislation in the francophone area dates from 1932. One law set up a registry system, similar to that in most of the French colonies; a second law specifically recognized the validity of customary ownership. The legislation was refined in 1963 to define four categories of land: state land, private property, occupied and used customary (tribal) land; and vacant and unowned land (the national collective patrimony).

After World War II, registration of title became more generalized. It was made obligatory in 1966. A 1968 law enunciated the principle that unregistered land, customary or civil, was to be recognized as state property.

Establishment of clear title, both modern and customary, follows essentially the same procedure. First, the claimant produces evidence of effective occupancy and development, together with such evidences of title as he may have. This claim is publicized, including posting the property. If - or, rather, when - other claimants appear, the matter is adjudicated by a special tribune. Title is then registered. The process of registry is long and complicated and may take years, particularly in urban areas as a result of conflicting claims and because of the still indistinct boundaries of customary ownership.

Customary title is certified in the same way as a civil action such as birth or marriage. Even though customary title is not written into the formal real estate registry book, the certificate "fiche d'état civil" serves as recognition of tribal ownership against any private alienation (although not, of course, against condemnation by the state).

Customary title need not be an impediment to development. Recognition of customary title in Douala, for example, has permitted development of a bustling speculative real estate market including leasing, improvement, loans secured by liens, sales and payment of regular fees and commissions to agents for the tribal owners. Where, on the other hand, conflict between customary owners and the government has prevented a clear determination of ownership, investment is inhibited.

Customary lots are irregularly shaped, and often can be quite large. They thus lend themselves to intensive development, and sometimes to mixed use. This contrasts with recent subdivisions, with regularly-sized lots neatly lined up along a rectangular grid.

In the west, where anglophone tenure prevails, the government is considered the owner of urban land and clearly has the right of eminent domain over tribal lands. Property is not alienated; rather the right of usufruct and of occupancy can be granted. Certificates of occupancy and leaseholds were controlled by the Land Survey Department and may be used as security for loans. After the unified constitution was proclaimed in 1972, the Land Survey Department was fragmented into a Survey Department and a Registry Office, as is francophone custom.

2. Transfer Procedures

In the francophone areas private transfer of title can be done by so-called "authenticated act", which is a contract executed in the presence of a notary, who certifies its validity. Customary land also can be transferred in this way, but once transferred it loses its customary status and is registered under a modern title.

Acquisition of fee title from the state is related to completion of a specific improvement, prior to which land is held under a provisional title and right of occupancy, granted by the state. Certification must be obtained from the government (or the city) that the required investment has been made; an administrative action then confirms the title. The actual registry procedure may then take several months. Urban land is given economic zoning, and the value of the required improvement varies. Within urban areas covered by a generalized city plan, the regulations generally require construction in modern materials; the value of an acceptable improvement is usually set at CFAF 3 million (\$12,500). In smaller cities, the value may be set as low as CFAF 1 million (\$4,200). At the other end of the scale, construction of a modern home valued at least at CFAF 5 million (\$20,800) is required before fee title can be delivered to urban lots in a recently subdivided and urbanized Douala neighborhood.

Improvements of this magnitude are beyond the means of 80% of the urban population of Cameroon. The Team was told that in the squatter relocation areas on the outskirts of Yaounde, title can be granted upon completion of a shelter of improved traditional materials costing as little as CFAF 300,000 (\$1,250). However, validity of this title might be questioned once the city plan for Yaounde were expanded to incorporate these squatter resettlement areas. At such time construction in modern materials might be required.

3. Availability

Close-in land is practically unavailable in Douala. In Yaounde, much land is vacant but is held off the market by speculators.

Customary land is available in peripheral areas around Yaounde, and, to a lesser extent, Douala. However, the rights of the customary owners are not clearly defined, and the Government of Cameroon has found condemnation lengthy, costly and politically unrewarding. As a result, the Government has suggested to SIC, the national, para-statal housing authority, that it negotiate for the purchase of the land necessary for new projects. (SIC has completed acquisition of 30 ha. outside Douala and is investigating about eight possible sites, all well outside Yaounde).

At one time the Government granted reserves of land to some municipalities (600 ha. in Yaounde, 120 ha. in Douala, 118 ha. in Ngaoundere), so that relocatees from urban renewal projects might be compensated with free building lots. Urbanisation was to be provided by the municipalities, whose budgets did not permit too intensive an investment. These municipal land reserves have been either distributed or illegally occupied by squatters. Use of available land could be maximized by development of smaller parcels that might be assembled in some pocket areas of Yaounde and Douala.

In Yaounde, where considerable vacant land is being held in close-in areas by some owners, customary land is available only on the outskirts at prices from CFAF 800-1,000 (\$3.30-4.20) per square meter. SIC's land costs for the Cite Verte site just off the main road to the west of town ranged from 400-900 per square meter.

Customary land costs CFAF 2,000 to 6,000 (\$8.30-25) per m² in downtown Douala, a city with a shortage of available land, competition from a growing industrial zone, and a high level of speculative activity. With a minimum lot size of 300 m², land alone would cost from CFAF 600,000 to 1,200,000 (\$2,500-5,000). Customary land on the outskirts costs CFAF 500-1,000 (\$2.10-4.20) per m². Recent acquisition by SIC of a 30 ha. tract outside town cost CFAF 127.5 million, or an average of CFAF 425 (\$1.77) per m².

In Bafoussam, the Team was told, most vacant land within the city limits is in private hands, mostly customary. The official price for raw municipally-owned land has been CFAF 300 per square meter (\$1.25). Customary land is sold at prices ranging upward from this figure, the size of the lot and hence the total price being a function of how much money the seller needs.

C. Community Services

The Government and/or the municipality in the case of Yaounde and Douala, attempt to provide a market, a dispensary, a school, a police station, and a Party hall for each neighborhood.

The Party hall is particularly important in that it provides a community center for social services. The organization is strong and local Party secretaries in addition to serving as social workers and providing counselling services also are used for the organization of self-help neighborhood improvement projects.

The Urban Health Service (Bureau de l'Hygiene Urbaine) is responsible for garbage collection and insect abatement programs. It reports violations to the technical services of the municipality.

In addition to health code enforcement the municipality is responsible for relocation of residents in areas required for public improvements and for development of squatter resettlement zones (zones de recasement). These are neighborhoods subdivided and provided with minimal streets, storm drains, and community water taps where relocatees are assigned to lots.

A strong sense of cooperative community government has developed in many areas sometimes with the help of party cadres or missionaries, sometimes spontaneously. In some of the squatter areas, land has been reclaimed from swamps, streets laid out, and community designed building codes enforced.

In principle, all subdivisions are to follow a set of master plans and zoning regulations for each city. These are badly out of date, however, and difficult to enforce. Regulatory sections of the Ministry of lands and Housing limit enforcement to control of building permits and title registry.

There is no ad valorem property tax. Taxes imposed on income from real estate are listed in Table 7.

Electricity has been provided by three companies now being combined into a National State Corporation. The SNEC provides water in the eastern part of the country, and a system of individual services operates in the west. Installation charges for water are CFAF 40-60,000 per meter, much too high to be supported in a site and service program. One meter could be provided per community and costs prorated to individuals. Electrical installations for 500 Watt service are about CFAF 15,000 and 20-40,000 for greater services. A family with only a few light bulbs will pay about CFAF 600 per month while one using 30 kw of electricity and 10-12 cubic meters of water will have utility bills of CFAF 2,000 per month. 100 kw and 25 cubic meters will cost CFAF 5-6,000 per month.

Only a few downtown areas in Yaounde and Douala have sewage collection lines and wastes are not treated. Some homes have septic systems but most use privies either on the lot, or in the most crowded areas, shared with other families. SIC projects generally include a community septic system.

TABLE 7. Taxes on Income from Real Estate

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- 10% Tax on net incomes from improved real estate - collected by the Societe Nationale d'Investissements
 - 25% Capital gains tax on sale of real estate
 - 5% Tax on lease registration
 - Tax on trade or sale of property

<u>Tax</u>	<u>Value of Property</u>
CFAF 1000	under 100,000
2%	100-500,000
5%	500,000 - 2 million
10%	2 - 5 million
15%	over 5 million

- 2% Mortgage tax (In the event the mortgage is connected with a savings for housing loan the tax is 0.5% for mortgages of 3 to 5 million and 1% for mortgages of more than 5 million)

Source: Ministry of Equipment, Housing and Land

D. Housing Finance and Development Institutions

There is no well developed mortgage market in the Cameroon. Most residential and commercial real estate developments are financed either by medium-term credit from commercial banks or concessionary loans from the Cameroon Development Bank and Société Immobilière du Cameroun.

The lack of adequate long-term financial resources for the real estate market means that most structures built in the Cameroon must be amortized over a relatively short period of time, certainly less than the productive life of the asset. Consequently, rent and lease payments for both residential and commercial space are abnormally high. It is not unusual, for example, for a developer of an apartment building to amortize the mortgage on the structure over a 5-7 year period.

By the nature of the structure of the monetary system in the Cameroon, commercial banks rely heavily on the Central Bank for purposes of rediscounting credit they provide to the private sector. Given the many demands placed on the banking system and its limited financial resources, the amount of lending for real estate development has been small compared to lending to finance trade and commerce. As of December 1973, for example, the central bank through its rediscount window provided CFAF 69 billion (\$276 million) of credit to the commercial banking system of which 87% was on a short-term basis. Lending for housing development amounted to CFAF 1.9 billion (\$7.6 million) or less than 3% of total Central Bank credit.

Detailed data are not available for the amount of credit extended by commercial banks to finance real estate development, but since banks cannot in general rediscount more than 50% of their loans, it is doubtful that total lending to the real estate industry exceeded CFAF 3-4 billion in 1973.

The six commercial banks operating in Cameroon are the Societe Camerounaise de Banque (SCB), the Cameroun Bank Ltd (CB), the Banque Internationale pour le Commerce et l'Industrie du Cameroun (BICIC), the Societe Generale des Banques au Cameroun (SGBC), the Banque Internationale pour l'Afrique Occidentale (BIAO), and the Standard Bank of West Africa (SBWA). Only the CB Ltd is wholly Cameroonian-owned; the SCB is 60% Cameroonian-owned with 25% of the capital held by the Credit Lyonnais and the remainder in equal parts by an American, a German, and an Italian bank. The SGBC and BICIC have Cameroonian participation. The other two banks are wholly foreign-owned subsidiaries of foreign financial institutions.

1. Cameroon Development Bank (CDB)

The Cameroon Development Bank (CDB) was organized in 1961, when it assumed the assets and liabilities of the pre-independence Credit du Cameroun. It is a mixed public-private corporation, in structure and purpose similar to development banks generally in francophone Africa. Because it makes few long-term loans to begin with (only 10% for more than 5 years) and because bad experience with delinquent housing loans in the past has made management disinclined to finance relatively risky low-income housing projects, the CDB's role in housing is not significant. Loans for housing in 1972-73 were less than 8% of the bank's total loans of CFAF 7.75 billion (about \$31 million); of this, about 38% was for "social" housing.

Its purpose is to provide financial and/or technical assistance for development projects, consumer credit, real estate, and loans for small equipment. It may loan at short, medium or long-term, but its own terms may not exceed the terms of the source of its financing; this has limited sharply its ability to make long-term loans. Capital stock carries a book value of CFAF 1.5 billion (\$6.25 million) and is divided

as follows:

Government of Cameroon	75.5%
CCCE	15.5%
Central Bank	8.0%
Bremen Landesbank	1.0%

Loans are approved by a four-man Loan Committee: two representatives of the Government, one from CCCE, and one from the Central Bank. Medium-term loans of more than CFAF 20 million and long-term loans of more than CFAF 10 million must be approved by the full Board of Directors. The Director General may authorize small loans, generally for no more than CFAF 2 million, except for housing loans, for which the ceiling is CFAF 3 million. He may also authorize loans for housing projects by the Cameroonian Housing Authority or by private and para-public corporations for workers' housing.

The CDB offers five major loan programs: agricultural credits, industrial credits, housing loans, auto and general equipment loans, and loans to small businessmen and other loans.

Its 1972/73 loan program totaled CFAF 7.8 billion (\$32.5 million) of which 65% were short-term credits, 30% medium-term and less than 5% long-term (i.e. more than 5 years).

CDB LOANS PROGRAMS 1972-73 (CFAF 000,000)

<u>Category</u>	<u>Total No. Loans</u>	<u>Short-Term</u>	<u>Medium-Term</u>	<u>Long-Term</u>	<u>Loan Totals</u>
Agriculture	61	4,198	272	300	4,769
Industry	38	514	1,074	--	1,587
Housing	760	1	543	71	615
Auto & Small Equipment	3,496	359	143	--	503
Small Business & Other	46	59	219	--	278
TOTAL	4,401	5,131	2,251	371	7,753

Agricultural loans are primarily marketing credits to cooperatives or agricultural companies and represent the most important CDB activity - more than 55% of total credits granted by the bank since its start.

Industrial sector loans include short-term advances to finance public works and medium-term loans primarily to refinance the short-term debt of the new transformation industries. They have increased generally in recent years, from an average of 13% of CDB activity during the 1960's to an average of 24% during the last 3 years. Loan volume fluctuates, both absolutely and relatively.

Consumer loans and loans to small business together represent a relatively small volume of bank credits (10% in all) although the number of consumer loans (purchase of autos or household equipment) is substantial.

The CDB has three major categories of individual housing loans - for ordinary housing, for social housing, or for home improvement (purchase of construction materials). A fourth category of potential loan for the purchase of land has not been used. Activity over the last 3 years has been as follows:

CDB HOUSING LOANS 1970-73 (CFAF 000,000)

	<u>1970-71</u>		<u>1971-72</u>		<u>1972-73</u>	
	<u>No.</u>	<u>Amt.</u>	<u>No.</u>	<u>Amt.</u>	<u>No.</u>	<u>Amt.</u>
Ordinary Housing	37	83	46	213	93	262
Social Housing	104	89	107	102	261	238
Construction Materials	<u>173</u>	<u>25</u>	<u>365</u>	<u>74</u>	<u>403</u>	<u>93</u>
S/T Individual loans	314	197	518	389	757	593
Consortial loans (Apartment construction)	1	68	1	101	1	23
Total Housing	315	265	579	490	758	615

Loans for construction materials are for 2 years. Total loan may not exceed eight times the applicant's basic salary, with a maximum of CFAF 1 million. A personal contribution of 10% of the value of the construction is required. The loan bears a face interest rate of 5.25% per annum, plus costs of 1.25%. Because CDB calculates its interest on the total loan for the entire period, the real interest rate comes to 10%.

Loans for social housing are for a maximum of CFAF 3 million (\$12,500), with total value of house and land limited to CFAF 3,750,000 (\$15,600). Term is 7 years, with a 3-4 month grace period to allow for completion of construction. The face interest rate is 3.75% plus 1.25% costs. Calculated in advance, the effective rate is 6.75%. A down-payment of 20% of the total value of the house and land is required, which can consist of cash and/or of land and of construction in place (but not construction materials).

Long-term (10-year) financing has been made available primarily for ordinary (expensive) housing, although in the past loans of this nature have been limited to 5 years. Face interest rate is 5.5%, effective rate 7.5%. Loan maximum is CFAF 5 million (\$20,800) on a total value of land and improvement not to exceed CFAF 6,250,000 (\$26,000). The down-payment must equal 20% of the total investment, of which at least half is to be in cash.

In general CDB attempts to keep housing expenses to within 25 to 30% of basic salary; for upper income borrowers this ratio may rise to 50%.

Because of difficulties in securing clear title against which to register a loan, CDB will loan only to salaried employees who can also present as co-guarantor another salaried employee. A security deposit equivalent to 6 months payments also is required. Loans are repaid by quarterly salary check-off. Additional security is provided

by compulsory life insurance.

Housing was a much more important part of the CDB portfolio in the early 1960's, representing 23.6% of loans granted during the period 1961-65. However, loan servicing difficulties and delinquency problems contributed to CDB financial difficulties in the mid-'60's. As a result, the volume of housing loans diminished absolutely for the next 3 years, dropping to CFAF 265 million -- only 5% of loans granted in 1970-71. Except for consortial loans usually made to finance construction of upper income rental apartment buildings, loans during this period were small and limited to medium term because of the unavailability to CDB of long-term financing for housing.

Following the opening in 1969 of a CFAF 200 million line of credit from CCCE and the Central Bank, CDB was able to resume its housing loan program. The volume of individual loans, exclusive of consortial loans, almost doubled in 1971-72 (from CFAF 197 to CFAF 389 million) and increased again by more than 50% to CFAF 595 million in 1972-73. Total loan volume as a percentage of CDB activities also increased, from 5% in 1970 to 7.5% in 1971-72 to 8% in 1972-73.

This line of credit has now been exhausted and will probably not be renewed. It was intended to encourage a savings-for-housing program among families of moderate incomes, but did not work out that way. Lower-income families did not wish to contract to save, and funds were loaned off to the Bank's upper-income customers.

In the last 3 years loans for so-called social housing have varied, as part of total housing loans, from 45% in 1970-71 to 26% in 1971-72 and again to 40% in 1972-73. However, the benefits of the CCCE's long-

term financing has gone mostly to owners of higher priced homes. Only three social housing loans totalling CFAF 5.9 million were made during this period. On the other hand, owners of higher priced units received a total of 35 long-term loans totalling CFAF 151.5 million.

CDB LONG-TERM HOUSING LOANS (CFAF 000,000)

	<u>Social Housing</u>			<u>Ordinary Housing</u>		
	<u>No. of Loans</u>	<u>Amount</u>	<u>Average</u>	<u>No. of Loans</u>	<u>Amount</u>	<u>Average</u>
1970-71	--	--	--	6	21.2	3.5
1971-72	3	5.9	1.9	13	59.3	4.6
1972-73	--	--	--	16	70.9	4.4
TOTAL	3	5.9	1.9	35	151.5	

More than two-thirds of CDB's loan volume in the last 3 years has been in the Yaounde area, usually to government workers.

CDB identifies three categories of collections (late payment, doubtful, and unrecoverable), which have varied as follows:

CDB LATE AND DELINQUENT LOANS (CFAF 000,000)

	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
Late	73.6	81.4	54.5
Doubtful	363.3	324.0	265.1
Unrecoverable	<u>266.4</u>	<u>359.8</u>	<u>432.1</u>
TOTAL	703.3	765.2	751.7

Late payments represented 2.03% of total repayments due in 1971-72 and 1.15% in 1972-73. In these same years late housing payments stood at 1.07% and 1.1% respectively, in each case less than the overall CDB average.

CDB has written off its bad loans and is now in sound condition. In general its housing loans have a lower delinquency rate than its other loan program, and are found primarily among social housing borrowers. Doubtful and unrecoverable loans have remained fairly stable, most of them dating back to the early and mid-1960's, when CDB encountered difficulties because of underwriting weaknesses.

CDB share capital, set at CFAF 1.5 billion, was held at 1 billion as a result of its financial difficulties in the mid-1960's, and the balance of CFAF 500 million was not paid in until a few years ago. Given its increasing loan activity - CFAF 5.7 billion in 1970-71, 6.6 billion in 1971-72 and 7.8 billion in 1972-73 - it is apparent that most of its resources must come from borrowings.

The 1972-73 Balance Sheet showed, as against a CFAF 5.5 billion outstanding loan balance, borrowing and deposits totalling 4.5 billion, as follows:

CDB LOANS AND BORROWING 1972-73 (CFAF 000,000)

	<u>Loans</u>	<u>Borrowing and Deposits</u>
Long-term	1,762)	
Medium-term	2,702)	3,168
Short-term	1,039	636
Demand	_____	<u>717</u>
TOTAL	5,503	4,521

CDB loan resources are obtained from deposits by the Government or from other public funds, from central bank rediscounts, and from foreign borrowings. In general, loan terms may not exceed in aggregate the term of the Bank borrowings against which they are made.

Government or other public deposits, primarily short-term, have been declining in relative importance since the mid-1960's, when their use for medium and long-term investments strained CDB's liquidity position. These deposits are also used to finance specific projects on behalf of third parties → specific deposits to cover operations on behalf of the Government varied between CFAF 1.2 to 2.1 billion (\$5-8.75 million) during the last 3 years. CDB may lend out the equivalent of 10% of its deposit at medium term and 50% at short-term.

Central Bank rediscounts are the major service of lendable funds on short and medium-terms. On these CDB has paid 3.5% for short-term (as do commercial banks) and 2.5% (a special rate for CDB) for medium-term; these rates were recently raised to 5.5% and 4% respectively, and the term extended from 7 to 10 years.

The major source of long-term funds is foreign borrowing, primarily from CCCE, which also holds an equity position in the bank and provides technical assistance. In recent years CCCE advances have been limited to specific industrial (and hotel) projects. The term has been 10 years and the interest rate 4.5%. CDB relends these funds at a margin of from 1.5 to 3%.

In the past, CCCE also has advanced a general line of credit for 10 years at 4% in the amount of CFAF 100 million for housing. To this an equal amount in Central Bank medium-term rediscounts has been added. CDB's use of this CFAF 200 million has been described above. However, discussions with French officials indicated that this general advance was not to be renewed. The other long-term lender to the CDB has been the German Kreditanstalt, which has made available 15-year funds at 3%, chiefly for commercial and industrial development.

Because of the distribution of its resources, two-thirds of CDB intervention has been over the short term. Less than 10% has been for more than 5 years. In the last 3 years this tendency has become even more pronounced: 71% of CDB activity has been short-term, only 5.7% long-term.

Even putting aside loans in the agricultural sector, of which the majority must be one-year marketing credits, CDB's non-agricultural loan portfolio has been heavily weighted to short-term credits. Non-agricultural loans in the last 3 years were 46.4% short-term, 45.2% medium-term and only 8.4% long-term. Of the long-term non-agricultural loans, the majority (CFAF 450 million) were for industrial projects, and CFAF 157 million for housing.

CDB's capacity thus is largely limited to what it can borrow offshore, particularly if terms of more than 5 years are indicated.

While it appears to have recovered somewhat from the problems that led to its financial difficulties during the 1960's, CDB still demonstrates certain management weaknesses. Of its 145 employees, only 7 are fully qualified executives. Two branches are headed by middle-management employees ("cadres") -- there are only 12 in the Bank as a whole.

Technical assistance from CCCE has been gradually reduced. With the departure of the expatriate head of the delinquent accounts section in June 1974, only 2 expatriates remain.

In general, the CDB top leadership seems content to administer a housing program designed for upper income levels and little inclined to attempt lower-income programs where the greater underwriting risks

and increased administrative efforts required might have a tendency to lead to a repetition of its earlier difficulties. If CDB wishes to play a role in low-income borrowing, it should set up a special operation to administer these programs, to safeguard its present financial situation, and should strengthen management capabilities.

2. The Societe Immobiliere du Cameroun (SIC)

The Societe Immobiliere du Cameroun (SIC) or the Cameroon Housing Agency is a mixed public-private corporation under the general supervision of the Ministry of Equipment, Housing and Lands. Organized in 1952 to provide social housing, its structure and purpose, resemble those of other housing authorities in francophone Africa. SIC is the only housing developer of significance in the Cameroon having built a total of 2,147 dwelling units. High construction costs coupled with a lack of Government funds for land and infrastructure mean that most SIC units now go to middle-income Cameroonians, and specifically to public employees, who receive Government housing allowances.

SIC's capital totals CFAF 500 million (\$2.1 million), of which slightly more than half is held by the Government directly and another fourth by public or Government-controlled agencies.

Government	51.6%
CCCE	16.7%
City of Douala	10.3%
Cameroon Development Bank	10.0%
Societe Camerounaise de Banque	5.0%
French Deposit Bank	3.8%
Others	2.7%

SIC assets as of March 31, 1974 totaled CFAF 3.1 billion (\$12.8 million). It has completed or has under construction 2,147 dwelling units: 1,534 in Yaounde and 613 in Douala.

SIC's Board of Directors has 12 members, selected by the stockholders in accordance with their holdings: 6 are appointed by the Government, 2 by CCCE, and one each by the City of Douala, the Cameroon Development Bank, the Société Camerounaise de Banque (in which the Government has a majority interest), and the French Deposit Bank. The Executive Committee, designated by statute, consists of the Chairman of the Board, the Director General and representatives from the CCCE, the CDB and the Ministry of Plan.

SIC can develop, build and manage its own housing projects. It can also plan and construct projects financed by others (92 housing units for railroad workers, an apartment building for Air Afrique, schools financed by IBRD). It also serves as a design consultant for specific Government projects, such as housing, infrastructure, town planning. The Agency's operations have been localized in Yaounde and Douala. Attempts to expand to other urban centers have not been successful because of the inability of the municipalities or the Government to budget the necessary supporting activities.

SIC HOUSING CONSTRUCTION (Number of units)

	<u>1950's</u>	<u>1960's</u>	<u>1971-73</u>	<u>1974 (under construction)</u>	<u>Total</u>
Yaounde	467	753	167	147	1,534
Douala	298	225	90	--	613
TOTAL	765	978	257	147	2,147

SIC has recently undertaken the large-scale Cité Verte project in Yaounde -- 60 ha. and 2,500 units in 5 years. Construction began last year on 147 units of the first 374-unit phase.

SIC constructs both for lease-purchase and for rent. Since the CCCE decision to finance only "economic" rental housing, SIC has had access to long-term credit only for rental units, and has had to finance its sales program with medium-term Central Bank Credits. Monthly payments on SIC economic units, now exclusively rental, have risen with the increase in construction costs. Rentals for units constructed in the 1950's ranged from CFAF 1,500 to 8,900 per month. By the late 1960's and early 1970's this had risen to a range of CFAF 13,000 - 26,000. Projected rentals for the Cité Verte project start at CFAF 20,000 for the 2-room units and increase to CFAF 37,000 for the 4-room dwellings. As a result, most new SIC units must be rented or sold to public sector employees.

In June 1973 1,215 units were under SIC management. A total of 127 were lease-purchase and 1,088 rental, including 800 administrative units rented by the Government. SIC has completed sales through lease-purchase of 685 units.

Slow payments by the Government makes it hard to service administrative units. Administrative rents are being paid 6 months late in 1974, an improvement over the 10-month delay experienced in 1972-73, but still less than the 3-month delay which in the late 1960's was normal for remittances from the Government. SIC has had to assign a full-time employee to press its billings to the Government.

SIC has had extreme difficulty in obtaining final Government approval of previously agreed upon rental schedules. In one case after a 24-unit project was occupied, the Government proposed to pay rents substantially lower than those initially agreed upon. Another 36 units remain vacant for the same reason. The differences appear substantial, with the Government proposing rents of from CFAF 17,300 to CFAF 67,300 for units originally priced at from CFAF 36,000 to CFAF 99,600. This is a political, rather than an administrative obstacle; nonetheless it strains SIC's cash position.

SIC's major source of funds is the CCCE, which in recent years has limited its financing to rental units. Loans are for 20 years for units costing less than CFAF 1.5 million (\$6,250), have a 5-year grace period, and carry an interest rate of 3.5%. Units costing more than 1.5 million but less than the CCCE ceiling of CFAF 2.5 million (\$10,400) have a 5% rate for 15 years with a 5-year grace period. CCCE will finance projects only if there is local participation, which must be at least 25% for the less expensive and 50% for the more expensive units.

Medium-term advances from the Central Bank provide a second source of funds, practically the only source for SIC's higher priced sales units. The Government may participate through long-term advances, as in the case of a CFAF 300 million (\$1.25 million) 4% loan for the construction of 36 units for high government officials and technicians in Yaounde.

In the past the Government has provided sites through condemnation, leaving to SIC only the cost of squatter relocation. However, the legal and political problems involved in acquisition through eminent

domain have led the Government to pass the site-acquisition buck to SIC.

SIC has also sought Government financing of infrastructure. In the Cite Verte Project, for example, SIC has requested a grant of CFAF 400 million (\$1.7 million) for the first 20 ha. to be developed. This request is still pending and is holding up construction both of the balance of the first phase (227 units) for which bids were opened in May, 1974, and of the 500-unit second phase now in design. Lack of Government funds for advance land acquisition and for infrastructure is the major financial stumbling block to an expanded housing program.

The cost of construction in Cameroon means that fully completed modern housing units can be developed at prices which are within the means only of upper-income residents. This situation is not likely to improve. SIC reports that construction bids opened in June, 1974 were 30% higher than those for comparable units in June, 1973.

As indicated earlier, the range of monthly payments for SIC's "economic" units have increased steadily through the years, until it is now difficult to put units on the market for less than CFAF 20,000 a month. In accordance with local practice, SIC permits payments of up to one-third of basic monthly salary on housing - the amount which under law can be attached for non-payment of rent. Thus the economic units now coming on the market require incomes of at least CFAF 60,000 per month -- incomes earned by less than 8% of the employed population in urban areas. There is an exception, however; government employees making as little as CFAF 40,000 per month

can afford the cheapest new units because of their 20% housing allowance, as follows:

one-third of 40,000	=	CFAF 13,000
20% housing allowance		<u>8,000</u>
		CFAF 21,000

This group represents about 20% of the urban employed in Yaounde, where Government employees and SIC projects are concentrated.

SIC is the only major housing developer in Cameroon. It has benefitted from technical assistance from SCET-International, one of the French technical assistance agencies; this help is being withdrawn as Cameroonian counterparts are trained. With the departure of the chief accountant, SIC's financial and administrative operation has been Cameroonized. SCET technical assistance is now limited to the Director General, his Technical Deputy, the Director of the Technical Division, and one Project Engineer.

The Team's initial meeting with the Administrative and Financial Director and the Deputy Technical Director was somewhat frustrating in that we were unable to obtain at that time specific data on SIC's housing projects (number of units, price ranges). This seemed to indicate that comprehensive knowledge of the agency's operation was missing. (It may also reflect a reticence to divulge concrete data, a general francophone tendency it seems, and possibly a reaction to the political criticism of SIC housing prices.)

The Agency appears to be effective on the operational level. Collections, for example, are being maintained at adequate levels since institution of an improved Delinquent Accounts operation 3 years ago by the current General Director. SIC also seems capable of

managing a substantially higher number of units, which will lower its per unit management costs.

The question of whether SIC can collect in a sites and services project - given the greater risk and higher collection cost per unit - has been addressed by that Agency and by the Team. Both agree that such projects should be pilot operations with separate accountability, to be spun off into a specialized agency if experience justifies such a move.

Technically the SIC projects are well conceived and competently executed. Architectural work is generally contracted to Cameroonian architects and reviewed by the SIC. Designs are acceptable though they could be improved. Plans and specifications are produced in accordance with francophone standards. Urbanization design is handled by the SIC staff as is contracting and supervision of work, again in accordance with francophone practices. The technical office has the capacity to handle a substantially expanded program with minimum expansion of staff. One or two additional project engineers would probably be required.

E. Other Institutions Affecting Housing

1. The Ministry of Equipment, Housing and Lands

The Ministry was created in June, 1972 with the proclamation of a new constitution for the unified republic of Cameroon. It grouped the old Ministry of Public Works, the Secretary of State for Urban Development, and the Departments of Lands Survey and Registry (formerly in the Ministry of Finance).

The Ministry's seven departments are General Administration; Construction; Town Planning and Housing; Roads; Land Survey; Land Registry; and the National School of Technology. The Ministry also supervises four para-statal agencies: the Societe Immobiliere du Cameroun (SIC), the Department of Public Works, the National Geographical Institute, and the National Public Works Equipment Garages.

The Government supplies operational funds to the Town Planning and Housing Department. Specific programs may be funded from the national development budget or, in the case of infrastructure, by the electrical and water companies.

During the Second Five-Year Plan (1966-71) the Government invested slightly more than CFAF 1 billion (\$4.2 million) in Town Planning and Housing (besides capital expenditures on the water and electrical system). This was 5.2% of the total spent by the Government on Plan objectives. Capital spending by the Government for comparable purposes, essentially the preparation of town plans and cadastral surveys, during the Third Plan (1971-76) are projected to remain at essentially the same annual level of somewhat more than CFAF 1 billion. To date, however, only one-third of the planned amount has been budgeted. Total investment in town planning, infrastructure and modern housing in urban areas during the Third Plan is slated to be CFAF 28.2 billion (\$117.5 million), or 10% of total planned investment, public and private.

The Team was able to meet with top officials of the Town Planning and Housing, the Land Survey and the Land Registry Departments and with a number of provincial officials.

Judging from its comparative lack of success at recent budget sessions the new Ministry has not fully established itself. This is understandable, as it always takes time to coordinate services which previously functioned in other Ministries. (Inadequate staff work may also have played a role. The Development Plan budgeted CFAF 33 million for the cadastral survey of Yaounde. When proposals were solicited, the lowest came in at CFAF 110 million, or more than 40% of the entire CFAF 250 million budgeted under the Plan for a cadastral survey of 6 cities).

The Town Planning and Housing Department has a small staff and key positions are held by expatriate advisors. The Town Planning Division, headed by a former colonial administrator, has supervised preparation of about 15 city plans by low-budget private consultants. These plans have a broad scale, and offer no land-use detail. Some, like the Douala Plan prepared in 1956, must be redone. Nonetheless, existing plans can help by giving a general idea of urban growth, so that sites for specific projects can be identified if financing is available.

The Housing Department is also headed by an expatriate advisor, young and energetic. This Department has most recently been involved in providing staff assistance to the special commission charged with preparing the national housing policy.

Both the Land Survey and Land Registry Departments have competent leadership. The division of the old West Cameroon Land Survey Department and the former anglophone provinces to conform to francophone practice is reported to have weakened this operation in the South West Province. The Land Survey is short of equipment and qualified surveys and must work generally on an ad hoc basis. Land Registry is responsible for management of Government lands and is set up to receive payments for land purchase. However, it has no experience in collecting monthly leasehold payments in francophone areas. The Team did not have time to investigate the experience of this operation in the anglophone South-West and North-West Provinces.

In general the Team feels that whereas the Ministry could serve as The Borrower under a possible housing Guaranty program, its structure does not lend itself to the financial accountability requirements of a sound program, and its skilled personnel are spread too thin to permit assumption of substantially greater responsibilities.

2. Financing Housing in Rural Areas

Financing of housing in rural areas has been quite limited in the past but recent expansion of co-operatives and credit unions as well as the recently established special fund for rural development hold much promise for the development of housing in rural areas.

There are three types of co-operative associations providing credit facilities for housing in these areas. Marketing and farmers co-operatives are being expanded throughout most cash crop areas. These co-operatives provide crop financing and are

beginning to extend credit, secured by crops, for the purchase of building supplies, such as aluminum roofing sheets, framing timber, and cement. These co-operatives buy in large quantities and thereby obtain price discounts for farmers. They operate in a similar fashion to Southern States Co-operatives in the U.S.

Mutual societies have also been encouraged in rural areas by the Government for the purpose of financing local business development. These societies are financed by per capita levies of CFAF 150 within the community as well as by investment profits. The funds are made available for construction of hotels, service stations, and general commercial expansion and the purchase of building materials by households. These institutions are basically operating as local banks.

Credit Unions have also expanded operations in the Cameroon since initial establishment in 1963. By 1973, there were 181 groups having 22,000 members with savings totalling CFAF 24 million. Loans are made mainly for education of members' children and for building houses. 10% of credit union members are located in urban areas.

Credit Unions have also expanded operations in the Cameroon since initial establishment in 1963. By 1973, there were 181 groups having 22,000 members with savings totalling CFAF 224 million. Loans are made mainly for education of members' children and for building houses.

Individual credit union chapters belong to the Cameroon Co-operative Credit Union League, which provides various administrative and support services, and which in turn is a member of CUNA. The credit union movement in the Cameroon has received financial and

technical assistance from the Konrad Adenauer Foundation, Oxfam, as well as the U.S. Peace Corps and AID. With growth in deposits, these credit unions have recently begun to make loans directly to rural marketing and farmers co-operatives rather than depositing investable funds in commercial banks generally located in urban areas.

In order to better promote agricultural projects and rural development infrastructure, the Government has recently established a special fund, Fonds National de Developpement Rural (FONADER), to guide preparation and implementation of large scale projects in rural areas. FONADER is authorized to lend for the development of social projects in rural areas and considers housing a priority sector. The organization has been funded initially by a Government grant and by investment financing made available through various Cameroon commodity marketing boards. The budget for operation in fiscal year 1973 was CFAF 2.5 billion and has been set at CFAF 3.8 billion for 1974. The World Bank has in the past year provided funding directly to FONADER to implement a livestock project in the northern part of the Country. FONADER is considered by the Government to be the primary vehicle for promoting development in rural areas.

IV. THE EFFECTIVE DEMAND FOR HOUSING

A. Existing Urban Housing Conditions

The last inventory of housing conditions in the Cameroon was undertaken in preparation for the Second Development Plan (1966-71). Limited to Yaounde and Douala, and excluding expatriate housing, it showed the vast majority of the urban population living in traditional housing, improved by a corrugated tin roof but lacking electricity, water, and inside sanitary facilities.

<u>Urban Housing Conditions 1964</u>	<u>Yaounde</u>	<u>Douala</u>
Housing Construction		
Traditional	63%	-
Improved traditional (with corrugated iron roof)	14%	70%
Semi-modern (metal roof and concrete foundation)	13%	17%
Modern	10%	13%
Housing Facilities		
Electricity	20%	17%
Running Water	7.4%	6%
Inside Toilet	6.8%	-

The other towns had, generally, fewer dwelling units of modern or semi-modern materials, but also lower densities.

By 1969, the quality of dwelling units had improved noticeably in Yaounde, primarily as a result of the addition of metal roofs to existing traditional units, or the replacement of deteriorated traditional units with ones improved by concrete foundations. Subsequent to the survey, the demolition in the late 1960's of two old neighborhoods further reduced the supply of traditional housing.

Yaounde: Character of Housing Stock 1964-68

	<u>1964</u>	<u>1968</u>
Traditional	14,510	6,608
Improved	6,254	11,993
Modern	2,396	5,874
Occupants/du	4.57	6.52

The 40% increase in rate of occupancy occurred because the total number of dwelling units increased by only 5.7% during the entire 4-year period while population grew by 7.5% each year.

The impact of this lag in housing construction fell almost entirely on low-income families. A comparison of the total of traditional and improved units shows a net loss of 2,163 low-income units. The modest rise in the total number of units was almost exclusively in modern dwellings, hence available only to the top 15% financially of the population of Yaounde.

Population pressure has filled the older popular neighborhoods to saturation. Densities in the New Bell area of Douala reach as high as 500 persons per hectare, an extraordinary figure for the Cameroon. The Buea Town Strangers neighborhood had 450 plank structures on 17 ha. in 1968, with one kitchen and one WC for each 3 to 10 households. But in the last few years, urban population growth has been absorbed largely by the spontaneous settlement of new areas lying farther away from the city center. Here densities are lower, but are achieved at a cost of lack of access to public utilities.

Neither Yaounde nor Douala has a sewage system. Costs for construction of treatment plants and feeder systems for these towns have been estimated at CFAF 20 billion (\$83.3 million) for Yaounde and almost as much again for Douala. Storm drainage is inadequate in the cities visited by the Team, and rights-of-way in popular neighborhoods are often

merely graded, with summary gutters and no topping. The Team visited squatter areas in Douala where rights-of-way were constructed and paid for by the occupants themselves.

Individual water supply is available only along the main paved streets in Yaounde and Douala. In other neighborhoods the system is being slowly extended, and the municipality may construct and pay the user fees for public water fountains in some areas. Ngaoundere has no water system as yet, although construction of one has started. Families either dig wells (in upper income areas) or buy water from tank trucks. Neither Bafoussam nor any town in the West has a water system, according to the Governor's office.

B. Field Investigation of Housing Market

The following observations are based on discussions with knowledgeable officials in 5 of the Cameroon's 7 provinces, supplemented by personal visits to Yaounde, Douala, Victoria (South-West), Bafoussam (West) and Ngaoundere (North). Through these comments the Team describes how housing is obtained, constructed and financed by the vast majority of urban residents in Cameroon, and in particular by those whose incomes are too low to benefit from official housing and loan programs.

1. Type of Housing

In general the Team was impressed by the quality of traditional and improved traditional housing in low-income urban neighborhoods. Rather than the ramshackle and poorly constructed shacks usually associated with port-of-entry neighborhoods without security of tenure, the Team saw -- even in squatter neighborhoods -- solidly constructed homes of traditional materials with a life estimated at 10 years or more by officials of the Housing Department.

Traditional housing in the Littoral (Douala) and South-West (Victoria-Buea-Tiko) is made of planks fastened to a wooden framework ("en carabote"). In the West and Center-South (Yaounde), traditional housing is made of wattle and daub or mud bricks. In the north, the construction of walled-in courtyards and use of mud bricks increases to the degree one moves through the savanna to sub-desert areas. The geographical association of housing types was most dramatic along the route from Victoria to Bafoussam; plank houses lining the road were abruptly replaced by mud structures as the Team crossed from the South-West to the West Provinces.

Land in traditional settlements is extensively used. Walled concessions in the north contain a home for the head of the family and separate structures for wives, grown sons and others ranged around the courtyard -- even filling it, in some cases. In other areas families construct a long rectangular unit in the rear of the lot, consisting of a number of rooms (or if the lot is large enough, a row of 2-room apartments, each with its own entrance). The family can live there while the front of the lot is devoted to a much larger, basically square structure, designed for rental, and consisting of a common living room surrounded on three sides by 6-8 bedrooms, each of which has both an outside and an inside entrance.

2. Initial Access to Housing (The Rental Market)

According to preliminary data developed in connection with a study on urban immigration into Yaounde, the new arrival is generally single and 20 to 25 years old. He lodges free with a relative until he can find a job, a period which usually lasts for two years.

Initial rentals are of single rooms or so-called "studios," two rooms in tandem. Monthly rents vary from CFAF 800 - 1,000 (\$3.33 - \$4.17) for a single room with a mud floor to CFAF 3-4,000 (\$12.40 - \$16.70) for an improved traditional room (one with a cement floor). For CFAF 5,000 (\$20.83) the now established urban resident can rent a unit large enough to accommodate the wife he has returned to the village to marry. This is usually one or two rooms with a common living room or a two-room row unit. It may even have a common water tap in the courtyard so that it is not necessary to carry water from the common fountain installed by the municipality.

Rental of an entire house is less common. Sample rentals cited to the Team range from CFAF 6,000 (\$25.00) for a 70-80 square meter traditional house without utilities in an outlying neighborhood to CFAF 15,000 (\$62.50) for a 4-5 room traditional house with water and electricity. By this time, however, the young family head is more likely to be engaged in building his own home on traditional land on which he has purchased a right of occupancy.

In Douala, where the same transition is followed, rooms rent for CFAF 1,500 - 3,000 a month (\$6.25 - \$12.50). A house rents for CFAF 5,000 (\$20.83) although the Team also was shown a plank house renting for CFAF 7,000 (\$29.17).

In Buea, the 1968 administrative survey reported rooms in plank houses without electricity renting for CFAF 800-2,000 (\$3.33 - \$8.33) a month, while a room with dirt floor and no utilities could be had for CFAF 300 - 1,500 (\$1.25 - \$6.25) a month.

In Ngaoundéré room rentals are CFAF 1,500 - 2,000 (\$6.25 - \$8.33), which represents a minimum of 25% of the basic salary for unskilled labor of CFAF 6,000 a month.

Rental is almost unknown in Bafoussam, the country's most rapidly growing urban center. A new arrival to that city from the surrounding agricultural area usually has a place to stay and may occupy a portion of customary land as negotiated by a member of his extended family already in the town. Given the disposition toward mutual self-help of the Bamileke resident in the area, the newcomer usually requires only about 3 months of free lodging before he has completed payment for the land and builds and moves into his own house.

3. Land Acquisition

There are three common ways of acquiring land in the Cameroon: free, in municipal subdivisions, and through right of occupancy to traditional land.

Municipally-owned land, as a form of relocation payment, is available free to squatters, who must relocate because of slum clearance, street construction, or other public improvements. Most other municipal lands have been pre-empted by squatters -- another form of free land acquisition.

The municipal governments of Douala and Ngaoundéré have created and sold lots in new subdivisions. In Ngaoundéré lots of 1,000 - 1,300 square meters and up to 2,000 square meters were sold for CFAF 90 (\$375) per square meter -- a land price of at least CFAF 90,000 - 117,000 (\$375 - \$487). In Douala lots of 300 square meters in the New Deido subdivision sold for CFAF 500 (\$2.08) per square meter or CFAF 150,000 (\$625), with payment to the Land Registry Office spread over several years.

The most common method of getting land in the Cameroon is the purchase of a right of occupancy on traditional land. This can lead to disputes when the various sons of a traditional owner sell the right of occupancy to the same piece of land to different purchasers. There are many possibilities for deception, and the usual solution is for the wealthiest would-be purchaser to pay off the others.

The right of occupancy does not necessarily bring its purchaser long-range security. Traditional lots are large and can be subdivided at will by the owner(s) for lease or sale. The right of occupancy also provides no defense if the owner decides to sell fee title or if the land is condemned by the municipality.

Fortunately, to the Cameroonian, long-term security does not appear to be an important consideration. The average urban dweller, the Team was told by several sources, will invest in a traditional home with an expected occupancy of five years. In this time he will have amortized his investment through room rental and will be prepared to move on to a better location.

The right to occupancy of customary land in Yaounde has skyrocketed from CFAF 5-10,000 before independence to the current rate of CFAF 100,000 (\$417) and as much as CFAF 200,000 (\$833) for a 300 - 400 square meter lot in the older, densely-populated but centrally-located Briqueterie neighborhood. To this cash payment is generally added about CFAF 15,000 worth of wine, whiskey and a goat. The lease is usually for 15 years. If the lease is not renewed the occupant in some cases must leave the house behind for the land owner. In other cases he may sell the structure with a portion of the price going to the land owner. A third possibility is for the occupant to make a further payment of, say CFAF 800-1,000 per square meter (\$3.33 - \$4.17) for actual fee title.

4. House Construction

Basic cost of a traditional house seems to be about CFAF 200,000 - 300,000 (\$850 - \$1,250), whether it be of mud in Yaounde or of wood in Douala, possible somewhat less in Bafoussam.^{1/} Of this, approximately one-third represents labor, on which the owner can economize if he has access to the required skills. (of course, he does not save the entire cost of labor since he must provide food, drinks, and gifts.)

It takes about a year to build a traditional house in this fashion, during which time the owner spends about half his salary on materials. This comes to a total investment in land and improvements of from about CFAF 300,000 to 400,000 (\$1,250 - 1,700) over 18 months by an urban resident. If the purchase of materials absorbs one-half his monthly salary for about a year, the Team suggests that a basic monthly income of about CFAF 20,000 -- the median for urban incomes -- may be required to achieve home ownership, of a sort, on traditional land.

Among the Bamileke, who originate in the West and who represent a substantial portion of the population of cities like Douala and Yaounde, the entire process can be accomplished in 3 months. There are two reasons for this. The first is a highly developed spirit of cooperative building. Most extended families have members with building skills, and the Sunday cooperative home-building session has become an urban institution. The second reason is the "tontine," a small informal mutual savings and lending society, again based on a spirit of cooperation. Each member contributes monthly, and each month the amount collected is given in turn to a member of the group.

^{1/} The limiting factor appears to be that the value of the investment in the basic mud house in Yaounde is larger than in the basic plank house in Douala.

A member may sell his turn to use the money or may pay for the right to use the money out of turn. This system, of course, gives tontine members regular access to small amounts of capital with consequent benefits. Among the wealthy, funds flowing through the tontine can be considerable. More than 80% of Bafoussam residents participate regularly in tontines, the Team was told.

C. Urban Housing Needs, Production and Demand

Table 8. indicates that 26,940 urban housing units will be needed each year until 1975 in the Cameroon, increasing to 34,000 units a year for the last 5 years of the decade. These estimates were prepared for the National Housing Policy Commission by the Town Planning and Housing Department of the Ministry of Equipment, Housing and Land, and are based on projected demographic growth plus replacement of the existing dilapidated stock at a rate of 2% per year.

It is obvious that existing official programs, which are limited to Yaounde and Douala, do not begin to meet the overall housing need even in these two cities. In Yaounde, SIC's 2,500-unit Cite Verte Project should satisfy the market for modern (expensive) units in the capital for the next few years. It is estimated that an additional 150 upper-income units a year -- a majority located in Yaounde -- will be financed by the Cameroon Development Bank (CDB). CDB also offers loans for construction materials, some of which could be used in lower-income rental housing. Consequently, the annual housing deficit is estimated as follows:

TABLE 8. Housing Construction Requirements for Urban Centers in Cameroon, 1976-80

<u>City</u>	<u>Est. 1972 Population</u>	<u>Growth Rate</u>	<u>Persons per Household</u>	<u>Number of Units Per Year</u>	<u>1973-75 Total</u>	<u>Number of Units Per Year</u>	<u>1976-80 Total</u>
Douala	315,000	6%	4.8	5,530	16,590	6,970	20,910
Yaounde	210,000	8.5%	5.4	4,300	12,900	5,900	29,500
Nkongsamba	79,300	10% to 75 6% after	4.8	2,160	6,480	1,960	9,800
Victoria-Tiko- Buea	65,300	7%	3.2	1,950	5,850	2,550	7,650
Bafoussam	64,500	11%	7.2	1,300	3,900	1,410	7,050
Kumba	45,000	6%	3.2	1,180	3,540	1,500	7,500
Garoua	40,000	7.5%	4.9	820	2,460	1,100	5,500
Maroua	38,600	3.5%	4.2	530	1,590	600	3,000
Foumban	37,000	5.8%	7.2	420	1,260	530	2,650
Bamenda	32,000	6%	3.3	820	2,460	1,100	5,500
Bafang	29,000	8%	7.2	300	900	410	2,050
Other Urban Centers	<u>295,000</u>	-	-	<u>7,630</u>	<u>22,890</u>	<u>9,840</u>	<u>49,200</u>
Total	1,250,000			26,940	80,820	34,000	170,000

Source: Ministry of Equipment, Housing and Land

Annual Urban Housing Needs as against Officially
Sponsored Housing Production Programmed for 1973-75

	<u>Yaounde</u>	<u>Douala</u>	<u>Rest of Country</u>
Housing Production			
SIC	240	108	95
CDB Home Mortgage	100	25	25
CDB Construction Materials	<u>250</u>	<u>90</u>	<u>60</u>
TOTAL	590	220	180
Housing Need	<u>4300</u>	<u>5530</u>	<u>15,160</u>
Annual Housing Deficit	-3700	-5300	-15,000

The Town Planning and Housing Department has calculated a rough income distribution estimate for Yaounde and for Douala from various employment and labor force participation data. It is presumed that income distribution in the rest of the country's urban centers follows the same pattern.

Urban Monthly Household Income Distribution

<u>Monthly Income</u>	<u>Douala and other Centers</u>		<u>Yaounde</u>	
Less than CFAF 10,000	20.0%		12.0%	
10-22,000	50.0	70.0%	38.0%	50.0%
22-43,000	20.0	90.0	35.0	85.0
43-61,000	4.5	94.5	7.0	92.0
61-90,000	3.5	98.0	5.0	97.0
More than 90,000	<u>2.0</u>	100.0	<u>3.0</u>	100.0
	100.0		100.0	
Median Income:	CFAF 18,000		CFAF 22,000	

If, as the data appear to indicate, about 30% of the urban population is unemployed, it should be possible to guess at an income distribution for urban households containing one fully employed member. The following table has been prepared for Douala, and by extension for other principal urban centers, Yaounde excluded, and indicates a median income of about CFAF 20,500.

Household Income Among Urban Employed

CFAF 10-22,000	57.1%	
22-43,000	28.6	85.7%
43-61,000	6.4	92.1
61-90,000	4.9	97.0
More than 90,000	<u>3.0</u>	100.0
	100.0	

Based on these income distribution estimates, the Town Planning and Housing Department divides housing needs among four major income strata:

1. Super economic: households with incomes of from CFAF 10,000 - 22,000, about half the urban population. If 20-25% of monthly income is to be spent on housing, monthly payments for this group should range from CFAF 2,000 to 5,500.
2. Economic: households with incomes of from CFAF 22,000 to 43,000, representing more than a quarter of the urban population and capable of spending CFAF 4,500 - 11,000 a month on housing.
3. Moderate income: a broad range of households with stable and skilled workers and earning from CFAF 43,000 - 90,000. This group, comprising slightly more than one-tenth of the urban population, can afford monthly payments of up to CFAF 22,500 a month and is the income-group served by the modern housing projects now being developed by SIC.
4. Upper income: the top 3% of the urban population earning more than CFAF 90,000 a month.

Table 9. gives Town Planning and Housing Department estimates of effective demand for 1973-75 by major income categories in the major Cameroonian urban centers.

What kind of shelter can be produced and be within the economic means of the groups described above? If modern housing involves costs comparable to those encountered by SIC, it would appear that high prices will limit purchasers to those in the moderate and upper income categories.

TABLE 9. Annual Housing Construction Requirements for the Urban Centers in Cameroon
By Income Category, 1973-75

<u>City</u>	<u>Super-Economic less than CFAF 22,000/mo</u>	<u>Economic CFAF 22-43,000/mo</u>	<u>Moderate Income CFAF 43-90,000/mo</u>	<u>Upper Income more than CFAF 90,000/mo</u>	<u>Total per Year</u>
Douala	3,820	1,100	440	110	5,520
Yaounde	2,150	1,500	516	130	4,300
Nkongsamba	1,510	430	170	45	2,160
Victoria-Tika- Buea	1,360	390	150	40	1,940
Bafoussam	910	260	104	26	1,300
Kumba	826	236	94	24	1,180
Garoua	574	164	66	16	820
Maroua	371	106	42	11	530
Foumban	294	84	33	-	420
Bamenda	574	164	66	16	820
Bafang	210	60	24	-	300
Other urban centers	<u>5,340</u>	<u>1,500</u>	<u>610</u>	<u>150</u>	<u>7,630</u>
Total (rounded)	18,000	6,000	2,300	570	26,900

Source: Ministry of Equipment, Housing and Land

The Government estimates that a modern housing unit must be at least 70 square meters in size if it is to provide the 4 or 5 rooms desired by Cameroonian families. If this is the case, the cost of the least expensive unit possible at CFAF 30,000/square meter would be out of the reach of low-income families, as shown below:

Housing construction	2,100,000
Infrastructure	400,000
Land	<u>100,000</u>
Total	2,600,000
50% of infrastructure paid by State	200,000
10% down on balance sales price	<u>240,000</u>
Mortgage	2,160,000
Monthly Payment P&I 20 years, 9.5%	CFAF 20,000

Construction of a smaller core unit of 30 square meters, conceivably one large room plus sanitary block, with foundations for possible future expansion to the desired 70-100 square meters along with a government subsidy for 50% of infrastructure expense, would result in the following reduced costs:

House Construction	CFAF 1,000,000
Infrastructure	400,000
Land	<u>100,000</u>
Total	1,500,000
50% of infrastructure paid by State	200,000
10% down payment on balance sales price	<u>130,000</u>
Mortgage	1,170,000
Monthly Payment P&I 20 years, 9.5%	10,500

The marketability of such a core unit must be tested. However, the possibility of easy expansion using improved traditional materials might make the unit more attractive than a small unit (such as the medium unit above) which could not be expanded.

If the Government retained ownership of the land and leased it with infrastructure provided, and private initiative was encouraged to complete the units, the following cost structure would result:

House Construction	CFAF 1,000,000	
10% down payment	100,000	
Mortgage	900,000	
Monthly Payment P&I 20 years, 9.5%		CFAF 8,390
Land and infrastructure	500,000	
Leasehold payment based on payment of carrying charges at a rate between the Central Bank discount rate of 4.5% and, say the 9.5% on HG loan would carry.		<u>1,700 - 3,650</u>
Total initial monthly payment		CFAF 10 - 12,000

While monthly payments are of the same order of magnitude, there is no government subsidy for infrastructure involved in the latter example. Lease payments would be at market interest rates. Moreover, leasehold payments could be adjusted downward to reach the lowest income groups with compensating higher leases for higher income groups.

In this way the Government ultimately could recover its investment either by selling the land at a later date or by increasing the lease to its occupants, whose incomes presumably will have increased.

To provide what it calls "economic" housing, the Government proposes a sites and services program, available for the CFAF 22,000 - 43,000 income group. Here, larger lots would be equipped by the Government with construction by the beneficiary of an 80-100 square meter improved traditional house (concrete foundation, metal roof, plastered earth on stabilized earth walls, septic tank, and full utilities). The draft housing program proposes that land and infrastructure be at the charge of the state -- we suggest that the same principle for long-term land-lease apply here so as to avoid use of subsidies for which the Government has little available resources.

An improved traditional house costing CFAF 600,000 could be constructed by artisans and financed from owner's resources as is done now. Long-term financing for these units poses a problem, inasmuch as it is difficult to conceive of a mortgage term of more than 8 years. On this basis, and assuming a 10% down payment, monthly payments on CFAF 540,000 at 9.5% would be CFAF 8,000. The monthly expenditures for this option is competitive with the modern core house listed above. It provides immediate space instead of permanent construction, and it is difficult to assess the relative value to the beneficiary. Both alternatives probably should be made available.

Housing for the lowest income group (Super-economic) will require a sites and services program; contribution by the state (or leasehold payments by the beneficiaries) would be the same as for the economic housing program. The major difference would be in the size and the cost of the structure to be built, again by traditional methods. It also seems more than reasonable that the size and quality of the improvement should be a function of the needs and resources of the private beneficiary, rather than of the amount of state subsidy available.

Financing of the minimum unit, whose cost is estimated at CFAF 300,000 by Government experts, assuming a 10% down payment, a 5-year term, and 9.5% interest would cost CFAF 5,000 a month. Because of the substantial self-help component associated with construction of this sort, monthly payments might be less.

Payments of carrying charges from CFAF 1,700 - 3,650 on a land lease are more than competitive with monthly payments for improved traditional housing in neighborhoods now occupied by this income group. A room in a plank house with a cement floor and electricity in Buea rented for CFAF 1,500 to 2,500 a month in 1968. Rooms in Yaounde are currently

renting for CFAF 2,000 - 3,000 a month.

Rents for facilities without utilities are, of course, less:

CFAF 6,000 a month will rent an entire 70-80 square meter house without utilities in an outlying Yaounde neighborhood -- about CFAF 1,000 to 1,200 per room per month. The 1968 Buea survey reported rooms in plank houses without electricity renting for CFAF 800 - 2,000 a month, while a room with dirt floor and no utilities could be had for CFAF 300 - 1,500 a month. The same CFAF 6,000 per month, if the sites and services super-economic schedule is adopted, will bring ownership of a better house on a lot serviced with utilities.

V. THE ECONOMIC OUTLOOK AND INVESTMENT FINANCING

The Cameroonian economy is based essentially on export activity, mainly cocoa, coffee, timber, and cotton. In recent years, especially under the Second Development Plan, progress was made in establishing a local manufacturing base producing and assembling import-substitute products. Progress was also made in developing industries to transform locally raw materials into intermediate goods for both the domestic and export markets. A major aluminum complex refines bauxite ore from Guinea into about 50 - 60,000 tons of aluminum annually. Some of this aluminum is exported and the rest used to produce building materials and household utensils for the domestic market. A major cement producing factory has also recently been developed but it relies heavily on imported clinker and consequently does not generate sizable income flows (value-added) to the domestic economy.

During the first decade of independence (1960-70), Gross Domestic Product grew at an average annual rate of six per cent. Using prudent financial policies, the Government was able to finance increased public investment largely out of domestic savings. Public investment was directed primarily at eliminating bottlenecks to development, namely, an inadequate transport network and untrained manpower. Crop diversification was also financed and a liberal investment climate was maintained so as to encourage an inflow of private foreign investment. By 1970, GDP totalled \$1.2 billion, or about \$200 on a per capita basis.

Beginning in the early 1970's, economic growth slowed down owing largely to declining world prices of cocoa and coffee and a decline in private foreign investment. Despite the resulting recession in the domestic economy, the Government managed to increase budgetary savings through higher tax rates,

improved tax collection, and better expenditure control. There was nevertheless a drawdown of reserves and increase in external debt during this period as public investment out-distanced domestic savings and a sizable trade deficit emerged.

Beginning with the recovery of commodity prices on world markets in 1973, there was a rapid increase in export earnings and accumulation of foreign exchange reserves. The impact of higher petroleum prices was felt beginning in 1974 and is just now mitigating some of the gains achieved by the export sector. The full impact of higher petroleum prices eventually on the Cameroonian economy is still uncertain at this juncture.

Prospects for further growth of the economy remain favorable; diversification and deepening of the export base will be the leading edge of the expansion. The advantages of diversified climate and soil -- which makes the Cameroon somewhat unique among West African Nations -- should make it possible to increase output of almost all crops as well as of livestock.

Preconditions for the further development of the economy are that adequate investment is directed toward developing the country's agriculture resources, especially as exploited by small farmers, and that the transport network necessary to produce and market the crops and livestock is further developed. The recent completion of the Yaounde-Ngaoundere link of the Trans Cameroonian Railroad, for example, is expected to have a significant impact in the development of the resources of the Northern part of the country.

The Government and interested outside observers recognize that even if rural development is successful, continued rapid migration from rural areas to the principal urban centers will remain a fundamental problem. A further

area of concern is therefore the channelling of this urban potential; at present urban unemployment is high, well-sited land is being wasted in unplanned squatter settlements and other residential communities, and needed infrastructure and social services are not being developed. The quality of urban living as well as the productive potential of population centers is therefore being held back and, in some cases, eroded.

With respect to investment financing, the economy has relied substantially on foreign borrowings to cover the gap between total domestic saving and investment (public and private). In 1973, private investment from abroad was estimated at \$17 million, official capital grants were \$10 million, and net public medium and long-term borrowings abroad were about \$37 million (disbursements of \$64 million minus repayments of \$27 million).

Best estimates suggest that in order for the economy to maintain a 5% real growth rate over the next 5 years, which would be only 70 per cent of the 1967-71 rate, net public medium and long-term borrowings will have to amount to some \$40-50 million annually over the period. This estimate is based on the assumption of exports growing at an annual rate of some 3.5 per cent, or slightly less than imports over the period.

Total public debt service in 1973 amounted to \$27 million giving a debt burden in terms of export earnings of 8 per cent. This was a sizable increase in the debt burden ratio of 5.7 per cent in 1972. In that year total public and medium-term debt amounted to \$247 million and rose to an estimated \$315 million in 1973.

As of December 1972, nearly 50 per cent of this debt was held by governments, principally France, Germany, and the U.S. Multilateral sources accounted

for a further 25 per cent, with suppliers credits making up most of the balance. Based on present trends (export growth forecast of 3.5 per cent annually and a required \$40-50 million annual net inflow of public investment over the next 5 years), the debt burden ratio would increase to approximately 12-15 per cent by 1979.

Appendix I. Country Background

A. Geography and Climate

The United Republic of Cameroon, located on the curve of the West Coast of Africa, is bordered by Equatorial Guinea, Gabon and Congo (Brazzaville) on the south; Central African Republic and Chad on the east; and Nigeria on the west.

Within its 183,568 square miles are four distinct geographical regions:

1. The coastal lowlands with equatorial rain forest extending inland along the flood plain of the Wouri River, at whose mouth lies Douala, the country's port, chief commercial center and largest city. The climate is hot, humid, and rainy throughout the year.
2. The large central plateau, a transitional area rising in altitude to 4,500 ft. above sea level in the Adamaoua region. Temperatures vary between the long rainy and short (December-March) dry season. To the north, where wooded savanna replaces the rain forest, rainfall diminishes to less than 36 inches a year, and temperature variations are greater.
3. High savanna in the far north, sloping toward Lake Chad, with 20-25 inches of rainfall a year.
4. Mountain forests in the west, starting with the 13,000 ft. Mt. Cameroon, highest peak in sub-Saharan West Africa, and moving northward through rolling hills and highlands ranging in elevation from 3,600 to 7,300 ft. The climate is cool and humid.

B. History and Government

Occupying a traditional geographical and ethnic crossroads in Africa, the Cameroon has received ethnic groups pushing into the forested areas from the plateaus and savannas to the west

and north. The country now contains about 200 ethnic groups speaking 24 major tongues.

Among the most recent pre-European invaders were the mail-coated Fulani horsemen, who imposed their rule if not always their Moslem faith on the sedentary peoples of the northern region during the 14th century. Although a Carthaginian sea captain Hanno is alleged to have reported the existence of Mt. Cameroon in the 6th century B.C., most historians are satisfied that the first people to make contact by sea were the Portugese. Fernando Po, who gave his name to the island lying off the coast (now a part of Equatorial Guinea), discovered the Wouri River in 1472. By baptizing it Rio Dos Camaroes (Shrimp River), he gave a name to the country which eventually developed.

Portugese activity lasted about 100 years and was followed by a century of Dutch activity (1578-1675), chiefly slaving. During the 19th century, British and German explorers penetrated from the north and trading companies established themselves at Douala.

The Germans won the race for empire in Cameroon with the signature of a mutual aid agreement in 1884 between the German Empire and the kings of Douala. They were awarded the area at the 1885 Conference of Berlin, which divided a large portion of Africa among the interested imperial parties.

German colonial rule was upset by World War I when the French occupied the Cameroon. In 1919, the Treaty of Versailles divided

the country between the French who received the lion's share and the British who took over the much smaller western portion adjacent to Nigeria.

During World War II the Cameroon lined up with the Free French. After the war, the League of Nations mandates were converted into United Nations trusteeships. French Cameroon was given independence Jan. 1, 1960. After a disputed plebiscite in 1961, the southern part of British West Cameroon was attached to the francophone state and the northern portion absorbed by Nigeria.

From 1961 until June 1972, the country was governed as a federation. Following a referendum, a unified republic was proclaimed. May 20, date of the referendum, became the new national holiday.

The constitution of the unitary state provides for a strong President and a unicameral National Assembly, both elected for 5-year terms. The President appoints and may dismiss members of the 24-man cabinet.

Administratively, the country is divided into seven provinces, as follows, and 39 departments:

<u>Province</u>	<u>Capital</u>	<u>Est. 1970 Population</u>
Center-South	Yaounde	1,093,000
East	Bertoua	612,000
Coastal	Douala	285,000
North	Garoua	1,583,000
West	Bafoussam	994,000
North West ¹	Bamenda	732,000
South-West ¹	Buea	543,000

1. Formerly West Cameroon

Cameroon is a single party state, the National Cameroonian Union (UNC) having absorbed all but one of the former opposition parties upon its organization in 1966. The one hold-out went underground and subjected the country to terrorist activity during the late 1960's.

C. Population

Total population in 1973 was estimated at 6,200,000. The annual growth rate is 2.1% resulting from a birth rate of 4% and relatively low death rate of 1.9%.

Overall population density is 12.5 persons per square kilometer. The population, not surprisingly, is unevenly distributed. The former West Cameroon contains 20% of the population on 10% of the land, and the area around Douala is 70% urban. In contrast, the sparsely populated eastern province has 2.6 persons per square kilometer.

In Cameroon as a whole, according to Government data, the urban population -- those living in communities of 5,000 or more with more than 50% of the work force engaged in non-agricultural activity -- totaled 1,250,000 in 1972, or 22% of the total population. Urban areas are growing at the rate of 6% per year, and the Government estimates that 60% of the country's future population growth will be in these urban centers. During the past 10 years, the urban percentage of the total population rose from 14% to 22%; it is projected to be almost 40% of the population by 1980.

Urban growth itself has not been evenly distributed. The metropolitan centers of Yaounde and Douala have accounted for most of this growth, claiming an estimated 37% of the urban population in 1972. Isolated urban centers also have experienced rapid growth from a very low base, as they have started to satisfy basic needs of hitherto unserved areas.

Although Yaounde is growing faster than Douala (8.5% annual growth as against 6%), some of the most rapid urban growth is taking place in medium-sized towns in the Douala hinterland along the main road to the densely populated western area.¹ Bafoussam, the western capital, has a growth rate of 11%, and most of the

1. On the other hand, some of the older secondary centers have faded as a result of competition from newly-created administrative centers, loss of commercial function with the development of village retail outlets dealing directly with wholesalers in the metropolis, and the increasing relative proximity of Yaounde and Douala thanks to improvements in the transportation network.

western urban centers themselves are growing faster than the national average. Completion in February 1974 of the Yaounde-Ngaoundere segment of the Trans-Cameroon Railway will also stimulate urban growth along its route, particularly at the northern terminus.

Major cities of Cameroon and their growth rates are:

<u>City</u>	<u>Est. 1972 Population</u>	<u>Annual Growth Rate</u>
1. Douala	315,000	6.0%
2. Yaounde	210,000	8.5%
3. N'Kongsamba	79,300	10.0%
4. Victoria-Tiko-Buea	65,300	7.0%
5. Bafoussam	64,500	11.0%
6. Kumba	45,000	6.0%
7. Garoua	40,000	7.5%
8. Maroua	38,600	3.5%
9. Foumbam	37,000	5.8%
10. Bamenda	32,000	6.0%
11. Bafang	29,000	8.0%
12. Ebolowa	27,000	6.0%

In addition, there are 5 towns of more than 20,000 population; 14 towns of more than 10,000 population; and 20 towns of more than 5,000 population.