

**CAMEROON'S AGRARIAN POLITICAL ECONOMY: IMPACT OF THE STATE'S
FREE MARKET AGRARIAN SYSTEM REFORMS ON COFFEE COOPERATIVES'
ACTIVITIES AND MARKET ORIENTATION.**

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School of Social Sciences (Development Studies Programme),
University of the Witwatersrand, Johannesburg,
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Doctor of Philosophy.

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DECLARATION

I, Roland Nkwain Ngam, declare that “Cameroon's Agrarian Political Economy: Impact of the State's Free Market Agrarian System Reforms on Coffee Cooperatives' Activities and Market Orientation” is my own unaided work and that all the sources that I have used or quoted have been fully indicated and acknowledged by means of complete references.

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ABSTRACT

Title: Cameroon's Agrarian Political Economy: Impact of The State's Free Market Agrarian System Reforms on Coffee Cooperatives' Activities and Market Orientation.

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Cameroon's modern economy developed around a satellite-metropolis plantation dynamic within which successive European colonial masters and later, African-led governments, promoted monocrop commodity production along coastal areas for the benefit of Europe. The federating organisations employed to structure production were a combination of plantations, agriculture development zones and especially cooperatives. The period of government-controlled cooperatives was characterised by a *too-big-to-fail* approach; the State intervened directly in cooperatives' affairs and managed their cashflow through the National Produce Marketing Board. Following a structural adjustment plan in the 1990s, the Cameroon State divested its interest in cooperatives and transitioned the agrarian system into a borderless, global market within a neoliberal competition state dynamic.

This study investigated the impact of the Cameroonian State's post-structural adjustment neoliberal agrarian system reforms on coffee cooperatives' activities and market orientation. This was done through the prism of the two biggest coffee cooperatives in Cameroon, i.e. the Central Union of Agricultural Cooperatives of the West (UCCAO) and the North West Cooperative Association (NWCA). The study employed an interpretivist approach, and the extended case methodology was used to gather data. Data gathering instruments included interviews, questionnaires,

participant observation, archival material and photos. Respondents were top managers of both cooperatives plus forty coffee growers.

The study revealed three key findings. Firstly, the Cameroon State's support to coffee cooperatives in the free market era is characterised by a preponderance of disparate programmes which appear to be done more for optics rather than actually providing the robust support that is needed to help producer organisations succeed. Some development experts (Chang, 2001; Gereffi, 1995; Stiglitz, 2008) are unanimous that in underdeveloped countries with threadbare infrastructure, the state has a key role to play in providing the infrastructure, communications networks, access to finance and other support necessary to develop efficient value chains that can take commodities to world markets on a consistent and reliable basis. Secondly, Cameroon's coffee Cooperatives have made only timid and insufficient efforts to adjust to the deeply globalised free market context into which they were suddenly ushered in the 1990s after a half a century of operating as quasi parastatals. Their market orientation shows a business-as-usual approach which is ultimately self-defeating as it stops them from leveraging the opportunities offered by free market globalism. Thirdly, conclusive data from around the world reveals that the more successful modern-day cooperatives are those ones that locate themselves in parallel cooperative market economies based on solidarity, democracy and cooperation among cooperatives rather than in traditional capitalistic value chains (Wright, 2011). It is this pathway that Cameroonian cooperatives need to follow if they wish to succeed in the age of globalism.

Keywords: co-operatives, agrarian political economy, global commodity chains, social and solidarity economy, cooperative market economy.

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LIST OF ABBREVIATIONS

ACEFA	Programme for the Improvement of the Competitiveness of Family Agro-Pastoral Farms.
ACU	Area Cooperative Union.
AEO	African Economic Outlook.
AfDB	African Development Bank.
AGOA	Africa Growth and Opportunity Act.
AU	African Union.
BACU	Bali Area Cooperative Union.
BBA	Bulk-buying Allowance.
BCMA	Bamenda Cooperative Marketing Association.
BMA	Bamenda Marketing Association.
BPCPMU	Bamenda Provincial Cooperative Produce Marketing Union.
BWI	Bretton Woods Institutions.
CAADP	Comprehensive African Agriculture Development Programme.
CBD	Coffee Berry Disease.
CCIC	Coffee and Cocoa Inter-Professional Council.
CDC	Cameroon Development Corporation.
CEMAC	Central African Monetary and Economic Community.
CENADEC	Agency for the Promotion and Development of Cooperatives.
CENEEMA	National Centre for Research and Experiments in Agricultural Mechanisation.
CFAO	French West Africa Company.
CFRF	Crop Finance Revolving Fund.
CIG	Common Initiative Group.
CNU	Cameroon National Union.
CONAC	National Anticorruption Commission.
COOPAGRO	Agricultural Cooperatives of the West.
CPDM	Cameroon People's Democratic Movement.
CPMS	Cooperative Primary Marketing Society.

CTSCFCC	Technical Committee for Coordination and Monitoring of the Cocoa and Coffee Sectors.
CU	Cooperative Union.
DMACU	Donga-Mantung Area Cooperative Union.
DMGEA	Support Programme for Development of Medium and Large-Scale Farms.
DTI	Department of Trade and Industry.
EAMI	Medium-Sized Commercial Farm.
ECCAS	Economic Community of Central African States.
ECOWAS	Economic Community of West African States.
EDF	European Development Fund.
EEC	European Economic Community.
ELECAM	Elections Cameroon.
EOI	Export Oriented Industrialisation.
EPA	Economic Partnership Agreement.
EU	European Union.
FCFA	Central African Franc.
FDI	Foreign Direct Investment.
FIDA	International Agricultural Development Fund.
FIDES	Economic Development Investment Fund.
FIMAC	Investment Fund for Agricultural and Community Micro-Enterprises.
FOB	Free On Board.
FODECC	Cocoa and Coffee Development Fund.
FONADER	National Fund for Rural Development.
GoC	Government of Cameroon.
HEVECAM	Cameroon Rubber Company.
HIPCI	Highly-Indebted Poor Countries' Initiative.
HPO	Western High Plateaux Programme.
ICoA	International Coffee Agreement.
ICA	International Cooperative Association.
IOF	Investor-Owned Firm.
IRA	Institute of Agriculture Research.
IRAD	Institute for Agronomical Research.

IRD	Integrated Rural Development.
IRZ	Institute of Animal Research.
ISI	Import-Substitution Industrialisation.
KACU	Kom Area Cooperative Union.
LBA	Licensed Buying Agent.
LBC	Licensed Based Companies.
LDC	Least Developed Country.
MDRI	Multilateral Debt Relief Initiative.
MEAVSB	Upper Benue Valley Research and Development Programme.
MIDEVIV	Food Crops Development Programme.
MINADER	Ministry of Agriculture and Rural Development.
MINAGRI	Ministry of Agriculture.
MINCI	Ministry of Commerce and Industry.
MINEPAT	Ministry for the Economy, Plan and Regional Development.
MINCOMMERCE	Ministry of Commerce.
MINRESI	Ministry of Scientific Research.
MNC	Multinational Corporation.
NACU	Nso Area Cooperative Union.
NCCB	National Cocoa and Coffee Board.
NEPAD	New Economic Partnership for Africa's Development.
NEWGEN	New Generation Young Farmers' Coffee Programme.
NPMB	National Produce Marketing Board.
NWCA	North West Cooperative Association.
OACU	Oku Area Cooperative Union.
OHADA	Organisation for the Harmonisation of Business Law in Africa.
PA3C	Pilot Project to Revamp the Cocoa, Coffee and Cotton Sectors.
PACA	World Bank Agricultural Competitiveness Improvement Project.
PADFA	Agricultural Sector Development Support Programme.
PAIJA	Support Programme to Integrate Youths in Agriculture.
PALF2C	Cocoa-Coffee Fungicide Support Programme.
PAMOL	Palm Oil Plantations.
PAPVCC	Support Programme for the Protection of the Cocoa and Coffee Acreage.

PAUEF2C	Cocoa Coffee Fertiliser Support Programme.
PCRD	Decentralised Rural Credit Programme.
PIB	Public Investment Budget.
PNVRA	National Vulgarisation and Agricultural Research Programme.
PO	Producer Organisation.
PPDMVCC	Improved Seedlings Production and Distribution Support Programme.
PRAMS	Programme of Reforms in the Agricultural Marketing Sector.
PRGF	Poverty Reduction and Growth Facility Strategy.
PRSP	Poverty Reduction Strategy Paper.
PSCC	Cocoa-Coffee Nursery Programme.
PURRPCC	Emergency Programme for the Reduction of Pesticides in the Cameroonian Cocoa-Coffee Sectors.
RELESS	Local Collective for Social and Solidarity Economy.
RoC	Republic of Cameroon.
RSDS	Rural Sector Development Strategy.
SAP	African Provident Societies.
SCMB	Southern Cameroons Marketing Board.
SCU	Secondary Cooperative Union.
SDF	Social Democratic Front.
SEM	Modernisation Zone.
SEMRY	Yagoua Rice Development Zone.
SIP	Native Provident Societies.
SNV	Dutch Development Cooperation.
SODEBLE	Wheat Development Agency.
SODECAO	Cocoa Development Agency.
SODECOTON	Cotton Development Agency.
SODERIM	Mbo Plain Rice Development Agency.
SOWEDA	South West Development Agency.
SOWEFCU	South West Farmers' Cooperative Union.
SPACU	Santa-Pinyin Area Cooperative Union.
SRV	Store Receipt Voucher.
STABEX	Exports Stabilisation Fund.

UCCAO	Central Union of Agricultural Cooperatives of the West.
UDEAC	Central African Customs and Economic Union.
UNO	United Nations Organisation.
UPC	Union des Populations du Cameroun – Cameroon People’s Union.
USAID	United States Agency for International Development.
USFDA	United States Food and Drug Administration.
USSR	Union of Soviet Socialist Republics.
WCMB	West Cameroon Marketing Board.
ZAPI	Priority Integrated Rural Development Zone.

Chapter 1: Introduction.

1.1. Background.

This study investigates the impact of the Cameroon State's post-structural adjustment free market agrarian system reforms on coffee cooperatives' activities and market orientation. A necessary corollary of that is an anatomisation of past and current State-cooperative relations. Prior to the liberalisation of the cooperative sector in 1991, agriculture accounted for up to 60% of Cameroon's GDP and due to its strategic importance, the State controlled the only value chain available to coffee producers, through the National Produce Marketing Board (NPMB) (World Bank, 2010). Within this dynamic, it also constituted itself as a very aggressive and authoritarian agrarian entrepreneur. In the North West and West Provinces, it further commandeered cooperatives' resources for rural development. The State's pre-structural adjustment posture and ethos contrast sharply with the post-structural adjustment dynamic in which its support to agricultural entities in general, and cooperatives in particular, remains both disparate and imprecise.

The consensus among researchers is that development doesn't occur as the spontaneous result of economic interests acting independently but rather as the consequence of a thought-out process fostered especially by political leaders (Williams, 2015). The Cameroon State has played a central role in organising the country's agriculture for over a century; its founding ethos was linked to commodity production. The country's modern economy developed around a plantation dynamic starting from 1884 when German explorers landed at Ambas Bay and laid claim to the hinterlands with the expressed ambition of producing commodities like palm oil,

rubber, cocoa and coffee for their metropole (Warnier, 2012). The food system and agrarian structure which they put in place created an extroverted plantation economy model which has dominated the agrarian political economy ever since.

Plantation agriculture required a tributary process of state formation to channel labour into agribusinesses and maintain law and order across the territory. Academics posit that statism in pretty much all of Africa, Latin America and Asia was the direct consequence of the vulgarisation of frontier and tropical plantation agriculture within the first British-centred food regime (Clarence-Smith and Topik, 2003). Linked to this was a deliberate process of class formation and division of labour which placed Whites at the top in charge of the capital, the brains and market orientation; followed in the middle by an African petite bourgeoisie which supervised commodity production and whipped producers into line; and finally, at the very bottom of the ladder, an exploited peasantry tasked with the heavy lifting. The introduction of state institutions fundamentally reshaped why, how and for who food was - and is still - produced in Cameroon as well as how agribusinesses behaved in the market economy.

From its founding in 1884 to date, Cameroon's food system and agrarian structure has gone through three major iterations, viz:

1. 1884-1960: This is the period of White-owned plantations and cooperatives. The German colonial administration introduced monocrop plantation agriculture with cultivation of rubber, banana, tobacco, oil palm, coffee and cocoa along the Ambas Bay coastline on the Kamerun territory. Away from the coast, the production of these commodities was handled by cooperatives. African-owned cooperatives were tolerated only to the extent that they agreed to sell all their commodities to their White-owned counterparts (Warnier, 2012). Following the

post-World War 1 peace process when the Germans were forced out of the country, commodity production was further expanded under French and British colonial administrations and *Caisses de Stabilisation* (Price Stabilisation Funds) and Marketing Boards were introduced to coordinate collection, processing and export of produce to Europe. The Anglo/French authorities also introduced a tax system which continued mass depeasantisation of the hinterlands and migration of labour to these new agribusiness ventures.

2. 1960-1986: this is the President Ahidjo era of Five-Year plans and import-substitution industrialisation policies. Recognising that agricultural commodities were the biggest and most stable hard currency earners at their disposal, the Government of Cameroon (GoC) continued the colonial tradition of authoritarian, hands-on, interventionism in agriculture and placed all large-scale agribusinesses under direct control of the state. The State managed the collection and sale of all major agricultural commodities. Cooperatives' marketing efforts and capital flows were controlled through marketing boards. Development zones were set up in all provinces of the country, with each province adopting a different priority crop or set of crops according to its climatic conditions and local cultural habits.
3. 1991-Present: this is the era of President Biya's austerity policies, structural adjustment, liberalisation and competition state approach to development. Following a recession which started in 1986, the GoC struck a deal with Bretton Woods Institutions (BWI) to adopt free market policies, and hastily departed from the agriculture scene, causing prolonged mass chaos in commodity chains. However, faced with persistent liquidity challenges, an inability to attract sufficient foreign direct investment (FDI) and rising unemployment, the GoC

has, once again, taken a keen interest in promoting and developing agri-commodities, ostensibly to bring productions levels back to where they were before liberalisation and structural adjustment.

In each one of these stages, the organising hand of the state was omnipresent, often causing Cameroonians to straddle a bifurcated production system which served the interests of others more than it did theirs. The extroverted colonial production system was associated with mass dispossession along the coast where hundreds of thousands of hectares of native lands were expropriated without compensation. It was also associated with depeasantisation and proletarianisation as many Africans whose lands were seized through this process were subsequently hired as paid workers on plantations developed where their homes once stood.

While it is undoubtedly true that coffee growers in most production zones adopted the coffee plant and planted it themselves on their properties, its ubiquity in the food system was down to the punctiliousness and determination of the State. The simultaneous depeasantisation and proletarianisation of the Cameroonian countryside prompted people to abandon food crop production in favour of cash crops and plantation work, a situation which led to mass starvation between the late 18th and early 19th century (Warnier, 2012). To curb the famine, the colonial government introduced and vulgarised the cassava plant, a tuber with little nutritive value. They also encouraged communities to plant more corn and beans on half of their family plots and dedicate the other half for export commodities (Warnier, 2012).

Straddling the first two accumulation paradigms, production risks associated with commodities was outsourced to the peasantry through a combination of outright coercion, hut tax, poll tax and treaties with local chiefs requiring them to force their subjects to join colonial projects. The federating organisations employed to structure

inland commodity production were a combination of agriculture development zones and cooperatives which grouped together thousands of producers for critical scale. The brilliance of cooperatives lay in the fact that they offered the possibility to depeasantise Africans right where they lived, in their rural communities.

After independence, the Cameroonian State continued to instrumentalise cooperatives to extract surpluses from commodity producers for an import-substitution industrialisation programme and government expenses. This entailed continuing the policy of shifting people away from diversified, subsistence agriculture into monocrop commodity production (Ntangsi, 2008). The social economies created by cooperatives also ensured that rural poverty was not exported to urban areas (Ake, 1985). Ubiquitous marketing and price stabilisation boards systematically creamed the lion's share of farmers' dividends and funnelled it into state coffers. It is very informative that by 1986, 50% of all agricultural activity in Cameroon and on the rest of the African continent involved cooperatives (Wanyama, 2013). Whatever commodity was produced was sold exclusively to the village cooperative; this was non-negotiable (Schwettmann, 2014a).

The pre- and postcolonial states made coffee one of the pillars of the Cameroonian economy and a century of backing commodities has created a situation where the country's fortunes are inextricably linked to the value of its agriculture exports: when commodities do well, the entire economy does well. When they slump on the international market, the entire economy takes a hit. Until the mid-1980s Cocoa and coffee together contributed 60% of Cameroon's GDP (World Bank, 2010). The cooperative was the principal source of hard currency, building material, bride price, medical care and school fees for commodity producers (Schwettmann, 2014a). At the peak of the coffee trade in the mid-80s, there were 600,000 households involved in

coffee production with a combined acreage of over 140,000 hectares in a country of about twelve million people (ICO, 2015). According to World Bank data (2010) Cameroon exported 1.5 million bags (130,000 tonnes) of coffee per annum in the eighties. This dropped to 1 million bags (about 90,000 tonnes) in the late nineties, then to 700,000 bags (50,000 tonnes) in the mid-two thousands and stabilised around a low 400,000 bags (about 24,000 tonnes) from 2010, i.e. a 76% drop. Ironically global demand continued to grow at an average annual rate of 5% throughout this period (ICO, 2015). By 1990, the two most valuable enterprises in the Western High Plateaux were cooperatives – the Central Union of Agricultural Cooperatives of the West (UCCAO) and the North West Cooperative Association (NWCA) in the North West. In this part of the country, coffee was produced almost exclusively by cooperatives, with the lone exception of the Santa Coffee Estate in the North West Province, which was a State-owned plantation.

It should be further noted that the financialisation of commodity agriculture created societal stratification where commodity production became a man's business while women were relegated to subsistence agriculture. Customary land tenure also helped shape this situation: in Cameroon, most customary traditions require that family land is passed down to men, and almost never to women, and this partly explains why men were able to take almost total control of the one channel that brought money into the countryside. So, every major change in Cameroon's food system has been instigated from the very top by a very active state. POs and coffee growers have always had to readjust in reaction to the state's shifting policies. Coffee growers are very resilient and although they have been victimised for more than a century, they have also learned to develop adaptation strategies that help them to leverage evolving accumulation systems as best they can.

1.2. Problem Statement.

Cooperatives, as conceptualised by the originators of the modern cooperative movement, are supposed to be user-owned, user-controlled entities (ICA, 2015). They are developed through a democratic process from below to serve the interests of their patrons, which is typically to provide economies of scale and improved marketing. Even when they are created from above, i.e. by a government or some other entity such as a non-governmental or civil society organisation, it is usually on the principle that their patrons have to manage them personally.

However, for most of the 20th century, Cameroon's agricultural cooperatives were never producer-controlled entities. They were hijacked and instrumentalised from the very top to perform colonial, and later, government priorities, including commodity production, diffusion of innovations, tax collection, rural development, *gemeinschaft* (social cohesion) and funding of the Cameroon State's expenses and import-substitution industrialisation (ISI) policies (Schwettmann, 2014a). The cooperative's activities were subordinated to marketing boards and government-created monopoly trading areas. This meant two things: 1) they were participating in a capitalist system without the freedom to choose how or with whom they did business; and 2) the cooperative system served the interests of those in power more than its patrons', i.e. the very existence of the cooperative was an advantage in that it federated vast swathes of rural communities for economies of scale (Ntangsi, 2008).

The period of government-controlled cooperatives was characterised by a *too-big-to-fail* approach in which the state intervened directly in cooperatives by training their staff, overseeing their management and controlling their capital flows (Schwettmann, 2014a). The *too-big-to-fail* approach ensured that even underperforming entities had

access to the national treasury and tax payers ultimately ensured their survival, regardless of whether they were delivering positive results or not. As Piet Konings (1993) has noted, the Republic of Cameroon's outlay in its large-scale agricultural ventures was both huge and unwavering, even when it didn't make economic sense.

After independence, the state-cooperative synergetic relationship persisted and cooperatives' mandate was further expanded to include other development imperatives such as providing water and roads in some communities. Unfortunately, the presence of big money in cooperatives also attracted clientelism, crony capitalism and dubious managerial practices, all of which contributed to doom them (Schwettmann, 2014a). A major economic recession which began in the 1986/87 financial year, quickly followed by a devaluation of the Central African Franc in 1991 caused the Cameroon government to sign up to the World Bank's Structural Adjustment Plan (SAP) and as part of the deal, it adopted free market policies and got rid of most parastatals. The switch in roles was done hastily, giving both the government and agribusinesses little time to adjust to free market competition.

Instead of the growth that was promised by Bretton Woods Institutions, the SAP led to a prolonged fall in living standards wherever it was implemented (Chang, 2007). Liberalisation led to the very sudden collapse of cooperatives' finances, followed by the arrival of foreign MNCs who now control 60% of the Robusta coffee trade and about 30% of the Arabica coffee business in Cameroon (World Bank, 2010). Across Africa, SAP also accelerated and exacerbated deagrarianisation as dislocated rural people relocated to urban areas and elsewhere in national industry in search of alternative sources of food and income (Gibbon & Olukoshi, 1996; Bryceson, 2000; Mkandawire, 2005).

The Cameroon State's new role in the agriculture sector coincided with three key endogenous and exogenous epoch-making events, the effects of which have completely reshaped production dynamics within the agricultural sector, between producers and producer organisations and between producer organisations and markets. The first event occurred on the world stage, not as a once-off event but rather a prolonged process of neoliberal accelerated global interconnectedness. Under the neoliberal agenda, export-oriented industrialisation (EOI) became the dominant orthodoxy for developing economies (Gereffi, 2014). The orthodoxy developed to undergird this export-heavy thrust was known as the Washington Consensus. It was based on doctrines such as decreased public spending, devaluation, trade liberalisation, deregulation, privatisation of public-owned entities and increased inflows of foreign direct investment (Gibbon and Olukoshi, 1996). In the SAP participating countries, running of the economies was further outsourced to the International Monetary Fund (IMF) which strongly favoured fiscal discipline and free market policies (Mkandawire, 2001). The purported advantage of the Washington Consensus was that it would help generate more foreign exchange for ailing economies and transfer the risks of capitalistic business transactions from supposedly overburdened and underperforming governments to the private sector, thereby avoiding mismanagement and corruption (Chang, 2007). Although it succeeded in the latter priority, the results of the former objective have been generally negative (Chang, 2007).

Globalism has integrated Cameroon into world markets like never before and plugged it into the dominant neoliberal agrarian regime at a time when a handful of multinational corporations (MNC) and venture capitals seek to control supply chains and squeeze small players out of the markets (McMichael, 2013). This translates into greater competition with foreign MNCs on home turf, with some of them competing for

commodities right into the villages and on plantations which cooperatives helped to develop. Bilateral agreements with the European Union (EU) and participation in trade deals like the Africa Growth and Opportunity Act (AGOA) have further diminished the Government of Cameroon's (GoC) presence in commodity agriculture.

The second major upheaval is a systemic failure within the global coffee value chain in the 1990s known as the 'coffee crisis'. The 'coffee crisis was a series of events which occurred within a very short space of time, with very little distance between one another:

1. The 1962 International Coffee Agreement (ICoA) signed to oversee supply quotas on producing countries and stabilise prices expired in 1989 and in the absence of a replacement, the world was suddenly flooded with an abundance of cheap coffee in an unregulated market.
2. The collapse and non-renewal of the ICoA coincided with Vietnam's over-zealous expansion in the 1980s and 1990s when it transformed hundreds of thousands of hectares into coffee plantations and became the world's second producer of Robusta coffee behind Brazil.
3. The two events above combined to push world purchasing prices well below producer prices from the mid-1990s to the early 2000s. During this period, the producer price per kilo dropped from about 800 CFA (1.2 USD) to a derisory 200 CFA (33 USD cents) in Cameroon (World Bank, 2010).

In the third event, which is ongoing, Cameroon has, together with other members of the Organisation for the Harmonisation of Business Laws in Africa (OHADA), ratified the *Uniform Act on Cooperatives* which further confirms cooperatives' total independence from the government. The *Uniform Act on Cooperatives* (Appendix E) has transferred the administrative management of cooperative organisations from the

jurisdiction of the Ministry of Agriculture and Rural Development (MINADER) to the local Home office where the cooperative is based. This administrative change however piles a supplementary administrative layer on top of the liberalisation measures adopted by the Government of Cameroon (GoC) between 1990 and 2000 to give cooperatives their independence in a free market context.

The omnipresent and unwavering State support of the pre-liberalisation context contrasts sharply with the post-liberalisation era in which agricultural cooperatives are independent entities with the responsibility to chart their own course. When the government-controlled value chain collapsed, coffee production also went on a rapid downward spiral. Before 1990, most cooperatives had never managed their own sales and finances - since the marketing boards handled all activities with buyers. They had never been free to chart their own market orientation although they were supposed to be operating in a capitalist environment. After the liberalisation of the value chain, they had to, for the first time, face the enormous task negotiating forward and backward democratic working relationships with their own members while simultaneously developing successful market linkages. For the first time, they had to hire and fire their own staff, manage their infrastructure and develop entity-specific market linkages because the old supply chain collapsed when the government marketing board was liquidated – and all this with a large membership base of hundreds of thousands of restless producers, assets worth millions of dollars (but which are mostly based in the rural countryside) and no money in the bank. Critically, the key post-paid principle on which cooperatives operated before 1990 and which allowed producer organisations to receive produce and sell it on before paying producers has also collapsed; most transactions are now purely on a *cash-and-carry* basis.

Two other important details need to be mentioned with regards to the Cameroon State's behaviour towards cooperatives. Firstly, the State's behaviour vis-à-vis commodity producers across all three periods has always been less than honest. The key motivating factors that have led to transitions from one accumulation system to another have always been located externally from production basins. When the State created marketing boards, it was not only to help coffee producers but also because it wanted, among other things, a mechanism that could be employed to extract surpluses from cooperatives, although farmers were sold this structure as a necessary price stabilisation entity (Mbianda, 1993). When it opened up the Cameroon coffee sector to international competition, it was because the Government needed money from Bretton Woods Institutions and not because of some perceived shortcomings among the producer base – far from it. Cameroon's producers were well and truly punching above their weight even as bad policy choices were crippling the national economy as the high production data from the late 70s to 80s show (World Bank, 2010). Coffee producers were not consulted on this at all, nor were they afforded the time to prepare for free market competition. The second detail which stands out is that commodity producers' priorities, whether under White or Black administrations have always been an afterthought. They were never really empowered to ask questions or manage their own affairs; their human capital was a perceived hindrance and not an advantage and the Government was happy as long as they focused on producing coffee.

1.3. Purpose.

From the founding of the Cameroon State in 1884 until 1990, the Government was a very visible, very authoritarian and very active agrarian entrepreneur (Ntangsi, 2008). The State shaped what people ate, the commodities they produced and the cooperatives which processed and commercialised the commodities they produced.

More importantly, the State controlled the only value chain that coffee cooperatives were authorised to use. In this regard, it can be said that the Government was the value chain. However, following structural adjustment, the State's role in supporting the old status quo within free market competition and global value chains remains shrouded in opacity. Also unclear is how cooperatives in general and coffee cooperatives in particular are participating in the free market in the age of globalism.

This study investigates the impact of the Cameroon State's post-structural adjustment free trade agrarian system reforms on coffee cooperatives' activities and market orientation. To achieve that purpose, it proceeds in the following manner: in the first instance, it anatomises Cameroon's agrarian political economy and the role the State has played in supporting coffee cooperatives pre- and post the liberalisation of the cooperative sector. This is done through a dissection of official legislation, policies, programmes, development plans and overall behaviour. This is followed by a critical assessment of coffee cooperatives and how they engage in the national, regional and international food systems. This section is based on two case studies on the biggest coffee cooperatives in the country, i.e. the Central Union of Agricultural Cooperatives of the West (UCCAO) and the North West Cooperative Association (NWCA).

1.4. Research Objectives.

Consequently, and consistent with the purpose outlined above, the main objective of this study is to critically analyse Cameroon coffee cooperatives' activities and market orientation in relation to the GoC's agrarian system reforms within the prevalent deeply globalised corporate food regime. The key questions that shall be used to guide the study are as follows:

1. What is the role of the Cameroonian state in driving cooperative development within agrarian transformation?
2. Which programmes and policies have been put in place by the GoC and Producer Organisations themselves to support coffee production in the neoliberal, corporatised free market era?
3. Which market orientation do coffee cooperatives pursue to participate in the local and global food system and agrarian structure - and with what success?

1.5. Significance.

Food is big business and agriculture and related industries currently account for over 65% of the global economy (McMichael, 2000: 25). In *The Power of Food*, Philip McMichael argues that although the food system is often discounted by economists, it is actually just as important as money itself (McMichael, 2000: 24). The global coffee trade for example is worth more than 100 billion USD, of which 20% involves coffee beans only (Chamley, 2016). Economists posit that “as countries industrialise, the proportion of their labour force working in agriculture declines” (Bernstein, 2010: 2). However, what they don’t usually say is that agriculture and mining account for most of the raw materials needed by factories and other sectors like travel and tourism, conferencing, sports and restaurants, or that opportunities exist for specialisation in both primary and secondary processing. Also lost in this debate is the important fact that global demographic growth and gentrification has led to soaring demand for coffee, and so this commodity can continue to play an important role in producing states’ economies, whether they industrialise or not.

The majority of countries in Africa and Latin America began their existence within their present borders as plantation economies which specialised in the production of a few

commodities such as cocoa and coffee. Some of these economies, Cameroon included, have not diversified to the extent that they would like, and so, for the foreseeable future, they will continue to depend on a few agricultural commodities for much of their revenue. There are over 400,000 smallholder producers in Cameroon whose existence is still centred around coffee (World Bank, 2010). The organisations that represent them are still negotiating the best way to fill the void vacated by the GoC. At the same time, post-structural austerity has accelerated depeasantisation, urbanisation of rural poverty and food price inflation as people continue to flood into cities for work opportunities. In the countryside, where cocoa and coffee in particular represent the number one revenue source, the reinvention of cooperatives therefore carries special significance.

Unlike the heavily funded and well researched period which preceded structural adjustment, there is a paucity of research on African cooperatives post-1990 despite the vital role that agriculture continues to play in the lives of more than 60% of the continent's inhabitants (Nepad, 2013; Develtere, Pollet and Wanyama, 2008; Wanyama, 2013). The SAP was rolled out in almost all of Sub-Saharan Africa, not just in Cameroon, and its impact was calamitous virtually everywhere (Gibbon & Olukoshi, 1996). Cameroon's agrarian system reform has been in flux for more than two decades. The fact that the word 'revamp' has remained a constant in contemporary government programmes and policy documents aimed at providing support to the coffee sector since 2000 is in itself an acknowledgement that the upheavals in the coffee sector are widespread and far from over. Exactly how the reforms are playing out or how the post-liberalised value chain looks like remains unknown. An extensive search of library catalogues reveals a near complete absence of research on the impact of the current corporatised, free-trade, global food regime on African

cooperatives in general and Cameroon's coffee cooperatives in particular. This thesis goes some way in filling this void.

1.6. Conceptual and operational definitions.

A number of terms used in this research report, some of which are specific to the coffee business, need to be defined, not just to situate the context, but also to establish their exact meaning as utilised within the context of this study.

Agrarian political economy: this refers to “the social relations and dynamics of production and reproduction, property and power in agrarian formations and their processes of change, both historical and contemporary” (*Journal of Agrarian Change*, in Bernstein, 2010: 1). Cameroon's agrarian political economy is shaped by a fusion of influences from the feudal systems which underpin the communities in which producers live, the colonial influences with the prevalent commodities, production and processing regimes (starting from the German, English and French colonial eras when the country became a satellite of global empire) as well as the socio-economic and political agenda of the political regime in place today.

Coffee producers/growers: coffee ‘farmers’ are generally referred to as *producers* or coffee growers rather than farmers because they are engaged in commodity production. *Production* in this case refers to crop care, harvesting of coffee berries, post-harvest primary processing (de-pulping of the coffee berries, fermentation and drying of coffee beans) and finally, forwarding of the final product to the cooperative. This process entails more than just growing crops.

The Cooperative: the word “cooperative” or co-operative refers to coffee production and marketing cooperatives taken individually or collectively. The lowest tier is the *cooperative primary marketing society* (CPMS). The CPMS is typically a village

cooperative made up of at least five sections, i.e. groups of farmers in a particular neighbourhood. One level above that is the *Area Cooperative Union* (ACU), also known as *secondary cooperative union* (SCU) or *Cooperative Union* for short (CU) which generally groups a number of CPMS in an administrative sub-division or division. At the very top of this pyramidal structure is the *apex cooperative* which is based in the regional capital. Cooperatives handle the second part of post-harvest primary processing of coffee beans.

Post-harvest primary processing: this refers to the process of transforming ripe, fresh coffee berries into green, dry coffee beans. It begins on the farm and ends in the local cooperative. Once coffee berries are harvested, the flesh or fruity sections are separated from the beans through *de-pulping* (sometimes simply referred to as *pulping*) and fermentation. This is followed by factory-level *milling* or *hulling* in a *coffee mill* or *hullery* to further remove leftover skin, mucilage and any residue in the beans.

Producer Organisations (POs): these are organisations (Cooperatives, CIGs, private plantations) that collect or buy coffee from producers, process it and prepare it for secondary processing or export.

Campaign season: The coffee business is organised in *campaign seasons*. A *campaign season* is the period during which licensed buyers and licensed companies are legally allowed to buy processed coffee beans from producers and producer organisations. It begins around October every year when coffee berries start ripening and spills over into the following year, ending around June. The start and end dates of the campaign season are announced by the Minister of Commerce. This is the busiest period of the year for cooperatives and involves pre-harvest sensitisation campaigns,

securing of funds to buy coffee, strategy formulation to collect coffee from producers, hulling of coffee bean and finally, sourcing of buyers at home and abroad.

Licensed Buying Agent (LBA) and Licensed Buying Company (LBC): A *licensed buying agent* is a natural or legal person duly accredited by the Cocoa and Coffee Inter-Professional Council (CCIC) and the Ministry of Commerce to buy and sell coffee in Cameroon on his own behalf, for a *Licensed Buying Company (LBC)* or on behalf of a *Private Exporter*. Licensed buying companies are typically cooperatives, *common initiative groups* (CIG), private investors and foreign multinational corporations (MNC).

Eco-pulper, Coffee Washing Station and Central processing unit: An *eco-pulper* or *Coffee Washing Station* is a machine which removes the pulp and mucilage from coffee beans and gives it a very clean, consistent look. Coffee obtained through this process is known as *fully-washed* coffee. Where a coffee washing station is set up for a production basin (production area), it is known as a *central processing unit* (CPU).

Roaster and Roastery: this is a *secondary processing* factory where coffee beans are roast, ground and packaged. Cameroonian processing plants produce only roast and ground coffee. Other methods such as *freeze-drying* or *spray-drying* through which *soluble instant coffee crystals* is obtained, are largely ignored in this study because only Nestlé has infrastructure to produce soluble coffee in Cameroon.

The *FCFA* or *CFA Franc*: this is the currency of the *communauté Financière d'Afrique* or African Financial Community, i.e. 14 former French colonies plus Equatorial Guinea and Guinea Bissau. It has two sub-groups of more or less equal strength: the West African Franc (sometimes represented as XOF) and the Central African Franc (sometimes represented as XAF). For the past two decades, 1 United States Dollar (US dollar or USD) has been trading for 550 FCFA. This means for example that:

- 1,100 FCFA = 2 USD.
- 55,000 FCFA = 100 USD.
- 1.1 Billion FCFA = 2 million USD.

1.7. Dissertation overview.

The research report is structured in nine chapters as follows:

Chapter One presents the background and purpose of the research, its significance, operational definitions and a chapter outline.

Chapter Two presents the relevant theory and literature used to illuminate the research. This is done in two parts – the first section focuses on cooperative theory, followed by a second section which covers food regimes, global food commodity chains and the behaviour of state and non-state actors within the food system and agrarian structure.

Chapter Three lays out the methodology used to gather data for this thesis. It explains the extended case study method, its appropriateness for this study, the data gathering instruments, and finally, how themes were collated for a coherent reading.

Chapter Four is an institutional and relational analysis of the Republic of Cameroon's agrarian political economy and agrarian complex from 1884 to date. It lays out the various food structures and agrarian systems that have dominated the country's agriculture, including public policies, production dynamics and value chains.

Chapter Five presents the global coffee value chain. It starts with the origins of the business, followed by its governance structures, stakeholders, the various types of commodity chains that exist and finally, an overview of coffee production in Cameroon.

Chapter Six discusses key legislation, institutions, programmes, measures and general environment created by the Government of Cameroon to help coffee producers and coffee organisations in general and coffee cooperatives in particular to operate in the local and global commodity chains.

Chapter Seven presents a narrative analysis of the first case study, i.e. UCCAO. This is done through an institutional presentation of UCCAO, State-UCCAO relations, and finally an overview of UCCAO's participation in local and global coffee commodity chains. This is immediately followed by *Chapter Eight* which analyses the NWCA under the same spectrum through which the first case study was done.

Chapter Nine is a general conclusion which restates the main findings and presents emerging theories discovered or developed within the framework of the study.

1.8. Conclusion.

Cameroon's food structure and agrarian system, a product of the Euro-centred frontier and tropical commodity production paradigm, has undergone several major reconfigurations over the past century, with each change reflecting a different agrarian political economy. Coffee cooperatives' fortunes have risen and fallen with these changes, especially because for a very long time, they were an essential component of the government's accumulation system. This research report investigates the impact of the Cameroon State's agrarian system reforms on coffee cooperatives' activities and market orientation within the free market food regime. This is done through the prism of State-cooperative relations as well as two case studies on the biggest coffee cooperatives in the country, i.e. UCCAO and the NWCA.

Chapter 2: Theory and Literature review.

2.1. Introduction.

This chapter presents a discussion of the relevant theory and literature used in this study and it achieves that purpose in the following manner: it starts off with a presentation and discussion of cooperative theory, from definitions, origins and structure to the role and place of cooperatives in today's globalised environment. This is immediately followed by a discussion of the global food system and agrarian structure, including food regime analysis, global commodity chains and the role and place of commodity producers within this dynamic.

Section I: Cooperative theory.

2.2. Definition of the term “Cooperative”.

Cooperation is a concept inherent in the social fabric and solidarity economies prevalent in tight-knit agrarian communities and even some highly urbanised environments. The Palestinian researcher Adnan Obeidat has revealed that cooperatives existed in Egypt as far back as 3000 BCE (Holmén, 1990). Numerous examples of well-structured and sometimes, centuries-old cooperation models like *njangi* and *tontine* in Cameroon, *nnoboa* and *susu* in Ghana, *iqub* and *idir* in Ethiopia and *stokvel* in South Africa attest to a long tradition of strong parallel economies built on democratic participation and solidarity (Schwettmann, 2014a; Develtere, 2009; Francesconi and Wouterse, 2011; Eman, 2009). In Cameroon, cooperation associations are part of the fabric of all communities, traditional and modern, the most

prevalent form of which is the *common initiative group* (CIG), a kind of indigenous cooperative (Emana, 2009). By 2015, Cameroon had a total of 115,581 registered CIGs and 3428 cooperatives, of which 1575 were credit unions (Fongang, 2012). The simple explanation for this is that the modern cooperative format, which in Cameroon is mainly concentrated in finance and agriculture, is an imported concept.

The *International Cooperative Alliance* (ICA) defines the cooperative as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise” (ICA, 2015). Another definition by the Tanzanian cooperative scholar Suleiman Adam Chambo (2009: 3), highlighting the autarkic, self-reliance value-added of cooperatives, theorises that they are “peoples’ organisations to capture different opportunities in the economy where they can address their economic needs and aspirations”. This definition fits with the ICA’s conceptualisation as well as the following one by Holmén (1990: 16) which says that “simply put, cooperative societies, being based on the principles of voluntariness and democratic control, are economic enterprises, owned by their members and pursuing activities for the benefit of their members”. The cross-cutting operative terms in the definitions include voluntariness, collective action, democratic control, self-help and economic advancement.

Cooperatives are generally classified in a number of ways, including:

1. By primary business activity: production cooperatives, marketing cooperatives, purchasing cooperatives and consumer or service cooperatives.
2. By market area: these include local cooperatives, super local cooperatives, regional cooperatives and international cooperatives.

3. By ownership structure: here, there are over six distinct ownership models: (1) centralised cooperatives (2) federated cooperatives; (3) hybrid cooperatives – some combination of centralised and federated; (4) New Generation Co-ops; (5) the new “Wyoming cooperatives”; and (6) worker-owned cooperatives.

(Zeuli & Cropp, 2004)

According to the American National Council of Farmer Cooperatives, the most common types of cooperatives found in the agriculture sector include the following:

- **Marketing cooperatives** - they handle, process and market virtually every agricultural commodity.
- **Bargaining cooperatives** – they provide bargaining platforms to help their farmer members obtain reasonable prices for the commodities they produce.
- **Farm supply cooperatives** – these cooperatives are engaged in the manufacture, sale and/or distribution of farm supplies and inputs, as well as energy-related products, including ethanol and biodiesel.
- **Credit cooperatives** – these include banks and finance institutions that provide farmers and their cooperatives with a competitive source of credit and other financial services, including export financing.

Cooperatives conceived to collect, process and forward agricultural commodities usually operate on a three-tier, pyramidal vertical model as follows:

1. **Primary agricultural cooperatives**: these are very small, simple cooperatives in which all the members are natural persons.
2. **Secondary agricultural cooperatives**: these are cooperatives made up of two or more primary agricultural cooperatives, including juristic persons.

3. **Tertiary level agricultural cooperatives:** these are apex cooperatives created by combining two or more secondary cooperatives, including juristic persons.

In the British system, the primary cooperative is known as the Cooperative Primary Marketing Society (CPMS); the secondary cooperative is the Area Cooperative Union (ACU); and at the very top is the federating apex body or cooperative association.

Cooperative associations can be created in a number of ways. There is the top-down approach in which external agency uses cooperatives as a development tool to roll out self-help projects or as an entry point for outside investment or implementation of some kind of community development programme (Zeuli & Radel, 2005: 46). There is the bottom-up tradition where members of a community get together and create a cooperative to capture better opportunities in the marketplace. Then there is the peripheral approach where a community gets a cooperative due to its location (long distance from metropolitan areas, preponderance of certain raw materials or conditions that need to be resolved), in which case it handles a specific priority within a given radius. Zeuli & Radel (2005: 47- 49) suggest that globally, there is a general preference for the bottom-up approach in particular for the following reasons: (1) bottom-up cooperatives require a lot of individual investment and those who create them have a vested interest in working extra hard to make them succeed; (2) they help in human capital development (education, skills and experience) as patrons learn to manage meetings, further their skills through training and learn democratic principles through joint ownership and management of resources; (3) they help to build social capital (norms, relationships, reputation) as people learn to work together; (4) they help in developing rural economies; and (5) local residents develop a bond with them and fight to keep local businesses in their town. Bottom-up cooperatives are

particularly important in developing parallel social and solidarity economies which are discussed in greater detail below.

2.2.1. The cooperative principles.

In addition to the values listed above, grassroot or bottom-up cooperatives are based on the following seven principles:

- Voluntary and Open Membership.

Anyone who is willing and able can start or join a cooperative without fear of discrimination based on handicap, gender, race, tribe, creed, religion or otherwise. The original members can decide on a closed format in which the initial share option is divided evenly between themselves or they can leave it open and people can join as and when they please. In the latter situation, dividends accrue based on what each individual member contributes or sells through the cooperative.

- Democratic Member Control.

Once constituted, the cooperative is run by its collective membership on the basis of one patron, one vote. No patron is more important or influential than the other in the basic format. A simplified cooperative which has only a handful of members can appoint and assign tasks to all its members. In the bigger formats, it appoints a board of directors from its membership, and the board in turn picks a general manager and employees, who may be patrons themselves, members of their family or independent individuals, to oversee the day-to-day affairs of their organisation as well as voting delegates to make the general assembly more manageable.

- Member Economic Participation.

When it is founded, a cooperative may or may not have a cent in its coffers; initial capitalisation comes from founding members. This may be in the form of upfront cash

payment or future payment collected from sales of patrons' goods or services. Generated dividends must also be reinvested in the cooperative to grow it further. Benefits which come in the form of proceeds from sales are directly proportionate to what each patron sells through the cooperative system, i.e. if patron A sells one bag of coffee, he gets the profits from one bag of coffee and if patron B sells ten bags of coffee, he gets the profits from ten bags of coffee and so on. Members like patron B who help bring in more money to the cooperative are further rewarded in the form of positions of responsibility, bonuses and prize money.

- Autonomy and Independence.

Cooperatives are started by individuals or groups of organisations and are supposed to remain the property of the founding members unless or until some decide to quit the organisation. The general assembly and their mandated administrators should have the right and capacity to take all administrative, trade and investment decisions on their own. Cooperatives are supposed to be independent of any external influence, be it political, religious, tribal or otherwise.

- Education, Training and Information.

In Africa, cooperatives are generally started by individuals with only a rudimentary knowledge of business (Chambo, 2009). To guarantee better managerial acumen, those entrusted with managing the affairs of the organisation should receive appropriate training. This can happen through experiential on-the-job learning or specialised training in an academic institution. Working in cooperatives capacitates its members to participate in debates, campaigns, leadership activities and committees.

- Co-operation among Co-operatives.

Starting from when the first modern cooperatives were created in Europe, there have been attempts to create cooperative market economies and solidarity networks with other cooperatives within the same economies or worldwide. This creates a critical mass of like-minded businesses with the potential to have a significantly bigger impact on the local or global economy than can be recorded by working in isolation. Italy is a good example of this scenario. It has more than seventy thousand cooperatives, working together in federations and controlling as much as 15% of the Italian economy.

- Concern for the Community.

The cooperative's first constituency is the people and community of a specific catchment area. Its employees are generally chosen from the same local community and the resources that are valorised are local, indigenous ones made through indigenous knowledge and technologies. Concern for the community also means creating responsible businesses that promote ethical use of human and material resources. The business activities that the cooperative engages in must also foster a clean, healthy and sustainable environment.

2.2.2. Origin of cooperatives.

Modern Western cooperatives were first developed in turbulent, industrial revolution-era Europe (Satgar, 2007). Between the late 18th and early 19th century, the entire European continent underwent an industrial and agricultural transformation and the promise of higher wages sucked hundreds of thousands of able-bodied workers from their farms to urban centres in search of fortune. The promise of widespread trickle-down wealth didn't materialise. What happened instead was that this proletarianisation process with the concomitant overabundance of cheap labour which it caused led to underpaid and casualised labour. At the same time, in the countryside, rich

landowners bought out smaller, poorer ones and created the first large scale commercial farms to produce cheap food for sprawling urban centres.

It was this climate of predatory capital, endemic poverty and precariousness which caused disaffected proletariats to explore a different model of accumulation from the capitalist system which channelled most profits into the hands of a handful of industrialists (Satgar, 2007: 59). Two philanthropists in particular, the Englishman Robert Owen and Charles Fourier from France are credited with making the first attempts at organising the poor in cooperatives based on the organising cooperative principles that we know today. Charles Fourier developed the idea of settling farmers in villages called *phalanxes* (i.e. a concept which would later be known as *villagisation*) while Robert Owen grouped poor workers together to form *business guilds* based on solidarity values (Holmén, 1990: 18; Zeuli & Cropp, 2004: 6). Proceeds from sales were paid out to patrons according to their investment. The precepts of Robert Owen were spread and popularised by Dr William King who published a magazine called *The Cooperator* between 1828 and 1830. Dr King built on Robert Owen's edicts and developed a set of unique rules of his own, which espoused more or less the same principles as his mentor and predecessor. His key teachings were the following:

1. Cooperatives should start small with the original capital supplied by members;
2. Cooperatives should not pay patronage refunds but instead reinvest all net profits to increase their activities and to employ as many members as possible;
3. Members should pay cash for all merchandise purchased at the cooperative;
4. The cooperative should adopt democratic principles of governance; and
5. The cooperative should publicise the work of the cooperative movement.

(Zeuli & Cropp, 2004: 7-8).

Doctor King's principles were made known to the Rochdale pioneers by Jim Smithies, who regularly read his magazines. The first prototype English cooperative business developed by the Rochdale pioneers was a store opened on Toad Lane, Rochdale in England in 1844. The ambition of the Rochdale pioneers was to sell provisions at the store; to purchase homes for their members; to manufacture goods their members needed; and (4) to provide employment for their members who were either out of work or poorly paid (Zeuli & Cropp, 2004: 10).

Concurrently with the development of the Rochdale cooperative model in England, F.W Raiffeisen, a mayor in Northern Germany set up the first *Raiffeisen associations* (i.e. microfinance cooperatives) in his municipality. He started off by distributing food to the poor whose conditions had been exacerbated by landlessness, poor weather conditions and unemployment and later in 1862, he helped to found the *Anhausen Cooperative Loan Society*, which with other *Raiffeisen societies*, were based on the principles of neighbourhood and members' unlimited economic responsibility (Holmén, 1990: 19). Another German, Herman Schulze, started similar initiatives in Ellanburg in 1850. By 1876 imperial laws were enacted to regulate the affairs of welfare associations (Monzón & Chaves, 2012: 14).

It is these two dominant schools which spread the cooperative model throughout Europe and much of the world, the one with a business focus and the other based more on financial products (Morales Gutiérrez, 2005). Chayanov (1927) notes that the appearance of cooperatives in agricultural production was just as important as the appearance of industrial capital a century before because they used vertical and horizontal concentration to achieve remarkable results. As cooperatives grew ever more popular, they were instrumentalised by governments to perform specific fixes in the national interest, especially in agriculture. They pursued different pathways in the

capitalist and communist worlds. The main trends observed were: (i) soviet and socialist cooperatives; (ii) social democracy cooperatives; and (iii) African revolutionary nationalist and African socialist cooperatives.

In the Union of Soviet Socialist Republics (USSR) and its satellite states, the cooperative was conceptualised differently and fulfilled a different role from the liberal, social democratic user-owned ownership model prevalent in the Western world. They operated in command economies where people were forced to work together in order to achieve targets set by the authorities in power. Chloupková (2002: 8) notes that “the ‘cooperatives’ under the communist regime denoted agricultural production cooperatives, in fact collective farms” in a collectivisation model. Collectivisation made it easy to establish a chain of command and ensured that every sector delivered the targets needed by the central government.

The Stalinist takeover of Soviet agriculture was rolled out in three phases. It began with a nationwide system of compulsory food procurement from peasants, followed by a deliberate destruction of the Kulak (richer smallholder producers) class to eliminate all resistance to external control over rural economies, and finally collectivisation from 1929, with state-imposed quotas which impacted the lives of 120 million peasants. All strategic industries were placed either in the hands of powerful individuals (sovkhozes) or *kolkhozes*, i.e. collectivised villages (Fisher, 1994: 225). Soviet cooperatives differed from traditional ones in a number of very significant ways. Joining them was compulsory and once one became a member, it was for life (Vidickiene & Gedminaite-Raudone, 2012). All land used by the cooperative belonged to the state and there were strict production quotas every year. Most importantly, members of the cooperative had no say whatsoever in how it was run – management of the cooperative was the business of a three-man committee appointed by the Communist

Party Committee. The Kolkhoz controlled all agricultural production through a system of coercion exerted from above. The absence of democratic control and management created a toxic atmosphere where people grew more and more resentful of never-ending orders from outside to do work which did little to keep their tummies or pockets full. Peasants resented being pushed around by the Moscow elite and whenever they could, they sold their little surpluses on the black or “kolkhoz market”. Agricultural production eventually grew at more than 10% a year, but at the cost of more than 6 million lives (Fisher, 1994: 226).

Collectivisation spread from the USSR to many self-styled communist or socialist countries where they were controlled by political forces and “traditional principles such as voluntary and open membership and democratic organisation were totally annihilated” (Monzón & Chaves, 2012: 17). Chloupková also notes that, just like in the USSR, these communist cooperatives were politico-economic instruments subordinated to the interests of political regimes (Chloupková, 2002: 9). Cooperative collectives were the main centres of agricultural production in countries like the Czech Republic, Hungary, Poland, Latvia, Romania, Estonia, Bulgaria and Slovakia until the end of the Cold War (Chloupková, 2002: 9-11).

Throughout this period, Western European cooperatives followed a different pathway, i.e. that of cooperative market economies and social solidarity based on democratic principles – in the global metropolises, at least. In Spain, Portugal and Belgium, cooperatives managed banking, financial, housing, production, distribution and consumption services while in the Scandinavian countries, they developed first around the dairy sector and other agricultural production systems (Morales Gutiérrez, 2005: 51-56). In France, legislation was developed for credit and mutual benefit societies by 1914 (Morales Gutiérrez, 2005: 49). It led to social economy-type cooperative models

that were used to promote agricultural development in France as well as in French territories and colonies abroad. In Italy, where thousands of small cooperatives had existed for centuries, a new impetus was found when they started merging into super-cooperatives. The first of these powerful super-cooperatives were the *Consorti agrari* (agricultural associations) which federated agricultural cooperatives in the countryside into powerful value chains and the very popular *Coonfcooperative* and *Lega Nazionale delle Cooperative e Mutue* (national league of cooperatives and mutual societies better known under the acronym *Lega*) in urban areas (Morales Gutiérrez, 2005: 50). In Britain, the cooperative first entered the collective imaginary as milk delivery associations before branching into other activities such as banking, housing, retail and consumer networks. All the major European cooperative traditions eventually made their way to Africa within colonialism.

2.2.3. Co-operatives and African agriculture.

The large modern cooperatives which still dominate some of Africa's agricultural value chains today have their roots in the continent's plantation economy colonial past (Wanyama, 2013). They were the vehicle of choice employed for diffusion of innovations. They were used by colonial administrators to spread Western farming techniques in Africa as well as to be the lead agencies in negotiating the transition from subsistence farming to high value export cash crops (Develtere, 2009). Modern African cooperatives grew out of five different European traditions – British, German, French, Belgian and Portuguese – which can be narrowed down to three schools and eras based on political orientation, impact, scale and structure (Holmén, 1990).

Britain developed a dual approach to agribusiness in its colonies. On the one hand, it developed protectionist legislation and support structures for its settler colonies and

on the other hand, “the colonial administration undertook systematic efforts to develop cooperatives into powerful business ventures that, through vertical structures, controlled much of agricultural production, marketing and processing in rural areas, in particular with regard to export crops” (Schwettmann, 2014a: 3). This system was known as the *Unified cooperative model*, i.e. a one-size-fits-all cooperative structure for all agricultural ventures (Develtere, 2009: 7). The Unified Cooperative model was based on a stiff, hierarchical, pyramidal structure within which villagers had to sell to the local village cooperative primary marketing society, which sold to the divisional area cooperative union, which sold to the apex cooperative association at provincial level, who then exported the commodity. The rigid pyramidal structure also served to transfer latest technology and agricultural innovations downwards to producers, eliminate any sort of price rigging and more importantly, stop African agribusinesses from becoming a politico-economic menace to the British status quo (Wanyama, 2013: 128; Develtere, 2009: 7). Cooperative affairs were directly managed by a full-fledged Cooperative Department headed by a Registrar of Cooperatives and staffed by assistant registrars, auditors, accountants, and supervisors (Develtere, 2009: 7). By 1960, Britain had set up more than 7000 cooperatives in its colonies (Develtere, 2009: 12). The British preferred a less interventionist approach which allowed farmers the freedom to coordinate their own activities, with the colonial government contenting itself to making money through taxes and exports. They intervened directly only when African ventures became so successful as to pose a threat to British farms, like in Ghana and Uganda where the unified cooperative model was deployed as a politico-economic solution to stunt the development of African producers.

In francophone Africa, cooperatives were developed in a social economy format. After foreign-owned plantations, cooperatives were the most important tools deployed to

‘modernise’ the countryside. They organised all aspects of life in rural communities – farming, economy, retail, politics and social life. The French first introduced Native Provident Societies in 1920 through a framework which also introduced cooperatives to metropolitan France itself. Later edicts created the *Sociétés Indigènes de Prévoyance* (Native Provident Societies), which later became the *Sociétés Mutuelles de Production Rurale* (Mutual Societies for Rural Production) and later, *Sociétés Mutuelles de Développement Rural* (Mutual Societies for Rural Development) (Develtere, 2009: 8). Through these edicts, cooperatives were based at village level, ostensibly to catalyse economic transformation, and came with labour and tax obligations (Holmén, 1990: 24). The policy was to create busy rural economic hubs that brought populations together for mass production of whatever commodities they needed. This was known as ‘*encadrement*’ or development through coordination and assimilation.

Colonial administrators obliged all citizens of Francophone Africa to join cooperatives. From colonial times until 1992, cooperatives were the only type of farmers’ organisation recognized by law in French territories (Fongang, 2012: 56). Villagers were required to supply a certain amount of produce to their local cooperative and their tax obligations were deducted at source from their dividends. This caused a lot of resentment, especially when farmers realised that they benefited the colonial administration much more than they did them (Courade, 1982: 107). All cooperatives sold their produce to five main produce-specific stabilisation funds created between 1955 and 1959 for groundnuts, cocoa, cotton, Arabica coffee and Robusta coffee commodities. Stabilisation funds and agricultural expansion programmes were created and funded through a programme known as FIDES (*Fonds d’Investissement pour le Développement Economique* – Investment Fund for Economic Development).

Throughout the colonial period, the French always maintained that cooperatives were used to 'modernise' and 'civilize' Africans (Wanyama, 2013: 128; Develtere, 2009: 8). However, all Native Provident Societies and pretty much every structure that followed them were initiated from the top and their main duties were to keep a stock of selected goods; to supply farm implements; to process agricultural produce; to serve as insurance against disaster and accidents; to grant loans; collect taxes and to improve production methods (Develtere, 2009: 9; Wanyama, 2013: 128).

Belgium had a mix of top-down and bottom-up cooperatives, serving both colonial and local interests, depending on who had created them. Africans were allowed to create cooperatives to improve their socio-economic conditions in areas such as "dairy, construction and the so-called tribal industries (pottery, oil pressing, and tanning)" (Develtere, 2009: 9). These initiatives were actively promoted by missionaries and other well-intentioned Belgians based in the Congo. At the same time, the colonial administration developed its own network of cooperatives to serve its own economic interests. The top-down Belgian-cooperatives set the purchasing prices which foreign companies and farm owners had to pay the Congolese (Develtere, 2009: 9). When the grassroots cooperatives became too strong and posed a business threat to Belgian businesses, the colonial administration withdrew their legal status and discouraged their existence. In their colonies, the Portuguese developed the precursors of the cooperative architecture that would dominate post-independence African agriculture: *marketing boards* at the macro (national) level, and provincial and divisional cooperatives at the *meso* and *micro* levels.

At independence, African governments needed a lot of money for various projects and one of their ways of getting it was to take over full control of cooperatives and radically expand their production. The concept of solidarity, self-help and personal intellectual

advancement were predominantly absent. They were tossed out the window because the management elite was a class trained and parachuted in by governments (Wanyama, 2013). Although cooperatives continued to grow due to their income-generation capacity, they lacked the democratic bottom-up, user-owned and collectively managed principles (Wanyama, 2013: 130). The two dominant cooperative schools during this post-1960 independence context were the socialist-Marxist approach and the nationalist-cum-developmental approach.

In socialist or socialist-leaning countries where there were leaders familiar with and really committed to village solidarity accumulation, cooperatives were used to organise political life as well as for rural development (Holmén, 1990). Holmén explains that for many countries that adopted this approach "...the attraction of cooperation lay partly in the belief that, by emphasizing solidarity, cooperatives would provide a link between tradition and modernity, preserve *Gemeinschaft*, and minimize social costs of development" (Holmén, 1990: 26). In Senegal for example, President Leopold Senghor promoted the idea of "village socialism" while in Tanzania, Julius Nyerere developed the concept of *Ujamaa na Kujitegemea* or 'socialism and self-reliance' to help accelerate development (Shivji, 2002: 1).

One of Ujamaa's programmes was *Ujamaa Vijijini* (Socialism and Rural Development) whose visible face was villagization, i.e. "rural economic and social communities where people would live together for the good of all" (Nyerere, 1968: 337, cited in Ibhawoh & Dibua, 2003: 67). Pilot *Ujamaa* villages were developed in the 1960s to have cores of village homes grouped around a production and service centre, instead of having people scattered in isolated plots (Ibhawoh & Dibua, 2003). Agricultural production and marketing was handled by cooperatives rather than individuals. Unfortunately, the *Ujamaa* villagization project was not as successful as originally intended because

villagers resented being forcibly placed in areas away from their homes and due to the tendency to try to do too much too quickly, maladministration by ‘cleverer’ outside bureaucrats and abuse of power (Ibhawoh & Dibua, 2003: 69; Shivji, 2002: 18-20). Shivji (2002: 17) also believes that “the absence of a concomitant industrialisation policy, linked to agriculture, any agrarian development based on intensification of agriculture - mechanisation, chemicalisation etc. - within an extraverted economy was bound to fail”. Burkina Faso is also part of the cohort of African countries that experimented with cooperatives to organise production and social life. When Thomas Sankara seized power in Burkina Faso in a 1983 coup, he actively promoted the use of cooperatives as production centres and even sent his ministers to go work in agricultural cooperatives side by side with villagers.

At the other end of the spectrum, capitalist countries which decided to leverage the development potential of cooperatives used them to coordinate agricultural production and commercialisation. Cooperatives were given monopsony or monopoly status and a second key feature of statist era cooperatives was introduced: national monopoly marketing boards to manage all cash crops (Wanyama, 2013; Develtere, 2009). Cooperatives managed the production of an ever-growing number of commodities while the marketing boards dealt with foreign buyers and extracted taxes and commissions from both sides. In Cameroon, only district cooperatives had the right to distribute agricultural inputs or purchase export commodities (Schwettmann, 2014a). Ministries were created at national level to manage their affairs, and Cooperative colleges were set up to train office administrators and extension agents. Their strategic role— they were considered *too big to fail* – also attracted a lot of investment from their governments, foreign donors and development partners (Schwettmann, 2014a; Develtere, 2009). A 1986 study of World Bank assisted programmes shows that by

the 80s, 50% of all agricultural projects in Africa involved cooperative organisations (Pohlmeier, 1990, cited in Develtere, 2009: 20).

As countries' payrolls and expenses grew, so too did the demands on cooperatives. From simply supporting them and prodding them to generate more and more revenue, "governments shifted from the initial incentive-oriented policy on cooperative development to outright coercion" (Wanyama, 2013: 130). Marketing boards became increasingly demanding and imposed quotas on cooperatives, which were in turn passed on to farmers. With increased government control, "the national umbrella organisations became political organisations and, sometimes, affiliates of the ruling party" which in turn engendered rent-seeking behaviour, opacity, corruption, clientelism, neo-patrimonial relationships, mismanagement and financial indiscipline (Schwettmann, 2014a: 8).

By the 1980s, many cooperatives had become highly bureaucratic organisations and mere extensions of government departments. Farmers continued to supply produce to cooperatives through this difficult period until payment of patronage dividends started being delayed for years at a time. They increasingly became resentful at the fact that virtually all surpluses generated from agricultural production was ploughed mainly into urban and industrial projects (Develtere, 2009: 16). By 1990, the same international financial institutions that had backed them for decades had decided that they were a problem. The 1979 global oil shock coupled with internal economic and development crises and gross maladministration in the cooperative sector forced many African countries to turn to Bretton Woods Institutions (BWI) for help in the mid-1980s. BWI loans came with strings attached, notably through Structural Adjustment Programmes which imposed privatisation, deregulation and liberalisation as necessary preconditions for financial assistance.

The African cooperative sector was simply not prepared to compete on a level footing with private entities engaged in free market enterprise and liberalisation led to the very sudden and spectacular decline of statist cooperatives all over Africa (Wanyama, 2007). The last two decades have witnessed a renaissance of bottom-up, solidarity cooperatives and in many parts of the continent, the creation of cooperatives far outstrips the pace of legislation. In Cameroon, new legislation was enacted in the 1990s, and within a few years, these were again modified by the OHADA *Uniform Act on Cooperatives* of 15 December 2010. Microfinance cooperatives have developed innovative products and really blossomed under the new dispensation. Studies show that by 2013, there were about 22,385 credit unions in 25 African countries with 17 million members and over USD 7.2 billion US-\$ in assets (Schwettmann, 2014b). However, agricultural cooperatives still lag behind in terms of transformation.

2.2.4. The Cooperative's management structure.

The ICA does not prescribe a one-size-fits-all operational blueprint for cooperatives. It is up to the founding patrons to find a model that works for them. Cooperatives vary very widely from the simplified cooperative to the more complex cooperatives that are in fact only board of directors because all their business activities are run through a semi-autonomous Investor Owned Firm (IOF). Cervates-Godoy & Debre (2010) advise that whichever model is adopted should encourage as much initiative and democratic participation as possible. The best cooperatives are those that manage to keep their managerial and governance structures simple. The OHADA *Uniform Act on Cooperatives* (see Appendix E) which is the main legal instrument governing cooperative activity in 26 African countries, including Cameroon, recognises two basic governance structures for cooperatives: the simplified cooperative model and the cooperative with a board (see Appendix E).

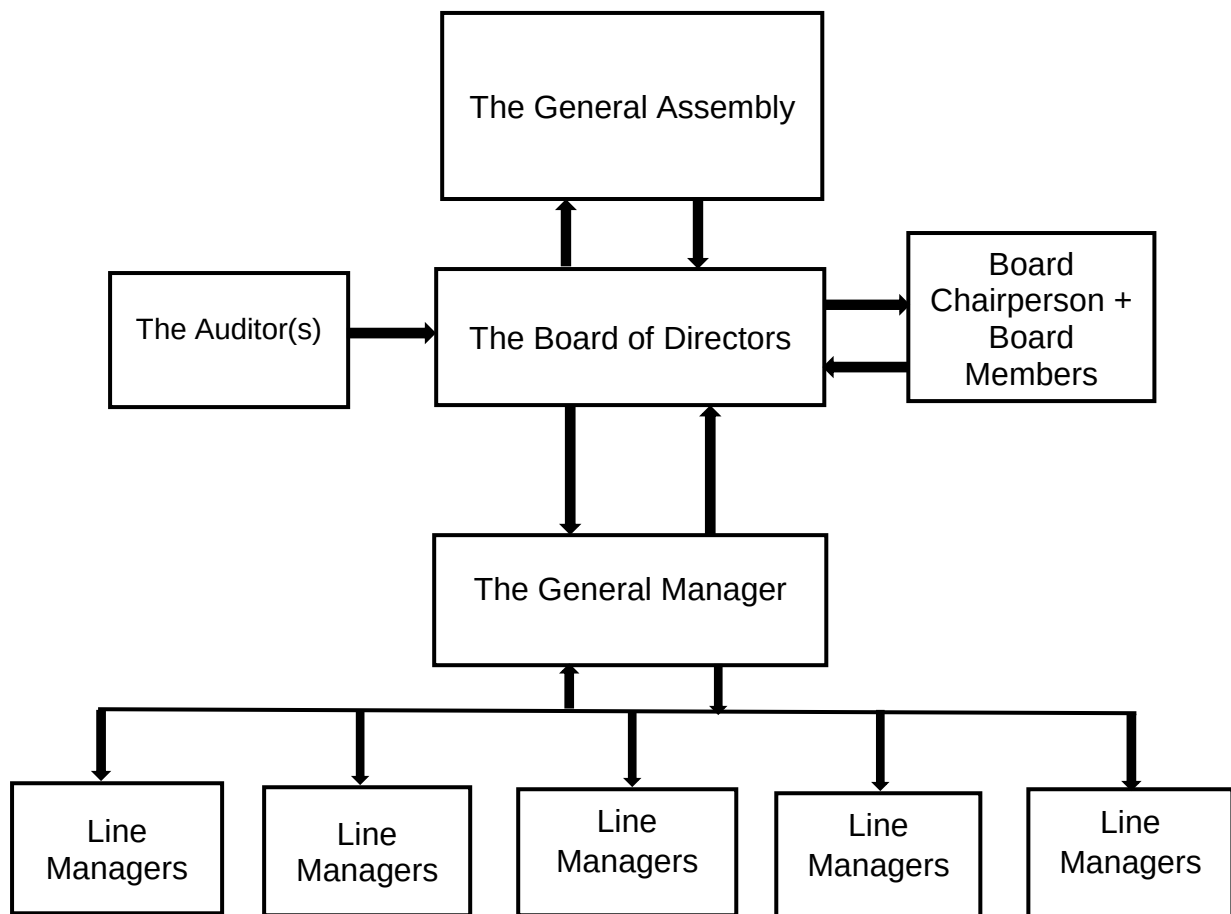


Figure 2-1: The basic organisational structure of the cooperative.

The simplified model pertains to very basic cooperatives started by a small group of members (physical persons) within a specific geographic location. People desirous of creating this type of cooperative have to meet and adopt the entity's rules and by-laws, including how it will be run and who will be in charge. In Cameroon and other OHADA countries, the rules stipulate that all the founding members have to be in attendance during this first constitutive meeting in order for it to have legal force. After its creation, this close group remains in charge of its operations. Depending on how many patrons there are, the cooperative may choose to become a cooperative with a board, in which case it has to appoint a board of directors and an accountant (Tchami, 2007). This more robust governance structure is prevalent in the Cameroonian commodity sector. The General Assembly is the supreme organ of all cooperatives. In large cooperatives,

patrons choose delegates who hold voting rights during general assemblies. These delegates in turn appoint the Board Chairperson who then takes charge of the organisation's strategic objectives, hiring and firing, annual budgets and market orientation (Tchami, 2007). Delegates also appoint auditors who are directly answerable both to the Board and to them. The board creates various sub-committees to provide oversight for each department or, in some cases, it may play this role through a small supervisory committee which it sets up. The General Manager oversees the day-to-day operational affairs of the organisation as well as the implementation of its plans.

The cooperative model is certainly not static and different groups of people have adapted it to suit different purposes and settings over time, although purists would argue that a cooperative can never be a capitalist firm and vice versa. In some contexts, notably in North America and Europe, if or when a cooperative deems the cooperative format to be too inhibiting, it can spawn an IOF which is run just like any for-profit capitalistic business in the market economy. This entity is given a separate legal status and is run by a separate set of managers. This is the case of the South African dairy giant *Clover* which started off as a cooperative in 1898 and was probably the most valuable cooperative in Africa by 2003 when it switched to an IOF format in order to receive private equity funds from the Italian dairy giant Danone. The IOF solution is certainly just one among many of such similar models that have been developed around the world. Chaddard & Cook (2004) list the most common of these new cooperative formats as:

Proportional investment cooperatives: these are cooperatives with a closed group of members with equal amounts invested and who use the cooperative strictly in proportion to their investments.

Member-investor cooperatives: these are cooperatives with “non-transferable, redeemable, nonvoting, and appreciable ownership rights” (Chaddard & Cook, 2004: 354). They are quite similar to proportional investment cooperatives, but it is more difficult to transfer rights to outsiders.

New generation cooperatives: New Generation Cooperatives have a limited, selected membership and operate mainly in the area of value addition and processing, with the intention of accessing an increased share of consumers’ dollar spend (Harris *et al*, 1996: 15-16). Delivery rights are proportionate to investments and residual claims are transferable to other parties (spouse, children and so on). **Wyoming Cooperatives** in America work on the same principles as the New Generation Cooperatives.

Cooperatives with capital seeking entity: If a cooperative does not want to give up its structural identity, it can spawn a subsidiary in the form of a limited liability company or other type of entity which can receive investments from anyone, including the parent cooperative and its members.

Investor-share cooperatives: these are cooperatives that can receive equity from non-members. Other emerging formats such as **Nourse I cooperatives** (multi-purpose cooperatives who limit their efforts to a specific geographic area), **Nourse II cooperatives** (multifunction cooperatives which offer procurement and marketing services), **Sapiro I cooperatives** (bargaining cooperatives which negotiate better margins for patrons) and **Sapiro II cooperatives** (vertically integrated marketing coops) all fit into the categories described above. While they can receive private equity, investor-share cooperatives however remain different from IOFs in the sense that their operational dynamic remains co-operative rather than capitalistic.

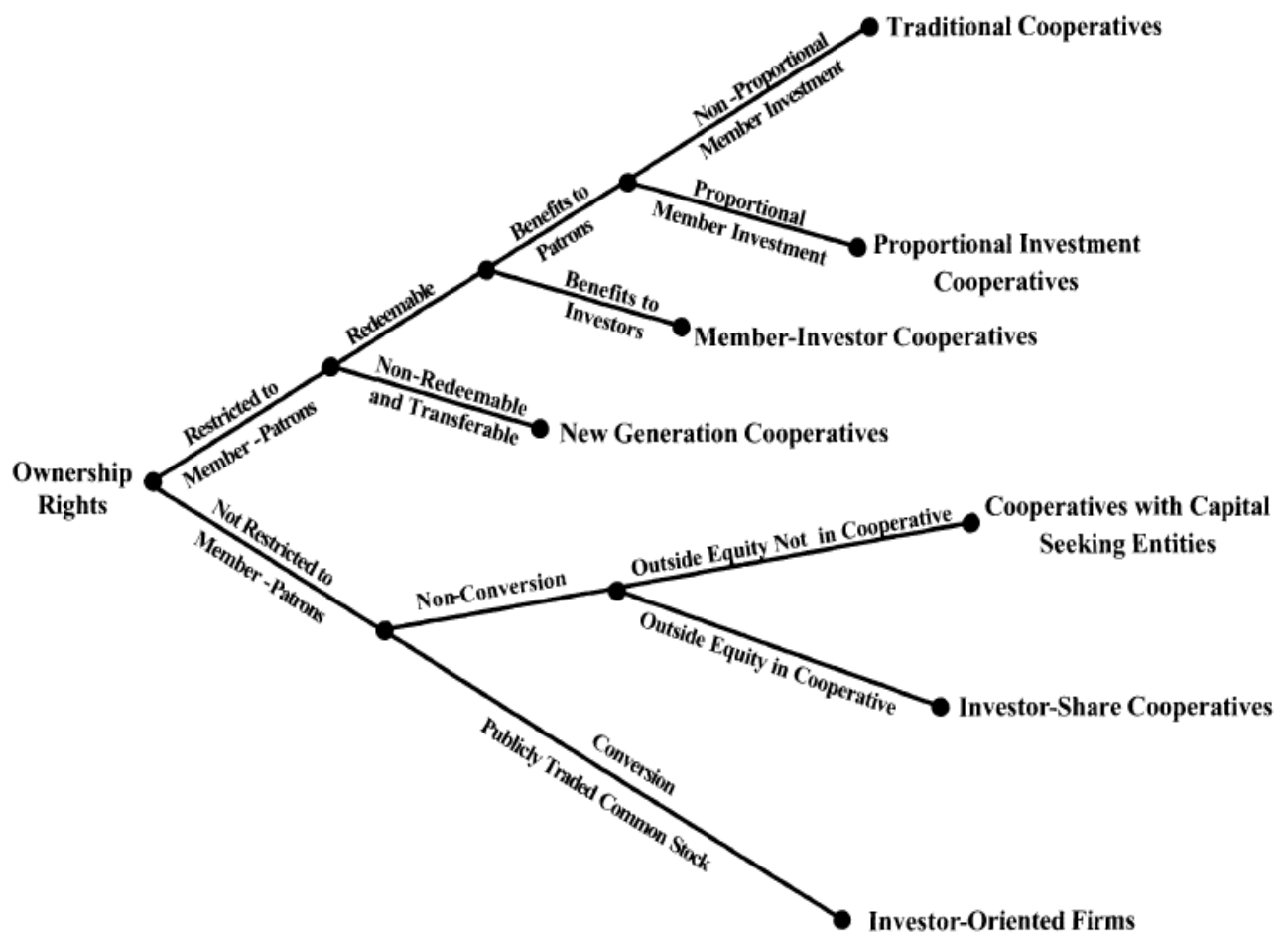


Figure 2-2: Typology of ownership models in cooperative organisations. (Source: Chaddard and Cook, 2004: 352)

2.2.5. Why cooperatives succeed or fail.

The starting point of all organisations is the conviction that those who conceive them must have the basic skills set to manage them. It is widely acknowledged that cooperatives are usually created within a survival-defensive context, i.e. when people are faced with a socio-economic crisis and need to develop self-reliance responses (Cook, 1995, 1155-1156). Still, the mere fact that such organisations are instigated by a noble cause certainly does not exempt them from failure. According to Cook (1995) the creation, growth and demise of cooperatives typically follow five stages as follows:

Stage one - the defensive phase: this is the initiation phase of the cooperative. A group of patrons who have identified a specific problem in the markets or in their lives get together to do something about it. Selection of membership is usually based on values, traded product and projected requirements. After this stage, investment and growth will be directly proportionate to the membership base and its aspirations.

Stage two - the price advantage: when a number of patrons come together and leverage economies of scale, they tend to offer quality products that are cheaper and better than those offered by conventional businesses. This price advantage becomes one of the key differentiators between the cooperative and the conventional firm. Quality is generally high and delivery generally regular when members believe that the cooperative is working in their interest. When they believe that it is not, quality and delivery drop.

Stage three - management of the internal property rights challenges: this is the mature phase of the cooperative when it starts generating dividends for its patrons. Members needs may become heterogenous and some members push for greater focus on economic profitability at the expense of the cooperative principles – because they see the potential to make a lot more money (Novkovic & Power, 2005). As cooperatives grow, there is always a faction that will push for its transformation into a capitalistic firm. However, research show that the cooperatives that maintain loyalty to the cooperative principles have a greater chance of succeeding the onslaught of globalisation and competition (Novkovic & Power, 2005). At the same time, some other patrons start identifying governance or rights issues. Price and profits are not necessarily the number one factor for them – this group's focus is more on other parameters such as transparency, the cooperative's ability to effectively defend their

interests and its ability to maximise market share and efficiency. All these factors have a direct impact on commitment.

Stage four - decision point: continue, transition or exit? The governance and/or rights challenges become more pronounced and those who want to use the cooperative to make significantly more money for themselves become more restless. There is a tug of war going on between those who believe that they are being ignored and those who want to have a bigger say in the cooperative's decision-making, usually based on their delivery history. The latter group are those who believe that the cooperative has outlived its '*cooperative skin*' and therefore should go full capitalist. Another group will resist this because they believe that the cooperative format should be maintained. All factions make a final decision about the way forward.

Stage five - choice. The choice about whether to continue with the cooperative format or to transition into an investor-owned firm is officialised. This will eventually cause some patrons to leave, regardless of the solution that is adopted.

A number of well-researched values, principles and challenges inherent in the cooperative business format almost predestine them for failure, and this is visible in the five stages presented above (Novkovic, 2008; Jossa, 2015). For one, the egalitarian principle means that cooperatives typically have a longer decision-making process than conventional firms. The collegial ownership structure of cooperatives is also perceived as being more risky than public and private companies. This translates to fewer sources of external finance as financial institutions are reticent to lend them money. The other frequently mentioned factors that cause cooperatives to fail are:

The free-rider problem: This is a very common problem in open-membership coops where benefits are democratically shared to all members (Cook, 1995: 1156). Some

patrons fold their arms and expect the cooperative to work for them, forgetting that it takes committed action from all members to make the cooperative succeed. The problem here is that members who are not very committed or who for one reason or the other do not supply sufficient quantities of saleable goods or services to the cooperative expect to receive exactly the same dividends or profits as those who put in a lot more effort.

The horizon problem: The horizon problem occurs when the period during which a member has rights to money from an asset which he contributed is shorter than the lifespan of that asset, but unfortunately, he cannot transfer the asset (Cook, 1995). This includes long term investments on research and development and search for future markets. It acts as a disincentive for growth because it can push members of a cooperative to focus essentially on very short-term deals at the expense of growth. It can also constrain cooperatives to accelerate payment of dividends at the expense of retained earnings for reinvestment.

The portfolio problem: This refers to “the lack of transferability, liquidity, and appreciation mechanisms for exchange of residual claims” (Cook, 1995: 1157). In this case, a cooperative that votes for the delivery of ten bags of coffee for processing expects all members to deliver only ten bags of coffee on a regular basis. Richer or more hardworking members can neither increase their personal risk by delivering 20 bags for example nor can they diversify their portfolio to include other commodities. If a cooperative faces such difficulties, it will lead to suboptimal investments from members (Ortmann & King, 2007).

The control problem. This is sometimes referred to as the principal-agent problem. It is the tug of war between the board of directors (the principal) and the management

(the agent) and the quest to ensure that both sides' priorities are aligned. Cooperatives generally do not have tradeable shares or equity incentive schemes, so it is difficult to incentivise a manager's performance (Ortmann and King, 2007). It is also difficult to monitor whether the manager is a great leader or not. Since he does not get a reward for meeting and exceeding targets, he may choose to perform only his basic mandate. An overzealous board with overambitious expectations for growth can also pose a problem, just like external agency. The cooperative should ideally be democratically controlled, from inside. However, sometimes there is a situation where the power balance is tilted in favour of more connected patrons or external agents who hijack and control the cooperative's agenda from outside.

The influence cost problem. Influence cost challenges arise "when organisational decisions affect the distribution of wealth or other benefits among members or constituent groups of the organisation and when in pursuit of their selfish interests, the affected individuals or groups attempt to influence the decision to their benefit" (Cook, 1995: 1157). This is a situation where some patrons have too much influence on how roles and dividends are distributed. Such patrons may engage in selfish rent-seeking behaviour to get a larger than acceptable share of profits, which could irk other patrons. Zeuli & Radel (2005) also warn that cooperatives are not an elixir for all development problems because they can fray relationships if not managed carefully and, more importantly, a deficit of financial, human or social capital can cause them to fail quickly.

This discussion has focused very much on the endogenous sources of failure. However, exogenous factors can and often do cause cooperatives to fail. Where there is a strong external agent whose priorities do not align with those of co-operators who shoulder the responsibility for the heavy lifting, such elements are sometimes the

number one reason why they fail. The former Soviet cooperatives are instructive in this regard. As long as threat of heavy-handed government enforcers stood over them and drove them to achieve targets for the regime, they stayed in business. However, patrons hated them because they didn't improve their personal lives in any way and once they had a choice, they dropped their local cooperatives very quickly. In many parts of Africa, the BWI structural adjustment programme identified government mismanagement as the number one reason why cooperatives were failing (Scwettmann, 2014a).

2.2.6. Advantage of Cooperatives.

Although they often appear invisible, cooperatives play an important role in the economy, especially in difficult terrains where government action is insufficient. The first one is their transformative role, i.e. their capacity to foster socio-economic inclusion through the creation of equal societies where everyone has similar levels of resources. Cooperatives build human, social and financial capital. Social capital, i.e. *gemeinschaft*, come from promoting communalism and federating “diverse segments of a community; and subpopulations that may have no other reason or opportunity to interact” to develop self-help initiatives (Zeuli & Radel, 2005). In poor rural and inner-city communities, where local residents find it hard to get opportunities, cooperatives mobilise local resources in a critical mass strong enough to punch above their weight (Zeuli & Radel, 2005). Sometimes, within these communities, the surest way for women and youth to learn skills and engage in income-generating activities is through the local cooperative (Chambo, 2009). Local initiatives, managed by members of the local community help fellow community members to learn clerical, leadership, information technology, negotiation and other skills, which translates to human capital. Cooperatives are also very often recognised as ecological and health conscious

agribusinesses engaged in the production of chemicals-free food in contrast to the large corporations involved in the free market food regime who are all about profits.

Where there is a total absence of governments or private sector investment, cooperatives often step in as the organizing model of choice. They play the lead role in providing social facilities in areas regarded as either inaccessible, unprofitable or low priority by governments and business entities. In many parts of the US, cooperatives have played a lead role in building affordable housing, electrifying the sparsely-populated countryside at a significantly lower rate than private firms, buying and rehabilitating failing community businesses and supporting local business ventures (Zeuli & Radel, 2005). Cooperatives responsible for arguably the biggest engineering revolution in America in the 20th century because they are responsible for electrifying most of the countryside.

Cooperatives' capacity to generate solid returns on local financial capital is proven. They are created by people to either survive or go on the defensive against a bigger force (Cook, 1995: 1154-1155). In imperfect market conditions where virtually no structures have been put in place, where value chains are very disjointed or simply non-existent, cooperatives often help to develop efficient, independent market linkages. In the upstream phase, they help to acquire inputs and generate scale, thereby reducing transaction costs and in the downstream phase, they develop market outlets for products (Verhofstadt & Maertens, 2014; Von Pischke & Rouse, 2004). Due to historical realities and the transformative impact of cooperatives, Chambo (2009: 7) argues that they are the single most important economic dynamos of the African countryside as they help with "employment creation, rural markets development, enhancement of rural incomes and improvement of access to social services". In rural Africa, they take on the roles that governments and the private sector play in bigger

economies. Cooperatives provide access to capital, bankarisation and immediate markets for farmers' produce. This makes it possible for farmers to build decent houses, send their children to school, access healthcare services and handle other financial expenses (Chambo, 2009; Schwettmann, 2014a).

Cooperatives also have a counter-cyclical advantage in that they help stabilise communities in times of crisis. According to Novkovic (2006) the commonly held view that cooperatives are likely to fail faster than conventional capitalistic firms is a myth. Cooperatives are generally started by communities rather than individuals and are therefore more likely to succeed (Restakis, 2011). The fact that they are considered not-for-profit organisations is both an acknowledgement of the role that they play in supporting vulnerable people and communities and dissuading exclusion, thus ensuring local multipliers. This is what is referred to as the "cooperative advantage". Data from the USA shows that 90% of cooperatives make it past their fifth year compared to 30% or less for conventional capitalistic firms (Williams, 2007). Unfortunately, co-operators are not as aggressive at promoting their worldview as capitalist are of theirs, so most of their successes go unnoticed (Restakis, 2011).

The cooperative model is a key to re-humanising the global economy and human societies today although it often doesn't appear on the radar in discussions on a new economic order (Restakis, 2011). Gibson-Graham (2003) argues that the only viable pathway to challenging capitalism's hegemony is by repoliticising the capitalist economy, challenging the status quo and experimenting with new or successful old models so that more people can access opportunities. The answer of course is not necessarily driving cooperatives into global markets and competition, but also thinking differently about independent, member driven cooperatives and new state-cooperative relations within a fairer cooperative market economy pathway for development.

2.3. The Cooperative market economy.

Capitalism became the dominant system underpinning global trade thanks in large part to the freedom that it affords people to innovate, trade freely with one another and make profits (Chang, 2010a). However, by its very nature, the capitalist system is decidedly undemocratic (Chang, 2007). The owner of capital subordinates the forces of production to his dictatorship and systematically draws most of the surpluses generated from whatever business venture that she or he creates. This leads to an imbalance wherein business owners and top executive earn disproportionate amounts of money while workers and others who help to generate company profits barely manage to reproduce themselves (Satgar, 2007). Workers who generate these surpluses have little say in how profits are shared or whether the owner of capital can decide to shut up shop at very short notice. This situation has led to income inequality, job insecurity and major upheavals around the globe caused by footloose capital which moves easily from place to place in the global division of labour, exploiting vulnerable workers (Chang, 2001; Chang, 2010a). Just 1% of the richest people in the world now control 90% of the wealth whereas the bottom 90% hold over 80% of the world's debt (Oxfam, 2016). It is for this reason that Wright (2011) argues that Most of the problems that afflict the world today are directly linked to the prevalent capitalist system.

Capitalism's decidedly undemocratic character and the role that it plays in creating deeply unequal societies is the reason different communities have explored viable alternatives that place more importance on democracy and sustainability than profits-at-all-cost (agrarian communalism, communism, socialism among others). It was the case in the past that debates on alternatives to capitalism were dismissed offhand as utopic (Chang, 2001). However, some models have shown that they can underpin and mediate transactions big and small in firms as well as in entire communities.

Cooperatives, and more importantly, cooperative market economies form part of the proven viable alternatives. Chayanov (1927) posits that cooperatives have to be studied from two different viewpoints: as 'co-operative enterprise' (i.e. single entities) and as 'co-operative movement'" (i.e. a network of cooperatives) within a market economy. A market economy is simply a place of exchange where people can trade in goods and services. Capitalism modifies this by adding the profit motive to transactions, which some people interpret as profits-at-all-costs. The cooperative market economy regards all forms of capital (human, social, financial) as important with the important distinction that the profit motive is subordinated to other imperatives such as social cohesion, democracy and sustainability. It therefore follows that a cooperative market economy is an ecosystem in which all or most of the transactions are underpinned, not by profits, but rather by cooperative values such as self-help, self-responsibility, democracy, equality, equity, solidarity, respect for the environment and cooperation among cooperatives. The owners of the cooperatives control the forces of production as well as the surpluses which are redistributed equally to all patrons. That is what makes cooperatives a healthy alternative to the profit-at-all-cost capitalist model (Satgar, 2007). They value and apply principles like equal pay and fair pay. They want to create jobs and keep them in the communities in which they live. They believe strongly in protecting the environment and in living lifestyles that do not harm the environment. Whenever they need anything, they try to buy it first from a short value chain which operates in and around their area. These are all ICA values and principles and the idea of cooperation among cooperatives is particularly important because it stresses the need for such values to transcend the firm acting in silo and underpin transactions within an entire community, in such a manner that the democratic values that inspire the cooperative become generalised in the society.

Successful cooperative firms exist all over the world. The challenge has always been to transfer their egalitarian commonwealth philosophy from one firm to an entire community or society where the spirit of mutual support becomes heightened (Restakis, 2011). Viable cooperative market economies do not just spring up overnight – just like capitalist societies, they require strong commitment, hard work and patience to bring to fruition. Their existence also does not mean the abolition of capitalism, socialism or any other system for that matter – they can coexist alongside other systems. In *Transforming Capitalism through Real Utopias*, Erik Olin Wright (2011) posits that: 1) a cooperative market economy can develop within a capitalist economy and grow with time and; 2) to create real cooperative market economies, capitalist rules need to be subordinated to egalitarian norms. Satgar (2007: 74) backs this up with the assertion that “genuine cooperatives provide the potential for a parallel and post-capitalist economy to be built in the present”.

Zamagni (2012) adds that to bring such economies to fruition, it helps to have a society underpinned by common values of self-help, communalism, democracy and respect as well as cooperatives that can customise products and services according to customers’ needs, a distinct advantage which capitalistic firms struggle to replicate. Zamagni notes that the Italian cooperative movement, which she has studied for more than three decades, control some of the biggest market economies in the world due to people’s desire to support community-based businesses as well the Roman Catholic Church which preaches the messages of love, equality and solidarity and which is the number one religion in Italy. Italy has a dense network of cooperatives, which has made cooperative market economies a viable alternative. Two out of every three Italians belong to a cooperative and the three major cooperative confederations (i.e. the federation of catholic cooperatives *Confcooperative*, *Lega* and *AGCI*) have

12.5 million active members and 1.2 million employees. And so, on any given day, one can drop off their kids in a cooperative school, spend the day working for a cooperative, buy all of one's provisions in a cooperative store and even spend the evening in a cooperative pub. When Italians grow old, they get most of their care from cooperatives – 50% of all care centres are run by cooperatives. Italy's largest supermarket chain, *COOP Italia*, is owned by more than 100 cooperatives with 7.5 million members. People support these businesses out of choice; many of their transactions are driven by a deliberate choice to grow their community (Zamagni 2012).

Cooperative market economies do not necessarily need to exist within the same community; they can be dispersed in different parts of the world. People don't often realise that the media giants *Associated Press* and *Wikipedia* are cooperatives. Their patrons and clients are dispersed all over the globe. Western Europe has more than 1.5 million cooperatives scattered all over the continent. In some parts, people get all their supplies from their local cooperative retailer, of which there are many options. The French cooperative retail group *Leclerc*, the British retailer *The Co-operative Group*, *Coop Italia*, *Coop Swiss* and Germany's *Edeka Zentrale* work with more than 15 million individual members and 5000 cooperative suppliers. They generate annual sales in excess of €130 billion – that is 6 times the GDP of Cameroon. These retailers coexist with other capitalistic firms in a parallel market economy. It is in recognition of the principle of cooperation among cooperatives that the ICA created the International Cooperative Agricultural Organisation (ICAO) to promote cooperation among agricultural cooperatives. This gives agricultural cooperatives the possibility to trade with one another over long distances. So far, the only African countries that have joined this organisation are Egypt, Kenya and Uganda, which shows the failure of African cooperatives to rediscover their grassroots origins.

Mondragon is an interesting case: it is a conglomerate with over €12 billion in annual turnover. Mondragon has successfully internationalised to continue servicing its traditional clients all over the world. It owns branches in Brazil, Portugal and Poland. However, in these countries it mirrors a capitalistic firm in that the Spanish headquarters owns all the shares in the foreign market. The workers there are just employees. However, the foreign branch is run according to the same cooperative values that inspire the mother cooperative in Spain. Their workers are paid above the national average in addition to getting more incentives than what is on offer in capitalistic firms.

The question may be asked how easy or how difficult is it to develop ecosystems of cooperatives in any given part of the world. A number of communities outside Europe (notably Cleveland and Dakota in the USA, Saskatchewan in Canada, the cocoa-coffee belt in Africa) have succeeded in creating social and solidarity networks based on cooperatives. However, a number of challenges work to give such initiatives low visibility. Firstly, cooperatives do not really have a strong visibility in the mainstream capitalistic economy comparative to other businesses. They do a very poor job of selling themselves. Secondly, and maybe as a consequence of the first point, cooperatives are always overlooked when it comes to public support. Governments very readily offer incentives to investors such as tax holidays, free land, purchasing of share options and preferential purchase agreements but cooperatives are not extended similar incentives. Just like capitalistic firms, cooperatives require public support to grow bigger cooperative market economies. The same kind of incentives that are used to encourage other forms of private capital to invest must therefore also be offered to them.

2.3.1. Cooperatives within Social and solidarity economies.

Social and solidarity economies refer to economic initiatives developed to revitalise communities in decline and integrate vulnerable people (Lévesque & Mendell, 2005). The term is also used to define all the personal services that the welfare state has not adequately provided and which communities very often have to get together to perform themselves. Some of the principles of such initiatives include democratic decision-making, autonomous management, collective ownership and participation, reciprocity, people and society over capital and ecological considerations, all of which match the ICA's principle of cooperating among co-operators (Lévesque & Mendell, 2005; Noya and Clarence, 2014).

Conceptual and empirical references to social and solidarity economies started as a reaction to industrialisation in the nineteenth century. However, the term has gained traction with ever increasing globalisation, delocalisation and constant shifting of speculative capital from one part of the world to another (Lévesque & Mendell, 2005). Typical social economy organisations include cooperatives, soup kitchens, urban gardens, recycling companies, day-care centres, shelters for the homeless, community training or retraining centres (Noya & Clarence, 2014). Recent data has consistently shown that the most successful coops in the world today are the ones that are rooted in social justice and community development (Vieta & Lionais, 2015).

Perhaps the biggest lesson from the 2008 economic crisis is that communities with large ecosystems of cooperatives and therefore greater social capital and community support systems absorb shocks much better than others rooted in individualism. Social economic approaches ensure mutualisation of resources as well as greater investment in community businesses which in turn lead to more stable pockets of economies.

Emilia Romagna in Italy, the Basque region of Spain and Cleveland, Ohio are good examples of this. In Basque Spain, Mondragon has created a large ecosystem of thousands of individual cooperatives operating in all sectors of the economy from housing to banking. The social capital undergirding this economic system is derived from the Catalan federating bond and identity. With its ecosystem of cooperatives and co-operators, this region has become the most income equal part of Spain. It was largely unaffected by the global financial crisis of 2007.

The Evergreen Cooperative Corporation in Cleveland, Ohio (USA) has successfully replicated the Mondragon model. Following the departure of many large employers from areas like Youngstown and Cleveland, a number of entities like the Cleveland Foundation, the Democracy Collaborative, the City of Cleveland and a number of universities developed a number of community businesses starting from 2006. The idea was not just to create employment but more importantly, to offer an alternative to neoliberal capitalism by developing worker-owned businesses that would anchor jobs in the community, expand provision of public services and increase asset ownership by locals, and all this in the strictest respect for social rights and environmental ecosystems (Rowe et al, 2017). The result today is an ecosystem of worker-owned cooperatives, including the Evergreen Cooperative Laundry, the Ohio Cooperative Solar and the Green City Growers Cooperative which has created a bubble of secure jobs, community-owned businesses, reviving neighbourhoods and more ecologically-friendly habits.

The Emilia Romagna region of Italy, home to over 400,000 cooperatives, has been a stable haven of economic success for centuries due to the principle of cooperating among co-operators, with businesses supporting each other through artisanal market and buy-local initiatives. 7 in ten people in this province work in a cooperative and for

centuries, it has been the most income equal part of Italy. It also has the lowest unemployment levels and the highest production levels in the country (Restakis, 2011). 87% of all social and healthcare services in Bologna are provided by cooperatives. People believe in supporting each other and transactions are not always money-based – barter is used a lot to get provisions as well as to raise capital.

Cooperatives have found that to link up with other cooperatives and consumers who believe in the cooperative principles, they have to rely on alternative commodity chains which place more importance on community and the environment. A good example of a social economy value chain is the *Fairtrade* Max Havelaar process. The *Fairtrade* value chain links producers in the developing world with consumers in the Global North. Producers agree to use only ecologically-friendly practices on their farms while consumers reward them for their effort by purchasing their products at a higher price. Such initiatives are gaining the support of conscious consumers who care about the health of the planet and want to do something about the income inequality that is so pervasive in many parts of the world.

2.4. Cooperative success stories.

The top 400 cooperatives in the world, which are mainly based in Western Europe, the USA, Korea, China and Japan, account for an aggregate annual turnover of 2 trillion US dollars (UN, 2009). In the European Union alone, cooperatives represent 108 million members, 5.7 million direct employees and over €1.2 trillion in annual turnover (Monzón & Chaves, 2012: 18). They control 83% of the agriculture in the Netherlands, 79% in Finland, 55% in Italy and 50% in France. They also own a significant proportion of financial organisations (50% in France, 37% in Cyprus, 35% in Finland, 31% in Austria and 21% in Germany), retail services (consumer cooperatives hold a market

share of 36% in Finland and 20% in Sweden), pharmaceutical and healthcare (21% in Spain and 18% in Belgium) in addition to other interests in housing, handicraft and information and communication technologies). Some of the major financial institutions in Europe, including Rabobank (the Netherlands), Crédit Agricole (France), Crédit Mutuel (France), Caja Laboral Kutxa (Spain) and Signal Iduna (Germany) are cooperatives. Credit Agricole alone is worth €60 billion. Interest in cooperative banks increased after the 2008 Global Financial Crisis and in France, *La Nef*, which started financial operations in 2009, has already garnered 38,000 members and over 100 million € worth of business in less than a decade of activity (IDEA, 2015).

Spain's Mondragon is the single biggest cooperative success story in the world. This super cooperative was started by a Roman Catholic priest known as Father Joseph Arizmendiarieta, as a training academy. From its first project, a vocational college in General Franco's 1950s Spain, Mondragon has grown to become the biggest cooperative in the world and the seventh biggest business entity in Spain. It has 147 businesses entities which operate in four main areas (industrial, distribution, financial and research and training), more than 60,000 direct employees, 60 production centres and 18 firms all over the world and annual turnover in excess of \$9 billion (Errasti *et al*, 2003; Luvienne *et al*, 2010). The Mondragon group owes its success to principles like democracy, maximum job security, egalitarianism and very involved worker participation. Members can cash out their investments at any time, however they are required to sell their shares only to another member of the cooperative. Only 10% of profits can be withdrawn from the group. All of Mondragon's businesses bank with its *Caja Laboral Kutxa* bank which was launched in 1959 and which today controls more than \$18.6 billion in assets (Luvienne *et al*, 2010: 9).

In Italy, cooperatives represent 15% of the total economy. Italy's 700,000 cooperatives operate in a multitude of sectors like farming, fishing, housing, communication, hotels, health, social services, food and drink and manufacturing (Zamagni, 2012). The Emilia-Romagna, region which has the highest concentration of cooperatives in Italy, is also the most stable part of the country. The *Legacoop*, which is based in this region, is a super umbrella cooperative with interests in work, production, housing, food, retail, culture, tourism, consumption and agriculture (Morales Gutiérrez, 2005: 51-52; Alberani, 2013: 5). *Lega* has 2.5 million members and a net worth of 15 billion Euro from a parallel economy with artisans and professionals who work according to shared values (Alberani, 2013). *Lega* and its affiliate cooperatives have a total production value of 127 billion Euro, i.e. about 10% of Italy's total GDP (Alberani, 2013). Due to its massive size, the Italian government has attempted unsuccessfully to break up the *Legacoop* on numerous occasions.

Africa also has examples of very successful cooperatives. These include the *Highveld Cooperative* in South Africa, *Forum Cooperativo* in Cape Verde, *Kuapa Kokoo* in Ghana, the *Oromia Coffee Farmers' Cooperative Union* in Ethiopia and numerous dairy cooperatives in Kenya (Jara and Satgar, 2009; Develtere and Pollet, 2008; Wanyama, 2013). Ethiopia's *Oromia Coffee Farmers' Cooperative Union* has set up stores in Europe and the USA where they sell directly to bulk and retail buyers. The *Highveld Cooperative* which is based in South Africa's Karoo region specialises in processing Rooibos tea which is sold in lucrative markets all over the world. *Kuapa Kokoo* in Ghana has spawned a chocolate brand known as the *Day Chocolate Company*. *Day Chocolate* is sold in England through a fair-trade value chain and annual sales average £30 million, i.e. 90% more than what the farmers could hope to get from cocoa beans alone. African Cooperatives have also created over 77,000

direct jobs in Kenya (notably in the dairy and microfinance industries), 28,000 in Ethiopia, 10,000 in Egypt and 3000 in Ghana and Uganda, just to name a few (Develtere & Pollet, 2008).

SECTION II

2.5. Prevailing dynamics in the global agrarian political economy.

Agricultural cooperatives do not operate in a vacuum. They exist within an evolving agrarian political economy alongside other agribusinesses against which they compete for space, resources and market share. To further understand the trade dynamics by which they operate, it is necessary to locate cooperatives within the global agrarian political economy and dissect how they are impacted by national policies, food regimes, global commodity chains and environmental awareness among other things.

2.5.1. Food regimes.

McMichael describes a food regime as “an institutionalisation of political and socio-ecological forces that structure international agri-food relations for that moment...” (McMichael, 2013: 21). Friedman offers another definition which says that a food regime is: “a relatively bounded historical period in which complementary expectations govern the behaviour of all social actors, such as farmers, firms, and workers engaged in all aspects of food growing, manufacturing, distribution and sales, as well as government agencies, citizens and consumers” (in Bernstein, 2016: 3). Each food regime has clearly discernible organising principles and agrarian political economy. Agrarian political economy is a field which investigates “the social relations and dynamics of production and reproduction, property and power in agrarian formations and their processes of change, both historical and contemporary” (Bernstein, 2010).

A food regime creates a food system specific to a geo-historical period and political ideology characterised by a dynamic or dominant form of production and accumulation. Its analytic frameworks include variables such as international divisions of labour, the international state system, relations between agriculture and industry, land, state, international world order, production methods, producer class or classes, environmental resources, industry and most importantly, hopping from one regime to another, is capital, which constantly shifts locations and loyalties in a perpetual effort to subvert state priorities to its will (McMichael, 2013: 22; Bernstein, 2016).

Agricultural cooperatives and other agricultural enterprises, laboratories, plantations, stock exchanges and homologating organisations are created within such bounded regime dynamics. There isn't necessarily a clear-cut transition from one food regime to the other. Production dynamics sometimes overlap from the end of one system to the beginning of the next, even if the older one diminishes in importance in the face of the new dominant trend. Modern food regimes have witnessed and accelerated what Polanyi refers to as "commercialisation of the soil" (Polanyi, 1944: 188). Friedmann (1993), McMichael (2013) and Bernstein (2016) posit that the world has witnessed three dominant food regimes in the modern era.

The first modern food regime was the British-centred intensive food regime which began around 1860 and lasted until the end of the Second World War. Key features of this food regime include:

- 1) Meat production and specialised, monocrop plantations in the Americas.
- 2) Agrarian crisis in Europe with the introduction of cheap imports from the Americas.

- 3) Specialisation in tropical export crops (palm oil, coffee, cocoa, wheat, corn, meat, etc.) in European colonies in Africa, Asia and Latin America.

(Bernstein, 2016).

During this period, Britain and other major European colonial powers (Holland, France, Germany, Portugal) intensified the development of outposts of empire around the world, notably in America and Africa, which were transformed into production centres for commodities (McMichael, 2013). This agricultural transformation, necessitated by geo-ecological imperatives (i.e. Britain being an island couldn't produce all the food it needed) as well as the first inflows of speculative capital into agricultural production, led to the extermination of parts of the local, colonial populations to create space for plantations (McMichael, 2013: 29). In many instances, indigenous populations in conquered colonies were forcibly transformed into commodity producing peasantries or proletarianised in settler-owned plantations. Chayanov (1925) noted that what gave big nations control over food production was finance, and not necessarily the superiority of their production methods. Abundant finance and firepower from colonial powers also introduced mass slave labour as part of large-scale agricultural production. Over half of the African population was transferred to the Americas to work in European-owned plantations. Subsistence farms with little specialisation and diverse production were discouraged in favour of large, monocrop ventures. This production dynamic helped to create sprawling urban metropolises in Europe and created an even bigger divide between cities and rural areas (Polanyi, 1944).

When slavery was abolished, the same production dynamic was transferred to colonies where production was organised in a bifurcated plantation/subsistence dynamic which allowed for an underfunded, peasant subsistence agriculture to cater for the needs of farm workers. Gunder Frank (1969: 28-29) defines this as a satellite-

metropole relationship in *The Development of Underdevelopment* in which he presents Latin America's situation vis-à-vis Europe as follows:

Just as the colonial and national capital and its export sector become the satellite of the Iberian (and later of other) metropolises of the world economic system, this satellite immediately becomes a colonial and then a national metropolis with respect to the productive sectors and population of the interior. Furthermore, the provincial capitals which thus are themselves satellites of the national metropolis and through the latter of the world metropolis - are in turn provincial centres around which their own local satellites orbit. Thus, a whole chain of constellations of metropolises and satellites relates all parts of the whole system from its metropolitan centre in Europe or the United States to the farthest outpost in the Latin American countryside.

Wherever plantation agriculture was not possible, a highly mechanised cooperative architecture was set up to coordinate production, collection, processing and transportation of agricultural commodities in a hierarchical value chain from villages to divisional headquarters, from divisional headquarters to provincial headquarters, from the provincial headquarters to the coast, from the coast to the metropole.

Walter Rodney further describes this satellite-metropolis logic in *How Europe Underdeveloped Africa* (1972) in which he showed how all major colonial economic hubs were conveniently located along the coast, on shipping routes to receive commodities from the hinterlands and thereafter to forward them to Europe. What little part of the colony they bothered to develop was only road and railway networks to evacuate commodities down to the coast. The rest of the colony was left to its own devices or managed through cooperatives. In *Agribusiness in Africa* Dinham & Hines (1983) show this bifurcated food regime system at play in Africa before and after the independence period. They outline how European colonial implantation in Africa was

directly linked to business concessions owned by agribusiness firms like *United Africa Company*, *Lever Brothers* (now known as Unilever), *James Finlay Group*, *Firestone Rubber Company*, *Cadbury*, *Royal Niger Company*, *Grand Moulins de Paris (GMP)*, *West Afrikanische Pflanzungs Gesellschaft Victoria* and *Ambas Trading Co* which were all based in coastal cities.

Cameroon's economic and agricultural geography of the last century shows this configuration described by Gunder Frank and Rodney. From its inception to around 1982, 87% of the Cameroonian population was involved in commodity agriculture which contributed 40% of the National GDP and 80% of total exports (Dinham and Hines, 1983). The question may be asked why postcolonial governments did nothing to change this status quo once they were in power. Again, Dinham and Hines provide an answer with the suggestion that during the colonial period, "African resources of land and labour had been exploited for European demand" but then after independence, they opted for modest legal and financial controls because agribusiness firms "were by now crucial to many African economies" (Dinham & Hines, 1983: 23-24).

The second food regime is the post-World War II US-centred intensive food regime based on implicit governance rules rather than a clear rule-based production order (Friedmann, 1993). It consisted mainly in the United States of America (USA) using multilateral institutions to dump cheap food disguised as food aid all over the world (Bello, 2009: 76; McMichael, 2013: 32-40). Key features of this food regime include:

1. Cheap food dumped in developed countries as food aid by the USA;
2. Developed countries peddle farm mechanisation for large-scale commercial farms and heavy factory equipment as a short-cut to development;

3. Newly-independent developing countries spend heavily in setting up extroverted large-scale commercial farms and agro-industrial complexes.

With the heavy investments it had made in liberating Europe during the war, the USA developed a policy to set up global value chains for its cheap agricultural products and its industries. It devised a two-pronged approach to achieve its ambitions. On the one hand, it offered food aid through the United Nations and on the other hand, its agribusinesses peddled mechanisation equipment and food innovations as a social Darwinist path to transition from primitive accumulation to industrialisation and accelerated development (Friedmann, 1993). To reach the age of mass consumption, they argued, undeveloped or underdeveloped countries or territories had to engage in a Rostowian process of greater industrialisation and mechanisation in agriculture as a necessary precondition for a nationally organised, highly mechanised, sophisticated, low labour farm sector which would naturally lead to a vibrant, value-addition agroindustry (McMichael, 1997; McMichael, 2000). To do this, such countries had to adopt Western innovations from developed countries and encourage their people to adopt them within a diffusion of innovations paradigm. Mass media was used to shoot messages straight into the minds of potential customers like a magic bullet by showing Western lifestyles in the media over and over again. It also meant policies of mass expropriation with or without compensation, associated with depeasantisation to accommodate the kind of preferred industrial set-up championed by the leading development experts of the time (McMichael, 1997). Policy experts encouraged the large cohort of new countries in Africa, Asia and Latin America to spend vast sums of money on plantations, tractors and processing plants.

In Africa, the second food regime continued and entrenched the disarticulated, outward looking system which produced crops the people didn't consume.

Concomitant with this policy, there was an added and incredibly more expensive component which consisted in importing, at great cost to the fiscus, processing factories (flour, sugar) and mechanisation equipment. Dinham & Hines (1983) have detailed how countries like Cameroon, Tanzania, Sudan, Côte d'Ivoire and many others spent millions of dollars to import and install sugar factories in deals where supplying parties showed a lot of bad faith (scope creep, no skills transfer even when they promised that in written contracts, taking up share options with no investments). Western investors walked away with millions of dollars while Africans dug a financial hole with white elephant projects which ultimately led to a continent-wide economic crisis (Dinham and Hines, 1983; Mkandawire, 2005).

The third food regime is the corporatised free trade regime that is prevalent today. It coincided with and was facilitated by accelerated globalisation and neoliberalism (McMichael, 2013: 47). Centrepieces of this corporate food regime include:

- Increased financialisation of food networks.
- Increased sourcing of food by hegemonic transnational corporations.
- Increased land speculations and constant movement of liquidity between capital, food, feed and agrofuels based on profitability.
- Increased transnationalisation of food supply chains.
- Increased consolidation of food supply chains in the hands of a few key players.
- Increased investment in agrosiences for production and ownership of improved seed patents.

(McMichael, 2013)

From the 1980s onwards, a series of economic policies, instituted by the Washington Consensus and vulgarised by Ronald Reagan, Margaret Thatcher and the BWIs

encouraged governments around the world to adopt policies such as privatisation, free trade, free floating currencies and dismantling of trade barriers for more open economies. Other global governance structures like the World Trade Organisation and the G-20 were used to further deregulate investment and banking laws to make it easier for corporations to trade freely anywhere on the globe (McMichael, 1997; McMichael, 2004). For McMichael, the corporate food regime has caused “a widespread subordination of producing regions to global production and consumption relations organized by transnational food companies” (McMichael, 2000: 24). Agriculture has become a branch of industry - with the accompanying speculators – and power has been transferred from producers to retailers and major agribusinesses (Lee *et al*, 2012: 12326). For illustration purposes, on 16 September 2016, BAYER bought out the American seed giant Monsanto (a perfectly profitable company in no particular need of liquidity) in a 66 billion USD takeover deal. China and other former communist-bloc countries have also emerged as major players and exporters of food (Bello, 2009: 17). In February 2016, ChemChina paid 43 billion USD for the Swiss-based Syngenta, ostensibly to improve food security and crop yield in China. This shows how far some are prepared to go to control and dominate agribusiness value chains and how far into the future they are looking.

In this current food regime, power has shifted from states to corporations. Just as industrialisation helped divorce centres of production from local consumer centres and exacerbated the vulnerability of labourers, so too have deregulation and financialisation helped to tilt value chains in favour of large TNCs and MNCs in the global North which currently inhabit and dominate the transnational space alongside technology firms and other global companies (McMichael, 2013). They have access

to significantly more money than smallholders and with this power, they can speculate on supply and withhold stocks to influence prices whenever it suits them.

Financialisation within the corporate food regime is increasingly causing food price volatility which the poor simply cannot deal with (Godfray *et al*, 2010). Countries in the global North have traditionally sought to protect their constituencies from price fluctuations by doling out massive subsidies to well organised agriculture lobbies. This practice is anti-competitive and detrimental to smallholders both in the global north and especially in the south where governments have historically exploited rather than subsidised agriculture (Godfray *et al*, 2010: 2774). In what could be considered a cynical move, biotechnology companies, through the WTO, are calling for government backed farm and supply management programmes to be phased out, claiming that only large-scale mechanised agriculture is efficient (McMichael, 2000). This is certainly not to help smallholders but to give their self-declared more efficient systems a greater market share, a regime in which peasants and smallholders will become mere relics (van der Ploeg, 2016).

Corporatisation of food has also meant an exponential increase in land grabs. There has been a significant increase in land speculation and expropriation of land without compensation by governments as more players enter the agribusiness scene (McMichael, 2013). In countries like Sierra Leone, Liberia, Mali, Cameroon, Gabon, Tanzania, Ethiopia, Uganda and Kenya, thousands of people have been forced off their land to make way for foreign agribusiness investors who want to set up large scale farms, which are still perceived to be better than small-scale agriculture (Moyo, 2007). Many of these projects are oil palm ventures. Some are used to produce food destined exclusively for their metropolises (China, Saudi Arabia, Kuwait, South Korea) in a new form of colonialism (Nkongho *et al*, 2015).

2.5.1.1. Critique of food regime discourse.

The central foci of food regime discourse are periodisation of modes of production and consumption of food, i.e. from farm to fork and everything in between (McMichael, 2005). Such theoretical constructs focus a lot on following the money (i.e. following the mega producers of food, the commodity chains that distribute their merchandise and the main markets where it is consumed) often paying no attention to the delicate balance between man, nature and markets. Large-scale agriculture is very inefficient and wasteful, compared to smallholder agriculture which uses ecological practices and shorter value chains (van der Ploeg, 2016). Dominant, industrial-scale food systems have generally made no efforts to rehabilitate reproduction fields. Missing from such periodisation – at least as an important component of the value calculus – is peasant or smallholders who ironically by far represent the biggest group of producers. Wherever smallholders are presented, it is as suppliers of cheap labour or helpless stakeholders in the forward march of progress. This is consistent with Bernstein's (2015) predicate that modern agriculture is generally analysed in terms of capital and free wage labour – and the wage labour is usually supposed to come from peasants, perceived as relics of a dying and backward way of life. There continues to be a reflexive tendency to point to the incommensurability of modern agriculture and peasant or smallholder production, regarded as either inefficient or too disorganised to satisfy any country's economic or development priorities (Bernstein, 2015).

The casting of smallholders as either increasingly irrelevant or inefficient is not necessarily accurate (Moyo, 2010; Chayanov, 1927). Van der Ploeg (2016) notes that dominant food regime analyses often ignore dynamics at play within countries, especially newly-independent countries in places like Africa and Asia where there has always been a large group of smallholders who were never considered as a powerful

constituency in previous regime analyses. A majority of the world's peasant and smallholder farmers have no permanent or aggressive relationship with capitalist markets because their first – and sometimes only – constituency is the family household (i.e. they don't necessarily want to sell what they produce) and their local community. When they have to, they have shown that they can deliver better results than large scale agriculture: the so-called peasant farmer still accounts for 70% of global food production. Smallholders produce the majority of the world's coffee and cocoa commodity in terrains that are not conducive for large-scale agriculture and yet they are still viewed through a prism of 'backwardness' (Moyo, 2007).

The very high-profile failings of industrial agriculture as well as the growing importance of the subject of climate change has introduced a new dimension into the food regime debate. Hundreds of protests, featuring farmers dumping their milk and crops on major transportation arteries all over Europe have highlighted the issue of cutthroat practices used by supermarket chains to impose below-producer price rates on already helpless farmers, especially as it leads to unemployment and a situation where consumers do not know where their food comes from. Their plight gained a lot of attention when it was revealed between 2014 and 2015 that contaminated horse meat with very high levels of steroids and antibiotics from all over the world had been released into supermarket value chains and sold as beef. Barely two years later, another scandal in Brazil revealed that beef processing plants had been paying bribes to government officials to release contaminated beef into value chains. Elsewhere, Monsanto products (especially Roundup) have been fingered as the main cause birth defects in new-born babies in Argentina and Denmark. Its genetically modified seeds, bought at high costs by farmers in Africa and Asia have also been shown to produce only slightly better yields than traditional varieties passed down from generation to generation in

the traditional seed selection methods. The failure of expensive GMO cotton crops caused many farmers to commit suicide in India between 2014-2017 and Monsanto's contract with the government of Burkina Faso to be terminated.

It is within this dynamic that some researchers, notably McMichael (2008) have posited the emergence of an alternative food regime. The alternative food regime is a production paradigm that is based on peasant or smallholders who work smaller plots using ecologically-friendly indigenous farming techniques to produce food which is commercialised in shorter value chains. Interlinked with this dynamic are other concepts such as food sovereignty and slow food. The concept of food sovereignty, which is still under construction aims to democratize food production, give back dignity to smallholder producers, shorten agriculture value chains and go back to traditional forms of agriculture that are more sustainable and less likely to destroy agro-ecological resources (van der Ploeg, 2014; McMichael, 2014). A vital component of this is small farmers' right to keep a portion of their harvests and use it as seeds the following season as opposed to buying seeds from agrochemical companies every year. Slow food is the idea of letting crops and animals grow in their own natural time, without accelerating the process with growth hormones, pesticides, insecticides.

Bernstein (2015) questions why peasants and sustainable agriculture suddenly make an entry in the third food regime whereas they were not an important constituency in the first two food regimes. If they were always there, should they not be discussed as part of every previous regime? Moyo (2007) suggests that the dismissive attitudes towards peasant or smallholder production in capitalist and Marxian theory is imputable to the axioms peasant agriculture = backwards and mechanised or industrial agriculture = modern and efficient. They argue that the agrarian question needs to extend beyond capital's frantic scramble for control over the earth's agricultural and

natural resources, the agrarian question needs to move beyond capital and labour to look at more equally or possibly more important values such as people's access to land (the national question) and ecological sustainability.

Smallholders and peasants are not relics or survivors of a past system. Rather, they are dynamic enough to evolve solutions contemporaneous with evolutions in the globalised environment that allow them to reproduce themselves. In many cases, they evolve solutions that allow them to straddle urban and rural spaces, helping to shape the cultural experiences of both worlds (Bernstein, 2015). Faced with the challenge of the undemocratic corporate free market regime which forced them to buy seeds from agrochemical companies and locked them out of lucrative value chains, notably through supermarketisation, starting from 1996, global organisations like Via Campesina and the Landless People's Movement internationalised a resistance from below. These organisations called for an alternative perception of peasant agriculture, not as a bastion of backwardness and unfulfilled potential but rather as an alternative, sustainable production of healthy food in conditions which social justice prevails (McMichael, 2008). In 2001, the French sheep farmer and spokesperson for Via Campesina gained folk status when he vandalised a McDonald's outlet to draw attention to small farmers' plight in the face of cheap food imports. Protests involving farmers dumping produce in the streets of Europe continue to highlight farmers' defiance in the face of undemocratic supermarketisation and their will to fight rather than collapse and flee.

The democratic organisation from below has achieved significant successes. For one, it has encouraged many supermarket chains around the world to source more produce within shorter value chains, which is some vindication for small producers although the supermarkets still pocket most of the profit margins. More and more farmers have

switched to organic farming year after year as principles such as slow food, food sovereignty and respect for the environment gained momentum. More importantly, there has been a proliferation of fair trade value chains, urban food markets, and slow food initiatives. The *Fairtrade* movement has shown that consumers in Developed Countries are willing to pay higher prices for goods in solidarity with farmers in the third world (Williams, 2013). However, this depends on a number of factors. Firstly, farmers in the global South have to be committed to ecological farming, i.e. they should use mostly natural, biodegradable fertilisers on their crops. Secondly, they should ensure that any dangerous pesticides or fertilisers do not flow into water sources. Thirdly, efficient value chains have to be created to bring these products to the consumers in the global North in order to make the extra investment in time and energy worthwhile (Jara & Satgar, 2009).

2.5.2. The global economy and global commodity chains.

Globalisation refers to “the widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life, from the cultural to the criminal, the financial and the spiritual” (Held, McGrew, Goldblatt, and Perraton, 1999: 2). The term also refers to the “spatio-temporal processes of change which underpin a transformation in the organisation of human affairs by linking together and expanding human activity across regions and continents” (Held et al, 1999: 15). Economic globalisation is defined as “the transnationalisation of production and finance (Reed and Murty, 2009). The free market economic model championed by BWI institutions and which underpin the globalisation process are based on the assumptions that 1) growth reduces poverty; 2) free trade between countries is symmetric and simultaneous; 3) free trade creates jobs and raises incomes; and 4) trade liberalisation brings long-term gains for all participants (Williams, 2007: 61). (Chang, 2007) argues

that these principles are not necessarily true because what we see as globalisation is, in some cases, actually imperialism – as was the case when the United Kingdom expanded into the Americas, Africa and Asia starting from the 16th century. For Chang, the colonies were not in a symmetrical, co-equal relationship with Britain. Rather it was a relationship of exploitation, with the colonies' production forces subordinated to and dependent on the United Kingdom's needs, a system which still exists in varying degrees in most of these territories today. To this point we have to add the fact that markets are first and foremost political constructs and not the result of unbiased phenomena (Chang, 2001).

Narratives on globalisation are generally split in two camps: the hyperglobalists on one side and the sceptics on the other side. The hyperglobalists argue that the world has never been more interconnected with MNCs operating in a supraterritorial fashion without care for local economies, cultures, workers' rights or the environment. They point to the macdonaldisation of the world and supermarketisation (with groups like Walmart, Shoprite and Carrefour owning thousands of outlets all over the world) as clear examples of this. On the other side, there are the sceptics who believe that we have always lived in a globalised world, even if the process has accelerated in recent times. Gereffi (2005) notes that the first major international trade networks can be traced as far back as 1440-1640. It is for this reason, Keohane and Nye (1998) argue that globalisation does not necessarily lead to a new world order because a lot of the new advantages offered by the internet (information flows, capital, military power, etc.) overlap and are built on the same old forces that have dominated and underpinned global power for a very long time. They see that globalism is essentially a transition into a different age with more or less the same people continuing to dominate the relationships of interdependence across national boundaries.

Gereffi (2005) posits that there are three main ways to view the organisation that has resulted from this globalised environment. The *macro* level analysis deals with international organisations such as the World Trade Organisation (WTO), the General Agreement on Trade and Tariffs (GATT), the International Labour Organisation (ILO), IMF, the World Economic Forum, etc. and the neoliberal trade regime that they have created and currently champion. The *meso* level deals with the key building blocks of economies, i.e. firms and countries. The global economy is an environment of opportunities and footloose capital and, just as it is posited in the world systems theory as well as in the concept of the competition state, any country or firm that wants to grow in value and stature must aggregate a sufficiently strong set of arguments to attract the maximum possible amount of FDI to achieve its goals. The *micro* level focuses on social and environmental activists as well as small producers and the kind of adaptation strategies they employ to fight the crushing effects of globalisation.

At the macro level the global economy has undergone significant transformation, notably in how it is organised and governed. Deepening global interconnectedness is aided by supraterritoriality of capital which itself is made possible by the neoliberal world order, international governance institutions such as the WTO, the ILO, UNCTAD and GATT as well as the World Wide Web and the internet. Under the neoliberal agenda, export-oriented development has become the dominant orthodoxy for developing economies (Gereffi, 2014). Globalism has caused MNCs to adjust their production processes in a new international division of labour, with footloose capital in the Global North and the cheap labour located predominantly in the Global South (Gereffi, 2014). Whereas in the pre-World War II era, industrial processes were generally located in a single site, the global economy has witnessed an unprecedented

dispersal of production starting from 1945 with a single commodity being produced sometimes in as many as twenty different sites (Gereffi, 2011).

The global economy is structured at the *meso* level around global value chains which underdeveloped countries and their enterprises must integrate in order to reap the dividends of economic globalisation (Gereffi and Fernandez-Stark, 2011). Those who cannot connect to such chains are simply left by the wayside. A value chain refers to “...the full range of activities that firms and workers perform to bring a product from its conception to end use and beyond” (Gereffi, 2011: 4). Linked to this is the concept of global commodity chains (GCC) which refers to the location of production processes all over the world, with a seamless system which moves products from one site to the next, adding value at each stop until it gets to the end user. Commodity chains are a reflection of competition embedded in time and space; they emphasise the international governance structure of value chains.

The main motivating factor for the global internationalisation of manufacturing processes is the search for low-wage labour and greater organisational flexibility (Gereffi & Korzeniewicz, 1994). Within this post-fordist production dynamic, more and more organisations are outsourcing or delocalising peripheral production processes to disparate geographic locations and retaining only the core functions (Gereffi, 2011). The transnational corporations which are responsible for moving billions of dollars' worth of investments and FDI around the world have become, at least in some cases, even more powerful than countries. Gereffi (1995) adds that global value chains can be viewed in a number of different ways, viz:

- (1) The input-output arrangement, i.e. the raw materials and the final products that are made from them;

- (2) The geographical consideration, i.e. where the raw materials come from, where they are processed and where they are consumed;
- (3) The governance structure, which explains value chain management, e.g. some companies have company-specific arrangements from beginning to end whereas some others work in collaboration with a multiplicity of partners in producer-driven, buyer-driven or supplier-driven chains; and
- (4) the institutional context in which the industry value chain is embedded, such as the garment industry or auto-industry chains for example.

The governance and geographical considerations are of particular importance in the corporate food regime because they affect emerging power relations between producers and the middlemen who ship their coffee to consumers. Instead of improving the balance of power in favour of producers, the corporate food regime has further tilted commodity chains in favour of buyers in the Global North.

2.5.2.1. Current agricultural marketing supply chains.

As outlined above, four common types of governance relationships currently exist for farmers to market their products: (1) producer-driven chains in which producers create their own linkages with markets; (2) buyer-driven chains wherein deals are signed with farmers to deliver pre-specified quantities of produce; (3) bilateral oligopolies in which the global food and beverage giants purchase all their agricultural commodities like cocoa, tea and coffee from middlemen in the global South; and (4) traditional markets, i.e. the local fresh produce value chain which has been in existence for millennia (Lee et al, 2012: 12328-12330). The agricultural commodities business is currently dominated by buyer-driven chains and large MNCs. The most important observable trends among these stakeholders today are the following:

1. Shift from local store-by-store procurement to (nationally centralised) large and modern distribution centres.
2. Shift to regionalisation of procurement over procurement by countries.
3. Shift from traditional brokers to new, specialised wholesalers.
4. Increasing use of global logistic firms.
5. Shift to preferred supplier systems.
6. Shift to high, private standards of quality and safety.

(Dries *et al.*, 2004, cited in Hanf & Török, 2009: 21)

Current supply chain relations, existing as they are in a liberalised environment, strongly favour buyers and speculators based in developed countries. This explains for example, why today, Germany is the world's number one exporter of coffee beans, although there isn't a single coffee plantation in Germany. Another feature, one that has really thrived with enabling laws in a post-cold war environment, is the "supermarket revolution" or the supermarketisation of supply chains which started in the early 1990s (Reardon, Timmer & Minten, 2012: 12332).

Supermarketisation is the process through which supermarkets increase their footprint, especially in upmarket areas, and take over the retailing of basic consumer goods. Previously, this phenomenon was mainly limited to upper class suburbs in large cities, but today, the relentless ambition to grow revenue sees supermarkets muscling their way into middle and even low-income areas. They have also expanded from processed and semi-processed foods to fresh produce, office and school furniture and hardware supplies. Brands like *Tescos*, *Spar*, *Walmart* and *Carrefour* from Europe and America have become mega transnational companies worth more than two trillion

dollars between them. In Africa, the *Shoprite revolution* has seen the supermarket retailer expand from South Africa into 16 African countries, all the way up to Ghana in the north west and Madagascar in the east.

Closely following on the heels of supermarketisation is the online retail phenomenon. With greater internet penetration, coupled with the proliferation of smartphones, most supermarkets have developed online platforms from which they sell directly to customers around the world, 24 hours a day. A number of these services, notably Amazon, started off as online-only platforms which require only a very insignificant slotting fee from vendors. However, they are predominantly based in the Global North although they offer tantalising new opportunities for anybody who is willing to sell directly to customers around the world.

It is in this climate that alternative commodity chains have emerged to provide healthier and more community-friendly solutions for producers. Such commodity chains operate in two ways. Some are deliberately shortened to reduce the gap between the producer and the consumer (Bernstein, 2015). This is the production dynamic where commodities are sold at the nearest local market or in a purpose-built neighbourhood store. Others, such as the Fairtrade initiative, producer-driven chains and even some supermarket-own organic initiatives, operate short and long value chains which clearly distinguish between organic and non-organic foods in a bid to attract a growing number of conscious consumers who are ready to pay a slightly higher fee for ecologically-friendly products.

There is to some extent, and more so since the 2007 global economic crisis, some debate about whether we should globalise less. However, the consensus still favours international trade, albeit with better terms of trade, especially for poorer economies

(Williams, 2007). Globalisation can be a good thing if the majority of the earth's inhabitants share in the wealth that it generates (Williams, 2007). As Held *et al* (1999) remind us, globalisation has not produced only zero-sum results with winners on one side and losers on the other. Virtually every country on the planet has got a competitive advantage which the full apparatus of the competition state can deploy to leverage and their growth depends on the sum of their actions.

2.5.2.2. So where do cooperatives fit in GCC?

According to Reed & Murty (2009) and Wanyama *et al* (2009) there are three basic ways to look at the internationalisation of cooperatives: the positive analysis approach, the normative approach and the strategic analysis approach. The positive analysis approach entails iterations that closely mirror conventional firms. It involves generating data on a cooperative's commercial activities and then developing causal relations between social phenomena. For example, data generated on a firm could determine what its competitive advantage is, how it is structured and why it has made the decision to enter new markets. The second approach, the normative approach, uses a set of criteria such as business and cooperative principles to study the cooperative's internationalisation.

Cooperatives are not divorced from the reality of globalisation and therefore have to adapt to the exigencies of the global markets just like everyone else, at the risk of quickly going under (Errasti *et al*, 2003; Reed & Murty, 2009). The globalised environment engendered over the last decades by neoliberalism constantly pushes firms, including cooperatives, to internationalise operations in search of the cheapest production options, which brings with it a whole array of problems including speculative capital, value chains, market research, advertising, technology, management of

intellectual property and international standards among others. Internationalisation in itself involves different strategies including developing producer and/or buyer-driven chains and/or export agreements, licensing, joint ventures and wholly-owned subsidiaries (Reed & Murty, 2009).

In the case of cooperatives, internationalisation is motivated by economies of agglomeration rather than the simple desire to cut costs and maximise profits (Errasti & Mendizabal, 2007). However, unlike conventional businesses, cooperatives, which are ethically and socially responsible organisations have a separate and special set of problems to deal with when they explore opportunities in the globalised business environment, i.e. the role that cooperative principles should play in their businesses (Reed & Murty, 2009). Importantly too, unlike conventional organisations, cooperatives do not have a natural instinct to internationalise because they are not motivated by profits but rather by community values, self-help and cooperation. Cooperative values and principles provide an extra layer of regulations and onerous burdens which necessarily drive up the cost of cooperatives' products (Novkovic, 2008). However, cooperatives do not always necessarily need to strictly adhere to all the ICA principles (Novkovic, 2008). In looking for ways to remain competitive in the globalised era, different iterations of the cooperative can be developed to allow for greater capitalisation of processes and very often, vertical and horizontal integration of processes, which gives greater control over production, transportation and ultimately cheaper prices. One such example is switching to an IOF.

The IOF approach entails spawning a conventional company which operates along capitalistic principles but which is subordinated to the cooperative which owns it. This is referred to as neo-cooperativism and although the company is a conventional one, it is nevertheless infused with cooperative principles such as democracy, respect for

the environment, community and cooperation among cooperatives (Errasti *et al*, 2003). Neo-cooperativism has given the Spanish-based Mondragon group of cooperative the flexibility to adopt an internationalisation approach through which it has begun developing production centres across the world in countries like Mexico, China, Poland, Brazil and the Czech Republic either in search of new markets or to continue doing business with some of its traditional partners who have internationalised their own operations. External businesses currently account from over 15% of its turnover.

Globalisation meant that the Mondragon group had to move to foreign markets in order to maintain its supply relationships with its main trading partners. It reorganised its cooperative from a geographic spread to a system of organisations based on core functions. Accordingly, four core areas were created: 1) a financial group (composed of the *Caja Laboral* Kutxa and *Lagun-Aro*, the social security system of the MCC cooperatives); 2) a distribution group (dominated by the Eroski supermarket chain); 3) an industrial group (which, due to its size, is further divided into seven divisions); and 4) research and training centres (McLeod and Reed, 2009). Finally, it modified its decision-making processes to give the various core areas more freedom to make decisions quickly. This process was followed by a deliberate process of multi-localisation around the world in countries like Mexico, Czech Republic, Poland where it has set up supply services from some traditional business partners. Mondragon has also developed a system of joint-ventures with conventional companies in the new countries where they now operate.

Venturing into capitalist territory is not risk free. There are serious risks in taking too much external liability and attracting venture capital from non-cooperative sources. The multi-localised Mondragon cooperative employs more than 80,000 workers in 41

countries around the world and this in itself is a huge liability. It entails providing huge social security packages around the world which the cooperative is not always well equipped to do. One of the founding cooperatives of the Mondragon group, Fagor Electrodomésticos, had to file for bankruptcy in 2013. In the same year, the Cooperative Group in England lost their controlling share in the Cooperative Bank.

Switching to a capitalistic IOF or internationalising is certainly not always the route to adopt for cooperatives seeking to stay in business, especially those ones that have an aversion to the risks that come with participation in the conventional economy as well as a genuine desire to create a third way, i.e. a cooperative market economy based on cooperative values, respect for communities' socio-cultural rights and greater protection of the environment. With 2.6 million cooperative societies around the world, over 1 billion members and a combined turnover of 3 trillion USD, cooperatives have major potential which they can leverage to support each other (UN, 2009; IDEA, 2015). Solidarity economies and cooperative market economies are what make Emilia Romagna, the Basque Country, Cleveland, Saskatchewan and many other similar areas around the world more resilient. By creating local cooperatives and making deliberate decisions to support them (i.e. through purchasing decisions, word-of-mouth advertising, vending agreements) communities develop viable alternatives to capitalistic market economies owned by hundreds, thousands and sometimes millions of individual citizens, rather than just a few super-rich people. An exhaustive discussion of cooperative market economies is presented in *Section 2.2.9* above.

2.5.3. The State and its role in organising economic development.

States play a determining role in charting the course their economies should follow and this function is even more pertinent in un- or underdeveloped countries. Their roles

and the economies that they manage are studied from a number of different viewpoints including: the liberal approach in which States leave the markets to self-regulate; the dependency approach in which previous colonies' development is analysed from the viewpoint of the supply relationships that exist between them and their previous colonisers; the developmentalist approach in which the state intervenes directly to shape economic development; and the regulation approach which examines "the changing combinations of economic and extra-economic institutions and practices that help to secure, if only temporarily and always in specific economic spaces, a certain stability and predictability in accumulation" (Essop and Sum, 2006: 14). This approach studies capitalist institutions, the crises of modern capitalism, the stages of capitalism and the social regularisation of economic institutions and conduct (Essop and Sum, 2006: 14-15).

According to Williams (2015), there are three general types of states: those that contend themselves with developing predictable laws and strong institutions, those that actively develop institutions and mobilise resources to facilitate trade and investment as a necessary precondition for development and those that believed in the state's role to repress and oppress in order to impose a dominant development model.

The first group of countries, i.e. those that believe in strong, self-managing and self-renewing institutions, are generally wealthy and mature democracies. These are countries that have forged a strong democratic tradition and a national identity over many years, which demonstrate a clear separation of powers and all public institutions know their roles. This tradition was evident in Belgium between 2010-2011 when the country went for 541 days without an elected government and the economy did not take a serious hit because strong institutions kept everything running smoothly. In

many instances (Switzerland, Canada, USA), some of these countries operate in a federal system wherein states themselves have their own institutions (parliament, reserve bank, supreme court) and also manage their own foreign affairs.

The second category of nations are *competition states*. The term 'competition state' refers to a state geared towards international competitiveness (Fougner, 2006). It was coined to define the ethos and various actions a State adopts to be competitive in a globally interconnected world. The competition state theory is built on four assumptions: 1) states are motivated by the desire to promote economic growth in their territories; 2) states generally try to shape economic and productive activities in their countries; 3) technology (information, communication, transport, etc.) gives companies the ability to do business from virtually any location and; 4) the strongest way to advance a country's growth agenda is by attracting sufficient amounts of FDI. This theory draws significantly from Wallerstein's macrosociological *world systems theory* which itself borrows from the Annales, Marxist and Dependency schools to explain how the capitalist global economy works. According to Wallerstein (1976), the global economy is loosely divided into three concentric areas within which there is heightened specialisation and stratification of labour. At the core are the dominant economies, with well-developed capital markets, strong political institutions and a clearly-visible cultural identity. With their vast resources, they outsource labour-intensive activities and production of raw materials to the second category of nations, i.e. the peripheral nations. These are weak states with undeveloped or underdeveloped financial markets, weak governments, weak institutions and mainly low levels of industrialisation and so their main sources of revenue are labour-intensive activities and plantation economies. Straddling these two groups are the semi-peripheral economies, which may be countries that once belonged to the core but

whose fortunes have plummeted or countries that were once peripheral states but which, through careful policy choices and unwavering singlemindedness have managed to move up the ladder of nations.

A nations' competitiveness is derived from federating a maximum sum of factors necessary to make it an attractive investment and/or leisure destination: ease of doing business, neoliberal policies, greater engagement with international financiers and venture capitals and other similar policies. Genschel & Seelkopf (2015) note that this kind of state is neither a Keynesian nor a welfare state. Neither is it an economic state in the sense that as people become more educated and skilled, they become more mobile and are less prone to stay in the same place. Its ethos is that of a marketer who sells the country as an attractive place to do business. In competition with others, a nation has to seek to maximise profits for its shareholders, just like a firm. The pervasiveness of the competition state in the current global order has been accelerated by neoliberalism, international governance mechanisms as well as internationalisation of financial, industrial and commercial processes.

The third category of states are those whose ideological underpinnings is developmentalist, i.e. they derive their legitimacy from economic development above everything else (Mkandawire, 2001; Chang, 2010b). A developmental state is generally defined as a single-minded, corporatist and authoritarian State which deliberately coordinates some economic agents and works with the private sector as well as other local and international partners (investors, donor community) to realise its development objectives (Gumede, 2009; Wade, 2010). These economic agents referred to above which such states use to drive development initiatives include: (i) prioritising certain sectors and promoting innovations and industrial development; (ii) encouraging exports; (iii) controlling competition from foreign companies; (iv)

controlling financial systems and markets; (v) absorbing risks that are linked to long-term investments; (vi) focusing development initiatives exactly where the Government wants it to happen; and (vii) low wages (Wade, 1990; Gumedde, 2009; Kim, 2010).

Countries that pursue this form of development believe that clean government alone does not guarantee government growth (Wade, 2010). In developmentalist systems, central planning of the economy and everything else (housing, foreign policy, political system) is the norm. Those in charge of government institutions must have ideological hegemony to engender appropriation of their ideas as well as the structural and intellectual capacity to implement their plans swiftly and efficiently. Examples of developmental States include the *Tiger Economies* (i.e. Phillipines, Malaysia, Thailand and Indonesia), China, Japan and South Korea.

The biggest criticism levelled against developmental states is that, in such systems, the ruling elite brook no opposition. They hold a hegemonic ideology of development and for this reason, they have a tendency to suppress dissenting views and interest groups in the pursuit of their objectives (Routley, 2014). This often means controlling information flows very carefully (the media, academic institutions and all other information and communication channels are subordinated to the priorities of the state). Linked to this suppression of dissenting views, there is what Kim (2010) refers to as the “oppression of labour” with workers who often have to work very long hours for low wages, often in sweatshop conditions, and they generally cannot unionise to fight against such exploitation. This is why countries that see themselves as inherently democratic cannot suddenly switch to a developmental state ethos. Developmental states have also been criticised for their tendency to overtly homogenise experiences (Routley, 2014). In other words, the State orders everyone to do the same thing – there is little independence of thought.

Now, regardless of their dominant ethos as outlined above, governments tend to favour large corporations over small, micro and medium-sized businesses although they often claim to support all businesses the same way. Kate Philip (2007) explores this bias in her PhD thesis entitled *Enterprise Development on the Margins: Making the Markets Work for the Poor*. She explores a number of cooperative and small business initiatives rolled out by the National Union of Mineworkers in South Africa which lead her to the conclusion that although alternative accumulation models are often highlighted as important by decisionmakers, operators or beneficiaries of such initiatives are hardly ever given the same kind of support that is extended to mainstream corporations. She argues the case for support to cooperatives and other development initiatives targeted at the poor and vulnerable to go beyond mere facilitation (i.e. very basic help such as start-up capital and business registration) so as to interrogate "...the very nature in which power is organised and constituted both within markets and in relation to markets", the manner in which such power is exerted and the interest that it serves, in order to develop better support to the poor, represented here as both producers and consumers (Philip, 2006: 273). It is only in this way that real transformative solutions can be developed for alternative value chains. Although Philip doesn't offer a support model of choice, her work underscores the role that governments can and should play in tilting structural market power in a manner that enables more small operators to participate in the mainstream economy.

2.5.3.1. Cameroon: from authoritarian agrarian developmentalism to competition state.

Prior to the implementation of structural adjustment and export-oriented industrialisation policies in the 1990s, the Cameroon state played a very visible and central role in organising the country's agrarian structure and food system. In fact, it

was the colonial state's deliberate policy of agrarian developmentalism which created the plantation economy paradigm which has dominated the country's economy for the greater part of 150 years. Aaron Gana (1985) insists that any discussion of the state in Africa must necessarily begin with the political economy of Africa, which is dominated by dispossession, forced proletarianisation of Africans in Western-owned capitalist ventures, peripheralisation of Africa as an adjunct to metropolitan Europe and creation of a brutal state apparatus to undergird and make this system of exploitation possible. Gana further adds that the colonial state was developed in three interlinked social processes, starting with the linking of European capital to African societies to transform Africans into commodity producing peasants and wage labourers, followed by a conscious process of class formation (ruling petite bourgeoisie, proletariats and countryside-based commodity producers) and finally the development of a colonial state as both a condition and consequence of the aforementioned processes.

Claude Ake (1985: 106) agrees with Gana that the modern African State is inextricably linked to the formation of capitalist architecture underpinned by "the pervasive autonomisation of commodity exchange and autonomisation of class domination". The purpose of this, he notes, is that "autonomisation, among other things, institutionalises the equal treatment of unequals that underlies the capital relation" (Ake 1985: 107). This creates the grounds for societal fragmentation and individuals become first and foremost bearers of commodity, including labour. The result is a market economy based on individualism, competition, and inequality. He adds that the colonial state sought, through merciless coercion, to hue a disparate collection of social forces together for the purpose of producing surplus for the metropole. It co-opted Africans into the capitalist economic system and asked them to compete as capitalists whilst

simultaneously denying them the right to participate in a truly free market system with a free hand. By its very nature, the colonial project was an authoritarian intimidation machine which did not tolerate much competition or freedom, which ironically are non-negotiable prerequisites for participation in the capitalist process. The State's intimidation architecture didn't exist in many areas. Often, it just needed to be "... a mere facade of power sustained by a delicate game of bluff and wit" (Gana, 1985: 118). However, experience taught people to be afraid at all times.

In the complete absence of a class of private capitalists (dedicated to the Cameroon project at least), statism was the only route by which the political elite could mobilise economic resources to push through a nationalist development agenda. This required bringing forces of production under state control, which in many cases essentially meant exploiting rural commodity-producing smallholders. At independence, the notion of statehood was tenuous at best and non-existent in many parts of the African continent. There were only pockets of capitalism with the dual irony of leaders (i.e. the petite bourgeoisie) completely divorced from the forces of production and petty commodity producers operating in a capitalist system which tolerated only very little competition and in which they wielded very little power.

The period after 1960 was characterised by a preponderance of authoritarian states engendered by ineffectual leaders who relied more and more on coercion to govern (Ake, 1993). The petite bourgeoisie leadership was completely cut off from the forces of production in their countries but had to find a way to exploit them to maintain their privileges and develop their countries' economies (Gana, 1985, Bayart, 1996). Commodity producers were not necessarily under a state of direct exploitation by capital. Rather, their surplus was extracted indirectly by marketing boards and administrative coercion in the form of taxes, licenses and terms of trade (Ake 1985:

111). This is how marketing boards came to be the indispensable intermediary between farmers' cooperatives and lucrative foreign markets. Once again, farmers were required to act like capitalists without the resources to adequately capitalise their cooperatives or the freedom to source their own trading partners. Coercion led to a multiplicity of failed projects, which led to even more coercion. At the same time, a developmental goal was achieved in the sense that self-reliant farmers couldn't join the drift into urban centres where they would be susceptible to add to the ranks of the unemployed (Mkandawire, 2001).

To further understand this parasitic relationship, Bayart (1996) explains that, in studying African states, we have to not focus so much on the notions of dependency, developmentalism, and external dynamics ("dynamiques du dehors") by which modern states are measured but rather on internal ones ("dynamiques du dedans"), i.e. power dynamics within African states. External dynamics refer to the classic Weberian definitions of the state, i.e. centralisation of politics, separation of politics and religion, administrative bureaucracy, autonomy, rational political institutions and a national cultural identity. Bayard argues that when the concept of the modern state was imported in many parts of Africa, it was endogenised and transformed in such a way that its levers of power were reliant on African power networks rather than on formal Western institutions. At independence, the only authority most Cameroonians were in permanent contact with was their local chiefs rather than the government of Yaoundé and Buea. The notion of statehood was tenuous at best and non-existent in many parts of the country. Ake (1985) adds that the state was immersed in class struggle and therefore could not mediate it. While the state undoubtedly facilitated and promoted economic growth and implementation of social policies that had the capacity to widely provide health, water, education - i.e. features of developmentalism – the priority of

the petite bourgeoisie was to perpetuate its own position and systems of control and reproduction with the help of the “bureaucratic apparatus of control” (Gana, 1985). Bayart posits that the urban petite bourgeoisie with its intimate knowledge of the Western notion of statehood, leveraged local power networks to access imported state concepts and assert their domination. In a state of undevelopment of the rule of law, this placed a premium on political power and it explains why African governments sought to exploit their farmers without ever empowering them.

Throughout the sixties and seventies, the African state was heavily invested in the development of their countries, often adopting a very dirigist approach of authoritarian developmentalism (Mkandawire, 2001). This approach was a hybrid “nationalist-cum-developmental” model with leaders heavily invested in fighting illiteracy, disease, famine, poverty as well as creating an industrial base in some cases (Mkandawire, 2001: 295). The thinking was very much rooted in a social Darwinist Rostowian development process within which a country had to move through the five stages of economic growth to achieve first-rate development, viz. 1) the traditional society; 2) the preconditions for take-off; 3) the take-off; 4) the drive to maturity; and 5) the age of mass consumption (Rostow, 1960). Agrarian developmentalism dominated the policy space as governments needed money to roll out an import-substitution industrialisation plan (ISI). ISI was premised on the theory that manufacturing products locally rather than importing them was essential for development (Williams, 2015). However, this approach changed in the late 70s and 80s when failed policies, corruption and mismanagement caused Many African countries to turn to Bretton Woods Institutions for help. A consequence their help was the political, ideological and financial marginalisation of the State which was perceived as the number one reason

for the economy's struggles, with foreign donors increasingly preferring to work only with civil society and private sector actors (Mkandawire, 2001).

2.5.4. The 'peasantry' and its role in the agrarian system.

The term 'peasant' is often used as a dismissive or facile categorisation of a very heterogeneous group (Friedman, 1978; Shanin, 1982; Bernstein, 2015). Defining the various contours and components of peasant essentialism is not necessarily easy. According to Ake (1985: 100) so-called 'peasant producers' are independent producers who, having access to means of production which they may own or merely use, do not sell their labour power. They are dominated economically, culturally and politically by another class which extracts surplus from them through commodity relations, control of state power or other means. For Bernstein (2010) peasants are petty commodity producers in farming. They are often regarded according to their way of life, i.e. they own their own labour, consume what they produce, lead lives shaped by the environment in which they live and generally try to find the means to reproduce themselves, and often their main source of sustenance comes from agriculture and definitely not manufacturing (Shanin, 1982). They are commonly presented as poor, illiterate rural dwellers in an essentially pre-industrial communal society who will be pushed aside by the ineluctable crushing force of capital in its unstoppable march towards modernism (Ake, 1993: 243). The very concept of peasants and their existence is very much dependent on the existence of small family farm plots and small-scale agriculture.

Classic Marxism viewed peasants as backward and anachronistic, a group which necessarily had to cede way to a more modern type of agriculture and, ipso facto, economies of scale (Bernstein, 2003). In their attempt to analyse social differentiation

processes occurring in the soviet countryside as a necessary precondition to making clear the country's development imperatives, Marx and Lenin (1967) identified three categories of peasants: rich, medium and poor peasants, the rich peasants being those who can access big capital, labour and land to produce more than what they need, which makes them an upwardly mobile class easily capable of operating in the capitalist environment and therefore, in nation building; the medium peasants are those who have the wherewithal to reproduce themselves without difficulty and, if motivated, could also generate enough effort to produce surpluses that could take them one step above into the rich peasant class; the poor peasants are those who struggle to meet their needs and could end up as wage labour working for medium and rich peasants in situations of failure. To further clarify where peasants fit within the wider agricultural production dynamic, Van der Ploeg (2014: 1004) distinguishes between three types of agriculture: capitalist agriculture, peasant agriculture and entrepreneurial agriculture:

In capitalist agriculture, all the resources, including the labour force, are commodified: the heart of the process of production is based on capital-labour relations. Alongside this model there is peasant agriculture (producing commodities for the downstream markets, but grounded on low levels of commoditization of the main resources) and entrepreneurial agriculture (grounded on a far-reaching commoditization of the main resources, but not of the labour force).

Friedman (1978) acknowledged that the term 'peasant' had suffered somewhat from a linguistic confusion stemming from the effort by early experts on English agriculture who defined peasants as small landowners and farmers as opposed to large landowners who often hired less successful so-called landless peasants to work on their farms. The distinction between a peasant holding and a small or large-scale farm

therefore depends on “size, scale, social organisation and labour processes” (Bernstein, 2000: 27). What determines a successful modern farming venture is the number of labourers simultaneously employed as well as the mass means of production deployed for their use (Marx, 2015).

Modern agriculture replaces the peasant “bulwark of the old society” with wage-labourers in international divisions of labour (Marx, 2015: 329; Friedman, 1978; Shanin, 1982). The family farm is also perceived as a symbol of backwardness which unnecessarily retards the nation’s progress towards standardised, almost fordist agriculture and economies of scale. Backwardness does not refer only to the mode of production; it is also about quantity, which although sufficient in a pre-capitalist environment, cannot sustain capitalist society with many pockets of dense settlements in need of a steady supply of food in sufficient quantities. In a globalised world ever more reliant on financial exchange, peasants are considered to be incapable of reproducing themselves without outside help and this is why they sell their labour to richer landowners. This is the servile kind of relationship where a peasant provides *corvée* labour, often for the very person who stole his land (Marx, 2015).

Chayanov had a fundamentally different perception of so-called peasant agriculture and the role of peasant farmers in society. He articulated the view that a majority of rural households are primarily motivated by the need to reproduce themselves, if possible, with the labour resources at their disposal, so the farmed area is directly proportionate to its labour pool. (Chayanov, 1925). In other words, their immediate priority is their family unit and the community in which they live, and not a distant national or capitalist ambition. He argued that ‘peasant farms’ rely strictly on the sum of labour provided by its able-bodied constituents whereas capitalist farms’ access to the labour market is determined only by its finances. Chayanov also noted that these

farmers were well aware of the financial implications of scaling up production which they didn't need: "a farmer, when he increases his production, is in most cases obliged to increase the number of the things that he uses, rather than to increase their scale" (Chayanov, 1927: 4). In scaling up production, a lot of the extra revenue generated may end up in production costs and taxes, and not necessary as surplus in the pockets of peasants (Chayanov, 1927). If all such value generated by increased production is taxes or appropriated by others, it nullifies the incentive for the peasant to produce exchange-value because it is not worth it. Secondly its unit and members have a very fluid interaction with the formal economy through a variety of skills, trades, activities and tradeable livestock, which makes it unhelpful to view their lives as farm-based.

In lockstep with Chayanov, Shanin (1982) argued that the peasant did not exist in any immediate or specific sense. It is usually used or defined within a specific social context, often linked to Marxism. The group categorised as 'peasants' do not necessarily want to own large-scale commercial farms. It is for this reason that some academics argue that we should view rural African producers as classes of labour rather than peasants (Bernstein, 2010; Bernstein, 2014; Ake 1985; Gana, 1985).

Three further key reasons are advanced for this argument. Firstly, by the end of the colonial presence in Africa, the notion of peasant producers no longer existed because "the vast majority of farmers termed 'peasants' had been constituted as petty commodity producers within capitalism" (Bernstein, 2000: 29). Ake (1985) and Bernstein (2000) argued that the confrontation with capital homogenised all categories of peasants in some important respects. For one thing, this confrontation turned subsistence farmers into simple commodity producers. Through forced commercialisation and proletarianisation, Africans were co-opted into the capitalist economy as producers of agricultural commodities. By virtue of the impingement of

capitalism which pulled them into exchange relations, however intermittently, and which made the consumption of some commodities such as kerosene a requirement for their reproduction, even subsistence farmers became simple commodity producers (Ake, 1985: 101). In fact, they were so successful as commodity producers that they now account for almost all of the cocoa and coffee that is consumed in the world today. They continued to produce use values - sometimes even predominantly - but their induction into commodity production, though in a highly-limited way, fundamentally reconstituted the conditions for their simple reproduction, dragging them into the territory of exchange-value production. Later, state requirements such as tax and state institutions like marketing boards maintained them in this status quo.

Secondly, even before and after the confrontation with capital, the majority of so-called 'peasants' never not work exclusively in the agricultural sector – they engaged in multiple activities in the rural as well as urban environments (Bernstein, 2000). Peasants sometimes became commodity producers of their own volition when they were incapable of reproducing themselves outside capitalist commodity production processes. Soon the relations and processes of commodity production became internalised so as to become part and parcel of the peasant farmer's existence. Simultaneously, external agency imposed forced commercialisation of their commodities and they became trapped in the processes of capitalism.

Thirdly, Africans do not generally see themselves as self-regarding atomized beings in essentially competitive and potentially conflicting interaction with others (Ake 1993). They are not always passive victims completely helpless in the face of the changes happening around them. Rather, their consciousness is directed towards belonging to an organic whole, struggling together. They have the capacity to constitute themselves into agency to develop innovative solutions that help them to navigate any difficulty

that befalls them (van der Ploeg et al, 2015). They tend to develop horizontal networks rather than vertical ones to help each other in difficult situations (Van der Ploeg *et al*, 2015). They are also naturally resilient and use more ecologically friendly practices on their farms. This is why researchers also agree that peasant farming units are generally more productive than capitalist farms (van der Ploeg, 2014).

However, it has to be said that the typical peasant households that make up the social foundation of cooperatives are those that employ some sort of external community, hired or paid labour for the purposes of extracting entrepreneurial income from the exploitation of this labour as well as households that do not hire any sort of external labour for their farming but may at some stage offer their own labour to others to supplement their means of reproduction (Chayanov, 1927). Throughout this research report, both categories are simply referred to as smallholder farmers, coffee growers, coffee producers or farmers.

Political leaders in Africa seem to be married to the idea that large scale commercial farming is the way to go and the majority of their policies are therefore geared towards modernising agriculture through the creation of a class of large scale commercial farmers, as evidenced by the Land Redistribution for Agricultural Development (LRAD) and the Recapitalisation and Development (RECAP) programmes in South Africa, the creation of 'Agricultural Parks' in the Democratic Republic of Congo, and incentives implemented to attract South African farmers in the Republic of Congo or ousted White Zimbabwean farmers in Malawi and Nigeria. Countries like Ethiopia, Uganda, Tanzania, Cameroon, Sierra Leone, Zambia, Nigeria, Mali and Malawi have even resorted to selling off thousands of hectares of fertile agricultural lands to foreign consortia to hasten this process. This vision seems to be fuelled, and falsely so, by the unfounded idea that large farm size equals better production (Moyo, 2010). Small-

scale farming is discouraged because it is perceived to be uncompetitive. Smallholder farmers are accused of systematically investing surpluses in non-farm activities leading to a drop in the cultivated acreage (Moyo, 2010). They get the short end of the stick whereas for centuries, they have been responsible for the majority of the food that is consumed in the world, 70% according to the latest data (Moyo, 2007; Havnevik, 2007: 44). The agricultural production of China, the world's most populous nation, is assured essentially by millions of smallholder farmers and cooperatives through the *Household Production Responsibility System*. What African farmers require therefore, is apposite legislation and policies that create the right conditions for all producers to succeed, not just large-scale commercial farmers.

2.6. Conclusion.

This chapter presented a discussion of cooperative theory, starting with definitions, origins and managerial structure before looking at the various ways it has been used around the world. In its original iteration, the cooperative movement was meant to be an alternative method of capital accumulation owned and managed by the underprivileged people who started them (Tchami, 2007). However, as it developed, it was used in different ways around the world, including in nationalist-cum-developmental situations, communism and socialism. The chapter also discussed the dynamics which underpin the global food systems, transactions and relationships to which all agribusinesses, including cooperatives, have to adapt. This includes food regimes, global commodity chains, supermarketisation and online retail which has emerged as a game changer in recent years.

Chapter 3: Methodology.

3.1. Introduction.

This chapter presents the methodology and strategies used to gather empirical data as well as motivation for the specific choices made during that process. The first section presents a discussion of the overall research philosophy and methodology, with its merits and demerits. Explanations are also given for why certain decisions were made. This is followed by a presentation of the research design and overall strategy employed to gather relevant data. The last section covers ancillary issues including ethical considerations, reliability of data and limitations with a potential to affect the research process or empirical data in one way or the other.

By way of reminder, this study investigates the impact of the Cameroon State's post-structural adjustment free market agrarian system reforms on coffee cooperatives' activities and market orientation. It achieves that goal by pursuing the following related objectives:

1. A critical assessment of the role of the Cameroonian state in driving cooperative development within agrarian transformation
2. An anatomisation of programmes and policies put in place by the GoC and Producer Organisations themselves to support coffee cooperatives and coffee production in the corporatized, neoliberal free market era.
3. An investigation of coffee cooperatives' market orientation in the local and global food system and agrarian structure.

The analysis was done at the macro, meso and micro levels, starting with the government's laws, policies and programmes, before cascading down to apex cooperatives and finally area cooperative unions and ordinary producers.

3.2. General philosophical considerations.

According to Creswell, a researcher has to ask her or himself five key philosophical questions before settling on a research method. These relate to ontological, epistemological, axiological, rhetorical and methodological aspects of the work he intends to undertake (Creswell, 2007: 15).

The first question, which concerns ontology, interrogates what reality means, what is the perceived reality under investigation and whether there is acceptance that there are or could be multiple realities (Creswell, 2007: 15). Ontology splits information between tangible reality and intangible reality (McEvoy and Richards, 2006). Tangible reality is information that is already out there, unaffected by us, because it is detached from our personal experiences. Intangible reality is what is in the realm of the unknown.

The epistemological question considers what the researcher knows and what it is that he intends to study. It outlines what he doesn't know and what he needs to discover. It further determines the kind of distance that will exist between the researcher and what he is studying, i.e. whether he will be an external observer or an active inside participant. The axiological question interrogates the values that will shape the narrative and interpretation of the data as it evolves. Every human being has biases and a worldview shaped by the sum of their lived experiences. It is important to acknowledge them in order to decide what place they will occupy in the research project. The rhetorical question interrogates the language that will be used both in the research phase as well as in the write-up phase to interpret and present the data.

Rhetorical considerations include the use of pronouns (first person, third person), the general tone that will be adopted (engaging or aloof). The manner in which findings will be presented should engage readers and help them to see the various layers in a clear, unambiguous language. Finally, methodological considerations speak to the manner in which the research is conducted, i.e. how empirical data will be obtained, who will provide the data, how collected data will be protected, how the data will be analysed and how it will be stored after the research process is completed.

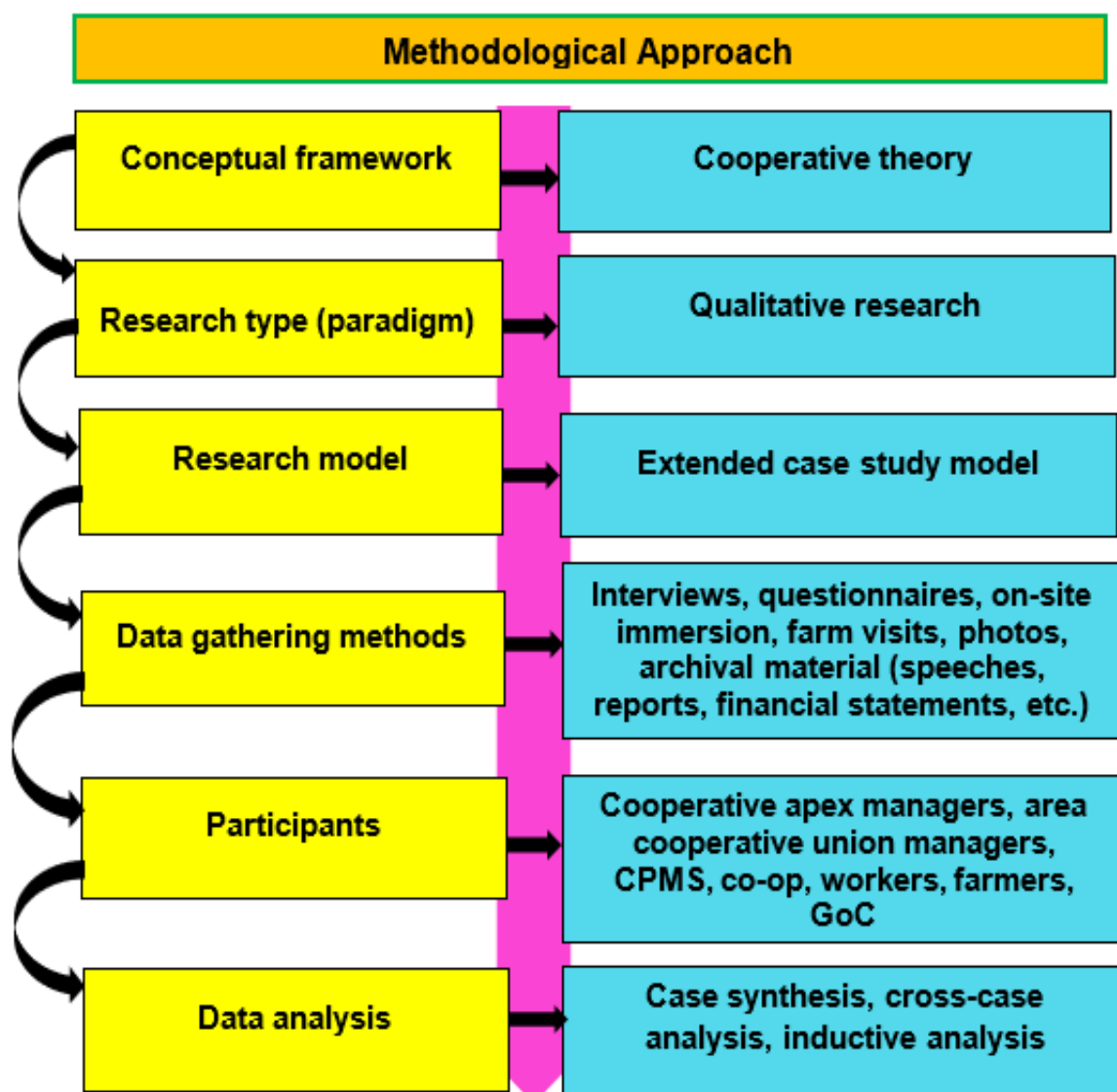


Figure 3-1: Methodological approach schema.

In the course of research, reasoning and argumentation can follow inductive and/or deductive patterns. The inductive process gathers data and then identifies emerging patterns and inferences while the deductive process starts off with a set of principles which are then tested using empirical data to confirm reality (Gray, 2009). In terms of involvement, the researcher has to decide whether to locate himself as an 'outside researcher' (*etic* perspective) or an 'involved researcher' (*emic* perspective) (Walsham, 2006).

3.2.1 Theoretical perspective: the interpretivist approach.

This research project adopted an interpretivist approach to gather data given that the phenomena under investigation go way beyond simple data points. Cameroon's agrarian economy is a complex interplay of its colonial past, political choices, land tenure systems, division of labour, and constantly changing production and marketing dynamics and it would have been impossible to examine these aspects using a clinical, aloof, numbers-based methodology. A thorough, involved, interpretivist approach was therefore absolutely necessary.

Three main epistemological perspectives are generally used to discover reality in research projects. These are the objectivist, the constructivist and the subjectivist paradigms. Objectivism is a positivist paradigm which posits that man and reality are separate and that reality already exists out there; it is up to the researcher to go and find it. In this paradigm, the researcher is an outside observer who keeps a clear distance between himself and the external world (Edwards & Holland, 2013). He employs a deductive process which starts off with a set of principles that are then tested using empirical data. Data-gathering tools are very precise (surveys, census data, statistics, questionnaires, structured interviews) because the final result has to

be both reliable and representative. This approach is mainly used in quantitative research where the researcher adopts a clinical approach to study large data sets (Mkansi & Acheampong, 2012).

The second approach, i.e. the constructivist paradigm – which is closely associated with subjectivism - is a rejection of the positivist belief that meaning already exists in an external world and we just need to go out and find it (Gray, 2009). It posits instead that meaning is constructed by the subject through different perspectives. One of the ways to do that is through interpretivism.

The interpretive perspective, which is therefore post-positivist, presupposes that man and reality are inseparable, and so we construct episteme through our lived experiences. It combines a number of different methods to understand social phenomena from an emic perspective: symbolic interactionism, phenomenology, ethnomethodology and hermeneutics (Castellan, 2010; McEvoy & Richards, 2006; Edwards and Holland, 2013). It also considers that an understanding of the context in which the field research takes place is a critical step to understanding the empirical data (Thanh & Thanh, 2015).

Interpretivism is based on grounded theory which focuses on a small sample which is then intensively researched using a multiplicity of data sources with a view to understanding the phenomenon. Data sources may include semi-structured or unstructured interviews, field notes, written documents, photos, observations and artefacts among others (Castellan, 2010). The subjectivist paradigm, which is an offshoot of constructivism, presupposes that there is no uniform reality out there. There are different realities, based on each individual experience. That said, there is no

reason why a positivist study cannot contain non-positivist elements and vice versa (Aliyu *et al*, 2014).

3.2.2. Methodology: A variant of the Extended Case method.

The case study method was employed to gather empirical data. Case study research is particularly useful for studying a phenomenon rigorously, in its natural case context using a variety of data sources (Baxter and Jack, 2008; Hancock and Algozzine, 2006; Yin, 2009). Robert Yin defines case study research as one which examines “a contemporary phenomenon within its real-life context, especially when the boundaries between a phenomenon and context are not clear and the researcher has little control over the phenomenon and context” (cited in Yazan, 2015: 138). A case is a bounded situation (time, place, context) surrounded by a vortex of choices and realities. Theory can remain pretty static throughout the study or it might evolve inductively as data is gathered and interpreted (Curtis *et al*, 2000).

Critically, the case study method allows for the collection of data from multiple viewpoints over an extended period of time (Vissak, 2010). This means that it does yield much richer information than would be otherwise obtained from detached, one-off interviews. It adopts a more long-term approach during which there is close collaboration between the researcher and the participant(s) (Baxter and Jack, 2008). There has to be a constant crosschecking of emerging data as it comes in against existing literature or realities in order to understand present scenarios (Moriarty, 2011). This is why the researcher has to be alert, flexible and adaptive at all times (Yin, 2009). She or he should also listen carefully and ask the right questions. The method's departure point is both grounded academic theory and lived theoretical experiences, which allows for continuous interaction between the theoretical issues being studied

and the data being collected (Yin, 2009). The most critical determining factor to be considered before settling on this method is that it be “a topic that lends itself to in-depth analysis in a natural context using multiple sources of information” (Hancock & Algozzine, 2006: 16).

This research used an adaptation of the extended case method. According to Burawoy (1998: 5) “the extended case method applies reflexive science to ethnography in order to extract the general from the unique, to move from the “micro” to the “macro” and to connect the present to the past in anticipation of the future, all by building on pre-existing theory”. This makes it possible for the researcher to study, not just the cases that the research report shines the spotlight on, but also the subjacent and surrounding factors that influence the case’s structure and existence (Baxter and Jack, 2008). Ethnography here refers to “writing about the world from the standpoint of participant observation” (Burawoy, 1998: 6). It gives the researcher the possibility to embed himself in the case and collect data at the same time from a multiplicity of sources such as participant observation, artefacts, open-ended questions and photos. Other data sources commonly used include formal and informal interviews, surveys, photos, audio and video recordings and document analysis as well as quantitative data such as figures, graphs and mathematical calculations (Baxter & Jack, 2008; Hancock & Algozzine, 2006). Participant-observation is used for inductive data analysis which establishes emerging themes (Creswell, 2007).

With the extended case method, the researcher has to embed himself in the same context under study for a long period of time, which is unspecified. For this particular project, a deviation from that structure was necessitated by the sheer size and organisational set-up of the institutions under study. UCCAO and the NWCA together have 19 ACUs and over 90 CPMS. The apex cooperatives are essentially the

administrative interface between the GoC, bulk buyers, other external stakeholders and the provinces. While they hold all the data on their various organisations, staying at this level would have been a major error of omission because production occurs mainly at divisional level. To further buttress the importance of this approach, cooperatives are more about human and community alliances than the brick-and-mortar premises where they operate and staff spend a lot of their time visiting plantations and projects. They are hardly ever deskbound for long stretches at a time.

Most of the processing – or at least preliminary processing in the case of the West - and physical operations such as farm care, collection, transportation, milling, sorting, bagging and disbursements to farmers is handled in the area cooperative unions. It is also at this level that farmers walk in for miscellaneous administrative processes. There is therefore a lot of rich information there that was vital for this project. A decision was made to embed in the headquarters of UCCAO and the NWCA for one week at a time before spending the rest of the time evenly between the provinces and farms. The one week spent in each head office was long enough to understand the organisational culture and physically participate in the daily work. Clocking in daily also caused the managers to warm to my presence and they helped introduce me to the area cooperative unions. It was thanks to this kind of embedding that more than seventy interviews and hundreds of conversations were conducted within five months. The valuable contacts built through this process also opened lines of conversations which stayed busy through 2016 and 2017 whenever new developments came up.

Quoting from Katz, Burawoy (1998) warns that the researcher must be conscious of the following four key issues when choosing their case:

- Reactive: the researcher should not distort the world they are studying.

- Reliability: the sheer size of the external world requires precise criteria for selecting data.
- Replicability: the data-selection code should be unambiguous.
- Representativeness: the sample/case should be representative of the whole.

Researchers posit that in case study research, it is better to have a multiplicity of cases rather than just one (Baxter & Jack, 2008; Yin, 2009; Meyer, 2001). Cross-case analysis ensures that the researcher does not put all their eggs in one basket because the first case they choose may not give them the resources to adequately answer a question. A multiplicity of cases reveals similarities in trends and patterns across locations and situations as well as differences within and between cases, thus making it possible to draw logical conclusions that lead to generalisability of results for similar phenomena within the same context or other similar contexts (Baxter & Jack, 2008; Widdowson, 2011; Meyer, 2001).

The context(s) in which a researcher operates could have the unintended effect of distorting data and so a number of effects should be monitored carefully (Burawoy, 1998). These include the *interview effects*, i.e. where the interviews take place, the gender of the respondent or their mood at a particular time. The *respondent effect* is when the respondent and the interviewer interpret the world differently and so, they do not necessarily see things the same way. The *field effects* are the socio, economic and political realities in the area of the case. Finally, the *social situation* refers to the people with the intimate knowledge of the situation who need to be interviewed.

Case study research is sometimes criticised for a number of reasons, notably that it takes an incredible amount of time to complete and yields mountains of information which makes interpreting both difficult and tricky. The second criticism is that some

researchers adopt this approach because they feel that it is easy and soon fall into the trap of sloppiness, lack of rigour and biased views (Teddlie & Yu, 2007). A third criticism is that it is difficult to generalise results of a case study research because it is not scientific enough and therefore unsuitable for theory building and validity (Yin, 2009).

However, Yin (2009) notes that even scientific theories that are based on very precise mathematical calculations cannot be generalised unless they are tested numerous times, across cases and settings. Rigorous case study research is generalisable in a number of ways, including through case-to-case transfer, analytical generalisation and statistical generalisation (Onwuegbuzie & Leech, 2007; Yin, 2009). A good way to blunt criticism and scepticism is by adopting a multiple or cross-case approach (Yin, 2009). Generalisability ultimately depends on how well the cases are chosen and the quality of the analytical framework that is adopted to study them.

3.2.3. Sampling method.

During research, sampling is necessary to get a manageable and comfortably researchable substratum from which inferences can be made about an identical but much bigger phenomenon. Samples have to be chosen based on quality, feasibility, generalisability, ethics, believability, criticality, representativeness, compatibility and comparability in order to adequately answer the research question (Miles and Hubermans, 1994; Meyer, 2001; Teddlie and Yu, 2007; Marshall, 1996).

A sample size should be neither too large nor too small (Onwuegbuzie & Leech, 2007: 242). It should be small enough for the researcher to achieve the set objective because if it is too big, the target becomes both expensive and unrealistic. Rigorous study of

substrata within a specified location can and should yield rich data which lends itself to analytic conclusions (Curtis *et al*, 2000; Onwuegbuzie & Leech, 2007).

Qualitative sampling was used to select cases for the field research. Qualitative sampling is employed when a researcher wants to go beyond simple statistical data to understand the different layers of phenomena which combine to create a certain reality. It allows the researcher to select a small sample which is then studied intensively in its natural environment (Curtis *et al*, 2000; Coyne, 1997; Moriarty, 2011; Creswell, 2007). This approach yields rich, detailed and extensive data which translates to scalability and generalisability to other similar cases or contexts within the same or different environments (Moriarty, 2011: 2). It is conceptually driven by grounded theory which guides the researcher in his effort to understand the setting, context and situation in which the events are investigated.

More often than not, qualitative research uses purposive samples (Moriarty, 2011). Purposive sampling is defined as “selecting units (e.g., individuals, groups of individuals, institutions) based on specific purposes associated with answering a research study’s questions” (Teddlie & Yu, 2007: 77). A purposive sample is a non-probability choice of substratum based on characteristics and profile. The sample that is selected for observation is necessarily a substratum, small portion, small group or unit, representative of a much bigger phenomenon, stratum, portion, group or location or unit that has been observed (Onwuegbuzie & Leech, 2007: 241; Onwuegbuzie & Collins, 2007). In this instance, the choice was clear because the two cooperatives selected for the study are the biggest Arabica coffee producer organisations in the country, a reality engendered by colonial and postcolonial administrative decisions as well as the geo-climatic conditions of the research area.

3.3. Research design.

The research design presents the general roadmap of the research process including the central questions, the main propositions and positions, the units of analysis, how empirical data was collected, the logic which links data to propositions and finally, the criteria for interpreting findings (Yin, 2009: 27).

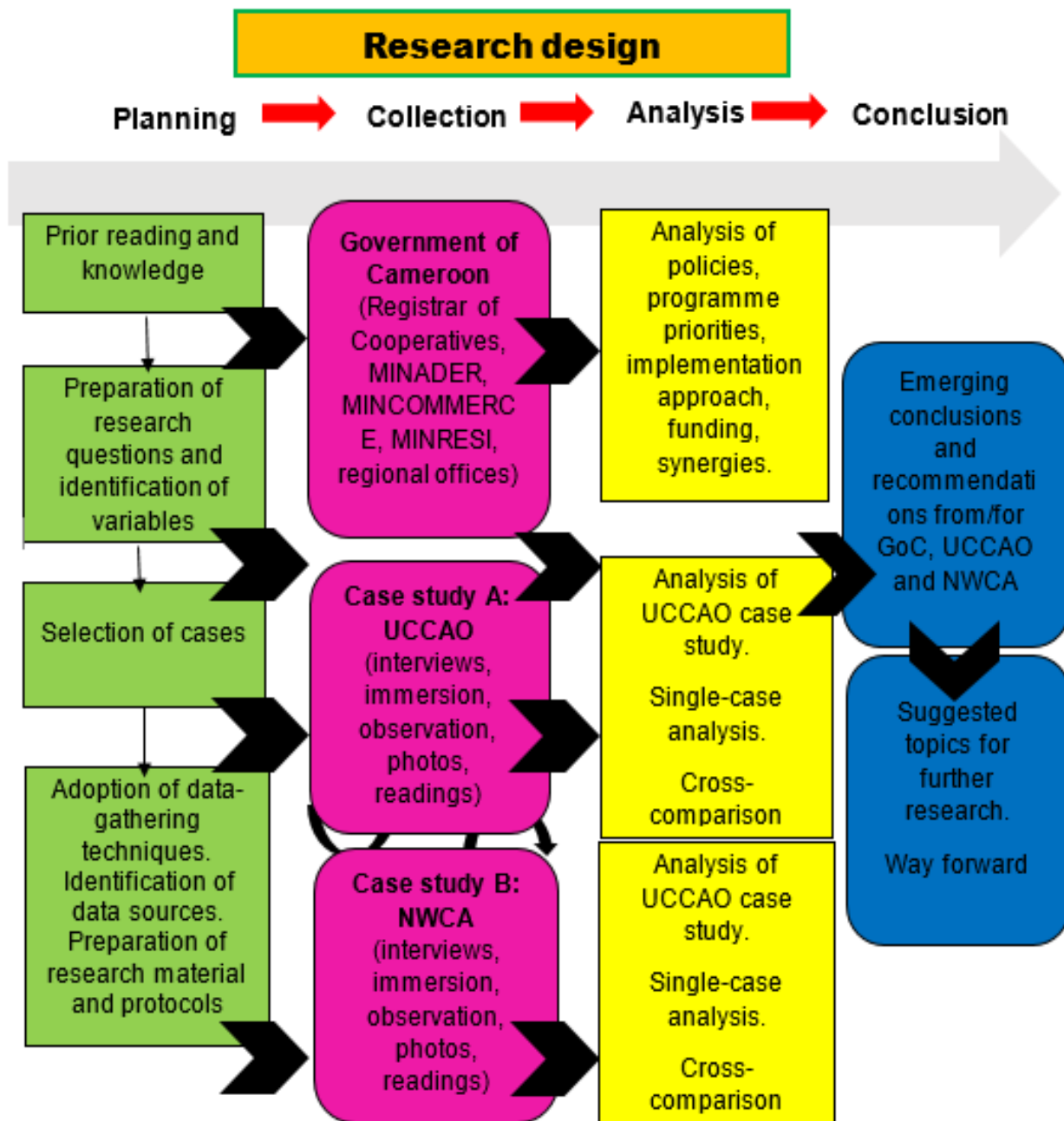


Figure 3-2: Research design schema for this thesis.

3.3.1. Case study protocol.

A case study protocol was prepared before field research started. A case study protocol contains three things: background information, procedural matters and overview (Yin, 2009: 83). Background information is preliminary knowledge on the cases. You shouldn't just show up to a case as a complete novice – background preparation helps to know who to contact, how to go about contacting them and what you need to get from them. The procedural matters relate to all the actions that have to be followed during the field research. The third aspect, i.e. the overview aspects concern how all the information is tied up to give a holistic picture at the end of the case study.

3.3.2. Preliminary desktop study.

Preliminary desktop research was undertaken before the field work with a view to achieving four things: in the first instance, it focused on building a complete picture of the global coffee and food value chain, its main actors, power relations, supply routes and the politico-economic events that have shaped the current value chain. The second objective was to obtain as complete a picture as possible of the history and evolution of Cameroon's food and agrarian structure from the time the country adopted its modern borders to date. Relations between the national government and cooperatives have evolved over the years according to the dominant policy approach *du jour* and an understanding of this relationship is key to understanding Cameroon's agrarian political economy. The third intention was to perform a mapping of the stakeholders who participate in the local Cameroonian coffee value chain, i.e. producers, producer organisations, government departments, sector organisations,

processing companies and exporters. Finally, the intention was to prepare a preliminary design and field strategy.

3.3.3. Study Area.

The field research was carried out in the West and North West Provinces of Cameroon which sit on the Western High Plateaux on the *Cameroon Volcanic Fault Line* between 1,100 metres above sea level at the lowest point and over 3,300 metres at the highest point. The region's total surface area is 31,192 km², i.e. just over 6% of the national territory. It is responsible for almost all of Cameroon's Arabica coffee production. The Western High Plateaux are characterised by high escarpments and hilly terrain, with the presence of a number of mountains (Mount Oku and the Bamboutos). The soils are mainly ferrallitic and the climate is cool and fresh for most of the year. There are two seasons: a dry season which goes from around November to February and a long rainy season which lasts from March to November.

Over 4 million people call the Western High Plateaux home. Due to the fact of colonialism, the dominant language in the West province is French while in the North West, it is English although the two provinces share a common boundary and customary heritage. The entire region has less than 2000 kilometres of tarred roads. During the peak of the rainy season, parts of the rural areas are cut off from urban centres and are accessible only by bike or on foot. The population is youthful, majority literate, rural, and mostly unemployed; most people depend on agriculture for survival. The West in particular has developed very extensive farm-to-market supply networks with Yaoundé, Douala and other countries of the Economic Community of Central African States (ECCAS) like Gabon, Chad and Congo Brazzaville.



Figure 3-3: Map of Cameroon.

3.3.4. Sub units of analysis.

The two case studies researched within the framework of this study are the Central Union of Agricultural Cooperatives of the West (UCCAO) which is based in the West province and the North West Cooperative Association (NWCA) which is based in the North West. Both cooperatives specialise in Arabica coffee and are the two biggest coffee cooperatives in the entire country. UCCAO is an apex organisation of six secondary cooperatives and over 45 primary societies while the NWCA has 13 secondary cooperatives and 43 primary societies.

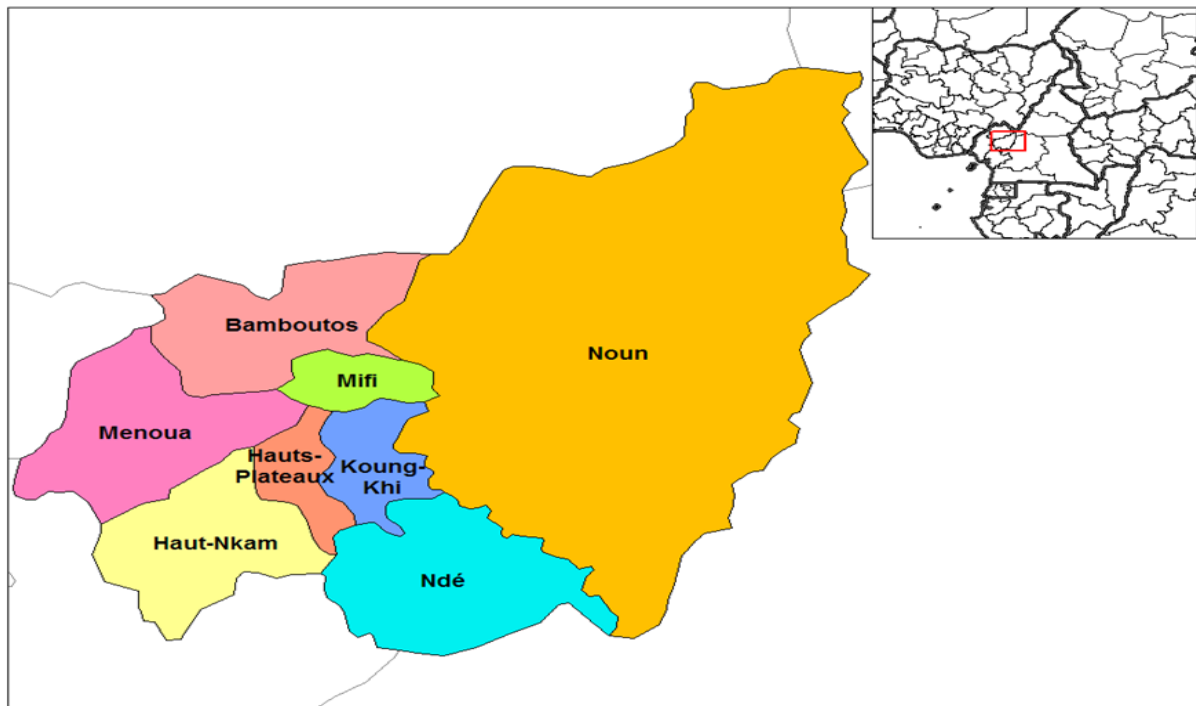


Figure 3-4: Map of the West Province. Source: en.wikipedia.org.

UCCAO and the NWCA are particularly interesting cases because they were both started by poor, rural farmers and immigrant White settlers in what were two very rural economies at the time, to achieve scale and sell a variety of agricultural commodities such as palm oil and palm nuts, coffee, corn and cocoa in more lucrative markets; both

were later taken over by the national politico-administrative apparatus; both are still based in very agrarian economies where agriculture remains the number one source of income. UCCAO and the NWCA have more than 125 years of combined experience in the coffee business between them plus more than 100,000 active members, down from about 130,000 during the boom years. Although foreign MNCs have wrested control of the Robusta coffee trade from local organisations, UCCAO and the NWCA still dominate the Arabica coffee business.

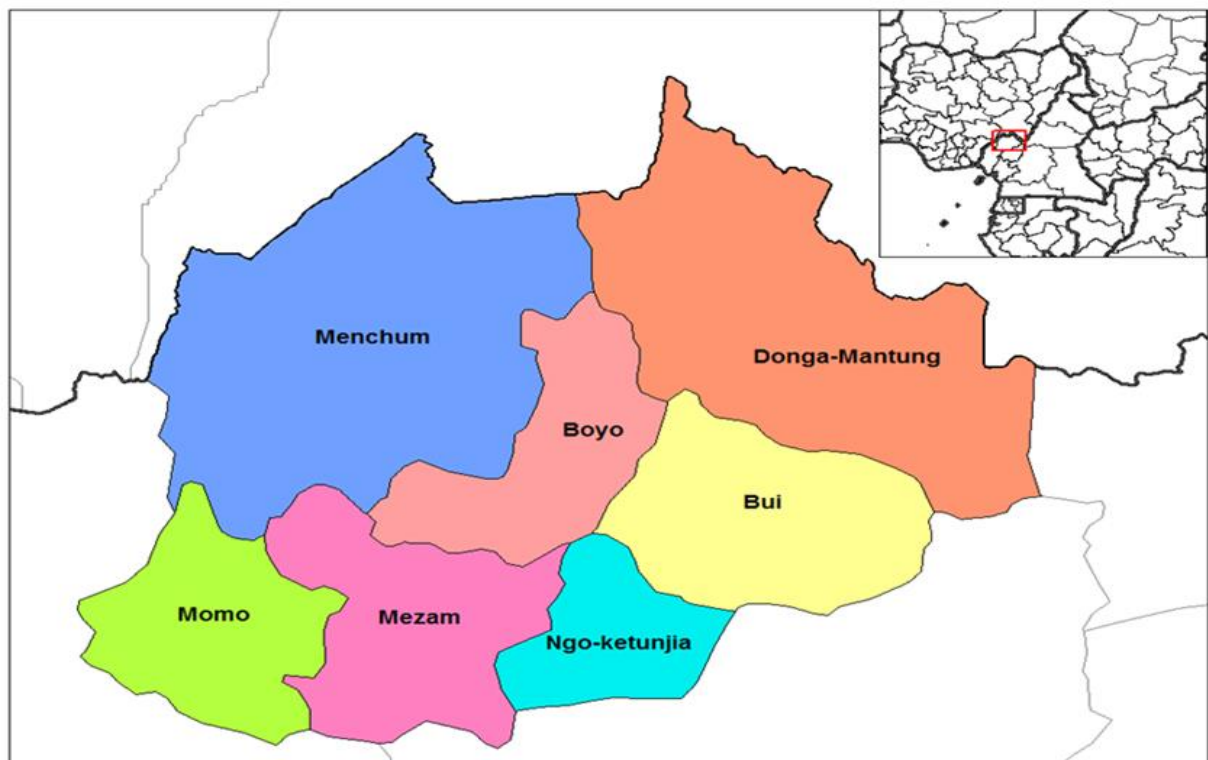


Figure 3-5: Map of the North West Province. Source: en.wikipedia.org.

3.3.5. Research site.

Interviews were conducted on site, on the premises of the cooperatives in the West and North West and on the farms of some producers. The UCCAO case study was completed before the NWCA case study although some interviews from both cases

were done concurrently because the managers of some cooperative unions could not avail themselves within the time frame that was initially chosen for their interviews due to busy schedules. The Apex cooperatives are situated at the provincial headquarters in Bafoussam (West) and Bamenda (North West) and are therefore relatively easy to get to. The cooperative unions and cooperative primary marketing societies on the other hand are in the divisional capitals in far-flung mountainous regions, some of which are not easily accessible due to very bad roads. The West Province has very good roads but the distances from one cooperative to the next are so great that two interviews cannot be done on the same day. The strategy for secondary cooperatives was one interview per site per day and even this approach didn't go as smoothly as planned. The research area is very wet and it rains every day in the rainy season, for three to four hours on average. On some days, it starts raining in the morning and the rain does not cease until the next day. Rains make the roads very slippery and some, such as the link between Banzo and Oku, become completely impracticable. This meant that some interviews had to be postponed many times before they were done.

3.3.6. Participants.

The strategy used to select respondents was the *key informant approach* (Marshall, 1996: 524). This is an anthropological method which selects those who are most knowledgeable or most responsible for a situation and so their perspectives are likely to yield rich data. Key respondents were high level government, UCCAO and NWCA apex and secondary union managers. They did not necessarily need to be the General Manager of the cooperative. In some situations, such as in Bafoussam and in Bangangté, a mutual decision was taken to supplement General Managers' responses with information from other staff because they had been in their positions for less than a year. Apex organisations are the key link between their cooperatives and the

government on the one hand and the cooperatives and markets on the other hand. Similarly, in rural areas, managers of secondary cooperatives are the key link between external stakeholders (including the apex cooperative) and producers in the entire division. That is why the voices of managers at this level are so important.

Although cooperatives' managers collectively represent the living memory of their organisations and are sometimes the only visible faces that the outside world gets to interact with, they cannot, on their own, paint the full picture of their various associations. Different voices from the grassroots are needed to get a complete perspective. It is for this reason that a further group of producers and CPMS heads were interviewed to get the grassroots perspective on coffee production and cooperative life. These respondents were chosen according to the following criteria:

1. Active producers who own a coffee farm which they still take care of;
2. They are registered members of UCCAO or NWCA;
3. They generate some of their income by selling coffee at least once a year;
4. They still have an active relationship with the cooperative;
5. The highest position they occupy within the cooperative is at CPMS level.

From this stratum, forty producers were selected using a first-through-the-door approach when they called at the cooperative for one business or the other. Some coffee growers who acted as respondents have been active members of a cooperative for more than fifty years uninterrupted and provided very rich perspectives. Preliminary contacts were made with both UCCAO and NWCA between October-December 2015 to inform chosen case studies about the research project, seek permission and take up appointments. After the approvals, one-week immersion plans were prepared for the first phase.

Table 3.1: List of UCCAO Managers who were respondents.

UCCAO respondents	
Name	Position within the organisation
Mr. Francois Mefinja Foka	General Manager
Mr. Zacharie Nguouo Papou	Marketing Officer
Mr. Tutchamo Jean-Claude	Manager, UCCAO Electronic Factory
Mr. Achille Kegne	Director of Agricultural and Cooperative Affairs
Mr. Jules	Manager, UCCAO Roastery
Mr. Demanou Simon Pierre	Manager, CAPLAMI
Mr. Tsasse Lamene Duplex	Manager, CAPLABAM
Mr. Nsangou Issa	Manager, CAPLANOUN
Mr. Yangoue Jules	Accountant, CAPLANOUN
Mr. Fokam Tabopda Ghislain	Manager, CAPLAMI
Mr. Fosso Michel	Manager, IT and Internal Control, CAPLAMI
Mr. Fondjo Armand	Manager, CAPLAHN
Mr. Wandji Philippe Robert	Manager, CAPLANDE

Table 3.2: List of NWCA Managers who were respondents.

NWCA respondents	
Name	Position within the organisation
Mr. Ignatius Waindim	General Manager
Mr. Fongu Peter Pekwoh	Marketing Manager
Mr. Nyoh Joseph	Internal Control and Audit Manager
Mr. Achu Fred	Roastery Manager
Mr. Ndika Fred	Quality Control Manager
Mr. Nfonbanla Hypolytus	Manager, Nso Area Cooperative Union
Mrs. Tabitha Azimbom	Manager, Santa-Pinyin Area Cooperative Union
Mr. Isaac Tita	Manager, Bali Area Cooperative Union
Mr. Kwalar Williams Nshifu	Manager, Donga-Mantung Area Cooperative Union
Mr. Mathew Ngangwa	Manager, Oku Area Cooperative Union.
Mr. Ngwa Gespa	Manager, Momo Area Cooperative Union.
Mr. Nyiang Joseph Kwi	Manager, Ndu Area Cooperative Union.
Mr. Mukong Eugene	Manager, Belo Area Cooperative Union
Mr. Fang Francis Yoh	Manager, Fundong Area Cooperative Union
Mr. Mbughii Ferdinand	Manager, Njinikom Area Cooperative Union

Table 3.3: List of UCCAO coffee growers who were respondents.

List of UCCAO Producer Respondents		
Name	Cooperative Union.	Date Interviewed
Mon. Djomo Robert	CAPLANDE	23 June 2016
Mon. Tassa	CAPLANDE	23 June 2016
Mon. Ismael Hamidou	CAPLANOUN	28 June 2016
Mon. Abdoulaye Moussa	CAPLANOUN	20, 28 June 2016
Mon. Njoya Seydou	CAPLANOUN	28 June 2016
Mon. Issoufou Ousman	CAPLANOUN	28 June 2016
Mon. Simplicie	CAPLAMI	14 July 2016
Mon. Kamga Joseph	CAPLAMI	14 July 2016
Mon. Tadoum Jean	CAPLAMI	3 June 2016
Mon. Gilbert Fotsing	CAPLAMI	14 July 2016
Mon. Momo	CAPLAMI	3 June 2016
Mon. Djoumessi	CAPLAME	12 July 2016
Mon. Jeufack jean	CAPLAME	12 July 2016
Mon. Kenfack	CAPLAME	12 July 2016
Mon. Donfack Apollinaire	CAPLAME	12 July 2016
Mon. Jean Kwekeu	CAPLABAM	23 June 2016
Mme. Fongang Béatrice	CAPLABAM	27 June 2016
Mon. Demanou Robert	CAPLABAM	23 June 2016
Mon. Kwankam André	CAPLAHN	15 July 2016
Mon. Tcheumaleu joseph	CAPLAHN	15 July 2016

Table 3.4: List of NWCA coffee growers who were respondents.

List of NWCA Producer Respondents		
Name	Area Cooperative Union.	Date interviewed
Mr. Chinwe joseph	Nso ACU	30 June 2016
Mr. Kuvinyo Fonfo Joseph	Nso ACU	30 June 2016
Mr. Shey Moses	Nso ACU	30 June 2016
Mme. Tata	Nso ACU	30 June 2016
Mr. Fai Moses	Nso ACU	30 June 2016
Mr. Ngum Joseph	Oku ACU	1 July 2016
Mr. Ngoh	Oku ACU	02 January 2017
Mr. Tossam Johnson Nkwain	Belo ACU	21 May 2016
Mr. Pilate Songsi	Belo ACU	24 May 2016
Mme. Bridget Tossam	Belo ACU	15 July 2016
Mr. Christopher Wainfein	Njinikom ACU	25 May 2016
Bohe Ngong Stephen	Fundong ACU	19 May 2016
Mr. Fang Francis Yoh	Fundong ACU	21 May 2016
Mr. Eva Nkwain	Fundong ACU	21 May 2016
Mr. Stephen Tita	Bali ACU	17 June 2016
Mr. Ndasi	Bali ACU	17 June 2016
Mr. Ousman	Donga Mantung ACU	17 June 2016
Tangwa	Santa-Pinyin PACU	07July 2016
Mr. Nji Cletus Ndeh	Bamenda ACU	13 July 2016
Mr. Mukong Eugene	Bamenda ACU	20 May 2016

3.3.7. Data collection methods.

A number of data collection instruments were used: semi-structured questionnaires, historical data, photos, artefacts, site visits, newspaper clippings, hands-on work experience and even coffee sampling. The first empirical data was collected using semi-structured interviews, of which more than seventy were done with 28 cooperative managers on site, in their organisations, in the second year of the study (2016). There was further interaction with them by telephone and email in 2016 and 2017. For example, the Director of Internal Control at the NWCA and the Director of Agriculture and Cooperative Affairs at UCCAO were each interviewed on four separate occasions in year two because they coordinate all operational day-to-day activities in their organisations. Interaction with them continued via telephone and email throughout 2016 and 2017. Questionnaires were prepared in English and in French. This wasn't difficult to do because the researcher is fluent in both languages. In total, eight sets of semi-structured questionnaires were prepared in two languages as follows:

Table 3.5: List of semi-structured interviews.

Semi-structured interviews		
Semi-structured Questionnaire for:	Languages	Number
General Managers	English and French	X2
Directors of Internal Control and Cooperative Affairs	English and French	X2
Marketing and Communications Managers	English and French	X2
Quality Control Managers	English and French	X2
Managers of Roasteries	English and French	X2
Directors of Finance	English and French	X2
Cooperative Union Managers	English and French	X2
Cooperative Primary Society Managers	English and French	X2

This list shows only the interviews done within the cooperatives. A further set of questionnaires was prepared for industry agencies (NCCB, CCIC) and government departments.

Interviews were conducted in the language that respondents were most comfortable with: English, French or Pidgin. The organisational culture in Cameroon is different across language lines. In Anglophone Cameroon, it was quite easy to knock on doors and explain to people what the research was about. Workers were very open to answering questions or having conversations about their work. The Francophone culture is quite the opposite. Every single manager demanded a formal application before answering questions, even though permission had already been secured and the General Manager's office had published my immersion programme throughout the organisation. Applications were demanded for everything, including for taking photos.

A number of things can affect the type and quality of responses an interviewee gives. These include the context and content of the interview, how the interviewee understands the topic(s) being discussed and what they want to convey to the interviewer (Edwards and Holland, 2013). In case study research, it is extremely vital to ask good questions in order to have good quality empirical data (Yin, 2009). The researcher must also have good social skills. He should be a good listener who is both adaptive and flexible (Yin, 2009: 70). When interviewees appear nervous or reticent in the beginning of interviews, a good strategy to deploy to draw them in is to do most of the talking early on until they become comfortable (Walsham, 2006). Social skills are also very useful to gain access to research sites and respondents' offices (Walsham, 2006). Walsham posits (2006) that it is very important to reassure the interviewee about purpose and confidentiality at the very beginning of the process.

Each Introduction, Interview and conclusion lasted one hour on average. At the end of the structured interviews, respondents were eager to continue talking and sharing information with me. Many of the managers have been cooperative people all their lives and it became very clear very quickly that nobody had attempted a systematic

assessment of their organisation post-liberalisation and it was almost as if they had waited a long time to pour out their soul. I took notes and scheduled further interviews whenever good actionable data came up. Follow up questions were based on identified pertinent emerging themes, posed in order of priority.

Site visits were a major contributor to empirical data. Concurrently with the interviews, I worked in the cooperatives between April and August 2016 (see Appendix A). I went in in the morning every day and left at the close of business, changing departments every day. This helped me discover the organisational culture, the mood of the settings and the nature and volume of transactions. In addition to my immersion, I worked with the casual labourers who prepare and load all shipments leaving the cooperative. I took thousands of photos of different areas and operations in all the sites that I visited. Whenever I saw the opportunity, I requested archival material, i.e. export data, history and evolution of the cooperatives as well as information on other operational matters.

3.4. Data analysis.

Interviews were transcribed in the evenings of the same day they were conducted. Burawoy (1998) and Yin (2008) encourage immediate, same-day transcription because it helps to identify and aggregate important data before it gets lost in a pile of other material. A pile-up of recordings can potentially lead to a botched research, as postponed transcriptions are rushed, or given to a professional transcriber who doesn't have an intimate knowledge of the subject, making it more difficult for the researcher to personally identify the diamonds in the data. Prompt transcription of interviews also helps to group information according to themes early on – which saves time – as well as to identify gaps that needed to be filled through follow-up questions.

Responses were mined for information based on a two-step analytical process. The first step identified the main themes with a correlation to the main research questions, viz: (i) the Cameroonian State's support to cooperatives within agrarian transformation, especially with regards to coffee; (ii) cooperative's own transformation initiatives; and (iii) cooperative's market orientation. These main themes then yielded the second set of sub-themes, i.e. recurring themes from single and cross-interview comparison. This process was then followed by single case analysis and then a cross-case analysis to identify commonalities, differences and emerging conclusions. The following emerging themes were identified:

Table 3.6: List of emerging themes and things to look out for.

Emerging themes and things to look out for.		
Government of Cameroon	Case study A: UCCAO	Case study B: NWCA
▪ Enabling policies agricultural production.	▪ Brief historical background.	▪ Brief historical background.
▪ Political and administrative system.	▪ Administrative structure.	▪ Administrative structure.
▪ Transport infrastructure.	▪ Interactions with the GoC.	▪ Interactions with the GoC.
▪ Support offered to cooperatives.	▪ Internal challenges facing the cooperative.	▪ Internal challenges facing the cooperative.
▪ Support programmes developed to promote coffee production and strengthen coffee value chains.	▪ Difficulties encountered during the switch from the state-led value chain to the free-market one.	▪ Difficulties encountered during the switch from the state-led value chain to the free-market one.
▪ Support programmes for coffee producers (inputs, extension services, finance, etc.).	▪ Strategies and tactics adopted to leverage local and global commodity chains	▪ Strategies and tactics adopted to leverage local and global commodity chains.

3.5. Presentation of findings.

Baxter & Jack (2008) advise that research findings have to be presented in a way that makes the reader feel as if he was involved in the process. This is best achieved by following a chronological order as well as addressing the main propositions one by

one (Baxter & Jack, 2008: 555). Such a methodology frames the results into a single, coherent easy-to-read unit.

The data-mining process led to the identification of the variables presented in the table above. These were then used to present the findings in a logical sequence for each case study. The results section starts with a summary of the findings on the Government of Cameroon, followed by Case Study A (UCCAO) and then Case Study B (NWCA). Each case study presents a holistic perspective, from the apex union down to the ACU and then the primary cooperative and producers.

3.6. Ethical considerations.

Some of the most important ethical aspects related to research projects include issues of power, control and how sensitive topics are managed in a research project (Moriarty, 2011). The first step of the preliminary study consisted in sending out requests for permission to conduct the research from the principal boss of each organisation I needed to work with, i.e. the National Registrar of Cooperatives and the General Managers of UCCAO and the NWCA. When I finally got to each location, I indicated that I was doing the work for academic purposes. I presented my university credentials, proof of registration and a confirmation letter from my supervisor indicating my research topic. I also made it very clear that I would tailor my programme to fit their work schedules in order not to disrupt their daily activities.

Before each interview, I restated my name, my university, my research topic and the approximate duration of the interview. I announced that the interview was being conducted within the framework of an academic research and that it would be used only for the purpose for which it was intended. I also informed respondent that they had the right to decline the request for an interview or to stop an ongoing interview if

the no longer felt comfortable with the questions that I was asking. This option was taken up twice during one interview, when a respondent asked me to switch off my recorder for a few minutes, before unleashing a barrage of invectives against their apex cooperative and the Government of Cameroon. I obviously kept his identity anonymous and didn't include what he said in the empirical data.

At the end of each interview, I thanked the respondent for agreeing to talk to me. I told them that they could request transcripts of the interview to see that what I had typed up was indeed the exact things that they had said. This reassurance was especially important in francophone Cameroon where people are incredibly suspicious about interviews, possibly due to the repressive political climate in the country. Besides, the francophone system is characteristically very slow and bureaucratic. In UCCAO, every manager requested an official letter of application for interviews plus a copy of the questions. They even demanded a formal letter of application in order to give me the right to take photos.

Things were a lot more relaxed in Anglophone Cameroon. My first day of immersion at the NWCA was a Monday when the General Manager holds his weekly meeting. He invited me into the meeting and told all his managers why I was there and that I was going to visit every single department and cooperative. After that, it was very easy for me to secure interviews. However, I still gave each manager I interviewed a formal application and request for authorisation. I then promised to be personally responsible for the safekeeping of all data collected after the process had been collected. Finally, I requested contact details for further engagement as well as any archival material that could be helpful for the study. In both cases, I reassured respondents before, during and after all interviews that I was going to liaise with them to confirm the accuracy of all responses.

3.7. Limitations and delimitations.

This research focused only on agricultural coffee cooperatives from the perspective of those responsible for management, value addition and marketing, i.e. managers. Although forty farmers were interviewed in the two case studies, that figure may not necessarily be enough to gauge the full spectrum of challenges and perspectives from their point of view. However, a bigger figure quickly becomes unmanageable within the framework of a qualitative study of this nature.

The lack of financial resources also limited the research report. With more money, there would have been a possibility to do a more in-depth cross-case analysis of cooperatives in two countries, say Cameroon and Cote d'Ivoire or Cameroon and Ethiopia or maybe across coffee types (Robusta and Arabica) using cooperatives in different parts of the country. If it had been possible, I would also have visited Europe to examine that part of the value chain and to identify what Cameroonian cooperatives are doing to leverage the advantages of globalism at that level.

Roads or the lack thereof constituted another major handicap. Sometimes, I had to be on the road for three days for just one interview. Part of the research was conducted in the rainy season when it is all but impossible to get to some locations by car. One has to go by bike and then walk some more to arrive at the locations. I needed to hire bikes rather than rely on public or private transport to work quickly and efficiently.

3.8. Reliability.

The deliberate decision to use the *key respondents approach* was an important one because it helped to focus attention on top-level managers with the most knowledge on their organisations. The approach of first seeking permission from the General Manager of each cooperative made it possible to secure approval through all levels of

the cooperative from early on. Respondents were informed at every stage that the research was for academic purposes only. The thorough step-by-step approach involving all parts of the coffee value chain ensured that the empirical data was both reliable and transferable to organisations of similar specialisation in Cameroon or in other contexts with similar realities. Finally, the approach to interview secondary cooperative managers ensured a cross-comparison of responses to get a complete picture of what obtains throughout the cooperative organisation.

3.9. Pilot study.

Four interviews were conducted to test the exhaustiveness and adequacy of the questionnaires prior to the field research. One was done with the UCCAO Director of Agricultural and Cooperative Affairs, one with the NWCA Internal Operations Manager and two with farmers. These interviews were then used to tweak the questionnaires for greater precision. They also highlighted the need to include Managers of roasting factories on the list of respondents because neither cooperative has started keeping precise records of the quantities of coffee that they roast, which is fairly surprising.

3.10. Conclusion.

This chapter presented the methodology used to gather data for this research project. The research was carried out in the West and North West regions of Cameroon, the two provinces on the Western High Plateaux which produce almost all of the country's Arabica coffee. The guiding philosophy was interpretivist and employed the extended case method to gather data from the two cases, i.e. UCCAO and the NWCA. The extended case method was chosen because it is flexible and adaptive, ideal for exploring emerging contemporary phenomena intensely using a multiplicity of data sources such as interviews, photos, observation, video clips, immersion work

experience, artefacts and archives among others. A deliberate decision was made to get perspectives from every link of the coffee value chain from the coffee growers all the way up to government officials using the key respondents' approach, which gave the study both a technical and comprehensive perspective.

Chapter 4: Overview of Cameroon's Agrarian Policies from the late 1800s to Date.

4.1. Introduction.

Cameroon's agrarian political economy has been shaped by the State's pervasive presence in and hegemonic control over commodities production, a trend which lasted more than a century. The State hegemony in agriculture has left a lasting legacy of mass land dispossession, forced proletarianisation and anti-competitive behaviour with thousands of smallholders drawn into agrarian capitalism without the ability to compete freely and producers who had to adapt to the greed and vagaries of the political establishment as best they could. This chapter presents a historical overview and critical assessment of Cameroon's agrarian policies from the late 1800s (when the first cash crop plantations were developed) to date. It starts with a country presentation, immediately followed by a dissection of the plantation economy system, before focusing on the modern-era food system and agrarian structure.

4.2. Brief country history and political system.

Cameroon is a relatively small country with a total surface area of 475,650 square kilometres and a population of 24 million people located just north of the Equator on the Atlantic coast of Central/West Africa (Warnier, 2012). It shares international borders with Nigeria to the west, Chad to the north, Central African Republic and the Republic of Congo to the east and Gabon and Equatorial Guinea to the south. The country derives its name from the Portuguese word *cameroes*, which means prawns. When Portuguese navigators first passed by the estuary of the River Wouri in the 15th

century, they noticed the water's very high prawn content and named it "*rio dos cameroes*" (river of prawns).

The first permanent European presence in Cameroon dates back to 1858 when the English missionary Alfred Saker settled in Victoria. However, it was the Germans who first made the territory a European colony. Germany's claim to the Kamerun Protectorate was confirmed at the 1884 Berlin Conference and it controlled it until 1918. Following Germany's defeat in the First World War, Kamerun became an Anglo-French League of Nations' Trusteeship Territory and was broken up into two. East Cameroon was placed under French control, while West Cameroon (Northern and Southern) was transferred to Britain, who managed it through their Nigerian colony. East Cameroon gained political independence from France in 1960. In 1961 Northern West Cameroon voted in a UN referendum to remain part of Nigeria while Southern Cameroons voted to re-join the Republic of Cameroon.

Whereas former Southern Cameroons enjoyed a very robust and active political environment within the Nigerian federation, East Cameroon, which lived under the spectre of the *Union Des Populations du Cameroun* (UPC) independence movement, developed a highly centralised and autocratic regime (Beti, 2010). Between 1960 and 1982, Cameroon was a single-party dictatorship under the autocratic President Ahmadou Ahidjo, who also doubled as the president of the lone party in the country, the Cameroon National Union (CNU). Although he developed most of the agriculture development parastatals, academic institutions, energy network, transport infrastructure and secondary processing industries that still make up the backbone of the country's socio-economic activity, he was ruthless in the way in which he dispatched his rivals. He waged a bloody campaign against the communist UPC party in their West-Littoral stronghold with the help of the French army and killed its leaders

and more than 120,000 of its followers (Domergue, Tasitsa & Deltombe, 2011; Deltombe, 2016). The first leader of the UPC, Reuben Um-Nyobé was killed by French soldiers and his successor, Dr. Felix Roland Moumié, was assassinated by the French secret service in Switzerland on November 3, 1960.

West Cameroon remained very politically active throughout. It was in Bamenda that the Social Democratic Front (SDF) was launched on May 24th 1990, bringing back multiparty democracy to the country, despite the murder of 26 peaceful protesters by the military and even the proclamation of a state of emergency to stifle this initiative. Anglophone Cameroon also waged a successful campaign in the 1990s to get a separate education board, free of Francophone influence and dilution. This research project was carried out in the middle of another popular uprising in West Cameroon characterised by episodes of ‘ghost town’ protests, heavy militarisation and a shutdown of internet services which lasted more than one year the longest period internet services have been disconnected anywhere in the world.

Paul Biya, Ahidjo’s successor came to power in 1982, amid pomp and great expectations in a nation tired of the suffocating presence of spies and dictatorship. He rechristened CNU the Cameroon People’s Democratic Movement (CPDM). After surviving a coup attempt in 1984, he promised to rid the country of rent-seeking and corruption, and to this end, he launched a “*rigour and moralisation*” campaign. Unfortunately, this turned out to be just empty sloganeering. Corruption has spiralled out of control under Paul Biya’s tenure. The anti-corruption campaign known as *Operation Antelope* together with the National Anti-Corruption Commission (CONAC) have not succeeded in halting or rolling back corruption. State institutions are weak and politically-motivated detentions are common. It is not uncommon for high-profile politicians to be jailed following staged trials in the name of fighting corruption.

Although Cameroon claims to be a multiparty democracy, it is a democracy in name only. The term that best describes Cameroon's situation is a "managed democracy". The President appoints the Chairperson of Elections Cameroon (ELECAM), the statutory body tasked with organising elections in the country. Unsurprisingly, the ruling CPDM party has won all elections since ELECAM was created. Just like in most African countries, the CPDM accesses state funds to advance personal and party interests. It also dominates all forms of mass media. The CPDM's main challenger is the SDF. The rest of the political space is populated by a myriad of tiny political parties. Cameroon has over 250 ethnic groups, each with a different indigenous language. There are two official languages, English and French as well as Pidgin, which is the preferred language of intercommunication for most people. The south-eastern part of the country is inhabited by Baka pygmies while the rest of the territory is occupied by Bantus, Hausas and Fulani pastoralists. There are ten provinces, which the government now refers to as 'regions' in an effort to thwart insurrectionary contestation from parts of the country. Each province is subdivided into divisions, sub-divisions and then districts. The President is the head of the Government and he is assisted at provincial level by Governors, and at divisional and district levels by Senior Divisional Officers and Divisional Officers. National Ministers are represented in the provinces by Provincial Delegates who head *provincial delegations*. Each Delegate heads the provincial, divisional, sub-divisional and district offices of a government ministry.

4.2.1. Overview of geo-ecological situation.

Cameroon has three distinct geo-ecological regions and this explains why it is sometimes referred to as *Africa in miniature* (Warnier, 2012). The Southern third of the country is evergreen wetland mangroves and dense, virgin Equatorial forests. A large

part of this section in the eastern half of the country merges with part of the Congo Basin which extends south into Gabon, Congo Brazzaville and the Democratic Republic of Congo. A further 40% of the country, i.e. the middle belt, is arable, sparsely-wooded but fertile savanna grass land. The North is hot and semi-arid Sahel, with the encroaching Sahara Desert gaining a few kilometres of territory each year.

There are two seasons: the *Dry Season* which starts around October and lasts until March and the *Wet or Rainy season* which starts in late March and ends around October. Parts of the country have bimodal precipitation, which allows for two crops of maize, sorghum and other staple foods per year. Cameroon has four major aquifers; three tectonic lakes (Ossa, Dissoni and Ejagham); a series of volcanic lakes (Lake Wum, Lake Oku) and Lake Chad, which it shares with Chad, Niger and Nigeria; several major rivers (River Logone, River Benoue, River Ntem, River Nyong, River Sanaga and River Wouri); and a series of major waterfalls. The South West is very wet, given its proximity to Mt. Cameroon. Debunscha village with its annual average of 10,000 millimetres of rain is officially recognised as one of the four wettest places in the world. All these water resources translate to about 284 billion cubic meters of annually renewable water resources (USAID, 2010: 13). That said, water resources are not evenly distributed; the Sahel is water-starved for long periods of the year.

Part of the country is situated on a volcanic fault line known as the *Cameroon Volcanic Line*, on which sits Mount Cameroon. This line starts in a gap between the Atlantic Ocean and the land mass in the South West (Gulf of Guinea) and extends north into the Western High Plateaux before turning sharply east. Mount Cameroon, which at 4100 Metres is one of the highest mountains in Africa, has an active volcano which is responsible for the very fertile volcanic soils that first attracted German explorers to

make the territory a Protectorate (Nkongho, 2015). Further north, the Western High Plateaux rise to more than 3100 Metres above sea level.

4.2.2. Economic situation.

Cameroon is a commodity-dependent country although it is the most industrialised and diversified economy in Central Africa. Its GDP is a fairly modest 25 billion USD. The main foreign exchange earners are oil, iron ore and agricultural commodities like cocoa, coffee, rubber, banana and cotton. Exports leave the country as undifferentiated primary goods with little value addition. Although it is estimated that about 52% of the country's population now lives in urban areas, agriculture remains the most important sector, contributing over 21% of GDP and sustaining the livelihoods of more than 70% of the population (KPMG, 2014; Africa Economic Outlook [AEO], 2017). Ninety percent of the population in some provinces (North West, West, Adamawa, East) still rely only on Agriculture for survival (Ntangsi, 2008; AEO, 2017).

The fact that so much of Cameroon has remained dependent on subsistence agriculture for so long is partly imputable to rampant corruption and bad policy choices by the government. Oil was discovered off the coast of Victoria (now Limbe) in the 1970s and between 1977 and 1986, high prices for Cameroon's commodities - coffee, cocoa, cotton and petroleum - on the global market made Cameroon one of the fastest growing economies in Africa with annual growth of approximately 1000 USD per person. Sudden oil riches introduced a general dynamic of "large-scale mismanagement, embezzlement and capital flight estimated at FCFA 150 billion a year - one-quarter of the annual national budget", i.e. the Dutch Disease (Konings, 1996). Prolonged mismanagement, a sharp drop in the prices of agricultural commodities and a 40% depreciation of the US dollar sent Cameroon into recession

in 1986, forcing the country to seek help from BWI. The BWI placed the country under a structural adjustment programme and since then its economy has been externally managed through the Highly-Indebted Poor Country Initiative (HIPC) and the Poverty Reduction Strategy Paper (PRSP), another World Bank-driven initiative (Ntangsi, 2008). The 90s, which were effectively lost years for the country, were spent rolling out a series of these austerity interventions. Oil production levels have dropped sharply in recent years as the Limbe oil well nears the end of its lifespan (AEO, 2017).

Cameroon's population has grown from about 5.5 million in 1960 to about 24 million today. In 2015, the National Bureau of Statistics reported that unemployment currently stands at only 3.3 %. However, that is more propaganda than fact. In a country where the median age is 18 and youth unemployment is sitting at 76% (by the calculations of the same National Bureau of Statistics), an official unemployment rate of 3.3% is self-evidently absurd. Many areas of the economy have not recovered from the recession and currency devaluation of the nineties, and so, structural unemployment and underemployment also remain critical challenges. Rural households survive almost exclusively off the land; many urban households also farm at least one plot (AEO, 2017). The number of people living below 2 USD a day is less than 10% of the national population (AEO, 2017).

In terms of regional networks, Cameroon is a member of the Economic Community of Central African States (ECCAS) of which it is the biggest economy. Other countries in the regional bloc include Gabon, Equatorial Guinea, Chad, Central African Republic, Sao Tome and Principe and Congo Brazzaville. It also has economic ties with Nigeria, its neighbour to the West, although the central government has traditionally neglected road infrastructure connecting Cameroon to the West African giant in a bid to keep a tight grip on Anglophone Cameroon.

4.2.3. Infrastructure.

There are three international airports in Cameroon (Douala, Yaounde-Nsimalen and Garoua) although many international carriers use only the Douala International airport. The country's national carrier, Cameroon Airlines, was declared bankrupt in the 1990s due to corruption and mismanagement. Attempts to resurrect it under a new name, CAMAIRCO, have so far borne only more corruption and little market presence. The majority of the country's exports leave by ship, via the port of Douala. Most of the world's biggest shipping companies, have a presence in Douala. The Limbe seaport which used to be very busy under the West Cameroon administration has been abandoned in favour of Douala. A new seaport is being built in Kribi and is expected to come online by 2017. The official shipping company, CAMSHIP was privatised in 1997 and the routes it once operated have been taken over by European operators.

The country's roads are in a deplorable condition. According to the Africa Economic Outlook (AEO, 2017) only 10% of Cameroon's road surfaces are in good condition. The Cameroonian government has long neglected its duty to maintain existing roads or develop new ones. It has managed to build only 5000 kilometres of tarred roads in 34 years, of which the majority are limited to urban areas and even these are in an advanced state of disrepair. Traffic jams are common throughout the day in major metropolises like Douala, Yaoundé and Bamenda. Villages are often connected to towns only by graded dust roads which become muddy and impracticable very quickly during the rainy season. Sections of international roads linking the country to neighbouring countries are not tarred. This translates to incredibly high transaction costs and very long wait times for farmers who desire to transport their commodities to lucrative urban markets and neighbouring countries.



Figure 4-1: Deplorable condition of rural roads in the Western Highlands of Cameroon.

Electricity supply is very erratic and people have learnt to live with rolling power outages which sometimes last for days at a time (AEO, 2017). Factories are forced to shut down at least a couple of times a month due to load shedding. Total national installed electricity capacity is 1,323 Megawatts, some of which is exported to neighbouring countries like Chad and the Central African Republic (AEO, 2017). The Lom Pangar dam project, which was launched in 2012, is expected to improve, but not completely solve the country's electricity problems. The factory hands at the NWCA and UCCAO roasteries are often obliged to throw out half roasted coffee whenever there is a blackout in the middle of a roast, an almost monthly occurrence.

The situation with potable water is no better; it takes years for new suburbs in fast-developing urban centres to be connected to the grid. As cities grow, many suburbs

are suddenly falling off the water grid with the water utilities company unable to keep up with connections. Many suburbs in large metropolitan areas have been witnessing acute water challenges for decades, characterised by suspension of services for months at a time. Citizens are requested to keep paying water bills to help fund infrastructure roll-out even as water supply to their homes is suspended for more than 12 months at a time. With such backlogs, any person desirous of starting an agricultural project needs to develop and build their own irrigation system from scratch.

4.3. Foundations of Cameroon's modern food system and agrarian structure.

Cameroon's modern economy emerged from and is still, to a large degree, dominated by what economic historians refer to as a 'plantation economy' agrarian system (Hopkins, 1973; Dinham and Hines, 1983). The plantation economy dynamic is an important factor in understanding Cameroon's agrarian political economy, i.e. its modern land tenure systems, its commodities of predilection, socioeconomic and spatial dynamics, systems of labour production and reproduction as well as systems of capital accumulation. A plantation economy is defined as a colonial outpost whose main economic activity and general socio-economic life are centred around production and shipping of agricultural commodities to the global metropole or home country of the colonial master (Gunder Frank, 1969; Hart, 1982). The agricultural landscape fashioned by this production dynamic bears the following characteristics:

1. Domination of agricultural production by a few, highly protected monopolistic or oligopolistic agro-industrial enterprises.
2. Predominant location of these agro-industries in the neighbourhood of the coast and the railways.

3. Predominant role of the state in the creation and management of the agro-enterprises.

(Dinham & Hines, 1983).

This often means that its economic blueprint is based almost exclusively on commodities which the producing country does not consume. Peasant households reproduce themselves as capital and labour simultaneously and proletarianisation co-exists with peasantisation and semi-proletarianisation (Moyo, 2007; Ake, 1985). Wherever they exist inland, transport infrastructure including roads and railway lines all connect down to the coast where the major exit ports are located.

From 1884 to the late 80s, the Cameroon State was an authoritarian agrarian entrepreneur which centrally planned and imposed the agrarian structure which the nation used. Until the 19th century, i.e. before colonial powers took over its economy, Cameroon's number one export commodity was kola nut which was shipped all over West Africa along ancient trade routes towards the Hausa States of Kano, Sokoto, Kaduna and further afield to Mali and Senegal. The extroversion and subsequent peripheralisation of Cameroon's agriculture to Europe started with the arrival of Germans to the colony in 1884. They expropriated more than 100,000 hectares of the most fertile volcanic land around Mt. Cameroon (without compensation) on which they set up the country's first large scale agricultural plantations (Oyono, 2013). This was followed by development of export transport infrastructure (railway lines, sea ports and shipping companies) linking the colony to Germany (Konings, 1993). By 1914, Germans had expropriated another 300,000 hectares, again without offering compensation to displaced communities. German plantations specialised in the production of rubber, cocoa, palm nuts and palm oil, tobacco and tea which all went to Germany. Cameroonians initially resisted working on plantations but the

introduction of *head tax* and *hut tax* as well as treaties with local chiefs made joining a plantation an almost absolute necessity. Plantations progressively sucked able-bodied men from the hinterlands to the coast and created bustling towns like Victoria, Douala, Mbalmayo and Belabo around German plantations. By 1918, more than 18,000 people from present-day West and North West regions had migrated down to the coast to work in German plantations (Warnier, 2012).

The major shift towards monocrop cultivation, with accelerated depeasantisation and hollowing out of the countryside, caused the worst famine the region had ever witnessed and this prompted the colonial administration to introduce cassava cultivation to the colony to help solve the problem, a strategy which they had used before in their other colony, Tanganyika (Warnier, 2012). Production of maize, beans and groundnuts was also encouraged and vulgarised. These crops could be produced easily, over short cycles, without jeopardising cash crop production.

Following the defeat of Germany in the First World War, *Kamerun* and other German colonies (Togoland, Tanganyika) passed on to Anglo-French hands. In Southern Cameroons, the British chose to keep the lands the Germans had expropriated rather than return them to their rightful owners. Their argument was that the German plantations were now of such fundamental economic value to the colony that they needed to be kept in the hands of European farmers who could maintain the same production standards (Konings, 1993). This argument hardly made any sense because under the German system, proceeds of the commodity trade were not reinvested in Kamerun and the plantation workers' lifestyles were not dependent on some fantastic salaries which they received for their labour. The several dozen thousand plantation workers lived in abject conditions in camps and their main source of sustenance was crops cultivated by their wives. After trying in vain to find suitable buyers in Britain, the

British colonial administration organised an auction in which virtually all the plantations were bought by their original German owners. Between the two great wars, there were twice as many Germans in Cameroon as there were British and French. Germans retained control of Cameroon's plantations until they were again seized in an anti-Germany push following another German defeat in the Second World War.

Following criticism from the United Nations to the effect that they were doing nothing to develop the *Mandated Territory of Southern Cameroons*, the British Governor of Nigeria and the Cameroons signed two ordinances, the *Ex-Enemy Lands Ordinance No. 38 of 1946* and the *Cameroon Development Corporation Ordinance No. 39 of 1947* which authorised the purchase of some of the German plantations territories from the *Custodian of Enemy Territory* for the purposes of creating a public corporation known as the Cameroon Development Corporation (CDC) whose mission would be to rehabilitate and operate the plantations (Konings, 1993: 39-40). A smaller portion of the German plantations was taken over by *Elders and Fyffes*. At this stage, the CDC produced mainly oil palm and rubber. It would later add banana, tea and pepper to its roster of commodities.

Virtually all the modernisation work that occurred in Cameroon in the first half of the 20th century was rolled out by plantations. The biggest businesses on the coast at the time were either agribusinesses, shipping companies which transported the agribusinesses' products or financial institutions which managed their money: *Barclays Bank*, *Elders and Fyffes*, *Lever Brothers* (now *Unilever*), *Cadbury*, *Carnation* and *CDC*. Plantations and cooperatives were important change agents and essential components of the initiative to vulgarise Western standards of living in the colony (Holmén, 1990: 46). Konings notes that the CDC "has been a major instrument of modernisation and is largely credited with whatever socioeconomic development has

occurred in Anglophone Cameroon” (Konings, 1996: 204). By 1960, the CDC had built fourteen primary schools, forty adult literacy centres and a few technical schools, sports programmes, roving film shows, four general hospitals, six auxiliary hospitals, forty-two health posts, living quarters for employees, roads and some railway lines with its own funds (Konings, 1993: 40). The first secondary school away from the coast was opened in 1949 by Presbyterian missionaries (Courade, 1982: 110).

The Germans had abandoned the interior of the country to missionaries and the British and French who succeeded them used cooperatives and development zones to extract taxes and commodities from the colony’s hinterlands without the hard lifting that plantation agriculture requires. The first cooperatives were developed by settlers and indigenes who wanted to leverage the commodities’ trade in order to pay newly-introduced taxes but didn’t necessarily want to leave their villages in order to do so. Whenever they returned home, plantation workers took seedlings of some of the newly-introduced commodities and planted them on their family lands in a tributary process of side accumulation. Other villagers also bought seedlings from migrant workers and planted them on their plots. Soon, they started harvesting enough to sell to German traders, although they had to sell at prices largely determined by the latter because Cameroonians did not have much use for coffee or cocoa for that matter.

According to an entry in the *Historical Dictionary of the Cooperative Movement*, the first Cameroonian cooperative was launched in 1924. In the early 1920s the French used the "*Sociétés Indigènes de Prévoyance*" (SIP - Native Provident Societies), later baptized the "*Sociétés Africaines de Prévoyance*" (SAP) or African Provident Societies to collect taxes and vulgarise Western farming techniques and crops among Africans (Holmén, 1990: 24; Schwettmann, 2014a: 3). By 1960, there were over 500 active agricultural cooperatives around the country dealing in five main commodities

(groundnuts, palm oil, cotton, cocoa and coffee). They operated along four different models:

1. Type one: these were vertical cooperatives developed around the Unified Cooperative Model with cooperative primary marketing societies in the villages, area cooperative unions at divisional level and apex cooperatives capping the structure at provincial level, e.g. NWCA, UCCAO.
2. Type two: these were disparate cooperatives with no horizontal or vertical relationships between them, e.g. COOPLABAM (Cooperative of Bamileke Coffee Growers in Moungo), COOPLAMEL (Melong Coffee Growers Cooperative). They signed delivery rights directly with the marketing boards, which handled all their marketing.
3. Type three: These were the SOCOODER cooperatives (development cooperative societies). SOCOODER stands for *Sociétés des Coopératives du Développement Rural* (Rural Development Cooperative Societies). They were based in the southern half of the country and produced mainly cocoa.
4. Type four: the last major group of the cooperatives were the SOCOOPEDs based in the North province (present-day North, Far North and Adamawa). The acronym SOCOOPED stands for *Société Coopérative d'Épargne et de Développement* (Savings and Development Cooperatives). There were over fifty of them. They ran savings and loans schemes and produced groundnuts and cotton.

French cooperatives were social economies which coordinated every aspect of social life in their various jurisdictions, from livelihoods to security, land tenure, management of traditional institutions (the French appointed the chiefs), taxes and entertainment.

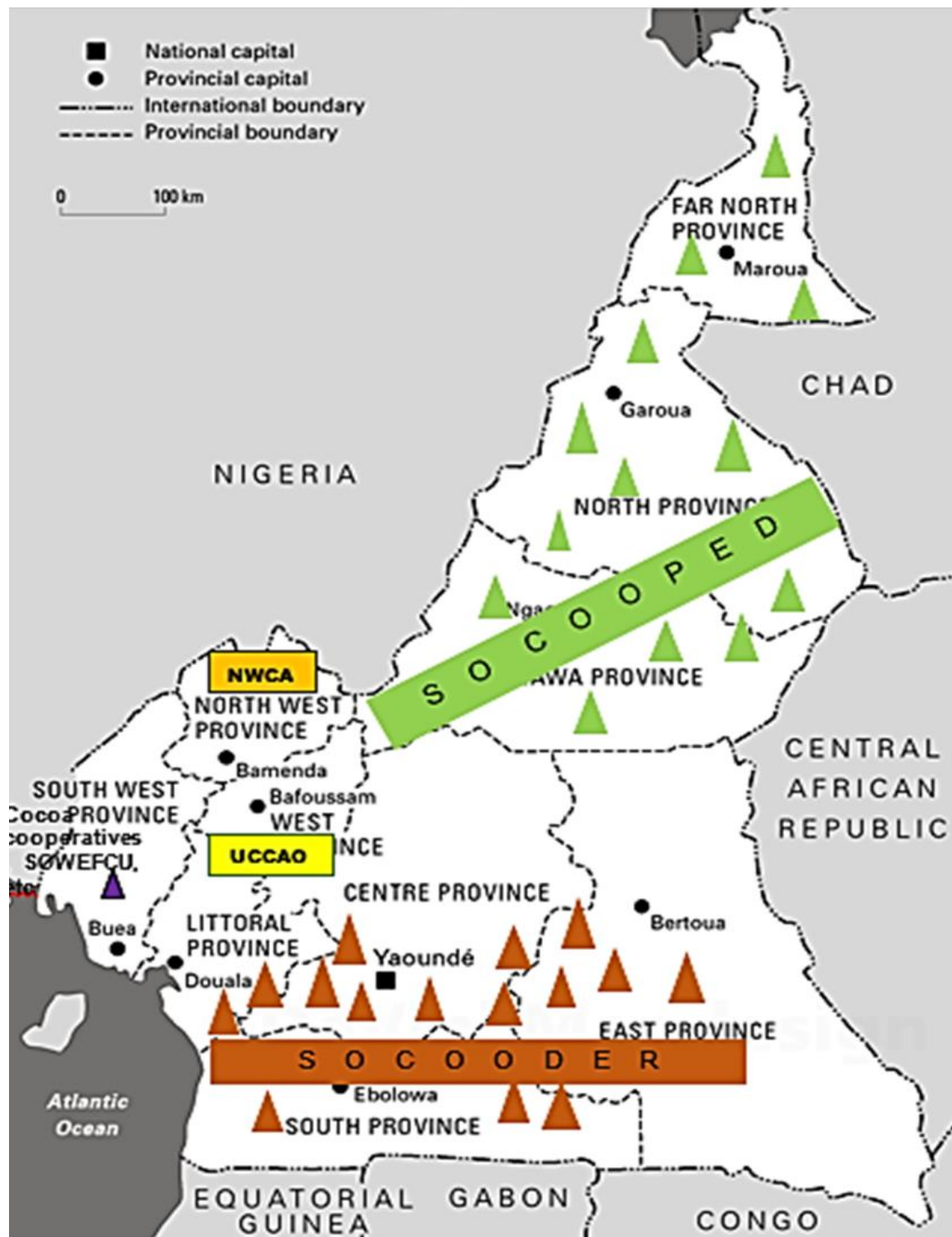


Figure 4-2: The various types of agricultural cooperatives developed in Cameroon between the 19th and 20th Century.

Map developed by the researcher with information from Koenings (1993) and Ntangsi (2008).

The SOCOOPEDs and SOCOODERs were originally created by the French colonial government, ostensibly to pass on innovations to villagers and show them how to grow commodities. This was known as *encadrement* (i.e. coordinated education, guidance and outright coercion where necessary for agricultural production and social cohesion). These cooperatives were real rural economic hubs – they operated retail stores, provided banking services and coordinated development meetings and annual celebrations (Schwettmann, 2014a). They ensured that villagers had a regular income and the colonial masters had commodities to ship to Europe.

The SIP/SAP further launched consumer cooperatives known as *Union des Caisses Populaires* (union of popular mutualities) which operated transport services, inputs programmes, loan programmes and retail shops. This guaranteed that villagers would spend all their money at the cooperative, on one product or the other. Uptake of agricultural commodities was accelerated through ‘*encadrement*’. Farmers were grouped and supported in development zones (*Secteurs de Modernisation* - SEM) which followed ethnic or geographic demarcations. Proceeds from the sale of commodities were later used to constitute commodity specific insurance funds to control the price of agricultural commodities as well as hedge against future failures in the market. An economic development investment fund (FIDES) was also constituted to channel money into agriculture and the SEM (Bamou & Masters, 2007). By 1960, Cameroon’s entire economic activity revolved around agricultural commodities in a binary production system: plantations were the organisational format of choice along the coast and further inland, cooperatives ran the show. Subsistence agriculture was left to local Cameroonians to manage it as they saw fit. Monocrop commodity production entrenched gender differentiation in the sense that cocoa and coffee became a man’s crop while subsistence agriculture became a woman’s thing.

4.4. Agricultural policy from independence to date.

The following section presents an overview of Cameroon's post-independence food system and agrarian structure. This period marks a transition from White-led administrations to African-led ones and can be split into two regimes: President Ahmadou Ahidjo's very aggressive authoritarian agrarian developmentalism, followed by President Paul Biya's austerity policies and opening up of local markets to international competition within a competition state dynamic.

4.4.1. The period of five-year plans (1960-1990).

Between 1960 and 1990, Cameroon's economic development was organised in *Five Year Plans*, characterised by an active state which aggressively rolled out a myriad of interventionist policies, many of which did not make financial sense. The postcolonial government not only entrenched the plantation economy system, but it also continued and even expanded the practise of mass land expropriation from its own citizens, often with no compensation to their rightful owners (Nguiffo & Watio, 2015).

During the first five-year plan (1960-1965), the State focused on radically increasing agricultural exports to generate liquidity for industrialisation projects (Achancho, 2013). It brought in, at great expense, experts from Europe to develop plantations and processing factories in various parts of the country, where land was just 'taken' for development purposes without compensation (Koenings, 2003). Cooking oil factories SAFACAM and SPFS, created in the 1920s, were upgraded and a state-owned sugar plant, SOSUCAM, was created in Mbandjock in 1964, followed shortly after by CAMSUCO. Other activities in the economy included expansion of colonial-era Agriculture Development Zones (the SEM), creation of export commodity stabilisation funds and introduction of the West Cameroon Marketing Board (Ntangsi, 2008).

The second Five Year Plan (1966-1970) focused on support to commodity farmers and partnerships with international agribusinesses such as Grand Moulins de Paris Somdia (GMP-Somdia) to set up processing plants in the country. By the end of the first decade of development, the Government had created ten rural economies' development agencies (Ntangsi, 2008). The first year of the second five-year plan was dubbed '*the farmer's year*', followed by '*the farmer's plan*' a year later (Fonjong, 2004). It was towards the tail end of this five-year plan that the slogan "*Green Revolution*" became popular. *Green Revolution* encouraged food crop production, although it was not backed by the levels of investment that went to the agro-industrial complex.

The two Cameroons were reunited in 1972 – during the third five-year plan (1970-1975) - and in 1973, the Government launched the first *Agro-Pastoral Show* in Buea, the former capital of West Cameroon. *Agro-Pastoral Shows* were biennial farmers' events during which farmers converged on a designated town to show off their award-winning crops or livestock. During the 173 Agro-pastoral show, President Ahmadou Ahidjo encouraged villages around CDC to set up micro-plantations and become commodity suppliers (Konings, 1986). Over the next two five-year plans, the government spent 60% of the national budget expanding plantations, creating agro-processing enterprises and another fourteen parastatal development agencies (Bamou & Masters, 2007: 5; Ntangsi, 2008: 38). Five categories of agricultural organisations emerged from the National Government's post-independence initiatives, each with a different focus (Ntangsi, 2008: 39; Fonjong, 16-25; Koenings, 1993):

- **Category 1:** This consisted of large-scale plantations and specialised sectorial agro-industrial enterprises: Cameroon Development Corporation (CDC), Palm Oil Plantations (PAMOL), Cameroon Rubber Company (HEVECAM), Wheat Development Agency (SODEBLE), Cotton Development Agency

(SODECOTON), Yagoua Rice Development Zone (SEMRY), Cocoa Development Agency (SODECAO), Mbo Plain Rice Development Agency (SODERIM), Upper Noun Valley Development Authority - rice (UNVDA).

- **Category 2:** They consisted of agriculture inputs and finance institutions: National Fund for Rural Development (FONADER), Crédit Agricole (land bank), Investment Fund for Agricultural and Community Micro-Enterprises (FIMAC), National Centre for Research and Experiments in Mechanised Agriculture (CENEEMA), Food Crops Development Programme (MIDEVIV).
- **Category 3:** Cooperatives (NWCA, UCCAO, SOCOOPERS, SOCOODERS), Integrated Rural Development projects (IRD) and regional development agencies such as Wum Area Development Authority (WADA-WUM), *Zone d'Action Prioritaire Intégré* ZAPI-EST (Priority Integrated Rural Development Zone) for the East Province and ZAPI-CENTRE for the Centre-South Province), Nkam Development Agency (SODENKAM), South West Development Agency (SOWEDA), North West Development Agency (MIDENO), UNVDA, Hauts Plateaux de l'Ouest or Western High Plateaux Programme (HPO), Upper Benoué Valley Research and Development Programme (MEAVSB), MIDEVIV.
- **Category 4:** Marketing agencies: National Produce Marketing Board (NPMB), UCCAO, Agency for the Promotion and Development of Cooperatives (CENADEC), NWCA, South West Farmers' Cooperative Union (SOWEFCU).
- **Category 5:** Agricultural research and extension services: Institute of Agriculture Research (IRA), Institute of Agricultural Research for Development (IRAD), Institute of Animal Research (IRZ).

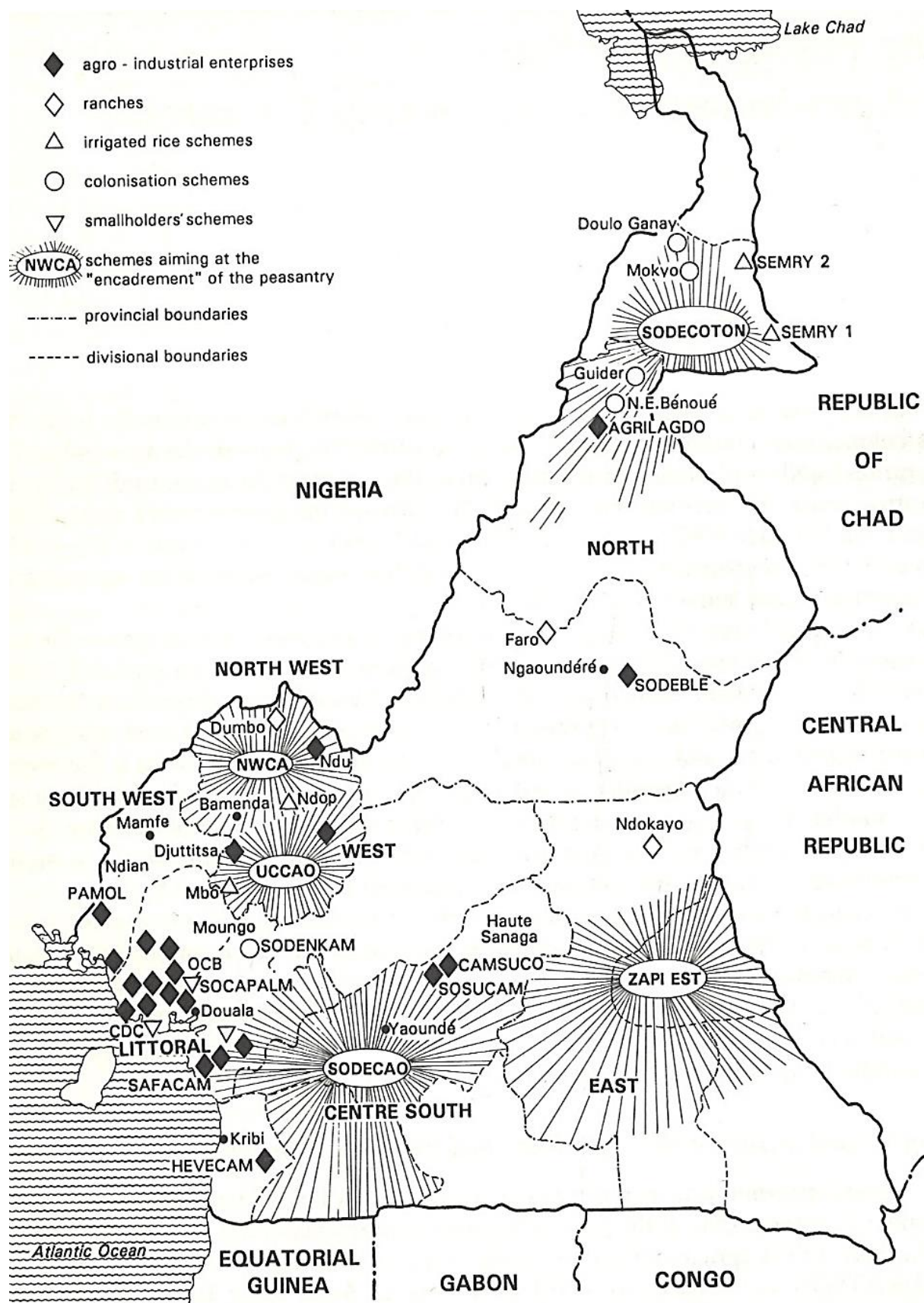


Figure 4-3: Cameroon's most important agro-industrial enterprises revamped or created by President Ahidjo. (Konings: 1993)

All these organisations were run by government appointees. Most (Credit Agricole, NPMB, FONADER, FIMAC, MIDEVIV, MEASVB, SODERIM) never had the impact they were created to produce because their finances were quietly funnelled into private accounts by CPDM stalwarts. Konings (2003: 26) further notes that the initiative to modernise Cameroon's agricultural production "through the establishment of large-scale, technologically advanced, agro-industrial complexes has involved high socio-economic costs and has created a growing dependence on foreign management, technology and loans". By 1986, the country's 200 parastatals had 70,000 employees, with a combined budget deficit of 35 billion CFA, although they had received more than 70 billion FCFA in subsidies (Courade & Sindjoun, 1996: 12). Shortly before structural adjustment, the government spent millions of dollars on three rice parastatals which then ran into financial difficulties shortly after and had to be shut down: more than 80 million USD in SEMRY, 15 million USD in SODERIM and 14 million USD in UNVDA. Ironically, throughout the period of the five-year plans, the biggest generators of GDP growth and foreign revenue were smallholder farmers who never got the kind of money that was pumped into government parastatals.

1977 in many ways encouraged government spending in the agro-industrial complex. That year, Cameroon became an oil-producing country, and with its newfound wealth, the GoC lavished large sums of money on stabilisation funds and paying farmers artificially high prices for commodities in total disregard for falling global prices. The country was soon struck by the 'Dutch disease' as bureaucracy and corruption ran unbridled whilst one failed policy after another was tested. Clueless political allies were deployed to parastatals awash with government subsidies. Despite the government's industrialisation efforts, agricultural commodities still played a vital role in Cameroon's

economy by 2008, contributing 21% of the GDP and employing over 70% of the population (Yengoh *et al*, 2010).

Political power changed hands during the fifth five-year plan, in 1982, when President Ahmadou Ahidjo resigned suddenly and named Paul Biya as his successor. The out-of-touch and elitist Biya entrenched the untested claim that bigger farms were better by encouraging top civil servants to set up *Exploitations Agricole de Moyenne Importance* – EAMI (Medium-Sized Commercial Farms), notably under the *One CEO-One Plantation* approach. He had photo opportunities in large pineapple plantations and exhorted civil servants to join him in his quest to create big, successful large-scale commercial farms all over the country. The policy was accompanied by the creation or strengthening of financially autonomous development structures for each major agricultural commodity (Achancho, 2013). Those who answered his call received vast tracts of land and lavish loans from credit institution like FONADER and Crédit Agricole, only to promptly abandon the projects and reinvest the money elsewhere in urban areas (Konings, 1993). The EAMI initiative proved to be another unmitigated disaster. By 1986, the National Produce Marketing Board (NPMB), better known under its French acronym ONCPB, had plundered and mismanaged more than 200 million USD worth of cocoa and coffee growers' dividends in an orgy of unbridled corruption.

Cameroon's bad policy choices caught up with it during the sixth five-year Plan when the country entered into deep recession in the 1986/87 financial year. Overnight the bottom just fell off the economy, followed by a "brutal fall in living standards" (Bamou & Masters, 2007: 6). The most visible face of this recession was the slow, very public, spectacular collapse of the National Produce Marketing Board. Mismanaged agricultural parastatals bore the full brunt of the depression, which in turn paralysed the entire country because the economy was still more than 60% dependent on

agricultural commodities. The perennially mismanaged NPMB which ran the cocoa and coffee commodities' exports business and controlled producers' stabilisation funds recorded losses of 60 million USD in the 1987-1988 campaign season alone and couldn't pay farmers their dividends that year, or the next or the next. Faced with total collapse, the national government cancelled all inputs programmes for rural farmers, froze salaries and terminated subsidy programmes. These measures failed to stop the generalised rot in the economy and the GoC went, cap in hand, to the World Bank for structural adjustment loans.

4.4.2. The Structural Adjustment Plan in Africa and Cameroon.

The Structural Adjustment Plan (SAP) is a set of macroeconomic policy interventions first introduced by Bretton Woods institutions in the mid-eighties to rescue ailing developing nation economies in Africa, Asia and Latin America hit by the triple whammy of the 1970s-economic slump, bad policy choices (or at least what was perceived as such at the time) and ballooning public sector bills. Structural adjustment was inspired by an unfounded conviction by the authors of *Towards Accelerated Development in Sub-Saharan Africa* (more widely known as the *Berg Report*) that all economies necessarily follow the same linear path to development and that the same macroeconomic principles which had helped many Western countries to achieve fast-paced economic growth could equally cause African economies to thrive (Briggs and Yeboah, 2001). Its main thrust was the following free-market policies:

Massive currency devaluation; price, interest rate, payments and trade liberalisation; the imposition of credit ceilings and controls over money supply; a freeze on wages and salaries; public enterprise privatisation/commercialisation/liquidation; public expenditure reduction; the withdrawal of subsidies (real and imagined) and the introduction of cost recovery measures on a range of (mainly social) services; the reduction of

the size of civil service through staff retrenchment; and the stepping up of efforts at revenue mobilisation through, inter alia, the introduction/enforcement of a range of direct and indirect taxes

(Olukoshi, 1996: 57-58).

BWI were unequivocal in their instructions: signatory governments had to privatise plantations and agro-processing parastatals and let the private sector get on with it (Oppong, 2013). They directly fingered government-controlled cooperatives and their inefficient, often corrupt supervisory and marketing boards as targets for structural reforms and instructed that they had to go (Schwettmann, 2014a). Although there were complaints about the programme's one-sided anti-statism and its over-reliance on fiscal discipline and austerity, most sub-Saharan countries were in dire need of liquidity, and so, willingly or under duress, they rewrote legislation to privatise key public enterprises and allow private and foreign entities unfettered access into their markets (Gibbon & Olukoshi, 1996; Wanyama, 2013).

Cameroon did likewise and rolled out a very faithful implementation of the SAP reforms. The first agriculture parastatal to go was the very corrupt NPMB, quickly followed by more than a hundred pieces of the agro-industrial complex. The CDC, still the biggest employer after government, was only saved because Anglophone Cameroonians threatened rolling mass protests if it was privatised (Konings, 1996). Public agricultural entities and brand-new factory lines were left to slowly rot, overrun by grass and battered by the elements. By the mid-1990s, the government had almost completely stopped providing price support and inputs to cooperatives. From peak levels of 156,000 tonnes, coffee production dropped to around 30,000 tonnes by 2010, according to official NCCB data.

The consequences of the government's complete and sudden withdrawal from the agricultural sector were disastrous and spectacular in Cameroon and many other African countries. The most enduring consequence of structural adjustment was the exacerbation of poverty and a growing reliance on food imports. Upheavals in the agricultural sector cascaded into every section of life, sparking an unrelenting deagrarianisation process characterised by a surge in non-agricultural activities, prevalent work experimentation, an increase in cash-based work, intensified migration and a rise in illegal, unplanned settlements in urban areas (Havnevik *et al*, 2007; Moyo, 2007; Moyo, 2010; Mkandawire, 2005; Mkandawire, 2006). The upheavals in turn fuelled prolonged mass discontent with public services and concomitant mass mobilisation for democratisation across Africa (Mkandawire, 2006: 24). The quick dismantling of the only value chain accessible to African smallholders impoverished millions and caused agricultural production to backslide, leading to maldevelopment (Moyo & Yeros, 2005). Gains of Green Revolution programmes were completely wiped off in less than a decade. Once self-sufficient, Cameroon became a net importer of food, with grains (corn, wheat and rice notably) accounting for over 10% of all imports per annum, i.e. about 1 billion USD (Ntangsi, 2008; KPMG Cameroon, 2014).

SAP participating countries' combined debt ballooned to 178 billion USD in 1996 while per capita GDP growth which had been steady at around 3% per annum between 1960–80 declined to less than 1% for median countries (Mkandawire, 2005). Africa's share of FDI dropped from 25% to less than 5%. With free market policies, Africa also became a net exporter of capital (Mkandawire, 2005; Moyo, 2010). Many countries defaulted on their loans and were simply given new loans to repay old ones, at interest rates 1.5 times or more what they had originally borrowed (Mkandawire, 2005).

The effects of SAPS have been intensely researched and the unanimous verdict among academics is that the programme was ill-advised, poorly-planned, poorly implemented, and undoubtedly stunted Africa's development as well as reversed major economic gains in areas like agriculture (Olukoshi, 1996; Mkandawire, 2006; Havnevik *et al*, 2007; Stiglitz, 2008). For Mooij, Bryceson and Kay (2000), no single event has brought more devastation to modern African agriculture than the structural adjustment programme. They state unequivocally that the World Bank played a very "prominent and destructive" role in championing failed agricultural policies in Africa.

Joseph Stiglitz (2008) has been particularly scathing in his criticism of African leaders' simple-minded belief in the absolute magic of the markets. For him, African governments are just as guilty as the BWI for the unmitigated disaster that was structural adjustment. He blames African leaders' lack of backbone and their failure to protect their very embryonic economies for the downward spiral suffered by their economies, ironically just as Western governments were doling out lavish subsidies to their own farmers. In order for market forces to be efficient within a free market dynamic, Stiglitz argues, the markets have to exist in the first place. Policies are a necessary but insufficient boost to agricultural production and on their own, African private sector investors cannot build roads, bridges, airports, warehouses, power plants or other infrastructure - or invest in innovations to turn their commodities into higher value products for that matter. States have a critical role to play in ensuring that smallholders can compete against MNCs. Havnevik *et al* (2007: 40) argue that the State's duties include, among other things, "... policy formulation, coordination and evaluation, provisioning of public goods, protection of property rights, regulation, coordination and overcoming market failures, reducing vulnerability and inequity". The optimism of the UN and SAP participating countries in African markets' robustness

was unfounded, and this is echoed by Stiglitz when he makes the depressing but accurate assessment that “if there were fruits of the Washington Consensus, they are yet to be enjoyed” (2008: 44). Although the BWIs have since made some half-hearted *mea culpas* as the evidentiary data on their disastrous policies has grown, the entire CEMAC region was negotiating yet another round of structural adjustment aid in 2016.

4.4.3. The New Agricultural Policy.

A necessary and inevitable consequence of SAP was that the State had to discard its authoritarian-cum-nationalist agrarian philosophy for a competition State model, considering that the programme had ordered the privatisation of the agro-industrial complex. SAP was predicated on Cameroon opening its borders to competition and selling itself as an attractive investment destination. This meant that the State had to grow into a new role of creating an enabling environment for its agribusinesses to thrive, i.e. adopting legislation to make free market trade a reality, eliminating barriers to foreign owned enterprises, protecting foreign investments and promoting a free-floating currency. Import-substitution industrialisation was replaced by export-oriented industrialisation although it was not explained where the exports would come from since the crisis had caused many parastatals to collapse. Less talked about is the fact that when the agro-industrial complexes’ money tap was turned off, corrupt State officials found other ways to make money – with land transactions for example, under the pretext of attracting foreign direct investment.

The New Agricultural Policy was rolled out between 1991 and 2000 as part of the SAP package, to get rid of large agricultural parastatals, liberalise the agriculture sector and switch the government’s focus from cash crops to food crops (Achancho, 2013). Despite the stated ambition, very little was done to strengthen value chains or

transport infrastructure, which led to significant food price inflation in the 90s and again in the late 2000s. There was however, greater investment in sensitisation campaigns encouraging people to grow more food to meet the demands of the local market, especially cocoyam, cassava, sweet potatoes, plantains and legumes. Urbanisation of rural poverty continued unabated as farmers opted to leave the agriculture sector and seek employment in urban areas. A number of donor countries stepped in to help Cameroon roll out poverty alleviation programmes targeted at the poor. The most popular of these initiatives is the French Development *Agency's Programme for the Improvement of the Competitiveness of Family Agro-pastoral Farms* (ACEFA) which awards micro grants for small-scale agricultural projects. Another partner, the German government, financed the tarring of the road between Kom, the biggest single Arabica coffee production basin in Cameroon, and Bamenda the nearest urban centre and regional capital of the North West.

4.4.4. 2000-2010.

No noteworthy agricultural development project occurred during this period. Between 2000 and 2010, the Cameroonian Government's ability to play a meaningful role in agriculture was hampered by SAP exigencies as well as its reliance on foreign creditors, given its Highly Indebted Poor Country (HIPC) status (Bamou & Masters, 2007). Within the context of the HIPC rollout, BWIs continued to advise the GoC to focus its main policy interventions on subsistence agriculture for greater food security (IMF, 2010). A bouquet of such strategies was developed, including the Poverty Reduction Strategy Paper (PRSP), the Poverty Reduction and Growth Facility Strategy (PRGF) of 2005-2008 and the Rural Sector Development Strategy (RSDS). The GoC's key foci were narrowed down to: "(i) making accessible and available factors of production such as land, water, and farm inputs; (ii) promoting access to

technological innovations by reinforcing the research/agricultural extension interrelationship; and (iii) developing competitiveness of production industries” (IMF, 2010: 18). Most agricultural promotion and extension services were transferred to under-resourced municipalities by 2010. Little attention was given to transport infrastructure due to liquidity challenges. Since 2007, annual roads budgets have averaged only 70 million USD for the entire country, not enough to maintain existing roads, talk less of building new ones (World Bank, 2014: 14). The country witnessed major food riots in 2008, especially in the economic capital, Douala. The Government used very heavy-handed measures to quell the riots and 400 people lost their lives.

4.4.5. 2010-present.

Since 2010, the GoC has committed itself to significantly increasing investment in the agriculture sector by ratifying and implementing bilateral and continental instruments and protocols. This is not just as a consequence of the country’s growing population but also because, by the GoC’s very own admission, it needs more money very quickly. Cameroon is a signatory to the *Maputo Declaration* which calls for countries to contribute a minimum of 10% of their annual budget to agriculture. Appropriately, the *Maputo Declaration’s* foci align seamlessly with the priorities of Cameroon’s own RSDS. Its *Resolution n° 1* calls for the revitalisation of the agricultural sector including livestock, forestry and fisheries through policies targeted at small farmers while *Resolution n° 2* calls for the implementation of the Comprehensive Africa Agriculture Development Programme (CAADP) and other flagship projects at the national, regional and continental levels (NEPAD, 2013). CAADP, the vehicle developed by NEPAD to drive the implementation of the *Maputo Declaration*, has adopted three priority areas: extension of the area under sustainable land management and reliable water control systems; improvement of rural infrastructure and trade-related capacities

for greater market access; and increasing food supply and reducing hunger. In line with the *Maputo Declaration*, the agriculture budget has been doubled from 40 billion FCFA to just under 80 billion FCFA over the past decade, although this is still very insignificant considering the country's growing population.

The divorce between state and cooperatives is complete, but so far, the second priority of how to negotiate value chain dynamics in a dysfunctional free market system (weak or under-resourced financial institutions, rising input costs, rule violations by independent LBAs, market distortions by MNCs) in a manner that is fair to traditional POs in order to enable hundreds of thousands of smallholders get on with it remains unresolved. The State has accumulated more than thirty years of underinvestment in infrastructure. Roads and bridges are in an advanced state of decay and this is not going to change any time soon because in 2017, the Cameroon was negotiating another structural adjustment package. That said, there are also signs that the GoC wants to actively get involved in cooperatives once again. *Potato cooperatives* have been launched in the West and North West regions along the same vertical unified models of the coffee cooperative. The GoC has also developed and launched the RELESS programme (Local Collective for Social and Solidarity Economy) which is an almost like-for-like copy of colonial-era SEM development zones.

4.4.6. Access to international markets.

The GoC has, in recent times, invested more resources in seeking new markets abroad. Together with other countries in the Central African region, Cameroon agreed to transform the Central African Customs and Economic Union (UDEAC) into a more dynamic, visa free single market known as the Economic Community of Central African States, ECCAS, to allow for the free movement of people and goods within

signatory nations. The single passport initiative has already come into force although there is still a lot of feet dragging by Equatorial Guinea, Congo Brazzaville and Gabon. Cameroon is the breadbasket of the central African region and agricultural entrepreneurs have leveraged ECCAS agreements to some degree by setting up supply routes for eggs, spices, poultry and vegetables throughout the region.

The Government has also made more efforts to look for markets on the African continent. Between May and June 2016, Cameroon and Nigeria signed free trade deals on some goods, including agricultural produce. This coincided with the completion of the AfDB-funded Bamenda-Mamfe-Ekok Highway. The new highway has significantly reduced the time it takes to transport fresh produce from Cameroonian farms to Nigerian markets. The Nigerian market has potential for a wide range of agricultural products and the price of some basic commodities have already doubled since it was opened. In 2016, Cameroon became the first country in the ECCAS region to sign the Economic Partnership Agreement (EPA) with the EU, a free trade deal which lifts barriers on trade in both directions. Other ECCAS countries have rejected the deal, stating that it favours only the EU. Cameroon is also a signatory to the Africa Growth and Opportunity Act (AGOA) which gives African countries access to the USA's 350-million strong consumer market. At the moment, very few businesses have made any efforts to leverage this treaty due to an inability to comply with US regulations and dysfunctional value chains.

4.4.7. Land grabs.

Since 2000, a disturbing pattern of land seizures has gripped the country as a growing number of local agribusinesses, multinational corporations and foreign countries lodge applications for plantation land on which to set up palm oil projects. This is part of a

global process of accelerated transfer of capital into agriculture which has seen big money acquire more than 83 million hectares of land in developing countries (Oyono, 2013). Many investors are more than ready to cut corners in order to secure vast tracts of land for their projects, almost all of which involve displacing poor families and smallholders, and the GoC justifies this with the unproven argument that large-scale projects are better for the national economy (Nkongho *et al*, 2015). In Cameroon, all land transactions involving 1000 hectares or more have to be approved by the Presidency. Land is typically cleared of its occupants using a model which dates back to colonial times. Applicants are first asked to negotiate with the local chief and communities of the project area and if they reject the sweeteners on offer, divisional officers and administrative authorities use legislative instruments, outright coercion and police brutality to force people to move. From the CDC's Djuttisa Tea Estate project to date, the GoC has shown itself very ready to brutalise its citizens to make way for plantations, often with no compensation whatsoever or alternative land offered to the displaced parties (Koenings, 1996).

In land applications for major projects, the GoC has always sided with MNCs to push entire communities off their ancestral lands by unilateral decision (Nkongho *et al*, 2015). In a recent high-profile case, Heracles Farms was given Bakossi community lands plus an extra portion carved out of a national protected biodiversity area. More than a century later, the GoC continues to borrow from methods first implemented by German, French and British colonial administrations to develop plantations, although it remains to be explained how these projects will help the local communities or the Cameroonian economy. Its tactics make even less sense when considered that after the creation of Bolloré and Herakles palm oil plantations in the country for example, Cameroon has been importing almost 100,000 tons of palm oil per annum from Gabon.

Table 4.1: Large-scale land acquisitions in Cameroon by local and international agribusinesses since 2005.

Land requested or obtained by multinationals between 2005-2013			
Company	Country of origin	Land requested	Commodity
Hydromine	Brazil	500,000ha	Palm oil
Justin Sugar Mills	India	150,000ha	Sugar cane
CDC	Cameroon	102,000ha	undisclosed
Moscow Coffee House	Russia	100,000ha	Coffee
Greenfield (Azur)	Cameroon	60,000ha	Palm oil
HEVECAM-GMG	China	59,974ha	Rubber
Sud Hévéa	China	45,200ha	Rubber
Pamol	Cameroon	41,000ha	Palm oil
Sime Darby Plantation	Malaysia	40,000ha	Palm oil
Cargill	USA	38,000ha	Palm oil
National Investment Corporation (SNI)	Cameroon	26,700ha	Undisclosed
SOCAPALM	France	21,700ha	Palm oil
West End Farms	USA	>20,000ha	Palm oil
Herakles Farms	USA	20,000ha	Palm oil
Guta	Russia	20,000ha	Cocoa
SOSUCAM	France	>20,000ha	Sugar cane
Sino Cam Iko Agriculture	China	6000ha	Tobacco
PHP	France	6000ha	Palm oil
MAISCAM	Cameroon	5,500ha	Corn
Chinese Group	China	4000ha	Rubber
Biopalm	Singapore	3348ha	Palm oil
Sagex	Und.	3000	Und.
Kawtal Demri	Singapore	3000	Palm oil
Ndawara Tea Estate	Cameroon	2000	Tea, livestock
Agro Est	Cameroon	1000	Und.
Société des Bananeries de la Mbome	France	1000	Banana
Tchassem Holding	Cameroon	1000	Cocoa
Palmist Holding Company	Und.	1000	Palm oil
Olam	Malaysia	Und.	Palm oil
Harrisons Group Malayalam	India	Und.	Rubber
Société des Plantations de Mbanga	France	800	Cocoa
Goodhope Asia Holdings	Singapore	Und.	Palm oil

4.4.8. Summary of challenges facing Cameroonian agriculture.

Cameroon's food and agrarian system is a mirror image of the national economy which has been moribund for three decades following the 1986 economic recession. A lot of it has to do with underinvestment, bureaucracy and debilitating corruption; other reasons, however, can be placed at the door of poor policy choices and systemic inefficiencies (AfDB, 2008; Achangcho, 2013; World Bank, 2014). The biggest challenges facing the agriculture sector, according to the AfDB (2008) are:

1. A preponderance of inefficient and uncoordinated sector interventions which operate in silo, often within the same ministerial portfolio.
2. Undercapitalised farmers in dire need of financing for mechanisation and inputs.
3. A critical shortage of production, transportation, warehousing and processing infrastructure which causes supply chains to be both inefficient and expensive.
4. Persistent underinvestment in research and development, which has caused some plant pathologies to spiral out of control.
5. A complex bureaucracy which bogs down interventions and exposes the system to corruption and rent-seeking.
6. Systematic neglect of extension services and priority production basins and crops.
7. Lack of information services to help farmers switch to more profitable crops (e.g. black pepper) or extract better value for what they currently produce.

The AfDB further notes an “inconsistency in sector interventions” characterised by short and medium-termism (AfDB, 2008). The current regime continues to champion a pro-elitist agricultural EAPI *one director, one farm* development policy, using the

argument that rich or retired civil servants have the wherewithal set up more efficient, more profitable medium to large scale commercial farms although evidentiary data does not exist to support this claim. An investigative article published by a Cameroonian newspaper in 2014 shows that before the FONADER bank collapsed, three members of the ruling CPDM had borrowed more than 200 million USD from the bank, which they never paid back (Ombe, 2015). Opportunists routinely exploit loopholes to access inputs and money while more deserving farmers are locked out of the system.

4.5. Conclusion.

A century of authoritarian policies by the Cameroon State has created an extroverted agrarian system, a legacy the country is still trying to deal with. Three periods can be distinguished: 1) 1884 to 1960 characterised by the heavy-handed colonial plantation economy production dynamic; 2) 1960 to 1990, characterised by aggressive agrarian developmentalism and import-substitution industrialisation; and 3) the post SAP period characterised by liberalisation of and underinvestment in agriculture. The anti-competitive, top-heavy first two periods drew smallholders into capitalism without really empowering them to understand free market policies or operate with a free hand. It is only in the liberalised, post-structural adjustment era that agribusinesses have started developing the requisite capacity to operate in this free market environment. The state has been notable by its underinvestment in infrastructure as well as by its tendency to help rich people and MNCs push communities off their lands for supposedly-better large-scale commercial farms while more deserving producer organisations struggle to carve a market presence for themselves and their members.

Chapter 5: Overview of the Coffee Business.

5.1. Introduction.

From its original home in Central Africa, coffee has spread around the globe and become the second most traded commodity after only oil. Although it is hardly ever presented as such, coffee is both a colonial crop and the result of a frontier plantation project of empire, an integral part of the first European-centred food regime and every other one that followed. Before and after colonialism, it has been the subject of billions of dollars' worth of speculative capital and oligopolistic rents capture by big interests. This chapter starts with a historical overview of how coffee became big business, followed by a section on coffee production in Cameroon and finally, the nature and flow of the coffee trade today, i.e. the global coffee commodity chain.

5.2. Origins of the global coffee business.

Coffee comes from the *Coffea* genus of which there are more than 100 varieties in Africa. The *Coffea* genus (which includes the popular *Arabica*, *Excelsa*, *Liberica* and *Robusta* varieties preferred by most consumers around the world today) is indigenous to Central/West Africa. Its most conducive climates are to be found in the parts of the world which lie between the Tropic of Cancer and the Tropic of Capricorn, especially at altitudes over 1200 metres above sea level. Although it is popularly held that coffee originated in Ethiopia, this is not accurate. Through very precise DNA sequencing, it has been determined that coffee originated in Lower Guinea (i.e. the area from South East Nigeria to Angola) before spreading to other parts of the African continent, including Ethiopia and Madagascar (Anthony, Diniz, Cobes, and Lashermes, 2010). The first shipment of coffee from Angola to Europe for example, in a transaction which

occurred in 1822, was harvested from wild, naturally occurring coffee trees in the forest and transported to the coast by Africans – it didn't come from plantations (Clarence-Smith & Topik, 2003). This irony also explains why some of the best coffee varieties consumed in coffee shops all over the world are named after the countries where the first markets and plantations were developed (Mocha, Java, Blue Mountain) rather than the commodity's original home.

Although the coffee plant is indigenous to Central Africa, it first became a plantation crop on different continents (Asia, America) before it was reintroduced in its original home. Ethiopia is credited with being the cradle of coffee production because it is from there that the first large shipments were transported to the Ottoman empire, where the first large scale commercial coffee operation began. It was the Ottomans who established the first international coffee trade routes for coffee, in Mocha (Yemen). The coffee bean first made its way from Ethiopia to the Ottoman Empire around the 15th century by way of its outlying province of Yemen and quickly became a popular beverage. The first coffee shop was established in Constantinople around 1475. The Ottomans took extreme measures to maintain a monopoly over the coffee trade by parboiling all beans which was shipped to customers outside the empire. Throughout this period, its consumption was mainly confined to the Muslim world, the Europeans still preferring beer (Germans), tea (British), chicory (France) and hot chocolate (Spain), although there was a coffee house at Oxford University by 1650.

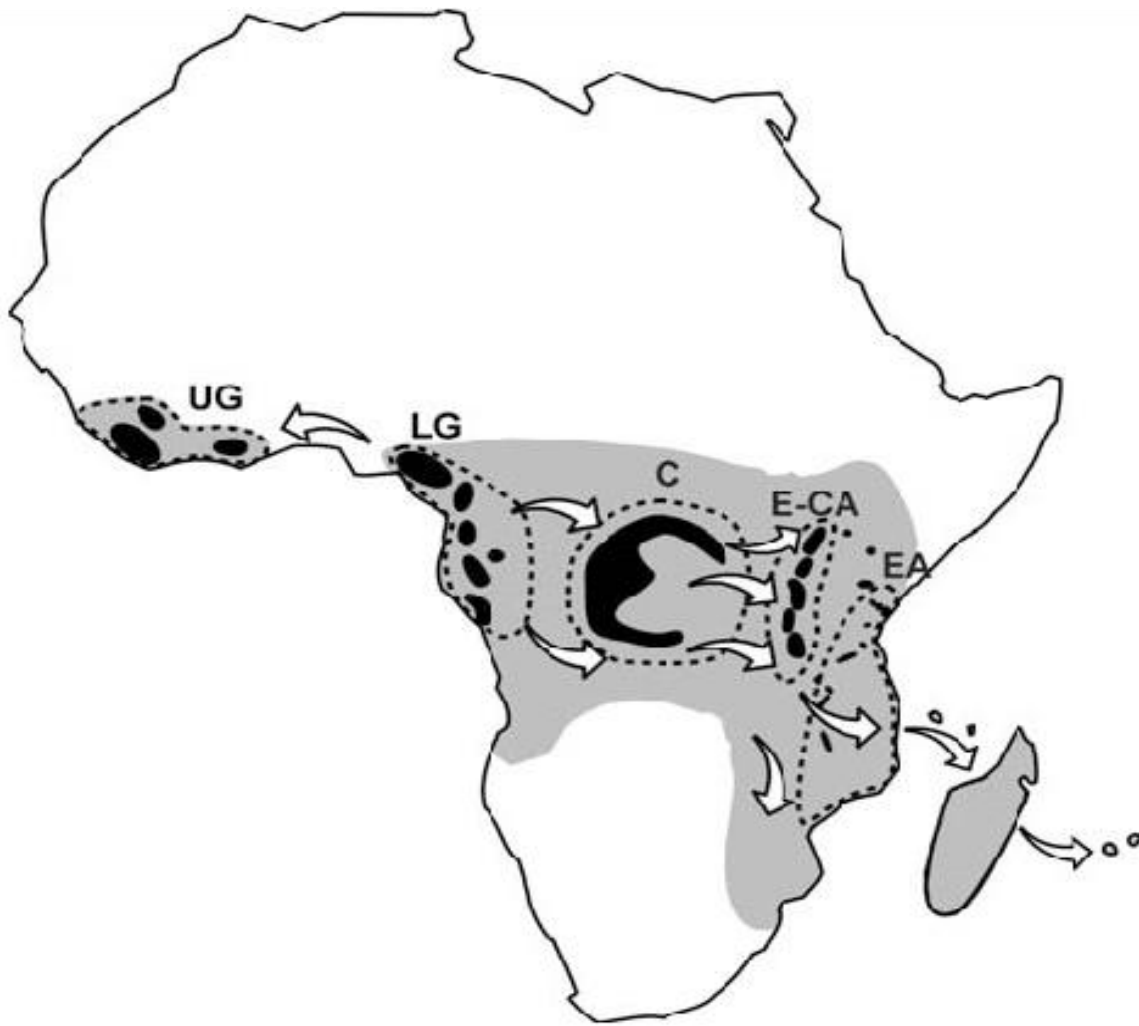


Figure 5-1: Origin and dispersal of coffee. (Source: Anthony et al, 2010).

It was the Italians and especially the very entrepreneurial Dutch who registered the first significant interest in coffee in Europe. Legend has it that a Dutch explorer managed to smuggle some good coffee beans from Ethiopia, which were then cultured in a greenhouse in Amsterdam before they were taken to West Java, Indonesia, where the first major coffee plantations in the world were developed (Clarence-Smith & Topik, 2003). Simultaneously, the plant was taken to different parts of Asia, including Java, by the Indian Baba Budan as well as Muslim traders, since the island lay on a major trade route. Dutch entrepreneurs, missionaries and Muslim travellers helped to

vulgarise coffee cultivation all over south east Asia and then to wrest control of the global coffee business from the Arabs, especially through the business acumen of the *Dutch East India* company. Suspicious of its narcotic effects, Catholic officials pressed Pope Clement III to ban its consumption. He instead gave it the thumbs up and it then became wildly popular throughout Catholic Europe. European administrations profited from the coffee business by imposing heavy taxes on imported beans. Demand still exceeded supply and new plantations had to be created.

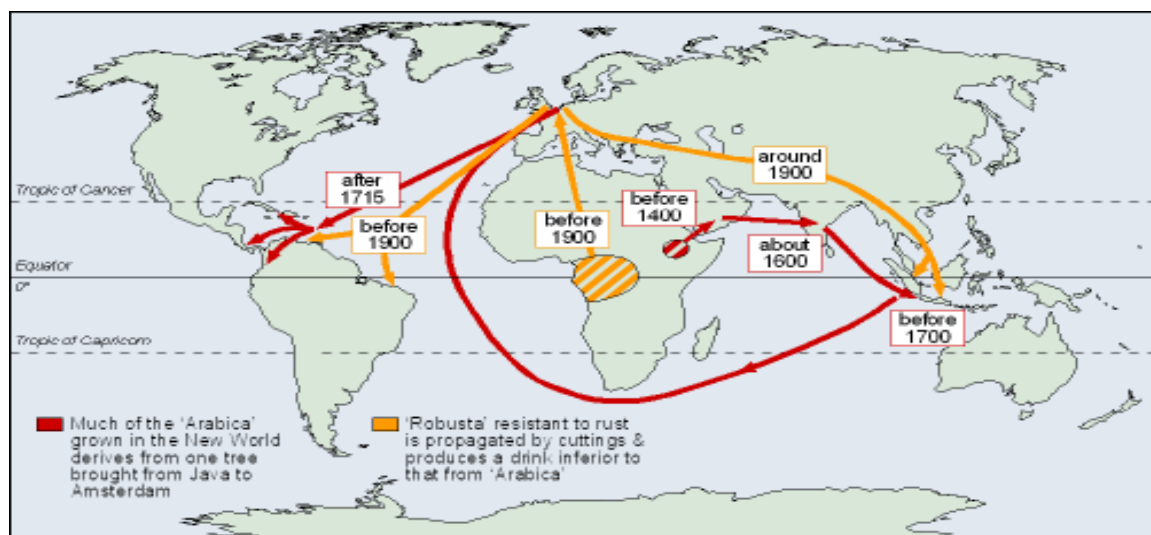


Figure 5-2: How coffee spread around the world. Source: Slideplayer.com

Due to its growing importance, European merchant groups, rich families, speculators, and colonial powers decided to get in on the action. Coffee became one of the frontier crops (together with wheat, sugar, rice, indigo, sugarcane and tobacco) that was produced in the Americas within the first food regime and triangular slave trade dynamic. The French developed plantations in Martinique under the impulsion of the Governor Gabriel-Mathieu Francois D'ceus de Clieu. It was from these trees that the first seedlings were obtained to develop plantations in Haiti (Saint Domingue), Mexico and the Caribbean. The Americas became one vast agricultural operation powered

with slave labour brought from Africa. All the superpowers of the time had coffee operations, from the British (Jamaica), the Spanish (Cuba, Colombia, Peru, Honduras, Ecuador and Costa Rica) to the Portuguese (Brazil). Java and Haiti quickly became the biggest coffee producing areas in the world. Brazil emerged as the number one producer only after the Haitian revolution of 1791. When the Americans rebelled against high taxes imposed by the British in the riots now known as the *Boston Tea Party*, coffee consumption took off there as well. After the abolition of slavery, coffee production spread to European colonies in Africa, still under the first food regime production system. The major European players in Africa were the French (East Cameroon, Gabon, Congo Brazzaville, Côte d'Ivoire), the Germans (Cameroon, Togo, Tanzania), the Belgians (Congo DRC, Rwanda, Burundi) and the British (West Cameroon, Kenya, Uganda, Ghana, Nigeria).

The entire colonial project was essentially a commodities' production operation. It sucked peripheral areas into commodity production and by that very fact, the global economy (Clarence Smith and Topik, 2003). In this new setting, colonial powers focused on the higher end of the coffee business, contenting themselves with coercive recruitment and control of labour, negotiation of delivery rights with producing organisations and communities as well as exporting to Europe. The French used coercion to get Africans to grow coffee while the British preferred a policy of liberal colonialism which allowed Africans to organise themselves while they profited from the coffee trade by negotiating delivery rights with the unified cooperative and its fluid collection, processing and transmission capacity, although they didn't hesitate to thwart African production wherever it posed a threat to British citizens. In Kenya for example, they banned Arabica coffee production by Africans and in Ghana, they subordinated cocoa and coffee cooperatives to British marketing boards.

Coffee consumption witnessed a renaissance in the early 19th century with increased urbanisation in Europe and again in 1938 when Nestlé developed its Nescafé instant coffee brand. With rapid urbanisation, it became the most consumed beverage and second most traded commodity in the world, attracting even more speculators who gained control of the business by developing bilateral oligopolies with merchants in Africa and Latin America. However, the major firms that control the coffee business today developed their value chains a long time ago in colonial, plantation dynamics.



Figure 5-3: The coffee belt with a list of coffee-producing countries. Source: mdpi.com.

5.3. Overview of coffee production in Cameroon.

Although plantation coffee was introduced to Cameroon in 1884, the Germans spent the first twenty years trialling different varieties in botanical gardens in Victoria, Nkongsamba, Dschang and Ebolowa before production was eventually scaled up. The first large scale Robusta plantations were developed around Yokadouma, Akonolinga,

Doumé, Lomié and Abomgmbang in 1926. By 1928, 450,000 seedlings had been planted in Dschang, Sangmelima, Lomié and Ebolowa. From here, cultivation of the plant spread eastwards beyond Ebolowa, westwards into Njombe, Bangangté, Bafang and Melong and further northwards into the Western High Plateaux in Santa, Foumban, Foumbot, Banso, Kom and beyond. The business side of coffee really took off after 1929 when a French agronomist named René Coste arrived in the Western High Plateaux and founded a cooperative named *Coopérative des planteurs de Café d'Arabie du Pays Bamoun* (Bamoum Arabica Coffee Producers' Cooperative). It was this cooperative which shipped Cameroon's first test batch of coffee to Maison P. Jobin et Cie in Le Havre.

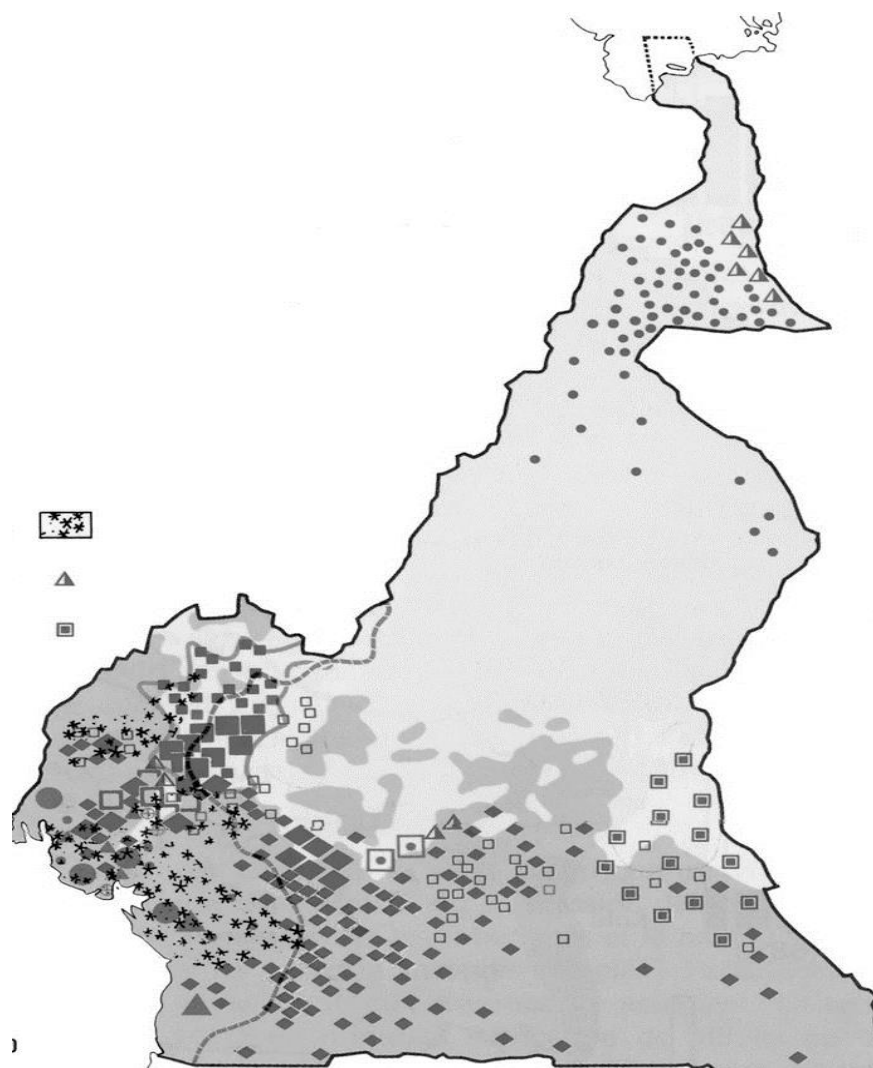


Figure 5-4: Cameroon's Coffee production basins. Source: Kuété, 2016.

5.3.1. Crop care and post-harvest primary processing.

In Cameroon, coffee is produced mainly by smallholders on plantations which are 1.5 hectares in size on average. There are about 600,000 small-scale producers spread across 140,000 hectares in the rural countryside. Estates and plantations account for less than 10% of the national production. The biggest production basins are:

Robusta coffee producing provinces.

- Littoral.
- South West.
- North West.
- West.
- South.
- East.

Geomorphology: Hot low-lying areas below 1100m altitude

Arabica coffee producing provinces.

- North West.
- West.
- Adamawa.

Geomorphology: Very cool, mountainous topography situated between 1500 and 3100m altitude.

Robusta coffee makes up the lion's share of Cameroon's coffee production (about 90%) because it can grow at low altitudes and requires less attention (clearing, inputs, pruning) than Arabica coffee. Most of the country's Robusta production comes from areas like Loum, Nkongsamba, Bangangté and Ebolowa where the majority of the country's mills are also found. Arabica on the other hand, is an altitude crop, very demanding in attention and inputs, but commands much higher in value on the global market due to its delicious aroma and mild strength. The biggest production basins include Fouban/Foumbot, Mbouda, Kom, Bansa and Oku among others. The Arabica coffee's share of the national acreage has shrunk to less than 15,000 hectares. According to the NCCB, it costs about 1 million FCFA to develop a new coffee plantation (one hectare), calculated as follows:

Table 5.1: Cost of setting up one hectare of coffee trees.

Cost of setting up a hectare of coffee to first harvest.		
Item	Cost/hectare (in FCFA)	Percentage of total cost
Monetary value of plot	500,000	45,23%
Labour	283,500	25,64%
Makeshift shade	16,000	1.45%
Nursery	100,000	9.05%
Farm implements	80,000	7.24%
Fertiliser and urea	61,000	5.52%
Insecticides and fungicides	15,000	1.36%
Transport costs	50,000	4.52%
Total	1,105,500	100%
Source: NCCB (2015)		

Figures varies from one location to the next based on proximity to the port city of Douala (where inputs land in the country), transportation costs, and concentration of coffee farms in the region. However, the costs are not necessarily that high for someone in the rural countryside - in fact, a rural dweller would find this bill risible. More often than not, the poor have no choice but to take their chances and let their coffee trees grow with no inputs whatsoever, which translates to very low yields and disease-ridden coffee trees. Most coffee trees in Cameroon are thirty years or older. Under such conditions, the yield per hectare is between 250 and 300 kilograms on average. Plantations which have new improved coffee trees and which use inputs regularly produce 1 ton of coffee per hectare, a massive increase of at least 600 kilograms, i.e. a 200% increase.

Coffee berries start ripening in the Western Highlands around October, later than in other parts of the country due to cold weather. Every producer is responsible for harvesting, de-pulping and drying their own coffee before handing it over to the cooperative. They use family solidarity networks and wage labour to help pick the ripe cherries from the trees. The bean is separated from the red berry through two basic

methods: the wet method and the dry or natural method. Almost all Arabica coffee is de-pulped using the wet method. It consists in pulping the coffee cherries shortly after they are harvested and then drying the beans. The dry or natural method, which is used for Robusta coffee, especially in sunny climates like Ethiopia, consist in drying the coffee inside the whole fruit until the skin gets completely dehydrated before milling to separate the dried skin from the beans.

After harvesting, growers separate the green fruit from the red ones. The red cherries are then crushed in bamboo baskets to separate the fleshy skin and thin, transparent mucilage from the beans. Some farmers use a hand pulper or, if they live near a cooperative which has a central processing unit (Belo, Bafoussam), they take it there for *fully-washed* processing. The fresh beans are then fermented for a couple of days to further remove the transparent mucilage. The mucilage is very hard to get off, so the crushed beans have to be washed again and again until the owner is satisfied that most of it is gone. After this, the beans are sun-dried until their humidity levels drop below 11%. Farmers used to fast-track this process by drying the coffee in traditional barns using wood fire but this has been banned because this method leaves a lingering smell of smoke on the beans.

Coffee is delivered to the local ACU as soon as it is sufficiently dry for sorting, hulling, grading and bagging in 60 kg jute bags. When an ACU receives coffee, they verify if the humidity levels are below 12% (the global standard). This stage is followed by milling where the beans go through four stages. First, they go through a sorter to remove stones and other foreign matter. Next, they are passed through a huller to remove the parchment and transparent mucilage, followed by the grading process. Grading consists in passing the coffee through a calibrator to separates the beans according to sizes. Arabica is graded in five sizes: A, AB, B, C, D, F and N. Robusta

coffee is graded according to types GG, G1, G2 and G3. Cameroon used to produce AA and GG bean sizes but these grades are no longer produced in sufficient quantities to be considered. This is due to too many old trees and untended plantations. At least 70% of size A beans must be retained in screen 18 if after the calibrator is spun for about 30 seconds. Type D coffee is retained in screen 16 after spinning and so on. In areas where the wet and dry processes are both used, the coffee is labelled to show which processed was used to separate the skin from the beans.

Once the coffee has been graded, it is machine sorted and then hand sorted one last time to pick out any leftover perforated beans, black beans, stones or wet beans. This part of the work is a major and very welcome source of seasonal employment to rural dwellers. When this process is finalised, the coffee is then transported to the transit warehouse where the quality control officer randomly draws samples and tests bean size and humidity before a conformity certificate provided by the Ministry of Commerce is issued to the cooperative of origin.

In the West province, the milling process is done twice because UCCAO's apex union has two computerised SORTEX and ICOR factory lines which it acquired just before liberalisation. Coffee is first hulled in cooperative unions using old generation technology before it is forwarded to UCCAO's Electronic Factory. Once it gets there, the coffee passes through four phases. First, it is re-hulled to pick out foreign matter such as nails and stones missed at the level of the secondary cooperative. Then it is calibrated to determine the size of the beans. Next, the coffee is sorted using electronic Sortex (Arabica coffee) and ICOR (Robusta coffee) machines to pick out any tiny stones or black and perforated beans missed in previous procedures. Finally, it is bagged in vegetable oil-treated jute bags before being released onto the local or international market.



Ripe coffee berries ready for harvest (Top left). A woman harvesting coffee berries (top right). Only the ripe berries are harvested. The berries are then either fermented for a few days before they are crushed (bottom left) or crushed immediately using a de-pulping machine (bottom right) to take off the red fruity casing.



Figure 5-5: Harvest and post-harvest primary processing at the coffee producer's plantation and home.



After crushing, the beans are washed thoroughly (top left and right) to take off the leftover skin and mucilage. The beans are then spread on a surface and left to dry in the sun (bottom left and right). Their humidity has to drop under 12% before they can be taken to the local cooperative or sold to LBAs.



Figure 5-6: Washing and drying coffee beans before it is sold to LBAs.

5.3.2. Legal instruments governing the coffee trade in Cameroon.

Although most colonial era laws have been replaced, they nevertheless offer a vital window on Cameroon's agrarian political economy over the past century. The German government's de facto policy to settle White farmers was expropriation without compensation. Formalised Government legislation started during the Anglo-French League of Nations Trusteeship period. Prior to 1960, all commodities in Francophone Cameroon and their trade were governed by the following pieces of legislation:

- **1910 *Société Indigène de Prévoyance* (SIP) or Native Provident Society Act;**
- **1936 *Société Agricole de Prévoyance* (Agricultural Provident Societies) Act.**

The SIP/SAP laws transformed rural populations into commodity producers on their own lands. Backwards, they offered backwards and farmer advisory to villagers, and forwards, they were responsible for the transmission of commodities to Europe (Gning & Larue, 2014). When the SIP/SAP laws were first piloted in the groundnut sector in Senegal around 1910, Cameroon was still a German colony. They extended to Cameroon only when the UN placed a section of the country under French mandate. After the Second World War, the SIP/SAP laws were reworked and re-baptised *Société de Prévoyance* (Provident Society) in 1947, *Société Mutuel de Production Rural* (Mutual Society for Rural Production) in 1953 and *Société Mutuelle de Développement Rurale* (Mutual Society for Rural Development) in 1956.

- **1930s *Cooperative Societies Ordinances* for British Colonies.**

The British colonial administration had a very liberal stance towards cooperatives in the early days of empire. Africans could freely create and manage their own

cooperatives with no hindrance from the colonial government, unless they impinged on White settler farmers' interests (Develtere, 2008: 7). The *Cooperative Societies Ordinances* created the *Office of the Registrar of Cooperatives* and the *Department of Cooperatives* in all colonial governments. It also enforced a *unified cooperative model* (i.e. a vertical cooperative structure with primary societies, secondary cooperatives and an apex organisation) and tasked the Registrar of Cooperatives with supervising commodity production, price stabilisation, producers and producer organisations. The *Cooperative Societies' Ordinances* governed cooperative activity in Southern Cameroons from the 1930s until 1961.

Postcolonial legislation.

In 1972, East and West Cameroon came together to form the United Republic of Cameroon and the following law was enacted to manage the commodities sector:

- ***Law N° 73/15 of 7 December 1973 and Order N° 74/874 of 29 October 1974.***

Law N° 73/15 of 7 December 1973 placed agricultural commodities in former East and West Cameroon under the same regime for the first time since the Anglo-French tandem took control of the country in 1918. The declared intention was to bring all commodity activities under one system for better supervision and coordination after reunification of the country in 1972. Cooperatives societies were placed under control of the Minister of Agriculture, within the *Department of Cooperation and Mutuality*. The Minister of Agriculture was further given powers to dissolve cooperatives' board of directors, convene a General Assembly or withdraw a cooperative's authorisation if it deemed it necessary. Despite the adoption of this law, Anglophone and Francophone cooperatives continued to work in silo on both sides of the linguistic divide until the creation of the National Produce Marketing Board.

- ***Law N° 76/20 of 9 September 1976 and Decree N° 78/054 of 23 February 1978.***

The first of these two laws announced the creation of a *National Produce Marketing Board* (NPMB) which would have monopoly over the commercialisation of all agricultural commodities while the second one outlined the administrative modalities on how this structure would operate. These legislative instruments spelt the death of the West Cameroon Marketing Board and the Francophone Stabilisation Funds. Henceforth, all designated commodities would have to be sold exclusively by the NBMB. However, UCCAO was given an exemption to continue trading directly with foreign buyers, thus instituting an unfair advantage.

- ***Decree N° 78/485 of 9 November 1978.***

This law further strengthened the National Government's oversight over the commodity business in even the remotest parts of the country. It gave Provincial Governors the mandate to supervise cooperatives' financial management at district, sub-divisional, divisional and provincial levels.

- ***Law N° 95/031 of 10 August 1990.***

This law confirmed the badly-kept secret that the grossly mismanaged NPMB was on its knees and could no longer fulfil its financial obligations to producers and producer organisations to whom it owed billions of Francs, nor could it continue to fulfil its role as a stabilisation fund. It gave POs like the NWCA the right to sell their commodities directly to foreign buyers for the first time in the country's history. It also set the groundwork for the liberalisation of the cooperative sector.

- ***Law No 91/007 of 12 June 1991 (Appendix B).***

It created the *National Cocoa and Coffee Board* to replace the NPMB. It stated very clearly that commercialisation of coffee was henceforth to be subjected to the principles of free trade and free movement of goods. It expressly forbade monopoly trading zones. The following infractions carried a fine of between 300,000 FCFA and 600,000 FCFA and/or a prison term of one to three-months: purchasing coffee without accreditation, purchasing coffee after suspension or withdrawal of licence, providing false documents in application files and false declaration of coffee tonnage.

- ***Law No 92/06 of 14 August 1992.***

With its enactment, the Government of Cameroon confirmed the complete liberalisation of the coffee value chain and its withdrawal from cooperatives. For the first time in the country's history, it was acknowledged that cooperatives were private and independent organisations and that ordinary Cameroonians could start and run cooperatives as they pleased. The law stipulated that all organisations created under the cooperative regime must have all or part of the following mentions in their appellation: "cooperative society", "cooperative savings and credit union", "common initiative group", "union". Following the landmark *Law N° 92/06 of 14 August 1992*, there was a quick succession of other pieces of legislation to create the necessary architecture that would fill the void left by the NPMB. These included the following:

1. *Law no 98/009 of 1 July 1998* whose Article 36 stated that cooperatives could obtain shares in other cooperatives or commercial enterprises.
2. *Law N° 2004/025 of 30 December 2004 (Appendix C)* outlining modalities for the purchasing, collection, processing, transportation and sale of coffee.
3. *Law N° 2005/1212/PM* and *Law No 2005/1213/PM* amending the conditions for processing and marketing of cocoa and coffee.

Although these laws remain in force, they will progressively be supplanted by the *OHADA Uniform Act on Cooperatives*, which was ratified in 2011 to override and replace all related laws in force.

Law No 95/11 of 27 July 1995 and Law No 24/025 of 30 December 2004.

The first law reaffirmed the validity and legal force all previous laws, notably *Law No 91/007 of 12 June 1991*. It also reiterated the need for proper state involvement in coffee value chains in order to ensure a healthy business environment.

- ***The OHADA Uniform Act on Cooperatives of 15 December 2010 (ratified and published on 15 May 2011).***

The *OHADA Uniform Act on Cooperatives* harmonises mercantile legislation in more than two dozen African countries: Senegal, Mali, Togo, Benin, Cameroon, Burkina Faso, Niger, Equatorial Guinea, Republic of Congo, Guinea, Guinea Bissau, Chad, Cote d'Ivoire, Gabon, Central African Republic, the Comoros and the Democratic Republic of Congo. It adopts the ICA's definition of cooperatives as a jointly owned, democratically controlled organisation founded by an autonomous association of persons for their own development or betterment. In what is a radical departure from previous regimes, it transfers management of the *Register of Cooperative Societies* from the Ministries of Agriculture and Commerce to the *local jurisdiction of the Department of territorial administration* (District Officer, the Divisional Officer or the Senior Divisional Officer). The *Uniform Act on Cooperatives* does not provide for CIGs at all, which is one of its biggest lacunae. There are more than 115,000 CIGs in Cameroon, and the *Uniform Act* makes them illegal. To give CIGs legal protection, the GoC has decided to transfer all of them to the cooperative format. Although 90% of CIGs are yet to transfer to the new dispensation, they continue to receive government

support (inputs, training, technical advice) and it remains to be seen whether they will eventually reinvent themselves as cooperatives.

- **The Minister of Commerce's annual Campaign Season Directive.**

The Minister of Commerce publishes an annual directive at the beginning of every campaign season to reiterate how the coffee beans business should be conducted in Cameroon (see Appendix D). It is usually addressed to all stakeholders including producers, producer organisation, local authority heads, regional governors and NCCB staff and announces the start and stop dates of the campaign season. It also expressly forbids the following offenses:

- 1) Operating without a valid permit.
- 2) Operating without duly approved warehouses.
- 3) Use of forged documents.
- 4) Purchasing of wet coffee (i.e. coffee whose humidity levels exceed 12%).
- 5) Night-time trading.
- 6) Transportation of undeclared coffee.
- 7) Use of defective scales and equipment.
- 8) Door-to-door buying.
- 9) Mixing different types of coffee (Arabica, Robusta, parchment coffee, etc.).
- 10)Transporting coffee without the relevant details on the LBC's accreditation, source of the coffee, its destination, driver's details and lot weight.
- 11)Improperly labelled bags (ICO regulations stipulate that, for traceability purposes, all coffee bags must indicate the coffee type, producer organisation, PO number, country number and if possible, calibration details, i.e. bean sizes).

5.4. Evolution of Cameroon's coffee production.

After Cameroon's first plantations were set up in the late 1920s, production skyrocketed very quickly, especially after the first shipment of Arabica coffee received rave reviews in France (Courade et al, 1991). The British and the French especially ramped up exports and within a short space of time, Cameroon was among the world's top producing nations. By 1960, Cameroon was exporting about 1 million 60-kilogram bags of coffee, i.e. about 60,000 tonnes (Word Bank, 2010). Within twenty years, production had increased to almost 2 million bags (120,000 tonnes) in the late seventies, with over 600,000 households involved in the business (World Bank, 2010). The total area under production was just under 500,000 hectares. Robusta coffee accounted for roughly 80% of the total national production. Between 1960 and 1980, cocoa and coffee accounted for 60% of Cameroon's total exports (World Bank, 2010).

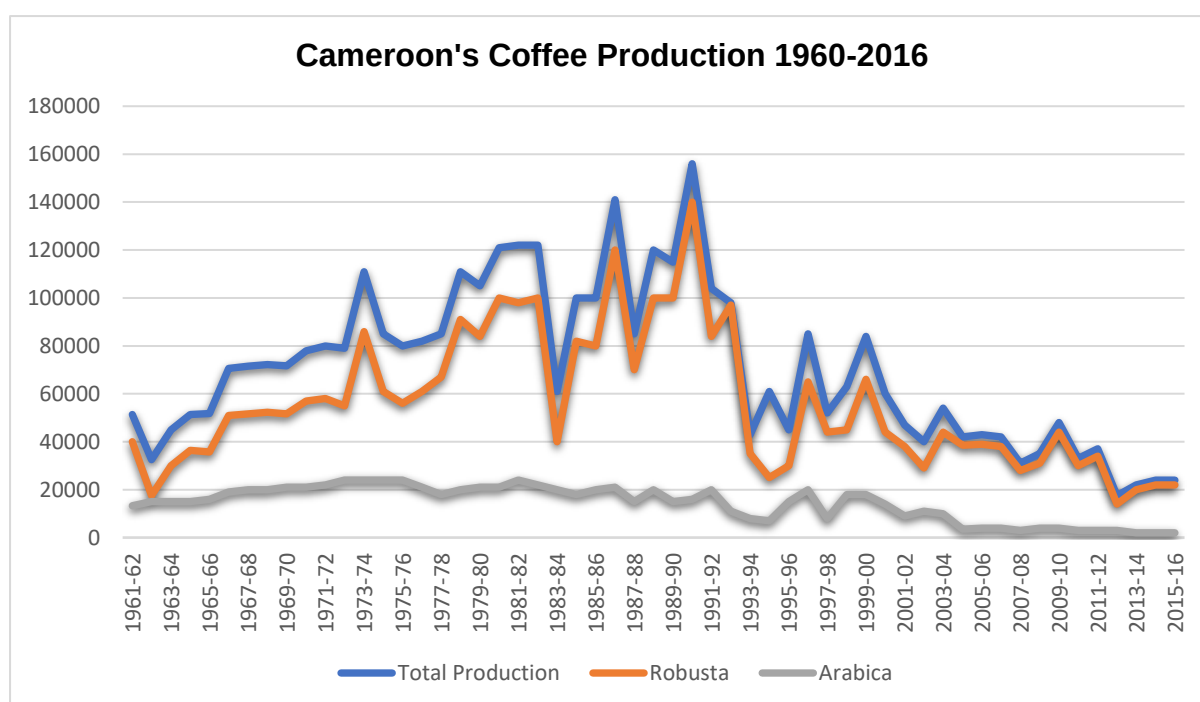


Figure 5-7: Cameroon's coffee production statistics for 1960 - 2016.

The vertical axis shows the tonnage (i.e. number of tonnes produced) for every year shown in the horizontal axis.

Table 5.2: List of taxes and levies before the liberalisation of the coffee value chain.

Pre-liberalisation taxes and levies.	
1.	Waybill stamp duty
2.	Sealing tax
3.	Transit and toll tax + Exit duty.
4.	NPMB operation tax.
5.	Packing and processing tax
6.	Specific tax
7.	Phytosanitary tax
8.	Loading tax
9.	CNCC tax
10.	Turnover tax
Transit charges (includes weighing, separation of lots, transit documentation, weighing, warehousing, insurance)	
Phytosanitary treatment	
Loading charges, port duties and security charges	
Miscellaneous charges	
Source: Mbianda, 1993	

In the 60s and 70s, the GoC used many inventive tricks to shave off large chunks of producers' earnings. The average farmer made about 130,000 FCFA in the sixties, rising to 180,000 FCFA a decade later. Producer prices averaged about 300 FCFA (50 USD cents) for Arabica coffee and 250FCFA for Robusta coffee (41 USD cents).

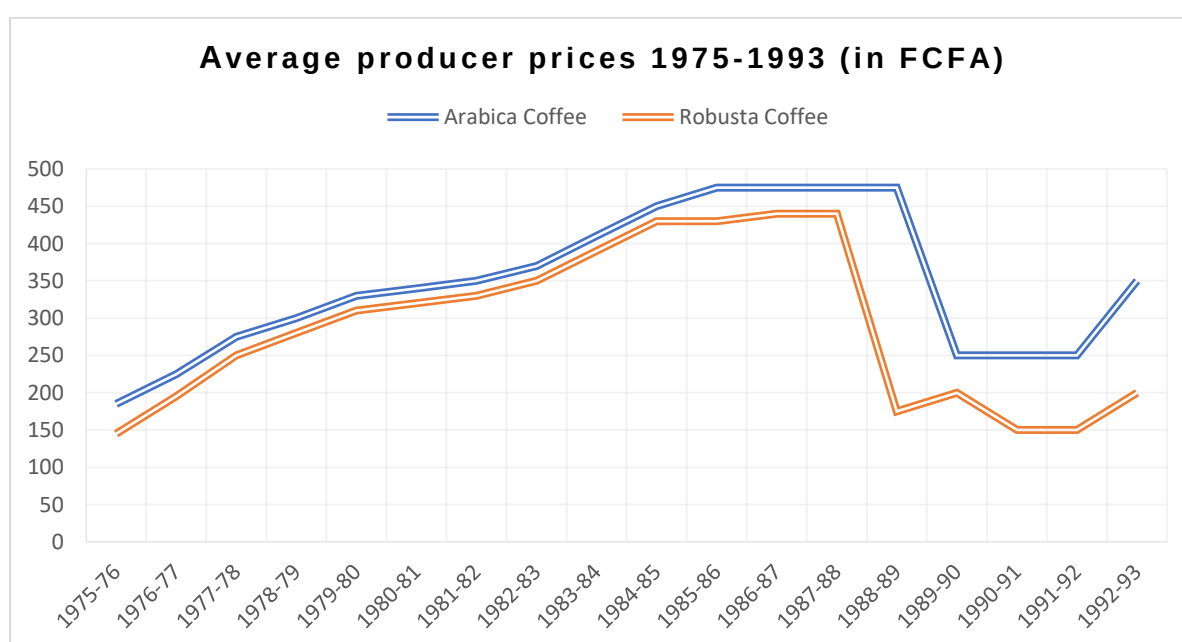


Figure 5-8: Average coffee producer prices 1975 to 1993.

The NPMB and miscellaneous charges ate up around 65% of the Robusta coffee price, rising to 70% in some campaign seasons. Probably the biggest irony and tragedy in the evolution of Cameroon's coffee production is that the country recorded its biggest production numbers during the 1986/87 campaign season, the same year it was revealed that the NPMB was on the brink of collapse. That year, production peaked at 132,000 tonnes. At this stage, Cameroon was the world's 12th biggest coffee producing country.

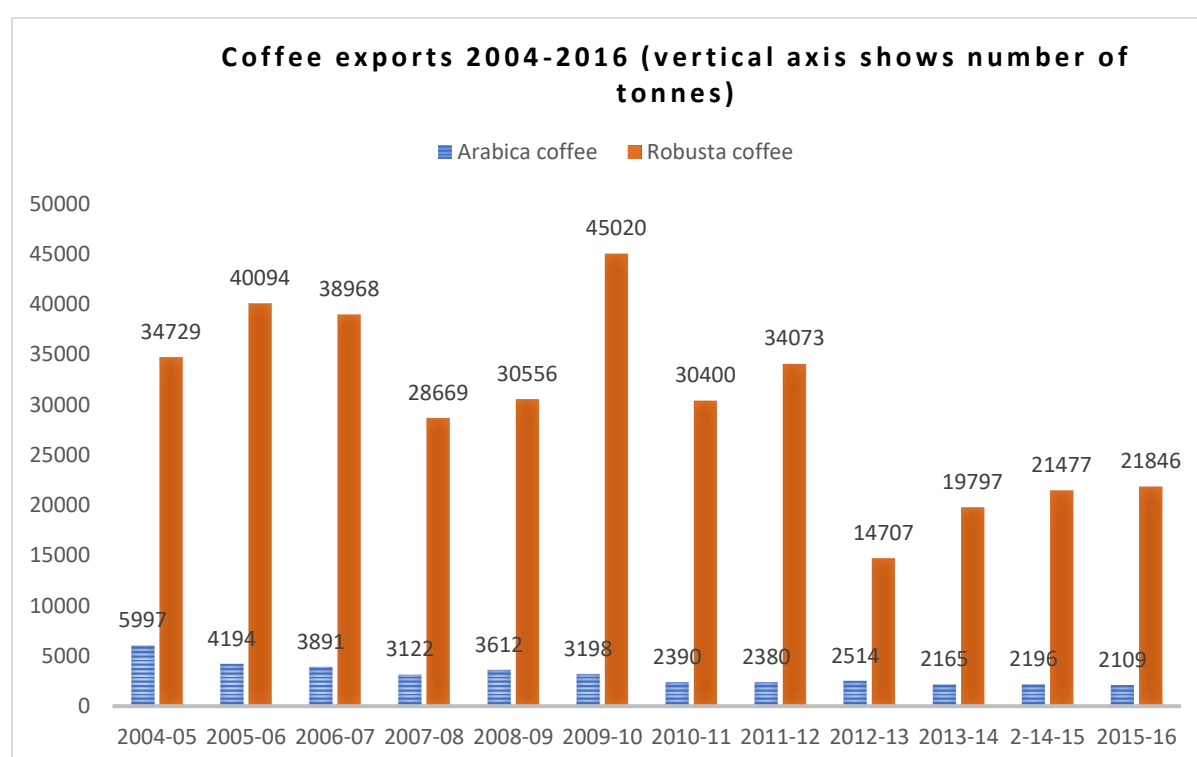


Figure 5-9: Coffee export data for 2004 to 2016.

Following the collapse of the NPMB, production dropped by 25% every decade, although it briefly ticked upwards slightly in the mid-90s. Current production has hovered around 40 to 50,000 tons per annum (about half a million bags) while the total coffee acreage has shrunk to about 200,000 acres. In terms of the classification of biggest coffee producing countries, Cameroon has plummeted from the 12th to the 25th

place (ICO, 2015). Its exports are so erratic that it is mostly just placed in the “other producing nations” column. That said, the collapse of the NPMB did not deliver only negative results. The liberalised environment has come with a number of positive aspects, notably the fact that farm gate producer prices have increased significantly. In the nineties and noughties, calamitous market conditions caused by a flood of amateurs attracted by the possibility of profit taking caused average producer prices to drop to about 150-200 FCFA per kilo. However, they have since shot up and stabilised at rates never seen before liberalisation.

Table 5.3: Average Robusta coffee producer prices for the period 2010 - 2016.

Average Robusta coffee Producer prices for the period 2010 – 2016						
Campaign season	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
West	810	750	725	775	675	543
North West	775	750	700	750	738	463
FOB price	955	915	971	912	940	873
Source: NCCB data.						

Since 2010, a kilo of Robusta coffee has been selling for 550 FCFA on average while Arabica coffee farmers have taken home 1,100 FCFA on average per kilo of coffee sold. This represents a 60% increase in earnings for Arabica coffee farmers and 40% for Robusta coffee farmers as tables 5.3 and 5.4 show.

Table 5.4: Average Arabica coffee producer prices for the period 2010 - 2016.

Average Arabica coffee Producer prices for the period 2010 – 2016						
Campaign season	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
West	1300	1270	1100	1250	1325	975
North West	1250	1275	1050	1100	1000	900
FOB price	2362	1799	1301	1816	1624	1540
Source: NCCB data.						

Coffee growers were ecstatic that for the first time, they could track exactly how much their coffee was worth using the NCCB and CCIC Stabex INFOSHARE price instrument. The sharp increase in farm gate prices shown in Tables 5.3 and 5.4 above is imputable to a number of factors: 1) the GoC has scrapped more than five different taxes to boost production; 2) the opaque NPMB regime which used to cream farmers' profits has been replaced by a more transparent regime; 3) the global demand for coffee has been rising at an annual rate of 4%.

Table 5.5: Comparative table showing taxes and levies pre- and post-liberalisation.

Pre- and post-liberalisation taxes and levies.	
Before liberalisation	After liberalisation
1. Waybill stamp duty 2. <u>Sealing tax</u> 3. Transit and toll tax 4. Exit duty. 5. <u>NPMB operation tax.</u> 6. <u>Processing and packaging tax</u> 7. <u>Specific tax</u> 8. <u>Phytosanitary tax</u> 9. Loading tax 10. CNCC tax 11. <u>Turnover tax</u>	1. Waybill stamp duty 2. Transit and toll tax 3. Exit duty. 4. Loading tax 5. CNCC tax Approx. 100 FCFA for all taxes
FODECC, CICC	100 FCFA
NCCB	85 FCFA
ICO certification of origin	15 FCFA
Transit charges (includes weighing, separation of lots, transit documentation, weighing, warehousing, insurance)	60 FCFA
Phytosanitary treatment	50 FCFA
Loading charges	10 FCFA
Security charges	50 FCFA
Port duties	10 FCFA
Miscellaneous charges	50 FCFA
Source: Mbianda (1993) and NCCB	

5.5. Local coffee supply chains.

The Cameroonian coffee supply chain has changed significantly since 1991. Prior to liberalisation, the NPMB allocated monopoly trading areas within the national territory

and was further responsible for gathering Cameroonian coffee and selling it to foreign markets. In the North West Province, many LBAs were accredited every year until 1971 when the NWCA became the designated monopoly. The NWCA depended on the NPMB for campaign season bulk-buying allowance and all the coffee it purchased was forwarded to the marketing board for export. Only UCCAO sold its coffee directly to international markets because it enjoyed a special dispensation granted by the Head of State. The marketing board and other Cameroonian organisations relied on Douala-based approved exporters to ship their commodities abroad (Mbianda, 1993). The pre-liberalisation supply chain looked like this:

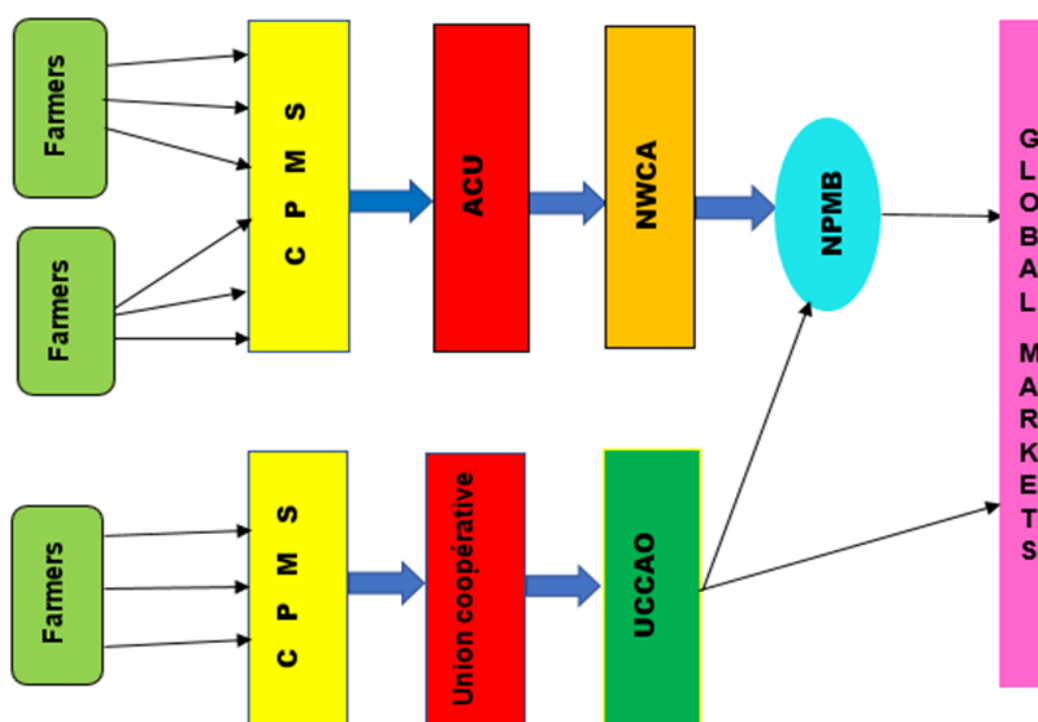


Figure 5-10: Pre-liberalisation coffee value chain in Cameroon.

In 1990, the GoC finally granted the NWCA licence to export directly to international markets, partly because the NPMB could no longer fulfil its mandate and partly

because USAID imposed this as one of the preconditions to help stabilise the NWCA and make it competitive again within the framework of the Programme of Reforms in the Agricultural Marketing Sector. *Law N° 91/007 of 12 June 1991* (see Appendix B) completely abolished monopoly or exclusive trading zones and opened up the market for anyone willing and able to act as a LBA. Any legal or natural person that is willing and able, irrespective of nationality, and which succeeds in getting itself accredited as a LBA can now buy coffee from any part of Cameroon and export it to any market of their choice. From a very monopsonistic space with only a handful of operators, the market is now populated by hundreds of LBCs and exporters:

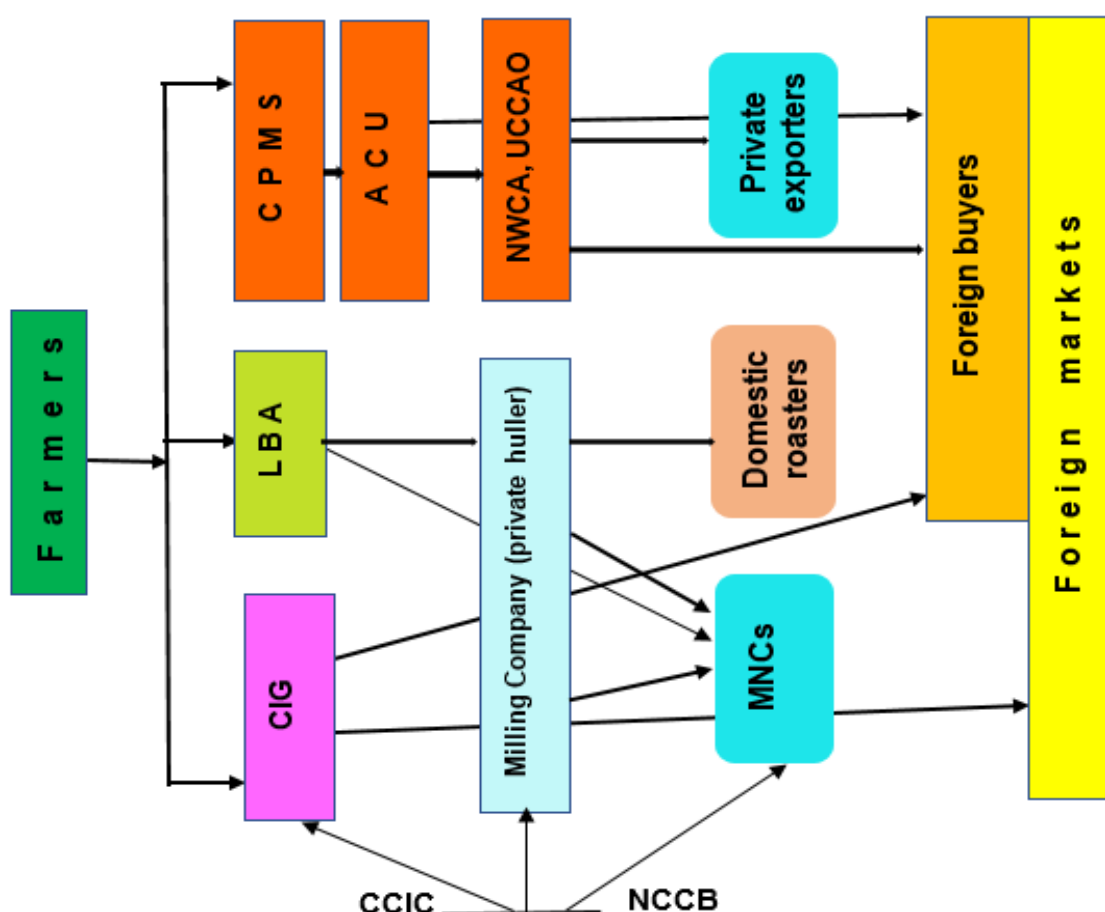


Figure 5-11: Post-liberalisation coffee value chain in Cameroon.

5.6. Export market.

Cameroon's coffee is exported all over the world. However, the majority of exports go to traditional trading partners. The biggest local-based exporters are:

Table 5.6: Major Cameroon-based coffee exporters.

Main coffee exporting companies			
Exporter	Robusta market share	Arabica market share	Total market share
UCCAO	5%	20%	12.5%
NWCA	3%	40%	21.5%
Olam Cameroon	30%	24%	27%
Nealiko	20%	-	10%
E, D & F Man Cocoa	10%	-	5%
Crete	10%	-	5%
UTI	10%	-	5%
GRA CACAO-CAFÉ	-	3%	1.5%
CCAF-CAM	-	8	4%
Other exporters	12%	5%	8.5%
Source: World Bank (2010)			

Italy buys 50% of the Robusta coffee stock while Germany takes about 60% of the Arabica coffee (World Bank, 2010). Other destinations include Algeria, Morocco, Greece, Russia, Japan, France, Poland, USA and South Korea. The local Robusta coffee market is fragmented among ten big marketing companies while the Arabica coffee is still dominated by cooperatives plus Olamcam which has made greater efforts to implant itself in the Western Highlands in recent times. Due to major inertia and omission on their part - and possibly a lack of resources as well, Cameroon's coffee cooperatives have not sufficiently diversified their trading partners. They still rely on the same traditional partners to sell their coffee. Most of the NWCA's coffee goes to Hamburg Coffee Co and Bernhard RothFos in Germany while UCCAO sells through Maison P. Jobin et Cie and other Francophone and Italian partners.

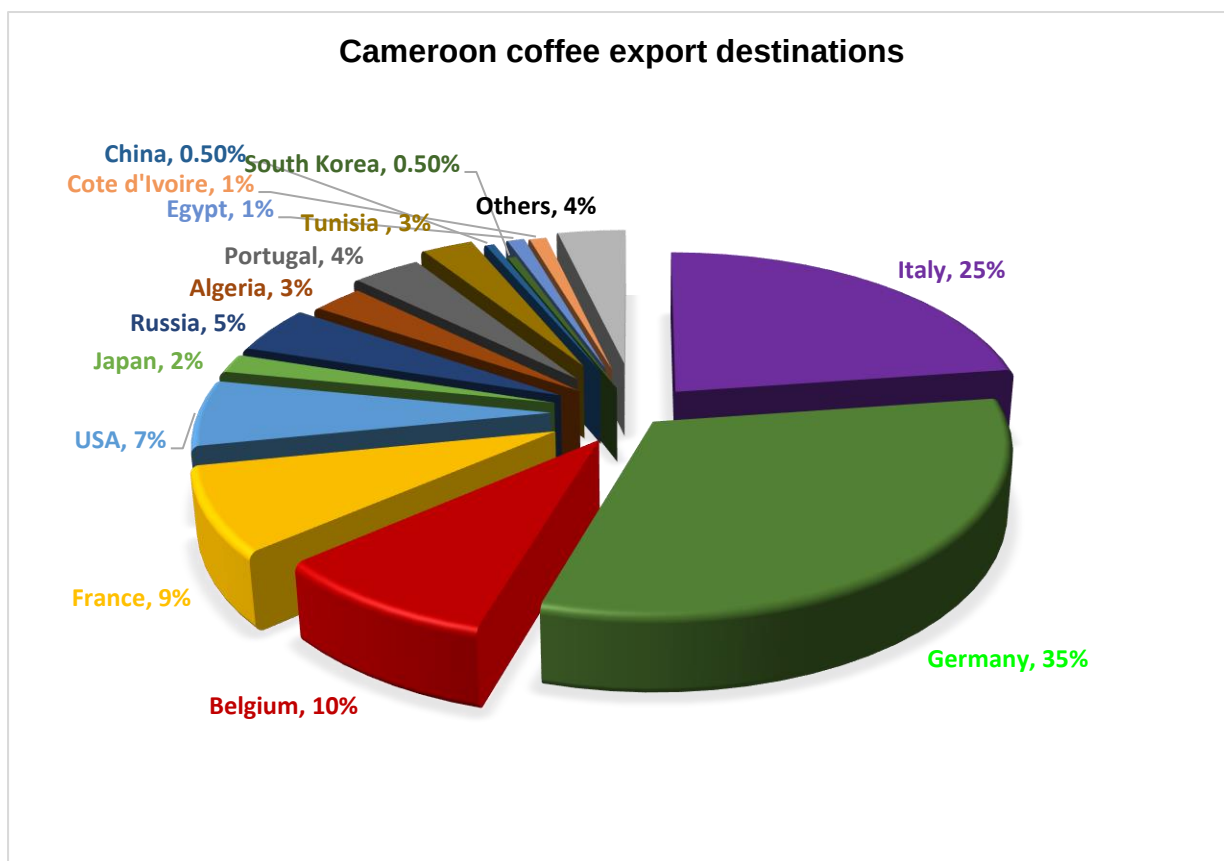


Figure 5-12: Cameroon coffee export destinations. Source: NCCB data.

5.7. Local secondary processing.

The heaviest coffee drinkers in Cameroon are Muslims predominantly based in the North of the country. However, with rapid urbanisation and changing habits, more and more people in the South are drinking coffee at breakfast, in restaurants and in hotels. Others are also discovering the beverage thanks to CCIC's very successful annual *FestiCoffee* promo event. There are more than twenty roast and ground coffee brands, the most popular of which are UCCAO's *Café Délice* and *Force II*, NWCA's *Kola Coffee*, SAICAM, *Café de Foumban*, *Café de Foumbot*, *Pierre Andre*, *Philber*, *Cistercian Monasteries* and *Torrecam*. That said, the biggest coffee product on the market is Nestlé's Nescafé soluble coffee. Nescafé is simply crushing the competition in Cameroon. Its annual turnover in the CEMAC region is 5 billion FCFA per annum

compared to less than 400,000,000 FCFA for its nearest rival, UCCAO (Jeune Afrique, 2015). Nescafé's popularity can be attributed to a number of things: (i) the company spends heavily on advertising; (ii) Nescafé is an instant product – all the consumer needs to do is pour it in a cup and add hot water, unlike roast and ground coffee which needs a plunger or a coffee machine; and (iii) Nescafé comes in different size packs, the smallest one of which is a 50 FCFA sachet which anyone can afford.



Figure 5-13: Nescafé advertising billboards in Bamenda (top) and Bafoussam (bottom).

Still, local roasters are catching up. During the 2014-2015 campaign season, only 448 tons of coffee were processed in Cameroon, according to the National Cocoa and Coffee Board. By 2015-2016, that figure had shot up to more than 3786 tons, according to campaign season closing data from the Ministry of Commerce (which represents a more than 600% jump in a single year) thanks in great part to *Festicoffee* and PO's drive to open coffee Kiosks across the country.

5.8. Challenges facing the coffee sector.

Cameroon's coffee sector has witnessed an incredibly long period of extremely low growth – annual growth rates have averaged only between 2% per annum, not enough to compensate for a prolonged period of losses of coffee acreage and producers (World Bank, 2010). The collapse of the government-managed coffee value chain caused a period of prolonged chaos and a host of problems to cascade down to every stakeholder involved in the coffee business. The main problems facing coffee producers and producer organisations include the following:

1. A prolonged period of turmoil (local and international) which has caused many farmers to switch to food crops, for which there is stable demand.
2. Young Cameroonians are not interested in taking over their parents' coffee plantations; the median age for farmers now stands at 55 years.
3. 80% of the national coffee acreage is too old. The average tree is 25 years old and per-hectare yield stands at less than 300 kilograms.
4. Input costs are prohibitively high. A subsidised bag of fertiliser cost less than 5000 FCFA in the eighties (Courade et al, 1991). Today, it costs 21,000 FCFA, i.e. a 300% increase. With fewer inputs being used on farms, some diseases (CBD, coffee borer and coffee leaf rust) have almost spiralled out of control.

5. Poor agronomic practices have become widespread. Farmers are no longer patient enough to invest time and money in their fields.
6. Linked to the problem stated above, more and more farmers are developing mixed cropping strategies and planting food crops like corn, cocoyam and plantains in and around their coffee, which causes disease crossing.
7. The growing impact of climate change is causing plants to flower earlier or later than usual during some campaign seasons.
8. Intra and inter-seasonal coffee price volatility is causing farmers to hold back investments in their plantations.
9. Loan sharks and illegal buyers known as *coxeurs* use predatory tactics like fake scales and ready cash to buy coffee in bags or on trees rather than per kilo.
10. The Cameroonian coffee environment is monolithic and slow to change. Some norms used by local POs are not aligned to international standards, leading to some international buyers offering less money for Cameroonian coffee.



Figure 5-14: A coffee plantation in Cameroon showing mixed cropping and very old coffee trees.

5.5. The global coffee commodity chain.

The global coffee business is worth more than 100 billion USD and around 3 billion cups of different brews are consumed every day in hotels, cafés, homes and businesses all over the world (Chamley, 2016). Coffee beans are produced exclusively in the Global South by roughly 25 million smallholders and the final product is consumed almost exclusively in the Global North. In Vietnam and Brazil, coffee is grown on large plantations, but virtually everywhere else, it is produced by smallholders. The major consuming countries include the USA, Japan, Italy, France and Germany (Chamley, 2016). England has recently emerged as a major coffee consuming country as the pub culture wanes and women's financial power grows.

Harvested beans are shipped through marketing boards, cooperatives and regional commodities boards in some countries in standard 60-kilo jute bags. Coffee prices are determined by type (Arabica, Robusta), production method (wet or dry process), bean size, country of origin, presence or absence of foreign matter (pesticides, etc.) in the beans and altitude and unique climatic zone and country of origin among other things. Taste is measured according to acidity, soil and climatic composition of the unique climatic bubble in which the coffee was produced, altitude and presence or absence of foreign matter in the beans. Prices vary according from one producer to the next and from one country to the other. Beans are commonly differentiated as follows:

- 1) Undifferentiated standard coffee: this is coffee produced through regular methods, with fertilisers and pesticides.
- 2) Shade coffee: this is coffee grown in the shade of tall trees which give the coffee plants umbrage. Such coffee beans take longer to ripen and have higher-than-average acidity levels, and therefore better taste and aroma.

- 3) Organic coffee: this is coffee beans produced without pesticides and synthetic chemicals.
- 4) Certified coffee: this is coffee certified through an established certification process according to country of origin, taste or method of production.
- 5) Gourmet coffee: this is very top-quality coffee beans which comes from a particular climatic bubble, usually in limited batches. The most famous one is the Indonesian *Kopi Luak* which is beans digested by the civet cat.

All categories of differentiated coffee are generally referred to as specialty coffee. Specialty coffee currently accounts for less than 10% of exports (Chamley, 2016).

About 7 billion metric tonnes of beans are exported each year, with Brazil, Indonesia, Vietnam and Colombia together accounting for 60% of all exports (Ecobank, 2014). The biggest producing countries in Africa are Ethiopia, Uganda and Côte d'Ivoire. The average African producer doesn't consume coffee - most of Africa's exports end up in the European Union following networks set up way back in colonial times. The biggest coffee-importing countries in Africa are Algeria, Morocco and Egypt (Ecobank, 2014). Demand from Algeria especially has grown sharply since 2010 and a short value chain has developed between Algeria and Côte d'Ivoire (Ecobank, 2014).

Coffee is a free-floating commodity whose prices change from hour to hour and from day-to-day depending on major financial, climatic and geopolitical events. So, for example, a political crisis in Brazil can cause prices to spike; drought in Ethiopia can have similar effects, and so on. Prices are announced through two main mechanisms, namely the ICO reference price instrument and futures markets, of which the biggest are the New York Coffee, Sugar and Cocoa Exchange (CSCE), the San Francisco Global Exchange and the London International Financial Futures and Options

Exchange (LIFFE) among others (Ponte, 2001). Certified Organic coffee prices are set by the New York 'C' price index. Big buyers can also purchase their supplies from regional African markets like the Ethiopia Commodities Exchange (ECX), Tanzania's Moshi Coffee Exchange and Kenya's Nairobi Coffee Exchange.

Most of the world's coffee beans are actually not even traded in futures markets (Newman, 2009). Global prices are determined by the whims of the big players in the beans business. By manipulating the volumes available in the markets at any given time, they can, between them, effectively engineer situations of inflation or deflation and producers' considerations are not even taken into account. This has created a "coffee paradox" where production has been dropping year-on-year because smallholders are discouraged by low producer prices, whereas global demand for green beans is growing at a rate of 5% per annum (Daviron and Ponte, 2006).

Starting in colonial times, the major buyers developed bilateral oligopolies with coffee producing cooperatives and plantations and the business has continued along those lines since. Four Euro-American multinationals (ECOM, Louis Dreyfus, Neumann and Volcafé) plus Tchibo and OLAM control 50% the global trade in green coffee beans while the retail market for roast, ground and soluble coffee is dominated by Nestlé, Kraft, Procter and Gamble and Sara Lee (Oxfam, 2002; Chamley, 2016). Between them, these MNCs have established a suffocating rents capture system which systematically sucks up most of the trade's profits while producers end up with almost nothing. The abject living conditions of smallholders who often depend on off-farm activities for up to 70% of their needs has prompted activist consumers and civil society organisations in the Global North to rethink and repoliticise the coffee commodity chain in a manner that channels a fairer share of the coffee wealth to the South.

The Global Coffee Commodity Chain.

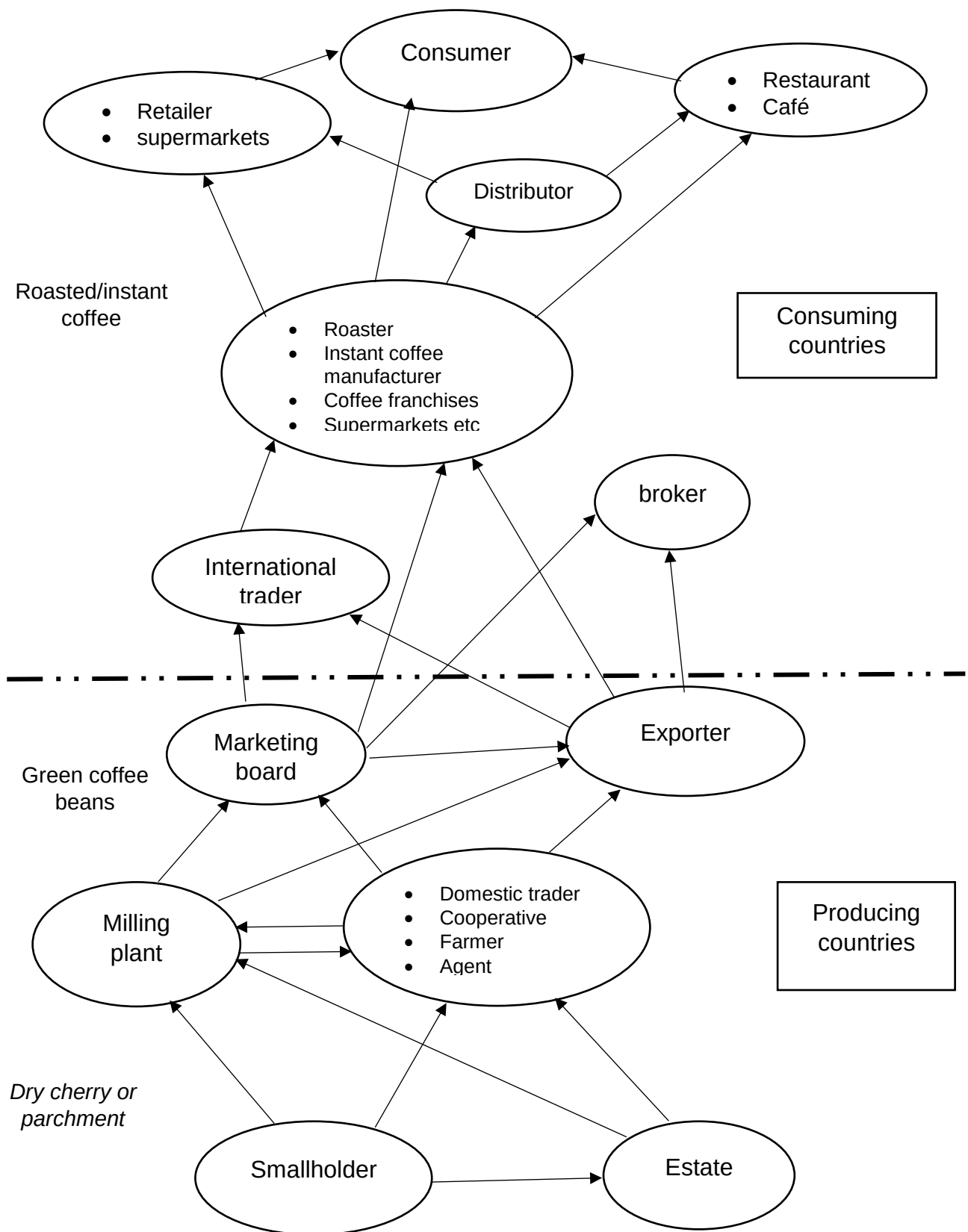


Figure 5-15: The global coffee commodity chain - from plantation to consumer.

(Adapted from Ponte, 2001).

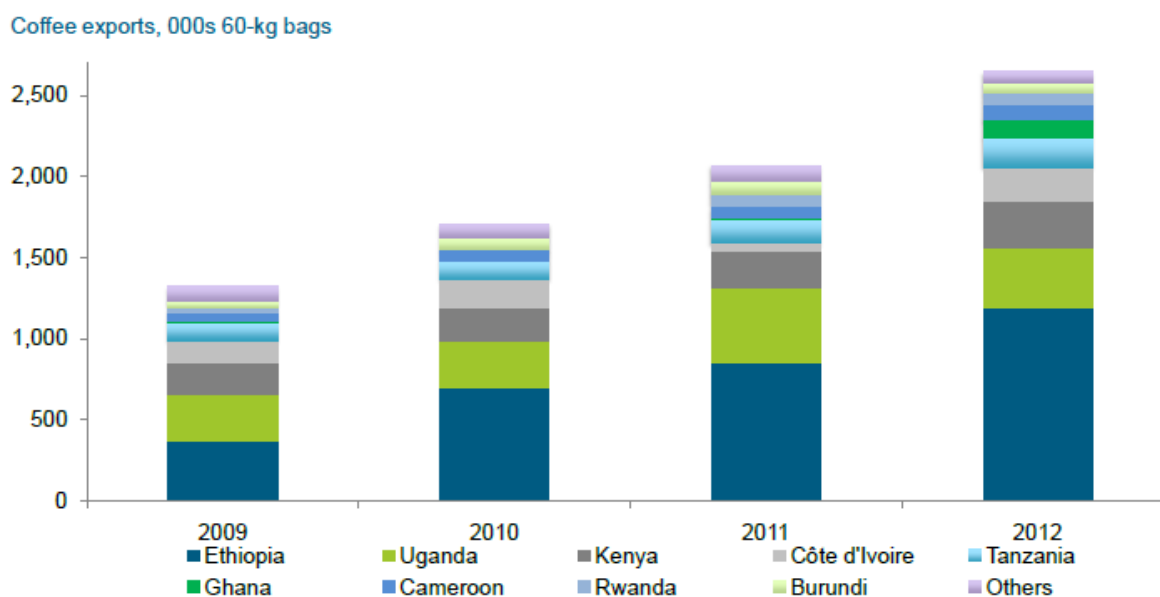


Figure 5-16: Africa's major coffee producing and exporting countries. Source: Ecobank, 2014.

Major Coffee Producing Countries.

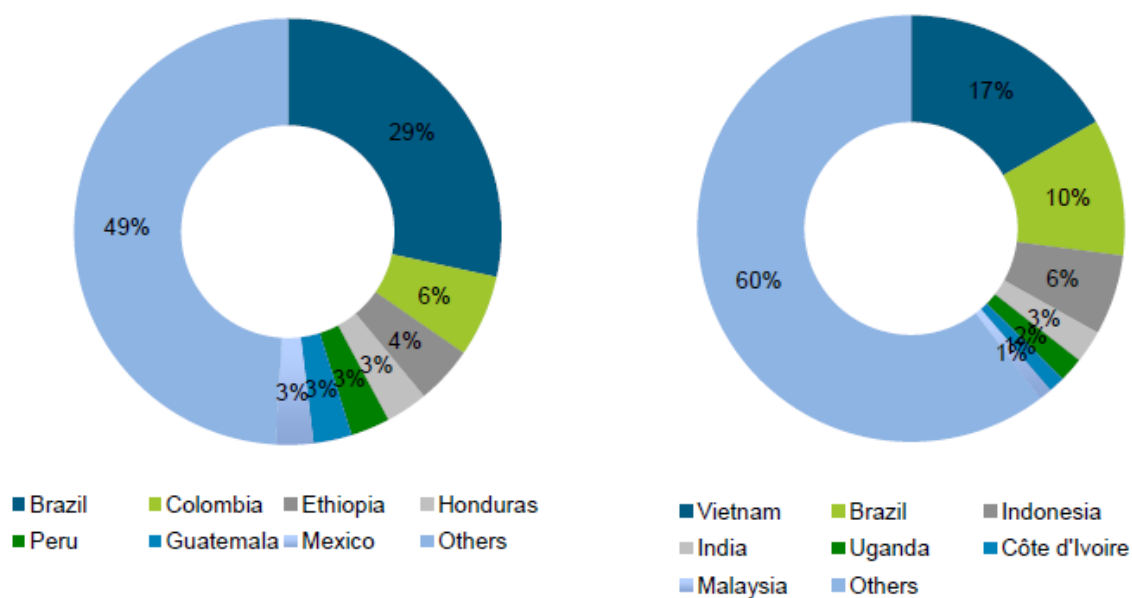


Figure 5-17: Africa's share of global Arabica (left) and Robusta (right) coffee production. Source: Ecobank, 2014.

5.6. Alternative value chains.

Smallholder coffee growers make less than 10% of the global business; the rest goes to speculators, middlemen and financial interests (Chamley, 2016). The liberal free trade approach to improving smallholder producers' livelihoods is to advocate for greater efficiency, better scale and improvements. In corporate producer-driven chains and to some degree, in buyer driven chains, many standards are largely waived in the lower rung of processes due to the multiplicity of actors who intervene in the latter stages, usually at the level of secondary processing which is done in the Global North. However, given the plight of millions of smallholder producers based mainly in the Global South, and growing consciousness about environmental protection and climate change, a number of standards have been developed to channel more money to coffee producing countries. This effort does not rely on traditional commodity chains but rather on parallel cooperative market or sustainable networks.

Unlike producer-driven chains, sustainable networks swing the balance of power in favour of consumers and producers. These alternative value chains seek to empower those at the coalface of production by giving them long-term contracts and protecting their communities and environments. Critically, they also shorten the stages in coffee value chains from at least nine (producer, PO, milling company, marketing board, exporter, international trader, roaster, distributor, retailer) to roughly four (cooperative, local exporter, fair trade organisation, consumer). By cutting out the plethora of middlemen, coffee growers get to take home at least 3 USD per kilogram of coffee compared to 1 USD or less in traditional commodity chains (Parrish et al, 2005).

Most of the world's certified organic coffee sold through fairer trade networks comes principally from Latin America. The most popular of these fair trade commodity chains

is the *Fairtrade Max Havelaar* network. The *Fairtrade* value chain plugs into consumer-driven shifts in purchasing habits determined by an unprecedented focus on environmental, ecological and communal affairs. Organisations that want to sell their products under the Fairtrade brand have to submit an application to the Fairtrade Labelling Organisation, which then awards them the right to use their logo.

Fairer trade coffee supply chain.

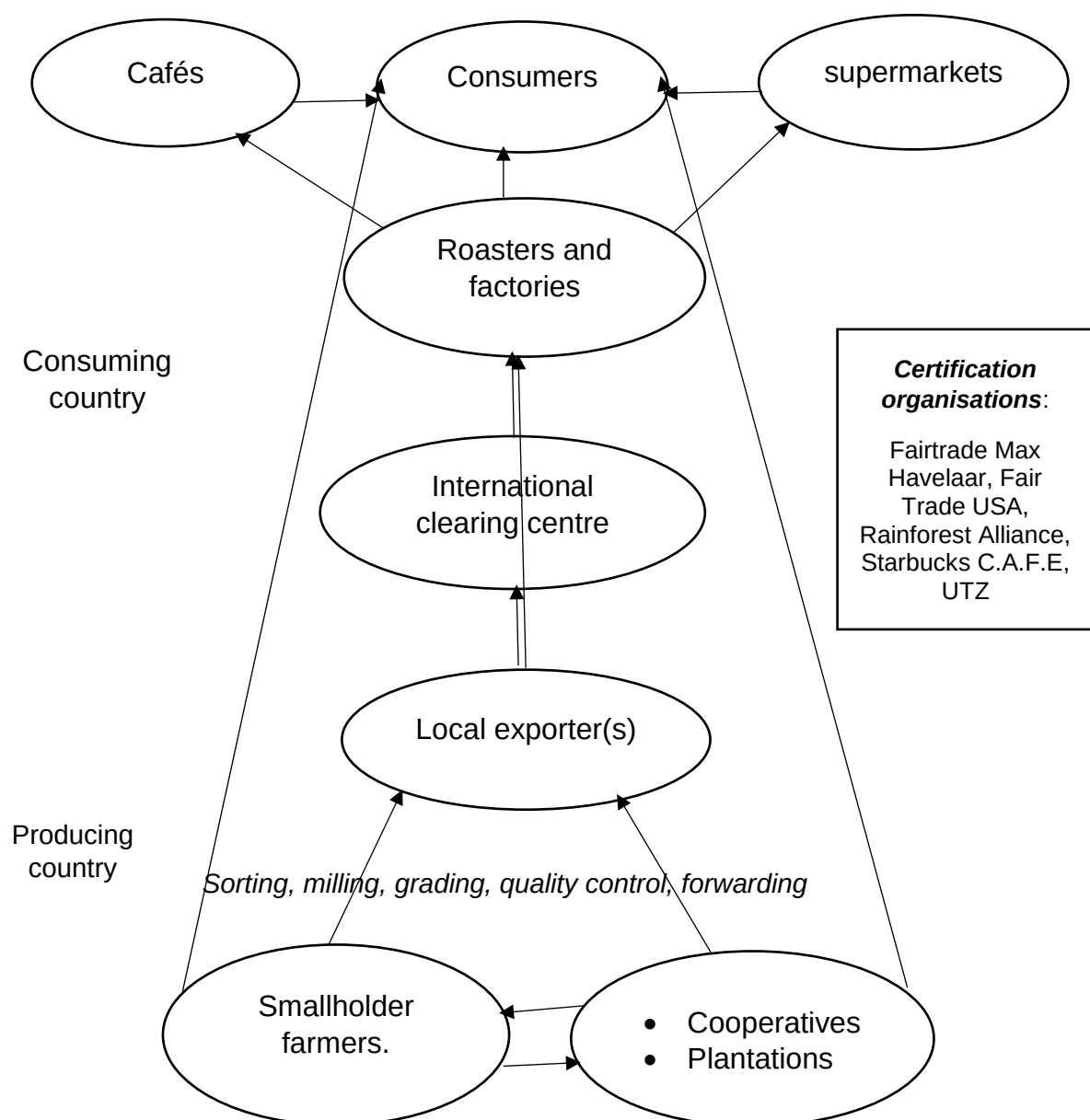


Figure 5-18: A fairer trade coffee value chain with fewer middlemen.

Traders who sell coffee under the Fairtrade brand are guaranteed four things: 1) a minimum price which covers sustainable production costs; 2) a price premium for community and organisational development, which is calculated at 0.05 USD per pound; 3) partial advance payments of at least 60%; and 4) long-term contracts (Parrish et al, 2005). The biggest advantage that Fairtrade brings is that it connects producer communities to global markets within the framework of guaranteed, long-term contracts. It also helps to give visibility to producer communities and their brands.

Fairtrade is not the only initiative that promotes better producer prices and a greater consciousness of social and environmental concerns. A multitude of other buyer-driven sustainable networks have been developed all over the world: *Nespresso AAA Sustainable Quality Programme*, *4C*, *Trans Fair*, *Ten Thousand Villages* (a missionary initiative), *Transfair* (Germany), *Café Practices Program* (Starbucks), *Oxfam initiatives*, *UTZ*, *Rainforest Alliance certification* and *Fair Trade* among others. Coffee producing countries have also made efforts to separate their coffee from the rest by giving it an identifiable brand name. In 1959 the Colombian *Federación Nacional de Cafeteros* used an American PR firm to develop the hugely successful *Juan Valdez* campaign. Juan Valdez was supposed to be a Colombian cafetero (a coffee farmer) who tended to his crops with love and care. This charming campaign helped to propel Colombian coffee to the global stage. The country got greater access to developed markets, including the USA.

However, although their advantages are undeniably superior to traditional networks, private standards can work as barriers to market access for smallholders and this may lead them to either reduce their supply or exit the market altogether (Lee et al, 2012). This happens when farmers are required to prepare large files with endless checkboxes of regulations which they have to comply with. Such procedures can be

too onerous for the average smallholders and are prepared by executives in air-conditioned offices in faraway Europe, with little knowledge of conditions on the ground.

5.7. Coffee trade regulation.

There have been numerous attempts to regulate the coffee business over the years (Ponte, 2001). The Ottomans are believed to have parboiled all the beans that they exported in order to maintain control over the global coffee business (Clarence-Smith and Topik, 2003). The Europeans imposed high taxes on coffee and extracted a lot of rent from the business when it first became popular in the 19th century. After the abolition of the slave trade in 1888, Latin Americans increasingly played a major role in the global coffee trade. Within producer countries, producer prices were stabilised by a combination of Marketing Boards and Price Stabilisation Funds (Weese, 2008). Brazilians and Colombians developed bilateral agreements to create an equilibrium between global demand and supply using their marketing boards, *Instituto Brasileiro do Café*, the *Federación Nacional de Cafeteros* and banks.

The first modern coffee regulatory system was the *Inter-American Coffee Agreement* negotiated under the leadership of the USA following the Second World War (Weese, 2008). It didn't generate the desired effect as Brazilian and Colombian interests did not always match other producing countries' priorities and many governments collapsed due to price fluctuations with the acceleration of the statehood project. In 1962, major coffee producing and consuming countries met and developed the landmark *International Coffee Agreement* (ICoA) which finally set up the first global framework to control the demand and supply of coffee. This regulatory framework has been in force for over six decades now. The ambition of the first ICoA was, inter alia,

1. To achieve a reasonable balance between supply and demand on a basis which will assure adequate supplies of coffee to consumers and markets for coffee to producers at equitable prices;
2. To alleviate the serious hardship caused by burdensome surpluses and excessive fluctuations in the prices of coffee to the detriment of the interests of both producers and consumers;
3. To contribute to the development of productive resources and to the promotion and maintenance of employment and income in the Member countries, thereby helping to bring about fair wages, higher living standards, and better working conditions;
4. To assist in increasing the purchasing power of coffee-exporting countries by keeping prices at equitable levels and by increasing consumption;
5. To encourage the consumption of coffee by every possible means; and
6. To further international cooperation in connection with world coffee problems.

(Ponte, 2001; Weese, 2008).

The ICoA developed a supply quota system for all members based on international demand and every coffee exportin country's exportable volume (articles 27-40) (United Kingdom, 1962). It also developed a *Certificate of Origin* (Article 44) to be stamped on every bag of coffee exported. There was also an International Coffee Fund (Article 57) programme and diversification fund (Articles 48,49) to help countries diversify their economies (Weese, 2008). A year later, the *International Coffee Organisation* (ICO) was founded to manage the ICoA as well as to conduct market research, organise seminars and advise coffee producing countries on best practices.

The ICoA was renewed in 1968, 1973, 1976, 1983, 1994, 2001 and 2007. The 1973 renewal was temporarily suspended as prices suddenly skyrocketed, then depressed for a longer period than desired (Weese, 2008). Each renewal has seen a progressive dilution of the quota system which hitherto managed strict control of coffee volumes in the markets, and a shift in power relations (Ponte, 2001; Oxfam, 2002). Whereas coffee producing countries were very much in control of producer prices until the late 80s, prices now largely depend on consuming countries. The 1983 ICoA failed to adopt a regulatory instrument, opting instead to only manage quotas when prices dropped. It caused the ICoA to collapse in 1989, followed by the entry of former communist countries like Vietnam into the producer market. Since then, the ICO's work has been limited to advisory services, market research, encouragement of coffee consumption and diversification efforts. Consumer countries are happy with this situation because it keeps producer prices very low, although this has made coffee production very unattractive in the Global South (Oxfam, 2002). The 2007 ICoA was negotiated for ten years with, an option of renewal for a further 8 years in 2017.

5.8. Conclusion.

Coffee, which became a major commodity thanks in great part to frontier empire and colonial efforts, is still dominated by oligopolistic trade networks largely tributary of colonial geography and political economy. This chapter situated the rise of coffee within food regime dynamics before presenting value chains and the current coffee trade. The monopolistic stranglehold which a handful of MNCs have over the 100 billion USD business has created a paradox wherein smallholder farmers are abandoning their fields due to low producer prices while global consumption is growing around 5% per annum - a situation known in the coffee industry as the *coffee paradox*. The growing conscious consumer market has led to the establishment of dozens of

fairer, buyer driven chains that channel more money to producers, especially those who place environmental protection at the centre of their activity. However, specialty value chains still represent only 10% of the annual coffee business. The section on coffee production in Cameroon reveals that while local value chains still involve more than 400,000 smallholder producers and over a dozen cooperatives and exporters, it is moribund and atrophied, following years of underinvestment. This section sets up the next chapter nicely to shine the spotlight on the role of the Cameroon government in supporting cooperatives through agrarian change.

Chapter 6: The Cameroon State and Agrarian Change in the Coffee Sector.

6.1. Introduction.

Cameroon's coffee sector has undergone significant changes following structural adjustment and the adoption of a competition state ethos by the Government. New legislation and policies have dramatically reorganised the local coffee commodity chain and redefined the roles of stakeholders involved in the business. To these changes, we have to add exogenous dynamics such as the neoliberal free market environment, globalism and the rise of new information and communication technologies which have connected Cameroon and the rest of the world into one vast, borderless market. This chapter presents a critical assessment of all support measures (policies, supervisory agencies, communication) put in place by the Government of Cameroon to create an enabling environment for coffee development in the neoliberal free market era.

6.2. Coordinating Ministries responsible for the Coffee Sector.

The government cluster coordinating departments and units directly or indirectly tasked with managing policy or implementation instruments related to the coffee commodity trade are the following:

- The Prime Minister's Technical Unit for Coordination and Monitoring of the Cocoa and Coffee Sectors (CTSCFCC).
- The Ministry of Commerce (MINCOMMERCE).
- The Ministry of Agriculture and Rural Development (MINADER).

- The Ministry of the Economy, Planning and Regional Development (MINEPAT)
- The Ministry of Scientific Research (MINRESI).

The Ministry of Forestry and Fisheries (MINFOF) is involved to a lesser degree, but only insofar as monitoring the country's natural reserves and rural lands is concerned.

6.2.1. The Prime Ministerial Technical Unit for Coordination and Monitoring of the Cocoa and Coffee Sectors (CTSCFCC).

The GoC offered only insignificant support to the coffee sector post-1990 and the liberalisation of the coffee commodity chain. However, it has modified its behaviour over the past decade and made efforts to get more involved in revamping the sector. To show Government commitment at the highest level, a planning and supervisory technical committee known as the *Technical Unit for Coordination and Monitoring of the Cocoa and Coffee Sectors (CTSCFCC)* was created by Order N° 133 of 17 July 2007 and placed under the direct supervision of Cameroon's Prime Minister. It works closely with Ministries involved in the commodities sector – MINADER, MINCOMMERCE, MINEPAT and MINRESI – as well as private stakeholders such as cooperatives, local councils, exporters and value-addition industries. Since its creation, it has made almost annual pilgrimages to Côte d'Ivoire and elsewhere to pick up best practices although it is yet to directly sample the opinion of the principal concerned, i.e. Cameroon's coffee growers themselves. This omission is apparent in the kind of sector development plans that the CTSCFCC has developed over the years. Instead of a methodical plan accompanied by an organic growth process, it is almost as if the CTSCFCC wants to order the cocoa-coffee sectors back to accelerated growth overnight – and with little investment of note. So far, it has overseen the publication of two plans: the 2010-2015 Cocoa and Coffee sector

development plan which was published by the cluster ministries and the 2015-2020 Cocoa and Coffee sector development plan published by the CTSCFCC itself.

The ambition of the 2010-2015 coffee sector development plan was to increase total national coffee production from just under 25,000 tonnes to 125,000 tonnes as follows:

- Robusta coffee: 100,000 tonnes
- Arabica coffee: 25,000 tonnes.

This represented an incredible projected growth rate of 400% over five years. The following priority actions were adopted to help achieve the stated policy objectives:

- To implement and enforce legislation regulating the cocoa and coffee trade.
- To revamp all State organs and legislation involved in the cocoa/coffee sectors.
- To relaunch phytosanitary support and renew the cocoa/coffee acreage.
- To levy a fee on exports to fund the programme.

The last bullet point above is very telling: it reveals that the GoC decided to fund the revamp of the cocoa and coffee sectors, not with capital brought from outside (i.e. public funds or FDI) but rather with money obtained from the already struggling producers. Although the plan acknowledged that some of the State's support policies and institutions were inactive, it omitted to include a number of things considered by producers as crucial for the success of any revamp strategy: reduction or subsidisation of input costs, deployment of extension agents to monitor plantations and adoption of a reference price mechanism to give coffee growers a rough idea of what their coffee was worth in advance. Unsurprisingly, the plan raised 196 billion FCFA with most of the money coming from POs. The GoC defaulted on its promised 25% share of financial contributions. Unsurprisingly too, the 2010-2015 development plan didn't get

anywhere near meeting its objectives. By its final year, i.e. the 2014-2015 campaign season, Cameroon managed to export only 2,196 tons of Arabica coffee and 21,477 tons of Robusta coffee, i.e. a combined total of 23,673 tons and a measly average growth rate of only 6% (GoC, 2009: 4).

Despite the clear failure of the 2010-2015 development strategy, the CTSCFCC inexplicably set the bar even higher for the 2015-2020 plan. The 2015-2020 Cocoa and Coffee Sectors Development Strategy published in August 2014 set production targets at 160,000 tonnes, broken down as follows:

- Arabica coffee: 35,000 tonnes (up from a projected 25,000 tonnes in the previous plan).
- Robusta coffee: 125,000 tonnes (up from a projected 100,000 tonnes in the previous plan).

To achieve this even more ambitious objective, the plan adopted the following laundry list:

- 1) Plant 124 million new trees (61.5 million Arabica seedlings and 62.5 million Robusta seedlings) and develop 95,000 new hectares (60,000 for Robusta coffee and 35,000 for Arabica coffee);
- 2) Increase revenue from the sector by hedging and upfront sales;
- 3) Improve the quality of *Brand Cameroon* on the international market and focus more aggressively on niche markets;
- 4) Monitor handling of products from the farm to export routes to ensure that quality best practices are respected;
- 5) Guarantee fair remuneration to producers and improve their livelihoods;

- 6) Improve access to fertilisers, fungicides and pesticides and monitor the use of inputs to ensure that producers do not go over the limit;
- 7) Help build or renovate farm infrastructure, and transport infrastructure to ensure fast and affordable transportation of commodities to their destinations;
- 8) Promote local value addition, reduce red tape and create an industrial zone so that local roasteries can increase their production and revenues and more Cameroonians can start consuming locally processed coffee;
- 9) Integrate the youth in the various links of coffee value chains;
- 10) Hand over any remaining NPMB infrastructure to the NCCB.

The first priority points to the GoC's desire to create a *Commodities Exchange* similar to what exists in Ethiopia and Kenya. Points 2 to 5 speak to the importance of quality and the realisation that international markets are placing more and more emphasis on better quality beans. However, the Coffee Sector Development Plan reveals a number of major weaknesses. The strategy was developed by high-level managers from the following entities: the Prime Minister's office, MINADER, MINRESI, MINCOMMERCE, MINEPAT, FODECC, NCCB, IRAD, UCCAO, CCIC, and some independent experts. The POs that deal with farmers on a day-to-day basis were not at the table; they got a seat only through their industry representative, CCIC, which is self-evidently absurd. Secondly, the total budget for the 2015-2020 project was set at 600 billion FCFA, of which farmers were required to contribute 65% through deductions from exports (up from 55% in the previous plan), the GoC 25%, the donor community 7% and other unspecified investors, 3%. Why would they allocate responsibilities to a mystery stakeholder? The CTSCFCC further acknowledged that the GoC defaulted in its own financial obligations to the previous plan and nothing indicated that it was going to be

more responsible within the framework of the 2015-2020 plan, especially given that the Cameroonian economy was expected to go into recession again in 2017.

At the end of the 2013/2014 campaign season, the Minister of Commerce announced that the export levy on coffee would increase from 54 FCFA to 100 FCFA in time for the next campaign season and the new sector development plan, while the cocoa levy was raised from 54 FCFA to 150 FCFA. Despite those measures, nothing was done to adopt a reference producer price, provide insurance to producers to incentivise growth, reduce the cost of inputs or give farmers on-farm support, which gives every indication that the 2015-2020 was going to go the route of all previous plans.

6.2.2. The Ministry of Commerce (MINCOMMERCE).

The Ministry of Commerce is the main portfolio department tasked with supervising the commercial side of the coffee business. Prior to 1990, MINCOMMERCE wielded a lot of influence in the commodities' trade through the NPMB which acted as the main liaison between POs and the outside world as well as a price stabilisation agency. Since 1991, its role in the sector has significantly diminished, starting with the demise of the NPMB, which was replaced by the NCCB, and progressive elimination of most taxes on coffee exports. Its new mandate, as far as agricultural commodities are concerned, involves only:

- Announcing the official start and end dates of the campaign season every year;
- Announcing and supervising taxes and other levies deductible across the coffee sector;
- Enforcing international and local standards for coffee products (i.e. humidity levels, storage and transportation);
- General supervision of the coffee trade throughout the country; and

- Promotion of the value-addition side of the coffee business.

MINCOMMERCE makes the industry decisions and the NCCB implements them. Its biggest set of decisions concern quality and taxes and deductibles. In terms of coffee quality, MINCOMMERCE has the duty to ensure that all shipments of coffee leaving Cameroon have a total humidity level less than 12%. This is not easy to control because the splintering of the sector has brought in many companies that are more than ready to cut corners in order to increase their profits. The NCCB also lacks the resources to monitor all shipments and enforce compliance. As far as taxes and deductions are concerned, charges per ton of coffee exported amount to approximately 30,000 FCFA (i.e. Government-level deductions and levies after the PO has already made its own deductions at its level). The per-kilo deductibles are broken down as follows:

Table 6.1: Table showing taxes and levies per kilo of coffee exported.

Deductions per kilo of coffee	
ITEM	COST
MINCOMMERCE-approved export deduction per kilo for coffee programmes	100 FCFA
CCIC	15 FCFA
FODECC	15 FCFA
ONCC charges	85 FCFA
General export charges	39.38 FCFA
Sundry charges	50 FCFA
Other taxes	11.57 FCFA
Source: NCCB data.	

Other charges such as compliance certificates, waybills, shipping duties cost 5000 FCFA per shipment.

Since 2010, MINCOMMERCE has also driven the coffee market orientation and diversification agenda through a number of initiatives. It takes UCCAO and NWCA executive along on foreign missions (such as the Paris and Milan International Trade Fairs) to create publicity around *Brand Cameroon* and *Origin Cameroon*. It promotes a national effort to set up *coffee kiosks* around high traffic areas such as airports, universities and government ministries. At the start of the 2016-2017 campaign season, the Minister of Commerce announced that the number of kilos processed by local secondary processing factories had shot up from 448 kilograms to 3786 kilograms in the space of one year, which shows that the efforts are bearing fruit.

However, there is a noticeable short-termism – or at least, underinvestment - with the coffee kiosks initiative. The kiosks are just plywood booths equipped with coffee paraphernalia like urns, sieves and a few seats for visitors, rather than proper brick-and-mortar coffee shops. Questions could therefore be asked why the GoC is not investing more to develop a coffee shop culture if that is the end goal.

6.2.2.1. FODECC.

The Cocoa and Coffee Development Fund, better known under its French acronym FODECC was created by *Decree No 2006/085 of March 9, 2006*. It is a MINCOMMERCE programme. Its activities are funded by a 15 FCFA levy on every kilogram of cocoa or coffee exported. Its core mission is to:

- Build marketing infrastructure in production sites.
- Provide capacity building to help manage this infrastructure.
- Organise regular marketing campaigns.
- Enable the creation of agribusiness stakeholder forums.
- Help to provide financing to agricultural organisations for marketing campaigns.

For an organisation whose mission statement dwells a lot on marketing, FODECC doesn't really do much marketing. Just like many government programmes in the coffee sector, most of its key priorities have never been implemented. FODECC's only visible activity is an annual grant of 6 million FCFA per PO, which funds MINADER's PPDMVCC programme through which area cooperatives unions nurse seedlings which are then distributed free of charge to members, in line with the GoC's ambition to renew the national coffee acreage.

The FODECC-PPDMVCC free seedlings programme has not had much success in renewing Cameroon's coffee acreage in a significant way. It has only managed to grow total output by 6% over a 12-year period (2005 – 2017). This failure can be explained by the fact that coffee sector development or renewal programmes do not come with an insurance or relief mechanism that guarantees a minimum income to coffee growers while they wait for the new trees to grow. Coffee growers are expected to absorb the entire 24-36 months' worth of financial losses on their own.

Between 2007 and 2011, UCCAO received a Public Investment Budget (PIB)-Multilateral Debt Relief Initiative (MDRI) and FODECC public grant (PIB-MDRI-FODECC) valued at 4.2 billion FCFA to renew part of the coffee acreage and increase coffee production in the West Province by 16,000 hectares. Surprisingly, part of the money was set aside for insurance payments to farmers for the losses they were expected to incur during the switchover period. UCCAO cooperatives planted 1.7 million new Arabica coffee trees and 348,000 Robusta coffee trees on 51,000 hectares across the province. However, the PIB-MDRI-FODECC expired in 2011, and hasn't been renewed since, despite its obvious success. Although it was short-lived, the PIB-MDRI-FODECC model highlighted the importance of attaching insurance instruments to coffee acreage regeneration strategies.



Figure 6-1: FODECC-PPDMVCC free seedlings in Bansa (top and middle) and in Fundong (bottom).

Mr. Nfobanla Hipolytus watches on as women fill polythene bags with manure (top); a coffee seed is then put in each bag and left to germinate (middle); when the seedlings are about five months old (bottom) they are distributed to coffee producers free of charge to help accelerate the renewal of the national coffee acreage.

6.2.3. MINADER.

Until 1992, all cooperatives in Cameroon were under the direct supervision of the Ministry of Agriculture's *Department of Cooperation and Mutuality*. This Department oversaw the training and transfer of staff to cooperatives, appointment of managers, distribution and sale of subsidised agricultural inputs (fertiliser, urea, fungicides, fumigators), training and deployment of extension agents and performance of financial oversight. Some staff who still work for NWCA and UCCAO today climbed up the professional ladder through this system.

Those institutional arrangements of the past are gone. The powerful *Department of Cooperation and Mutuality* which managed all agricultural cooperatives in Cameroon from the 40s has been completely dismantled and replaced by the *Registry of Cooperatives* whose role is much more limited. The current National Registrar of Cooperatives, Mme. Anne Mesembe, focuses mainly on providing registration, broad advisory, promoting the creation of cooperatives and limited financial and material assistance. Her office no longer has the powers to appoint cooperatives' managers or intervene in their affairs in any capacity, as was the case before.

Even the watered-down *Registry of Cooperatives* is, in all likelihood going to disappear in the not-too-distant future. This is because the *OHADA Uniform Act on Cooperatives* transfers the registration and management of cooperatives from the national agriculture ministry to local administrative authorities (i.e. Divisional Officers and Senior Divisional Officers). The *Uniform Act* also requires all CIGs to adopt the status of cooperatives. The National Registrar of Cooperatives confirmed that she had already taken steps to transition Cameroon to the new dispensation:

Yes, we have suspended the registration of CIGs and we encourage people now to register cooperatives instead because that is the type of structures that we will support in future (Mme. Anne Mesembe, National Registrar of Cooperatives, interviewed on 05/06/16).

This change process has been handled in a very abrupt, top-down manner and might cause resentment or even revolt against the cooperative format down the line. CIGs are very popular in Cameroon. They operate just like simplified cooperatives and there is no reason why they cannot simply be given the same status.

Although the GoC is eager to point out that it no longer intervene in cooperatives' affairs, MINADER initiatives reveal nostalgia for abandoned concepts. In 2010, it launched the RELESS initiative (an acronym which stands for Local Collective for Social and Solidarity Economy) whose stated ambition is to create 360 super cooperatives all over the Cameroon territory, one for each administrative division, focusing on one agricultural commodity. One of these RELESS has already been created in Akonolinga in the Centre Province although no policy document has been published to show where its funding will come from. The GoC also recently opened potato cooperatives in some parts of the country.

6.2.3.1. MINADER support programmes for the coffee sector.

MINADER has a myriad of disparate and sometimes conflicting programmes and focal points designed to support either complete or specific links of commodities' value chains. Here below is a list of the ones which are most relevant for the coffee sector:

- **PAPVCC:** Support Programme to Protect the Cocoa-Coffee Acreage.
- **PNVRA:** National Vulgarisation and Agricultural Research Programme. Its mission is to vulgarise results of agricultural research, especially those that can help boost production.

- **PCRD:** Decentralised Rural Credit Project. It is designed to make it easier for rural agricultural projects to have access to finance.
- **CENEEMA:** National Centre for Research and Experiments in Agricultural Mechanisation. It promotes uptake of agricultural innovations as well as test and approves imported mechanised farming equipment.
- **PAIJA** Support Programme to integrate youth in agriculture. It aims to help train young people and support them to become professional farmers.
- **PSCC:** Cocoa-Coffee Nursery Project. It creates nurseries for free seedlings.
- **PURRPCC:** Emergency Programme for Reduction of Pesticides in the Cameroonian Cocoa/Coffee sectors. It promotes proper disposal of pesticides and pesticide residue as well as organic farming.
- **PADFA:** Agricultural Sector Development Support Programme.
- **PPDMVCC:** Improved Seedlings Production and Distribution Support Programme. It develops nurseries and distributes free seedlings to farmers.
- **PA3C:** Pilot Project to Revamp the Cocoa, Coffee and Cotton sectors.
- **PAUEF2C:** Cocoa-Coffee Fertiliser Support Programme. Annual distribution of fertiliser to cocoa and coffee farmers.
- **PALF2C:** Cocoa-Coffee Fungicide Support Programme. Annual distribution of fungicides to cocoa and coffee farmers.
- **DMGEA:** this is the Support Programme for Development of Medium and Large-Scale Farms.

The preponderance of similar programmes with more or less the same core mission only serves to stymie and obfuscate the very purpose for which they were created. PAPVCC, PSCC and PPDMVCC are designed to do more or less the same thing, i.e. production of improved seedlings and renewal of the coffee acreage. PNVRA and

PPDMVCC both deal with agricultural research and PAPVCC, PURRPCC, PAUEF2C and PALF2C all focus on inputs provision. Another programme which creates unnecessary bureaucracy and redundancy is PAIJA, which focuses on the same priority as CCIC's NEWGEN programme and should ideally be run together.

Inputs programmes have had perennial challenges since the 80s; they always get delivered late. Producers argue that they do not even need to receive free fertilisers from the government. They prefer that the GoC eliminate taxes on fertilisers and fungicides so that they themselves can purchase their own supplies in larger quantities. Respondents complained that the class dynamics that exist in society also play out in the cooperative where wealthier and more connected farmers receive more fertiliser although they supply less coffee to the cooperative than poor farmers.

6.2.4. The Economy, Planning and Regional Development Ministry (MINEPAT).

MINEPAT is the portfolio ministry tasked with promoting development initiatives across the country. It plays only a limited role in the coffee sector. It partners with MINADER on coffee redevelopment plans. Since 2000, it has directed most of its efforts at strengthening local value chains. Within this dynamic, it has awarded grants to UCCAO member cooperatives for the renovation of their warehouses. It has also given each cooperative union in the West Province a brand-new Toyota Hilux pickup truck to transport coffee from plantations to the cooperative unions. However, this help was extended only to UCCAO, which is based in the MINEPAT Minister's province of origin, which points to nepotism and abuse of state resources for political gain.

6.2.5. The Ministry of Scientific Research (MINRESI).

MINRESI carries out research on plant pathologies, high-yield coffee seedlings and resistant varieties through its Institute of Agricultural Research for Development

(IRAD). IRAD's research is funded by the government of Cameroon and international donors. In the old dispensation, it defined phytosanitary standards in the country and even dispatched its officers to spray plantations. This role has been scaled down to one of mere advisory and research support. Where it cannot directly conduct research in Cameroon, it commissions foreign research entities to do it on its behalf. It offers advisory on innovations imported from other countries. IRAD's research capacity has suffered a great dip since 1990, due to Cameroon's dire financial situation and the departure of many senior researchers who have never been replaced. Still, it is an important component of the coffee sector development strategy steering committee and is responsible for testing FODECC-PPDMVCC seedlings in Barombi-Kang (South West) and in Foumbot (West).

6.3. Sector coordination agencies.

6.3.1. Marketing Boards.

Early Marketing Boards and Price Stabilisation Funds.

Prior to 1978, Commercialisation of agricultural commodities in former Southern Cameroons was regulated by a number of marketing boards. The first of such entities was the *West African Produce Control Board*, created by the British government during the Second World War in 1942 to ensure an uninterrupted supply of agricultural commodities from Africa to Britain and curb supposed private sector abuses (Mbianda, 1993). The Produce Control Board splintered commodities under single-commodity marketing boards (palm oil and palm nuts, groundnuts, cocoa and coffee). Each marketing board was responsible for grouping and shipping its designated commodity to Britain. In 1954, the Nigerian government created new states, one of which was Southern Cameroons. This led to the creation of the *Southern Cameroons Marketing*

Board in 1955 (SCMB), although most of its commodities continued to be marketed through the Produce Marketing Organisation in Lagos. The SCMB was moved from Lagos to Victoria in 1959 and first renamed *West Cameroon Marketing Board* in 1961, and later the *Produce Marketing Organisation* in 1974 (Mbianda, 1993).

In Francophone Cameroon, the SIP remained the *de facto* marketing structures until the French decree of 1954 creating *Caisses de Stabilisation* (Stabilisation Funds), with one stabilisation fund per commodity along the same principles as the British West African Produce Control Board:

1. *Caisse de stabilisation des prix du cacao*: Cocoa Price Stabilisation Fund.
2. *Caisse de stabilisation des prix du coton*: Cotton Price Stabilisation Fund.
3. *Caisse de stabilisation des prix de l'arachide*: Groundnut Price Stabilisation Fund.
4. *Caisse de stabilisation des prix du café Arabica*: Arabica coffee Price Stabilisation Fund.
5. *Caisse de stabilisation des prix du café robusta*: Robusta coffee Price Stabilisation Fund.

The stabilisation funds were mandated to: (i) set a producer purchase price, (ii) hedge against market fluctuations; and (iii) cover the shortfall when global prices dropped below producer prices (Mbianda, 1993: 8). In 1976, the Government made a decision to merge the East and West Cameroon marketing boards, which led to the creation of the NPMB in 1978.

6.3.2. The National Produce Marketing Board (NPMB): 1978-1991.

The NPMB started its activities in Douala in 1978 following the promulgation into law of Law N° 76/20 of 9 September 1976 and Decree N° 78/054 of 23 February 1978. For

the first time, marketing of commodities in the two Cameroons were consolidated under one roof. The core mandate of the NPMB was to:

1. Enforce a national purchasing price at the beginning of campaign seasons;
2. Provide POs with cash to fund their campaign seasons (advance payment);
3. Receive commodities from LBAs at its facilities in Douala and Victoria and perform quality controls of the commodities prior to shipping;
4. Source buyers in Cameroon and abroad (usually, the NPMB did not sell its coffee directly to buyers in the global North; instead it relied on pre-approved Cameroon-based approved exporters to do this job);
5. Deduct a percentage of each POs' profits which went into its STABEX (exports stabilisation) fund and which would be used for insurance pay-outs when global prices dipped below producer prices;
6. Forward balance payments to POs after all proceeds from coffee exports had been received.

The NPMB coordinated the collection, processing and export of all agricultural commodities in Cameroon. It published a list of approved LBAs and their designated geographic/monopoly areas at the beginning of campaign seasons. Produce was shipped abroad through a number of Douala-based approved exporters (*exportateur agréé*) such as A.E. Kritikos, Hollando, CFAO (French West Africa company), R.W. King, French West African Trading Company - SCOA and Patterson and Zochonis (Mbianda, 1993; Van der Laan, 1987). Although it was based in Douala, the NPMB had a number of regional offices, notably in Victoria from where the NWCA shipped its produce. UCCAO enjoyed a separate export dispensation throughout the NPMB's existence. It sourced its own foreign buyers and used the NPMB to sell only Robusta coffee, of which it produced very little.

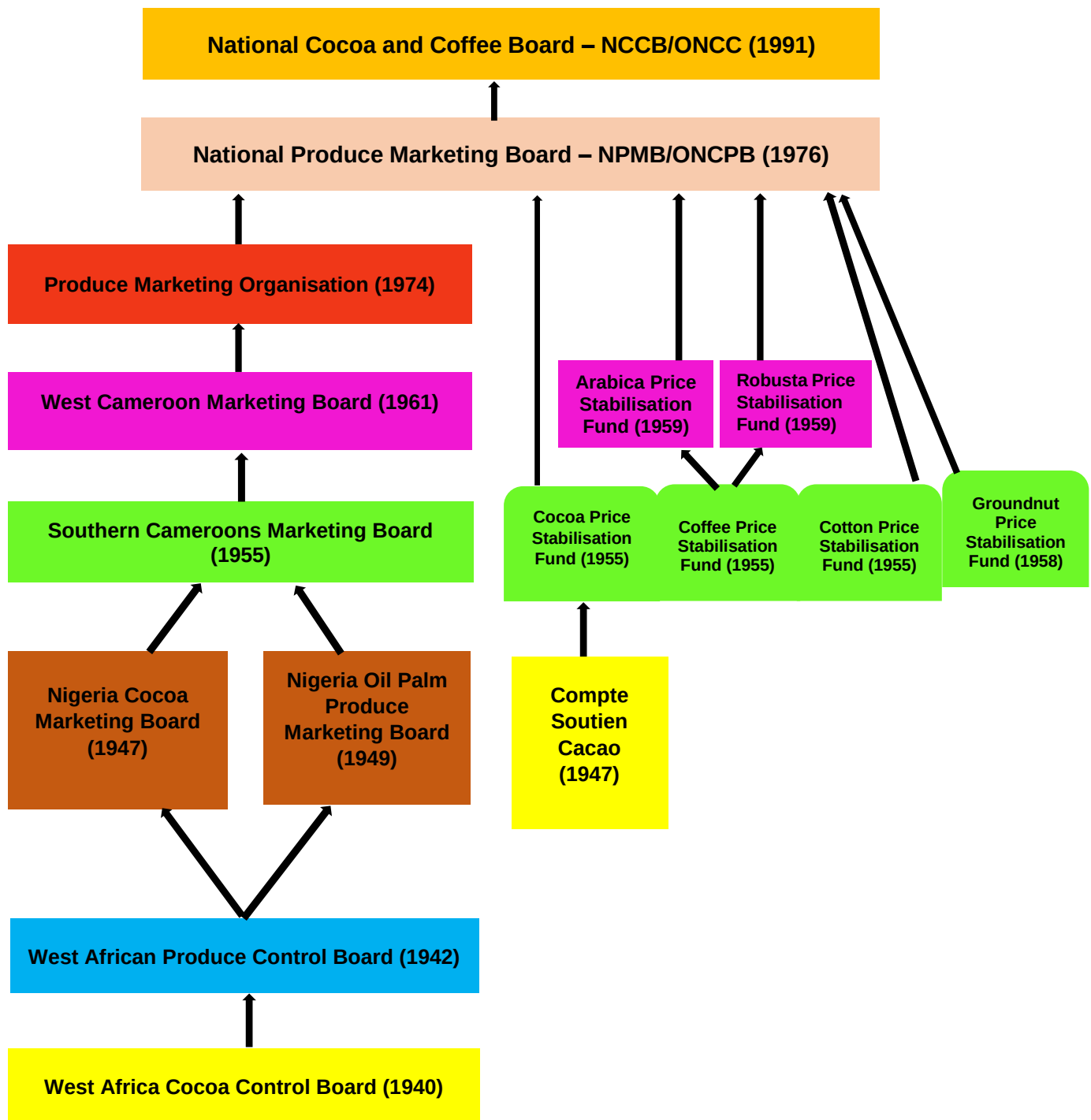


Figure 6-2: Evolution of Cameroonian marketing boards from the early 19th century to date. (Adapted from Van der Laan, 1987)

Before liberalisation, the NPMB was an entity within the Ministry of Commerce, which used to be known as the Ministry of Trade and Industry (MINCI) at the time. MINCI was directly in charge of NPMB stabilisation deductions from the proceeds of the sales of each cooperatives' stocks of coffee. Levies on farmers' produce were very high and producers never received up to 40% of the real per-kilogram price of their coffee both in upfront payment and season-end balance payments throughout the NPMB's existence. Unfortunately, NPMB funds were usually deposited in the national treasury and the Minister of Finance routinely diverted this money to other pressing government priorities.

Development partners and academics have described this NPMB period as crony capitalism at its best (USAID, 1990; Chem Langhee & Fanso, 2011). The board was packed with government deployees from very early on and, like many other government parastatals, it soon became a theatre for rent-seeking behaviour, clientelism, corruption and staging of political battles. The NPMB oversaw looting and mismanagement of funds on an unprecedented scale. It also developed an unnecessarily bloated bureaucracy which swallowed in excess of 6 billion FCFA per annum (Mbianda, 1993). By calculating the NPMB's deductions per kilogram of coffee sold for the period 1978-1988, the French Central Fund for Economic Cooperation (CCCE) estimated that the NPMB had generated over 83 billion FCFA (i.e. 200 million USD) in stabilisation fund reserves by 1988 (USAID, 1990: 29). This sum has never been reimbursed to its rightful owners. The opaque shop the NPMB ran meant that the NPMB's dubious accounting was discovered too late, unfortunately.

The NPMB has also been excoriated by academics who accuse the GoC of deliberately using it as a political tool to sabotage the economy of former West Cameroon, especially institutions like NWCA, the Southern Cameroons Marketing

Board, the Santa Coffee Estate and anglophone LBCs (Kengo, 2015). A key argument used by these academics is the fact that the Anglophone cooperative system never had any financial issues until it was placed under Yaoundé tutelage. Once the SCMB was placed under the NPMB, it was all downhill from there. West Cameroon's cooperative leaders long decried the special export dispensation which UCCAO enjoyed while the NWCA was obliged to export exclusively through the NPMB, an arrangement which remained in force until the collapse of the NPMB.

6.3.3. The National Cocoa and Coffee Board (NCCB).

The National Cocoa and Coffee Board is a Government entity placed under MINCOMMERCE tutelage. It was created by *Decree n° 91/271 of 12 June 1991* (see Appendix B) and later modified by *Decree n° 97/141 on August 25 1997* to replace the defunct NPMB, albeit with a much-diluted mandate. It is wholly funded by taxes deducted from every kilogram of coffee that leaves Cameroon's shores. It is headquartered in Douala, with regional offices in major production basins like Bafoussam and Bamenda and its core mandate is to:

1. Manage the global coffee and cocoa prices INFOSHARE information software in Cameroon;
2. Verify the quality of commodities or certify quality through site visits and approval of warehouses and factories;
3. Collect and process data on production, export, local value-addition and consumption;
4. Adopt policies aimed at promoting production, commercialisation and value addition;
5. Share information and oversee the commodities' business environment;

6. Coordinate stakeholder training for greater professionalism in the sector;
7. Supervise implementation of international cocoa and coffee treaties in Cameroon and represent Cameroon in relevant international fora;
8. Undertake any studies commissioned by the national government.

The INFOSHARE software it manages is particularly important because it is what guides the prices applied by cooperatives and LBAs. It shows international prices, FOB prices in Douala and average prices charged inland. Importantly, prices depend completely on market conditions and are not in any way stabilised by the GoC.

As indicated above, the National Cocoa and Coffee Board's role in the commodities sector is significantly diminished, compared to the defunct NPMB (see Appendix B). A member of staff described the entity's role in the following way:

The role of the national cocoa and coffee board is to sensitize the farmers on good post-harvest processes, to control the quality of cocoa and coffee for exportation and commercialisation and finally to sensitize the farmers on good practices. ONCC finally comes in on the finished product. We teach farmers how to take care of their coffee, we teach them how to pluck it from the tree, we teach them how to dry it, we teach them how to package it and put in bags, we teach them grading. Produce controllers are sworn in and we work with texts. We have the right to seize and auction bad or illegal coffee. We have the right to seal warehouses, no matter the quantity of produce in that warehouse. (Mr. Nkemnkeng Denis Nkengafack, NCCB, interviewed on 19/05/16).

The NCCB inspects all coffee facilities to make sure that they comply with international standards. However, they are faced with three formidable challenges. The first one is that the NCCB simply does not have the manpower to cover every warehouse in the production basins. It has less than 140 staff to cover the entire country – even the double of that figure would still not be enough to do an effective job.

The second challenge is illegal buying. Illegal buying of coffee in general, pre-payments to farmers at the beginning of harvest season and illegal door-to-door buying in particular are major headaches. They cause major dysfunctions along the value chain and funnel significant profits into the pockets of illegal buyers, known as *coxeurs*, leaving hardworking producers with next to nothing. More importantly, the very doubtful and reckless manner in which illegal buyers handle coffee causes a lot of bad beans to be introduced into the national export stocks, which then depresses the value of all coffee exported from Cameroon. It is a problem which the NCCB has recognised and long vowed to eradicate:

The problem of coxeurs is something which the government is trying to eradicate. Some buyers have unscrupulous behaviour. They give farmers money before harvests, while their produce is still on the trees. That is what we are discouraging. Door-to-door buying is highly forbidden. Buyers come and force farmers to take money before harvest. Since they are poor, some of them are forced to take it. (Mr. Nkemnkeng Denis Nkengafack, NCCB Bamenda, interviewed on 19/05/16)

This introduces the third challenge. Illegal buyers have no brick and mortar structures. Due to the shortage of staff to patrol the countryside, the NCCB limits its role to inspecting only brick and mortar structures, to the exasperation of cooperatives. Irate UCCAO and NWCA respondents raised the complaint that that the NCCB spent all their time on their premises inspecting their warehouses whereas many approved independent LBAs did not even have any warehousing facilities to speak of. They felt that independent LBCs were left to cause chaos unchecked. This gave them too big of an advantage because, by cutting corners with quality control, they could then offer coffee growers more money for their coffee. Farmers in the West and North West regions have also been doing cross border trading for decades, switching between

UCCAO and the NWCA based on which PO was offering the better rates at any given time and this is hard to monitor since *coxeurs* live within the communities in which they operate. Proper supervision of warehouses is a very important activity in the coffee value chain. Without proper quality control, the value of Cameroon's entire coffee crop can be depressed by as much as 30% during some campaign seasons. Producer organisations cannot do anything about this because they focus only on what happens at their level. The onus is on the GoC to ensure that all buyers play by the rules.

6.3.4. The CCIC.

The Cocoa and Coffee Inter-Professional Council (CCIC) is a private sector representative council which groups all industry stakeholders for better negotiation capacity and industry representation. In this regard, it has to do advocacy, lobbying, marketing, training defend its members as well.

Its activities are based on six strategic pillars, viz:

1. To serve as a coordinated voice in policy dialogues;
2. To adopt acceptable criteria to govern activities in the cocoa-coffee sector;
3. To monitor activities to ensure that competition is fair and healthy;
4. To manage the sector insurance fund;
5. To help train stakeholders where necessary to ensure greater professionalism;
6. To represent cocoa and coffee stakeholders in all international fora.

The CCIC is funded by a 15 FCFA deduction from proceeds of each kilogram of coffee exported. Together with MINCOMMERCE, it establishes operating permits for LBAs, without which they cannot operate in the coffee trade. It has four so-called Colleges of *Producer organisations* (of which there are about 100), *exporters* (about 20 of them), *a buyers-roasters' trade union* and *local transformation factories* grouped according to

core areas of specialisation. As part of its implementation strategy, the CCIC has created the following nine programmes:

1. **NEWGEN**: arguably the biggest challenge currently facing the coffee commodity sector is the advanced age of coffee producers and their plantations. NEWGEN was launched in 2012 to help train, mentor and set up young farmers from the day they plant their first hectare to the campaign season when they harvest and sell their first lot of coffee beans.
2. **OC4**: this programme studies the effects of climate change on cocoa and coffee and advises farmers on best practices to adopt to better protect their crops.
3. **TRANSFOL**: It is a programme designed to promote the setting up of eco-pulping stations (coffee central processing units) and roasteries in order to add more primary and secondary value to Cameroonian coffee.
4. **FESTICOFFEE**: This initiative is aimed at promoting local consumption. Every year, coffee tasting events are organised all over the country on May 4, the *National Coffee Day*. *Festicoffee* has helped increase local consumption of Cameroonian coffee by almost 500% between 2015 and 2017.
5. **PURC-CAFÉ**: It is a programme designed to renew the old coffee acreage as well as create new ones.
6. **BP**: It promotes post-harvest best practices through training, seminars, media campaigns (television, radio, posters and SMS) in production basins.
7. **CERTIF**: It aims to promote national legislation on traceability as well as support initiatives by local producers to sign up to international certification processes.
8. **AOC**: It focuses on data gathering and better coordination among producers for grouped selling.

9. **AFIN** aims to help stakeholders secure funding for campaign seasons, factory equipment and investment in production acreage.



Figure 6-3: Posters for the Festicoffee campaign which promotes local consumption of coffee.

The Festicoffee initiative has helped to double secondary processing in Cameroon. it is organised in May every year.



Figure 6-4: The Minister of Commerce Luc-Magloire Mbarga Atangana launches the 2016 edition of the Festicoffee campaign. Flanking him are the director of the NCCB, Mr. Ndoping (right) and Mr. Ngwe Apollinaire, the President of the CCIC. Source: NCCB.

All of the CCIC's programmes are underfunded. The most visible ones are the annual *Festicoffee* campaign during which many Cameroonians get to drink free coffee; Purc-café which distributes free seedlings to farmers to renew old plantations and set up new ones; and Newgen, which brings through new young coffee farmers. The NEWGEN campaign is going almost the same way as the FODECC-PPDMVCC programme and will have no significant impact in bringing down the average age of coffee producers or their trees due to an acute shortage of money. The reality is that the CCIC simply does not have enough funds to roll out its programmes on the scope and scale that it would like.

6.4. Conclusion.

This chapter focused on the institutional arrangements put in place to manage the coffee commodity in a liberalised dispensation. It revealed that following structural adjustment and the adoption of a competition state ethos, the Government of Cameroon has increasingly backed a series of poorly-coordinated, sector-funded programmes, public-private partnerships and PO-funded initiative to give impetus to the coffee sector. The one area where the GoC has done relatively well is with the adoption of a legislative framework that creates the condition for free trade to take place. Monopolies no longer exist. However, the local value chain still has a number of notable lacunae that are impeding coffee-related businesses' progress. While a number of sector coordination bodies have been created (CCIC, NCCB), these under-resourced agencies simply do not have the teeth to carry out their mandate, which brings back the GoC's role in making value chains work better into sharp focus.

Chapter 7: Case study I (UCCAO).



Figure 7-1: UCCAO's head office in the Bafoussam CBD.

7.1. Introduction.

The following case study is a dissection of UCCAO, an 80-year-old coffee cooperative based in the West province of Cameroon. It starts with a brief history and development of the cooperative, followed by a critical assessment of emerging endogenous and exogenous dynamics that it has had to navigate in the era of liberalisation, notably the free market coffee regime: legislation, policies, value chain issues and regulatory and support measures. The second section presents the solutions UCCAO has evolved, not just to survive, but more importantly, to leverage the opportunities offered by the free market coffee regime.

7.2. Brief history of UCCAO.

UCCAO, which stands for the *Central Union of Agricultural Cooperatives of the West*, is an agricultural cooperative based in Bafoussam, in the West Region of Cameroon. It has six cooperative unions and over forty-six cooperative primary marketing societies, which are known in the West as cooperative sections. UCCAO traces its origins to the first two cooperatives created in the West province during the colonial era. It is the French colonial administrator Marcel Lagarde who first encouraged local communities to start developing commercial-scale coffee plantations in 1912 after the coffee plant had been trialled in Dschang by the Germans. However, the colonial administration also placed strict quotas on how much coffee Africans could produce in order to protect White coffee growers (Champaud, 1983). Whenever necessary, a complete ban was imposed on coffee production by Black Cameroonians (Champaud, 1983).

The first coffee cooperatives were created by White settler coffee growers only after 1930: the *Bamoun Arabica Coffee Farmers' Cooperative* (CPBCA), created by M. Coste in 1932 with headquarters in Foumban and the *Bamileke Arabica Coffee Producers' Agricultural Cooperative* (CAPBCA) created in 1933 with headquarters in Dschang (Jiotsa, Okia and Yambene, 2015). All the coffee in the West Province was gathered and sent to Dschang where the main buyers, Jaco and Mariotti were based. The first shipment of coffee from Cameroon was six tonnes of Arabica coffee, which CAPBCA sold to Maison P. Jobin et Cie. in Le Havre, France. CPBCA and CAPBCA later merged to form the *Agricultural Cooperative of the West Province* (COOPAGRO). The first cooperative created by a Black Cameroonian in the West was the *Cooperative for the Production, Collection and Sale of Coffee* (COOPCOLV), founded by Mathias Djoumessi in 1948 (Jiotsa et al, 2015).

During the 1957 apex cooperatives' general assembly, CAPBCA and CPBCA patrons agreed to spawn a cooperative in each of the province's divisional headquarters and this led to the creation of the following new cooperatives:

- CPCAM: Mbouda Arabica Coffee Producers' Cooperative.
- CPCAB: Bafoussam Arabica Coffee Producers' Cooperative.
- CPCAN: Ndé Arabica Coffee Producers' Cooperative.
- CPCAHN: Haut Nkam Arabica Coffee Producers' Cooperative.

CAPBCA and CPBCA remained the main cooperative unions in Noun and Menoua Divisions, taking the total number to six. CPBCA later amalgamated with COOPCOLV to become the monopoly cooperative in Menoua Division. This reorganisation process was followed by the creation of a provincial apex cooperative known as the *Union Centrale des Sociétés Coopératives de Café Arabica de l'Ouest*, (*Central Union of Arabica Coffee Cooperative Societies of the West*) on 17 October 1958.

After independence, the GoC progressively transformed UCCAO into the main rural development agency in the West Province and saddled it with responsibilities which had nothing to do with its core mandate of coffee production (Champaud, 1983). MINAGRI seconded hundreds of project officers to UCCAO and its staff complement ballooned to 4000 by 1980. Following two rounds of reforms in 1974 and 1978, UCCAO dropped the word *Arabica* from its name and replaced it with *Agricultural* to accommodate its new rural and agricultural development mandate. GoC *Decree N° 61/DF/6 of 12 October 1961* further granted UCCAO monopoly rights over the coffee business in the West Province and this propelled it to unprecedented, stratospheric levels. By 1965, it had set up modern hulling factories in Bafoussam, Foumbot,

Dschang, Mbouda and Bangangté. A decision was made to give all cooperative unions similar sounding names, which resulted in the following new appellations:

Table 7.1: Evolution of the appellation of UCCAO's cooperative unions.

UCCAO's Cooperative Unions		
Previous name	New name	Location
CPCAM: Coopérative des Planteurs de Café Arabica de Mbouda (Mbouda Arabica Producers' Cooperative)	CAPLABAM: Coopérative Agricole des Planteurs des Bamboutos (Bamboutos Producers' Agricultural Cooperative).	Mbouda
CPCAB: Coopérative des Planteurs de Café Arabica de Bafoussam (Bafoussam Arabica Producers' Cooperative)	CAPLAMI: Société Coopérative Agricole des Planteurs de la Mifi, Koung khi et Hauts plateaux (Mifi, Koung Khi and Hauts-Plateaux Producers' Agricultural Cooperative).	Bafoussam
CPCAN: Coopérative des Planteurs de Café Arabica du Ndé (Ndé Arabica Producers' Cooperative)	CAPLANDE: Société Coopérative Agricole des Planteurs du Ndé (Ndé Producers' Agricultural Cooperative).	Bangangté
CPCAHN: Coopérative des Planteurs de Café Arabica du Haut Nkam (Haut Nkam Arabica Producers' Cooperative)	CAPLAHN: Société Coopérative Agricole des Planteurs du Haut Nkam (Haut Nkam Producers' Agricultural Cooperative).	Bafang
CAPBCA: Coopérative des Producteurs Bamiléké de Café Arabica (Bamileke Arabica Coffee Producers' Agricultural Cooperative)	CAPLAME: Société Coopérative Agricole des Planteurs de la Menoua (Menoua Producers' Agricultural Cooperative).	Dschang
CPBCA: Coopérative des Producteurs Bamoun de Café Arabica (Bamoun Arabica Coffee Producers' Society)	CAPLANOUN: Société Coopérative Agricole des Planteurs du Noun (Noun Producers' Agricultural Cooperative).	Foumban

Some cooperative unions are much bigger than others and, for decades, they dominated UCCAO's managerial and commercial decisions, especially CAPLANOUN (the biggest union by membership and land mass) CAPLAME, the birthplace of the cooperative and CAPLAMI, based in the provincial headquarters, Bafoussam. CAPLAHN and CAPLANDE were the traditional laggards.



Figure 7-2: UCCAO's cooperative unions are not all on the same financial level - some are much bigger than others.

The photos above show the head offices of CAPLANOUN (top); CAPLAHN (top centre); CAPLAM (lower centre) and CAPLAME (bottom). Although it has the biggest membership in the UCCAO group, CAPLANOUN's head office is still a small, ramshackle building, which shows a lack of planning on the part of previous managers.

Law N°73/874 of 29 October 1974 formalised UCCAO's rural development mandate and the cooperative acquired a lot of heavy machinery to build roads, bridges and schools all over the rural parts of the province. There are still a lot of abandoned caterpillars on UCCAO's properties, a reminder of the days when the cooperative was in charge of most public works projects in the West. When things were going well, this extra burden was not a problem. The duties and privileges which had been conferred on UCCAO were strengthened and broadened by the same legislative instrument which created the NPMB in 1978. This law maintained UCCAO's right to sell its coffee directly to foreign markets without going through a State-owned stabilisation fund. It was the only Black-owned cooperative in the country that enjoyed this privilege. This monopsony advantage meant that UCCAO pocketed over 50% of the profits on every kilogram of coffee sold, plus it also got to manage its patrons' sizeable stabilisation deductions. UCCAO sold only Robusta coffee through the NPMB because it did not produce enough to sell directly to international buyers. Annual turnover hit USD 70 million dollars in 1986, its best year on record. To strengthen the bilateral dependency between the cooperative and coffee growers, UCCAO offered them hardware supplies such as cement, roofing material, nails and metal rods as well as cash loans for school fees, hospital bills, housing projects and miscellaneous emergencies.

UCCAO's fortunes declined rapidly after the 1986/87 recession. When the bottom fell off the economy, UCCAO took the surprising decision to subsidise producer prices over several years, even though it didn't make economic sense. Even after producer prices crashed well below 200 FCFA per kilo in 1990, UCCAO continued with this unrealistic policy. Its crises were exacerbated in 1991 when the GoC suddenly liberalised the cooperative sector as part of its SAP obligations. The Minister of Agriculture recalled the 14 high-level civil servants who occupied the main managerial

positions at UCCAO, together with hundreds of other lower ranking staff and announced that the cooperative was now a private, independent entity.

The 1991 cooperative sector reforms attracted a flood of over 100 local and foreign LBAs to the coffee business in the West. From 1993, about three independent brokers, including former UCCAO General Manager Henri Fankam no less, with a significant cash arsenal, started offering more money per kilogram to UCCAO members. UCCAO was not ready for this kind of competition. Even its own patrons started enforcing a strict *cash-and-carry* principle. UCCAO bet on the possibility that international prices would rebound soon and that it would quickly regain its dominant position in the market. That never happened. As UCCAO's financial situation worsened and it couldn't finance campaign seasons, the bigger cooperatives like CAPLAME and CAPLAMI threatened to break away and go it alone. Irresponsible behaviour did not help matters as incumbent UCCAO General Manager, Mr. Pierre Nzefa, who ironically, also doubled as CAPLAME's General Manager, continued to dilapidate UCCAO's savings, even as the ship sank. The ship was steadied only after his removal in 2004.

Almost three decades after liberalisation, UCCAO has still not managed to recover from the crisis brought about by the liberalisation of the coffee value chain. It still has six secondary cooperatives spread across eight administrative Divisions, although they are now known simply as cooperative unions (CUs) while the cooperative primary marketing societies are known as cooperative sections. The changes in appellation do not affect the hierarchical structure of the organisation even though Mifi Division was recently split up into three administrative Divisions (Mifi, Koung Khi and Hauts-Plateaux). Today's UCCAO is almost an empty shell, just a shadow of what it used to be. An eerie silence hangs over most of its properties. Twenty-five years after the liberalisation of the coffee sector, there is almost a sense that reality still hasn't sunken

in and UCCAO administrators and producers alike haven't fully realised the new, liberalised cooperative regime they are in. This mindset has unfortunately delayed much-needed reforms that the cooperative should have implemented a long time ago.



Front view of the CAPLANDE administrative block (right) and processing facility (top left). In the 70s and 80s, all UCCAO affiliate cooperatives had dozens of trucks and caterpillars. There were pumping stations on all its properties. All the vehicles have been sold to keep the doors open. Some heavy equipment, like the caterpillars at the CAPLABAM head office (below) was just been abandoned.



Figure 7-3: UCCAO's crumbling infrastructure.

7.3. UCCAO's Cooperative and administrative structure.

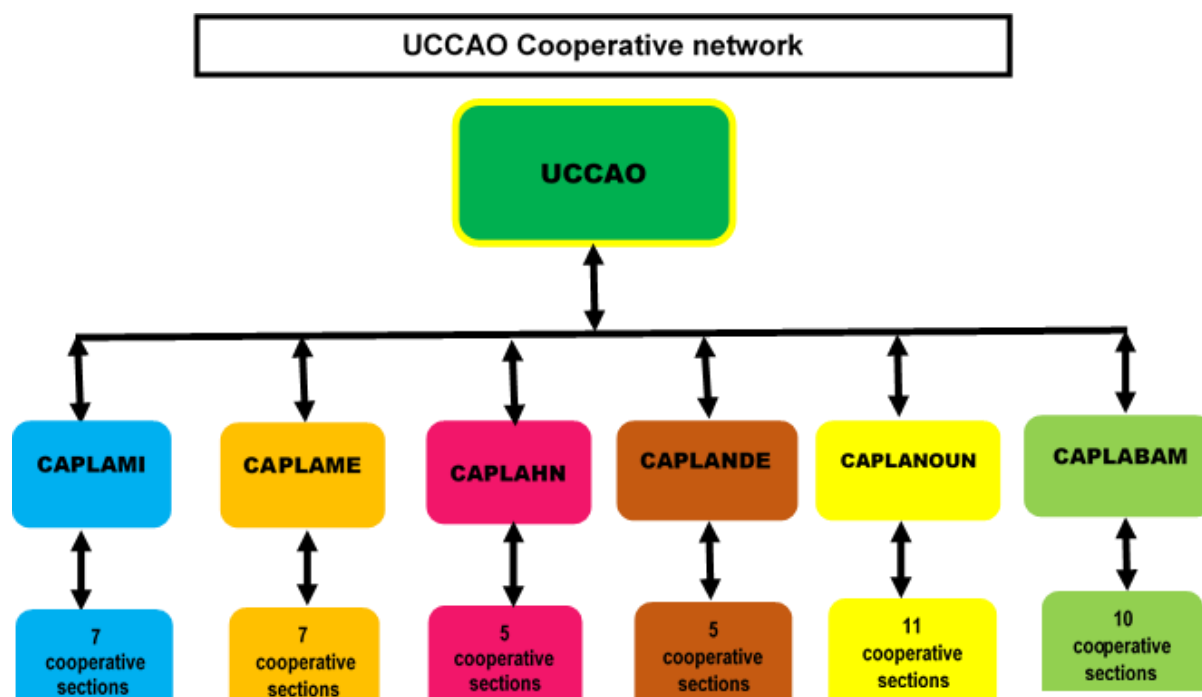


Figure 7-4: UCCAO's cooperative network.

UCCAO has over 46 affiliate cooperatives scattered across 8 administrative divisions (Noun, Ndé, Menoua, Bamboutos, Mifi, Haut Nkam, Hauts Plateaux and Koung-Khi). Its activities are coordinated from its head office in Bafoussam. The group has a General Assembly composed of 60 delegates, each chosen for a term of three years, renewable once. The number of delegates fluctuates on a *pro rata* basis based on how much coffee each cooperative union delivers to UCCAO. Thanks to this arrangement, CAPLAMI and CAPLANDE have traditionally occupied over 40% of the total delegate seats, a situation which the smaller cooperatives are unhappy about. There are three ordinary general assemblies per annum, with provisions for extraordinary meetings in case of emergency. The General Assembly appoints the 13-member Board of Directors. Each board member is appointed for a three-year term,

renewable once, and once again, they are appointed on a *pro rata* basis according to the number of delegates per cooperative union. The board of directors decides the general strategic plan and monitors its implementation. It also appoints the General Manager and the rest of the department heads. To facilitate decision making, the board of directors has set up a smaller supervisory committee of 5 members.

UCCAO has a *service rattaché* or central administrative unit which helps to implement the General Manager's decisions and projects. For some reason - most likely a lack of resources to hire enough staff - the group has decided to integrate the information technology and internal control departments into the General Manager's office. The groups paymaster and head of disputes resolution are also under the General Manager's direct responsibility. The five departments with separate managers and staff are the following:

- Administration and finance.
- Marketing.
- Department of agriculture and cooperative affairs (DAAC).
- Production.
- Internal monitoring and control.

There are two regional offices, in Yaoundé and Douala. Their core mandate is marketing the cooperative's *Café Délice* and *Café Force II* brands as well as coordinating export activities (Douala). UCCAO's primary and secondary processing activities are housed in a separate compound known as the Electronic Factory (*Usine Electronique*), about ten kilometres away from the head office.

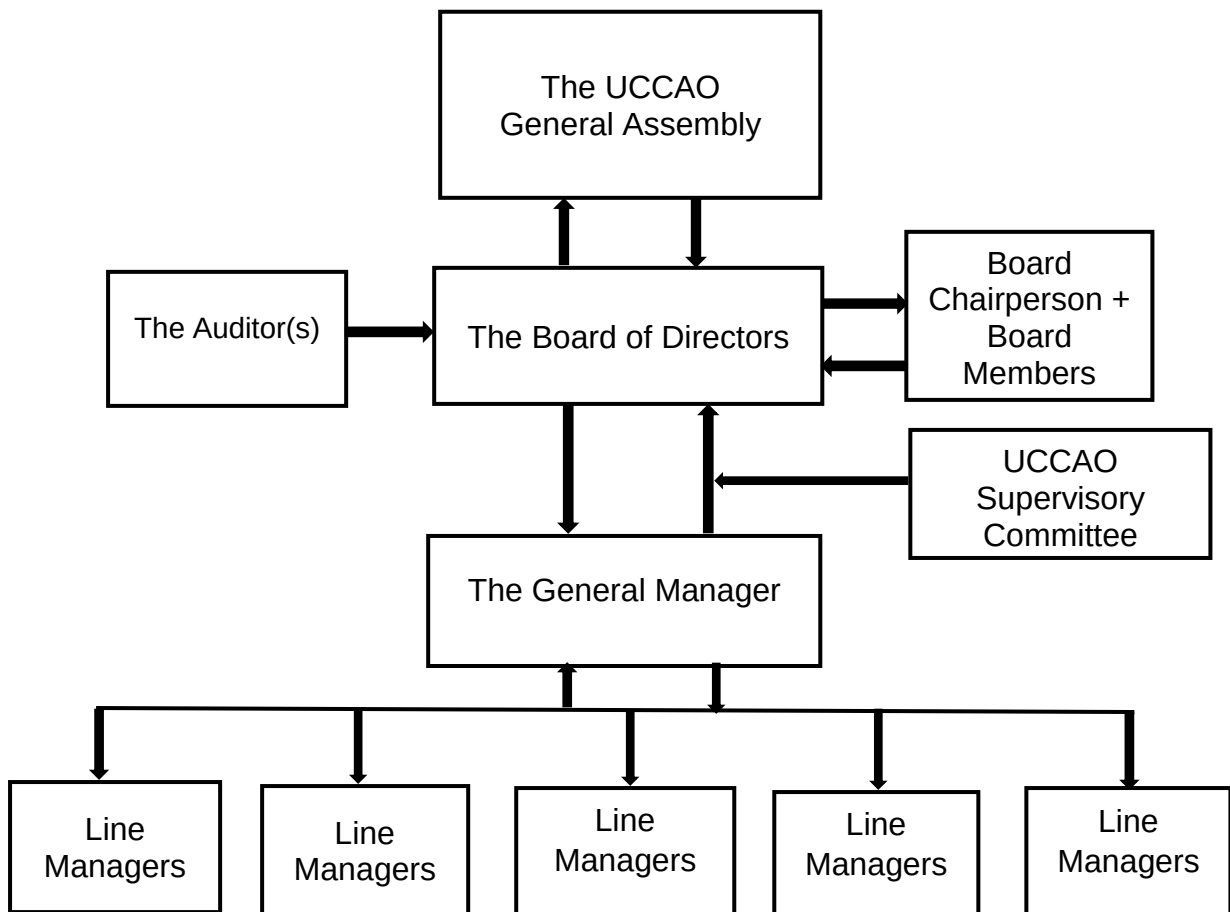


Figure 7-5: UCCAO's organisational structure.

The UCCAO staff complement has dropped to 200 full-time staff, down from about 4000 in 1992: 15 upper level management staff, 39 technical experts and 146 general staff. In some cases, what is referred to as a “department” above is just one person. For example, in the head office, the entire department of Agriculture and cooperative affairs (DAAC) has got only two staff: the Manager, Mr Achille Kegne and his secretary. He is expected to do administrative work, oversee the distribution of free improved Java seedlings to farmers, run the new 100-acre coffee plantation in Bafolé and coordinate all cooperative unions’ production and redevelopment efforts all by himself. The staff complement was shrunk to stop the various tiers of the cooperative from bleeding money following liberalisation. Today, the lack of manpower is complicating the group’s ability to manage its vast resources, talk less of implementing the

programmes that need to be rolled out to help it move forward. The average number of workers per cooperative union is six: the general manager, a secretary, a financial officer, someone in charge of coffee collections, the factory operator and the security officer. For everything else, they have to rely on casual labour. The visibly downcast manager of CAPLANDE made the following resigned statement during an interview with the researcher:

We are really just security guards, just here to watch over the place and maintain a semblance of business as usual. There's not much going on.
(Wandji Robert, CAPLANDE, interviewed on 23 June 2016).

UCCAO still quotes its producer base as being 120,000 strong. This figure comes from the last census conducted in 1990. It is unlikely that the group still has that many members since the last census was conducted in the mid-nineties. The plantations are still there; however, many coffee growers have abandoned their farms due to the prolonged multiple crises in the sector. Factoring deaths and farmers turning to other income generating activities, the real figure should be closer to 80,000 members, according to the director of agricultural and cooperative affairs' own admission.

7.4. UCCAO's Finances.

According to UCCAO's General Manager, Mr. François Mefinja Foka, the cooperative is currently worth a combined 12,069,413,436 billion FCFA (i.e. about 25 million US dollars), with annual turnover of just under 500 million FCFA (1 million USD). This is a real low for a cooperative which averaged annual inflows of over 30 billion FCFA per annum in the 1980s (Courade *et al*, 1991). Courade *et al* (1991) blame "politics of the stomach" for the calamitous situation the cooperative is in. In 1987, UCCAO had net savings of 55 million USD and this should have been enough to see them through the

dark days. A lot of the debt which cooperative unions and producers owed the group by 1990 was never collected. The Government of Cameroon also failed to pay another 1 billion FCFA (about 2 million USD) for work the cooperative did on its behalf in the 1980s. Until 1990, UCCAO spent 1 billion FCFA per annum (2 million USD) on salaries, and another 5 million USD to stabilise prices (Courade et al, 1991). General Managers, some of whom were high ranking members of the ruling CPDM (especially Pierre Nzefa) continued to lavish money on electoral campaigns and political events. CAPLABAM had a women's handball team and sponsored one of the biggest football teams in the country - Bamboutos de Mbouda. Two local banks collapsed with 3 billion FCFA worth of its savings. However, UCCAO should still have had at least 20 billion FCFA (40 million USD) in the bank, even after all the mismanagement.

UCCAO developed a strategic turnaround plan in 2013 which has begun to bear fruit. Net turnover grew to 416,046,788 million FCFA in 2016 (the first time in a decade that the group's finances had hit 1 million USD again). It was also expected that a new secondary processing plant based at its *Usine Electronique* compound and which is scheduled to come online in 2017, would help the group double its profits on roast and ground coffee to 1 billion FCFA per annum (i.e. about 2 million USD).

The biggest information that emerges from the cooperative's earnings post-1991 is that up to 70% of UCCAO's turnover now comes from secondary processing activities (roast and ground coffee) rather than from the sale of green coffee beans. Though significant, what it currently makes is still not enough to pay salaries and insurance, service debt and invest in expansion projects. With a majority of earnings now coming from the roast and ground coffee business, there are also questions to be asked about what that will do to the green coffee beans business and whether the permanent staff are looking out for themselves rather than the patrons.

Table 7.2: Table showing UCCAO's assets and current financial situation.

UCCAO's assets and liabilities.		
Line item	Amount	Total
Net assets	12,069,413,436 billion FCFA	12,069,413,436 billion FCFA
Amount UCCAO owes its cooperative unions and other parties	CAPLAMI = 3 billion FCFA CAPLAME = 1.5 billion FCFA CAPLABAM = 300 million FCFA CNPS = undisclosed FONADER = undisclosed	4,800,000,000 billion FCFA
Outstanding debt owed to UCCAO	CAPLANDE = 600 million FCFA CAPLAHN = 1.3 billion FCFA CAPLANOUN = 2 billion FCFA Meridian BIAO = 2,241,085,089 FCFA AMACAM = 854,303,272	6,995,388,361 billion FCFA
Net annual income for 2016	416,046,788 million FCFA	416,046,788 million FCFA
Source: UCCAO DAAC and General Manager.		

7.5. Products and services.

UCCAO is still known as a coffee cooperative although it has constantly diversified and expanded its product base over the years. When it was founded, the main product it traded in was Arabica coffee, due in great part to the mountainous nature of the West Region. UCCAO's list of activities on inception included the following:

- Government projects, farmer advisory and supply of inputs to farmers.
- Collection, hulling, bagging, shipping and commercialisation.
- Promotion of local consumption of coffee.

The government's 'agriculture projects' sometimes extended to building roads and bridges. UCCAO developed its roast and ground coffee brand in the sixties although this venture didn't bring in any significant revenue at the time. Following liberalisation, UCCAO's core products and services have changed, modifying its sources of revenue. Its new focus areas include the following:

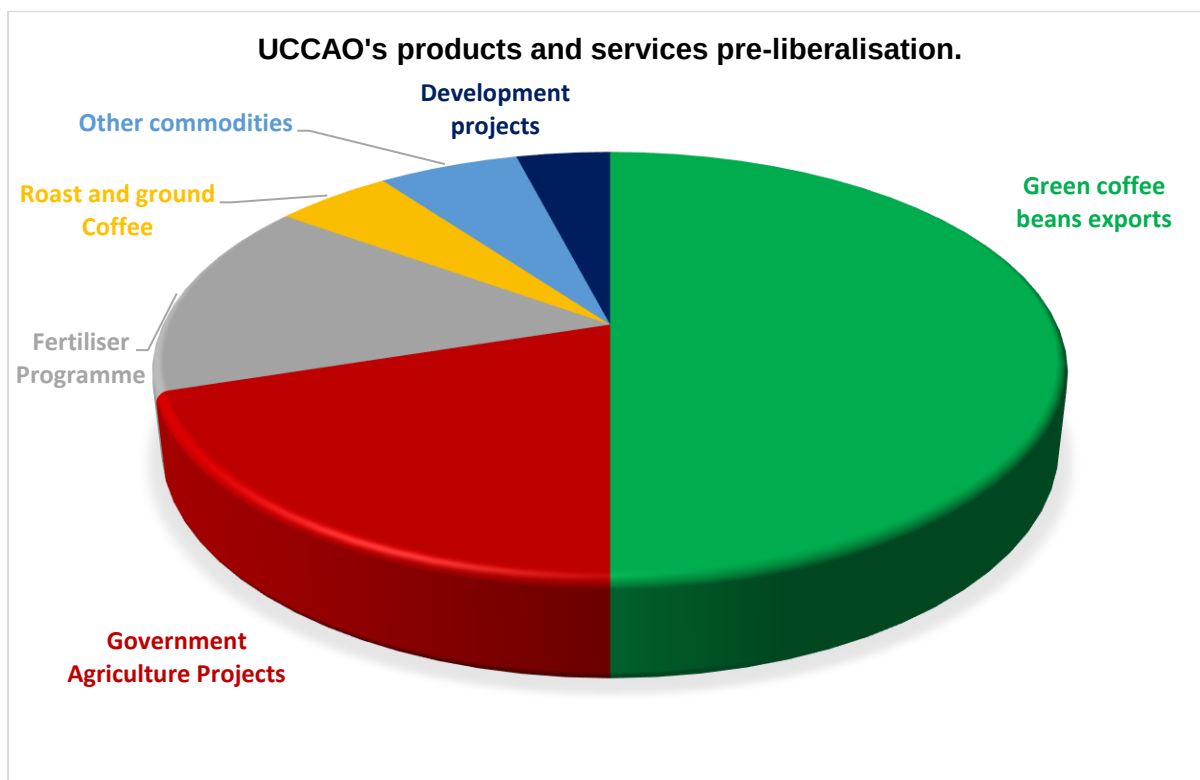


Figure 7-6: UCCAO's products and services before the liberalisation of the coffee sector.

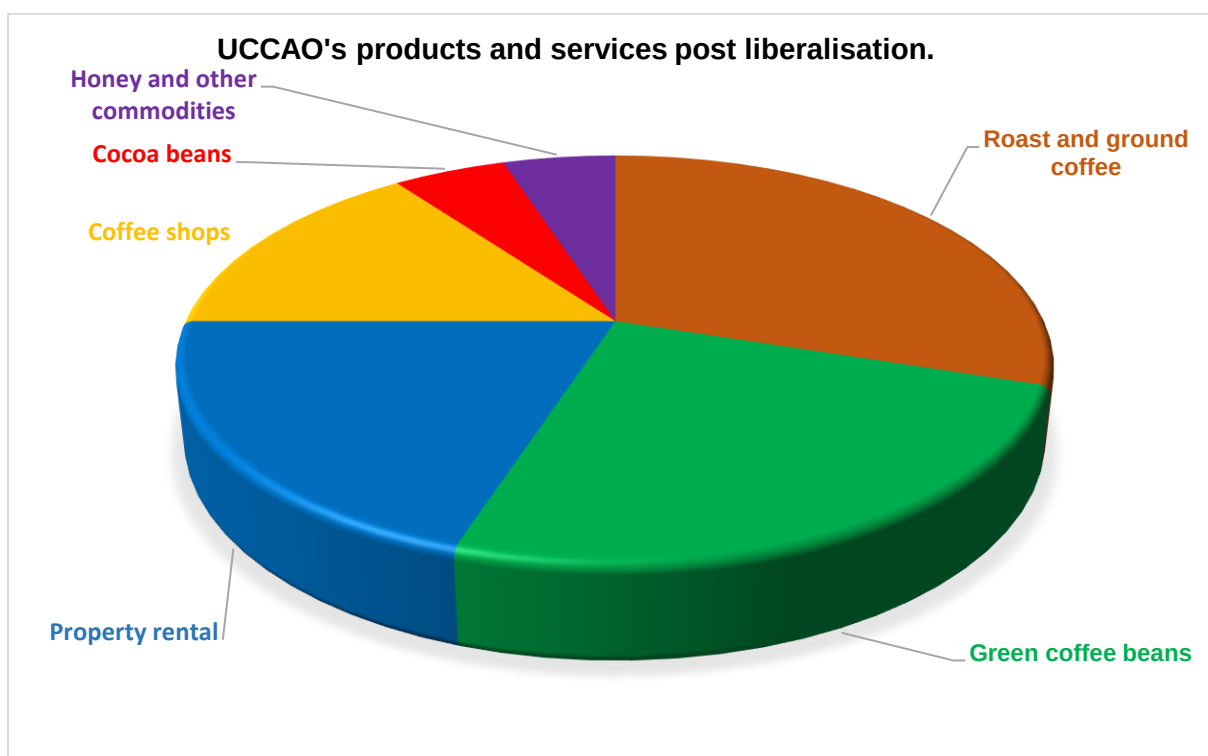


Figure 7-7: UCCAO's products and services after the liberalisation of the coffee sector.

7.5.1. Green coffee beans.

In an area which is supposed to be its core bread and butter, UCCAO has managed to export more than 1000 tonnes of green coffee beans only twice in the last decade. Its expensive state-of-the art *Electronic Factory* stands idle for most of the year. The factory has the following installed capacity:

- Old model Tarar sorter for cleaning, de-stoning and densimetry, with a capacity of 12 tonnes per day.
- Electronic sorters (Sortex, Icor) with a capacity of 12.6 tonnes per hour or 88.2 tonnes per day.
- A demucilager with a capacity of 12 tonnes per day.
- Calibrators with total installed capacity of 54 tonnes per day (36 tonnes for Robusta coffee and 18 tonnes for Arabica coffee).

At full capacity, the UCCAO factory can process all of Cameroon's current total production (about 25,000 tonnes) in three months. Present output of less than 1000 tonnes means that the factory processes its entire stock of green coffee beans in less than 10 days. The Electronic Factory compound also has a secondary processing unit where UCCAO produces its roast and ground coffee. UCCAO's challenges in obtaining green coffee beans from its cooperative unions stem from two main reasons. Firstly, the apex organisation has lost the financial capacity to fund its unions' campaign season purchases. What it gives them is insignificant and they are generally unable to secure extra funds elsewhere, with the few notable exceptions being the big urban unions (CAPLAMI, CAPLAME). Secondly, UCCAO's cooperative unions are close to the busy Moungo production basin where there is a high concentration of private mills and LBAs with ready cash to buy coffee.



Above left: An old Tarar sorting machine does initial sorting to pick out stones and other foreign matter before coffee beans are introduced into the digital line. Top right: digital calibrator.

Bottom left: UCCAO's electronic sorters, which can process all of Cameroon's current annual production in one month, but which mostly stand idle. They are used to pick out black, wet and perforated beans. Bottom right: the bagging line which fills and sews up the vegetable-oil treated jute bags.



Figure 7-8: UCCAO's Usine Electronique or Electronic Factory.



Top left: the crushers which de-pulp and de-mucilage the beans. Top right: the basins in which the first washing is done to separate the beans from the fleshy skin and transparent filaments.

Bottom left: the coffee beans are further washed as they make their way down the waterway. Bottom right: finally, the fully washed beans are spread on the tables to dry under the heat of the sun.



Figure 7-9: CAPLAMI's fully-washed coffee central processing unit.

7.5.2. Fully washed coffee beans.

UCCAO's CAPLAMI cooperative union has the biggest installed capacity for *fully washed* coffee in Cameroon. *Fully washed* coffee fetches higher prices on the international market because it is fuller bodied, higher in acidity levels and more delicious than coffee processed later after harvesting. CAPLAMI started investing in fully-washed coffee in 1995, when 2 coffee washing stations were installed at their Bafoussam compound following a fact-finding mission in Rwanda and Burundi. The unit cost more than 100 million FCFA to build. Its current production is less than 20 tonnes per annum because it cannot buy enough coffee and some members cannot organise the logistics to get their coffee to the CPU on time. All of CAPLAMI's *fully washed* coffee is exported. Traditional clients in Europe are ready to buy a lot more *fully washed* coffee but CAPLAMI has, so far, simply not been able to up its production. With the presence of MNCs in the West and CAPLAMIs financial difficulties, this situation is not expected to change any time soon.

7.5.3. Cocoa beans.

UCCAO produces and sells a small quantity of cocoa beans (less than 50 tonnes per annum) through its CAPLAHN and CAPLANDE secondary unions. The biggest cocoa producing basins in the West are Bangagté and Tonga which are hot and humid and average temperatures of 30 degrees and higher all year round - ideal climate for cocoa production. Annual collection has never exceeded 100 tonnes although this situation is expected to change quickly following the recent construction of a 44 million-dollar processing plant in Kekem by a local businessman.

7.5.4. UCCAO's brand roast and ground coffee.

As far back as 1973, UCCAO had realised that it could double its revenue by marketing its own brand roast and ground coffee. By 1975, it had acquired a 130-kilogram roasting and packaging line. It developed two products which it has been selling ever since: *Café Délice* which is made from 100% Arabica beans and *Café Force II* which is a 70-30 blend, i.e. 70% Arabica coffee and 30% Robusta coffee. Both brands come in 250 grams, 500 grams and 1-kilogram sizes. They have got fairly good brand recognition in the local Cameroonian market.



Figure 7-10: UCCAO's *Café Délice* and *Café Force II* range of roast and ground coffees.

UCCAO was selling only around 18 tonnes of roast and ground coffee per year by 1985. Thanks to a new strategy of encouraging more local consumption in UCCAO-branded coffee shops, sales have grown to about 100 tonnes per year over the last few years. In 2016, UCCAO received a grant of 80 million FCFA from the GoC for a brand-new roast and ground coffee processing plant. The cooperative hopes to sell at least 1000 tonnes of its house brand coffee per annum once the new factory goes

operational in 2018, i.e. a 900% increase on current levels. On the 12th of June 2015, the *Café Délice* brand won the international *Gourmet D'Or* Award at the Paris International Agriculture and Food Festival, something which everyone at UCCAO is rightly proud of. Unfortunately, the cooperative has not been able to leverage this important recognition due to a lack of market presence in developed markets.

7.6. Production and export data.

In what might seem surprising for a business enterprise that has been operating since 1958, UCCAO does not keep readily available data for any of its business streams. An application was submitted for production and export data from UCCAO's inception to date but unfortunately, the group's secretariat couldn't provide it. The skeletal, overworked and demotivated staff in other departments couldn't provide it either. Most of the production data was gleaned from NCCB records and UCCAO yearbooks. Pre-liberalisation data is readily available; however, things get more complicated from 1990 onwards. The people who work at UCCAO now are new staff who do not know where the groups records were stored.

For the period from 1958 to 1991, Courade *et al* (1991) have revealed that UCCAO collected and processed an average 12,829 tonnes of coffee per annum, of which only 9,500 tonnes were shipped abroad as green coffee beans as per the International Coffee Agreement. They also reveal that throughout the 60s, UCCAO had no trouble meeting its export quota requirements. The figures mentioned above include both Arabica and Robusta coffee. However, there is no distinction between what was exported as beans and what was sold as roast ground coffee.

Besides the dramatic drop in production levels, UCCAO's production data reveals two key facts. Firstly, the relationship of trust which existed between UCCAO and its

patrons has deteriorated to the extent that they simply cannot contemplate giving the cooperative their coffee without asking for some kind of upfront payment. Despite the fall in the Arabica tonnage exported from Cameroon, the West province still produces 2000 tonnes of Arabica coffee per annum on average. However, most of this is bought by private LBAs and MNCs. That UCCAO cannot bring farmers it helped set up back into the fold is a very telling sign of how low it has sunk in their eyes.

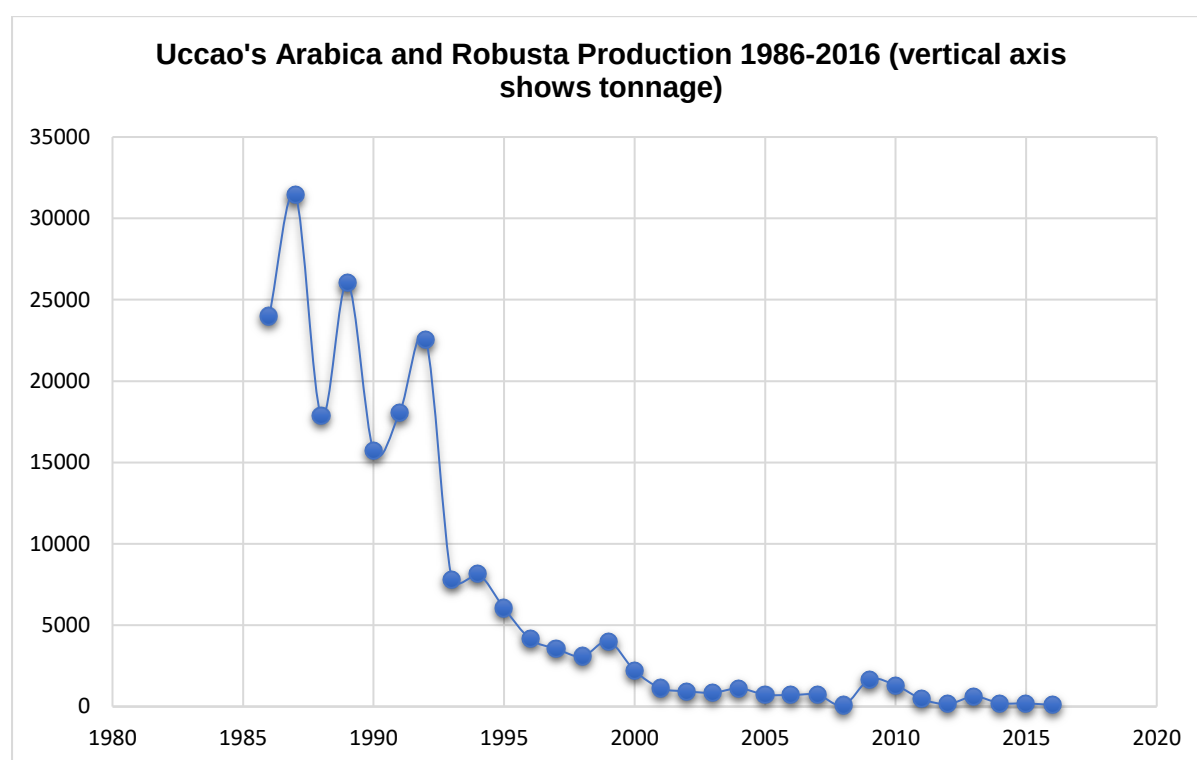


Figure 7-11: UCCAO's coffee production data for 1986 to 2016.

Secondly, there is a direct correlation between the availability of campaign season funding and the coffee UCCAO is able to collect from its farmers. When it manages to get money for this purpose, export figures rise; when it doesn't, they plummet. Unfortunately, the apex cooperative is finding it harder and harder to borrow money from financial institutions. This partly explains why it could only export 36 tonnes of

coffee in 2008, less than 400 tonnes in 2011, 74 tonnes in 2012 and 530 tonnes or less ever since.

7.7. Current internal challenges facing the UCCAO group.

A number of persistent challenges have prevented UCCAO from breaking free from the maelstrom it got caught up in in the 1990s. Some of them - the emergence of Brazil and Vietnam as major coffee exporting countries notably - are beyond the realm of its control. Others however, are endogenous, and could have been handled better sooner. Interviews with apex and secondary cooperative managers revealed the following challenges as the biggest internal problems currently facing UCCAO:

1. Inadequate leadership has been a consistent problem and some managers are clearly not up to the task of transforming the cooperative.
2. UCCAO has taken too long to adapt to free market competition. Corrupt officials also plundered and dilapidated the cash reserves which would have come in handy in its transformation process.
3. UCCAO's inability to set up a crop finance revolving fund is crippling the organisation and fraying relationships with affiliate cooperatives and farmers.
4. Some affiliate cooperatives have gone rogue and flout the provisions of UCCAO's articles of association at every opportunity.
5. UCCAO has done little to develop synergies with like-minded industry cooperatives and stakeholders.
6. Many UCCAO-registered coffee growers regard their own organisation with a lot of mistrust and apprehension.
7. Some cooperative union managers no longer take the cooperative as a priority and moonlight in other businesses to supplement their salaries.

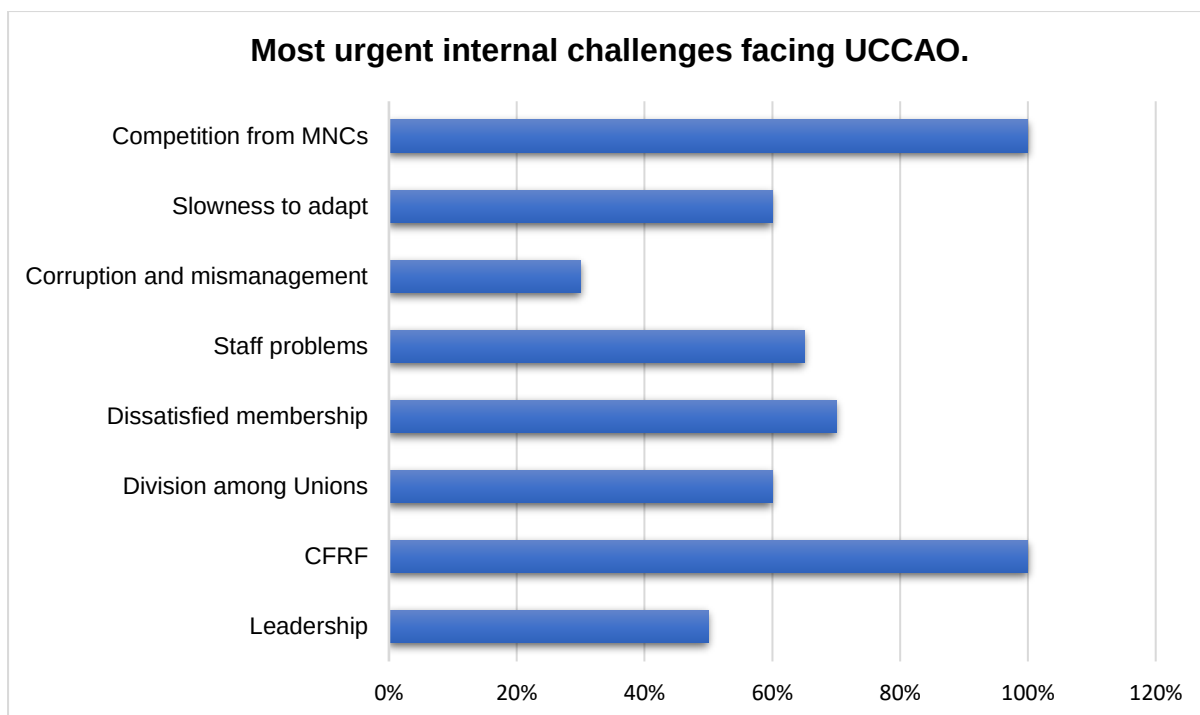


Figure 7-12: List of internal challenges facing the UCCAO group.

The list of challenges was collated from transcripts of interviews with managers. The percentages on the horizontal lines show level of seriousness for each issue indicated.

These difficulties and others are discussed in greater detail in the section that follows.

7.7.1. Leadership challenges.

The cosy relationship which existed between UCCAO and the GoC from 1958 to 1992 caused the cooperative's top executive to view themselves as an elitist, bourgeois class, a posture which made them forget the very reason why UCCAO had been created in the first place. The disgraced former General Manager, Mr. Nzefa Pierre (who at the time of his removal was also General Manager of CAPLAME, parliamentarian in the National Assembly and Politburo member of the ruling CPDM party) was forced out of office in November 2004 following an acrimonious strike action which started in CAPLAME and eventually spread throughout the entire cooperative. CAPLAME staff marched through the streets of Dschang, demanding his immediate

removal from all positions in the group. Two memoranda, dated 29 June 2004 (from CAPLAME) and 06 July 2004 advanced the following reasons why he had to go:

- “Chaotic and apocalyptic (sic) management of human and material resources and flagrant violation of UCCAO and CAPLAME’s internal rules and regulations”;
- Mismanagement of 30 million FCFA worth of coffee reserves;
- More than 18 months’ unpaid salaries and benefits;
- Unilaterally raising his monthly salary from 600,000FCFA to 1,000,000FCFA;
- Refusing to sell stocks of coffee at 1200FCFA per kilo only to later sell it at 190FCFA per kilo to unknown individuals;
- Spending 400 million FCFA on CAMSHIP shares, without the board’s approval;
- Unilaterally awarding a tender of 800 million FCFA for the construction of a new CAPLAME head office, even when it was put to him that the cooperative could not afford it;
- Awarding a loan of 1 billion FCFA to other UCCAO cooperative unions without following CAPLAME processes;
- Using the cooperative’s money to fund CPDM electoral campaigns, including for the June 2004 elections while workers went without salaries.

(Asong, 2004).

Copies of both letters were sent to the Presidency, the National Assembly, the Minister of Agriculture, the Provincial Governor and the press. Predictably, the government did not react to the memoranda. It took a coordinated effort by irate UCCAO apex, CAPLAMI and CAPLAME staff, cooperative union boards and part of the producer base to eject him from office. A senior UCCAO administrator, Mr. Francois Mefinja

Foka, replaced him as the new General Manager later that year. Although Mr. Foka rose through the ranks of the cooperative, he is not immune to the elitist practices of former general managers. During interviews with CAPLAMI staff, they raised complaints about the lavish lifestyle of *'people in the head office'*. They complained that Mr. Foka projected a lifestyle of opulence at a time when workers and producers were suffering and couldn't feed their families. Mr. Foka is chauffeur-driven in an 80 million FCFA (170,000 USD) V8 Toyota Land Cruiser Prado, a far cry from the average UCCAO patron who cannot afford a 1000 USD motor bike.

7.7.2. Inability to fund campaign seasons.

UCCAO's inability to set up a crop finance revolving fund (CFRF) for its campaign seasons is a major impediment to its recovery efforts. UCCAO needs a minimum of 2 billion FCFA to make any noteworthy profit from a campaign season. Smaller cooperatives like CAPLAHN and CAPLANDE have never really been able to stand on their own two feet and have always received bailout money largely thanks to UCCAO's policy of maintaining a province-wide network. Only the bigger cooperatives like CAPLAMI and CAPLAME, which have major assets in urban areas that can be used as collateral for loans, are able to raise their own campaign money. Efforts to get the GoC to help set up a revolving fund have so far proved fruitless. Due to the campaign season funding issues, the apex cooperative took the decision to start its own coffee plantation as part of its turnaround strategy. It acquired a 100-hectares plot in Bandjoun and improved Java II trees have been planted on 20% of the land. All the coffee from this plot is expected to go straight to the secondary processing plant. At this stage, it is unclear exactly how this is going to help the group's primary and secondary cooperatives, or its members for that matter. This policy might further sink

the nail into the coffin of the weaker cooperative unions which still need the help of the bigger unions to bounce back to profitability.

7.7.3. Dissent within the ranks.

UCCAO apex's inability to give its secondary cooperatives money for campaign seasons has created a lot of anger within the bigger secondary unions and their hostility towards their mother organisation keeps growing every year. They no longer consider it relevant. CAPLAMI and CAPLAME now raise their own campaign seasons finance without outside help. They also find buyers for their coffee stocks, in clear breach of the group's policy which states that all major transactions are handled by the apex cooperative. However, UCCAO's apex organisation can do little to stop its member cooperatives from selling to whoever they want. During our interview, the Director of Collection and IT expressed his annoyance at the apex organisation in the following manner:

We have people down there who are earning fantastic salaries and yet we don't know what they are doing. They can't even source money to finance our campaign seasons. Instead, they are competing with us, buying coffee from farmers and things like that (Fosso Michel, Interview 14 July 2016).

CAPLAMI has even developed its own coffee brand and set up a coffee shop at its headquarters, setting it on a collision course with the entire UCCAO group. The coffee shop also sells honey from its members' apiaries. Proceeds from these income streams are redistributed exclusively within the CAPLAMI cooperative union. CAPLAMI is one of the bigger and more powerful cooperatives and so it can get away with such flagrant violations of internal rules and regulations. If left unmanaged, such challenges could ultimately sound the death knell for UCCAO.



Figure 7-13: CAPLAMI's coffee shop.

CAPLAMI's coffee shop is branded in its own yellow and maroon colours, rather than UCCAO'S traditional green and yellow.

In other cooperatives, administrators have reacted to the group's problems by stealing from poor producers. In CAPLANOUN, two managers in succession embezzled proceeds from the sale of farmers' coffee and this caused the head office to call former cooperative executive, Mr. Nsangou Issa back from retirement in 2014 to help steady the ship. CAPLANOUN is in a very strange situation today where all the coffee delivered by them to UCCAO for the 2015/2016 and 2016/2017 campaign seasons came only from people who currently had a job or held a managerial position in the cooperative. This was done to give CAPLANOUN at least some seats in UCCAO's General Assembly.

7.7.4. Lack of collaboration with like-minded cooperatives.

UCCAO has not developed any solidarity relationship with other agricultural cooperatives in the province, in the country or abroad. Instead, its formidable real estate resources scattered all across the province has been left to rot, even as hundreds of agricultural cooperatives in need of brick and mortar assets and guidance

struggle to find a market presence. The West is a major production basin which exports fruits, vegetables, spices and livestock to more than ten countries in the sub-region. UCCAO's organisational capacity as well as its underutilised warehouses and administrative offices can be put to use - for free or on a rental arrangement - by other cooperatives and CIGs, of which there are more than 1500 in the area. With like-minded cooperatives, there would also be greater opportunities for UCCAO to synergise with farmers and if possible, get some of them to produce coffee.

7.7.5. Breakdown of trust between coffee producers and UCCAO.

After numerous betrayals, only a very tenuous relationship now exists between many coffee growers in the West and UCCAO. Interviews with producers revealed that there was daylight between some of them and their organisation. Multiple repeated episodes of unacceptable corruption had sapped their energy and pushed them towards independent LBAs. As far as UCCAO was concerned they operated strictly on a cash-and-carry basis. Even the policy of *ristournes* (i.e. bonuses generated from price fluctuations and better-than-expected rates during the season which is handed to producers at the end of the campaign season) was no longer enough to convince producers to bring their coffee to the cooperative. Whenever they weren't sure that their cooperative had ready cash to buy coffee, they took it elsewhere, to LBAs. A favourite strategy employed by some LBAs, which consists in waiting for UCCAO to announce its prices before topping it up with an extra 50 or 100 FCFA to attract its members, was also a factor in causing some coffee growers to switch allegiances.

Some producers were also guilty of very dishonest behaviour. A number of them who owed their cooperative branch money borrowed when UCCAO was still doing well, preferred to sell their coffee only to independent buyers because they feared that the

amount owed would be deducted from their earnings. They were unwilling to settle their debt, as one manager indicated:

Some of these people are serious crooks. Since they borrowed money from us, they have never set foot here. They have chosen to sell only to independent LBAs, which is a great pity. (Wandji Philip Robert, Manager CAPLANDE, 23 June 2016).

UCCAO had organised communication campaigns to the effect that debt repayments could be structured over a long period of time, to no avail. It must be stated that UCCAO had not done enough to sell itself as a farmers' organisation in the liberalised era. It just took it for granted that producers were going to remain loyal to them even as old coffee growers passed away and their farms were inherited by their children. Unfortunately, the new generation, which saw better opportunities in the services sector, did not feel any deep loyalty towards UCCAO.

7.7.6. UCCAO staff moonlighting elsewhere.

As the volumes of coffee received and processed drop, UCCAO was finding it harder and harder to pay its workers on time, even the few who remain after numerous layoffs. A staff worker in Mbouda explained that they sometimes had to wait about three months to receive one pay cheque. This was a disincentive to committed engagement and some managers and workers had taken to quietly slipping away during office hours to moonlight elsewhere in order to get immediate cash for pressing priorities. On some days, some workers preferred to go to their farms where they farmed food crops which they could sell in the local market. On my third visit to one cooperative union, I waited more than three hours in the Manager's office for some information which he had asked his secretary to type. Finally, he decided to call her on her mobile, only to learn that she wasn't even in her office. She had simply decided not to come

in on the Monday morning. In three other cooperatives, Managers quietly slipped away into town to pursue other ventures with immediate remuneration potential in total disregard of our timetables. They explained their actions by saying that staying in their offices was not paying the bills.

7.8. UCCAO's assessment of the GoC's support to coffee cooperatives.

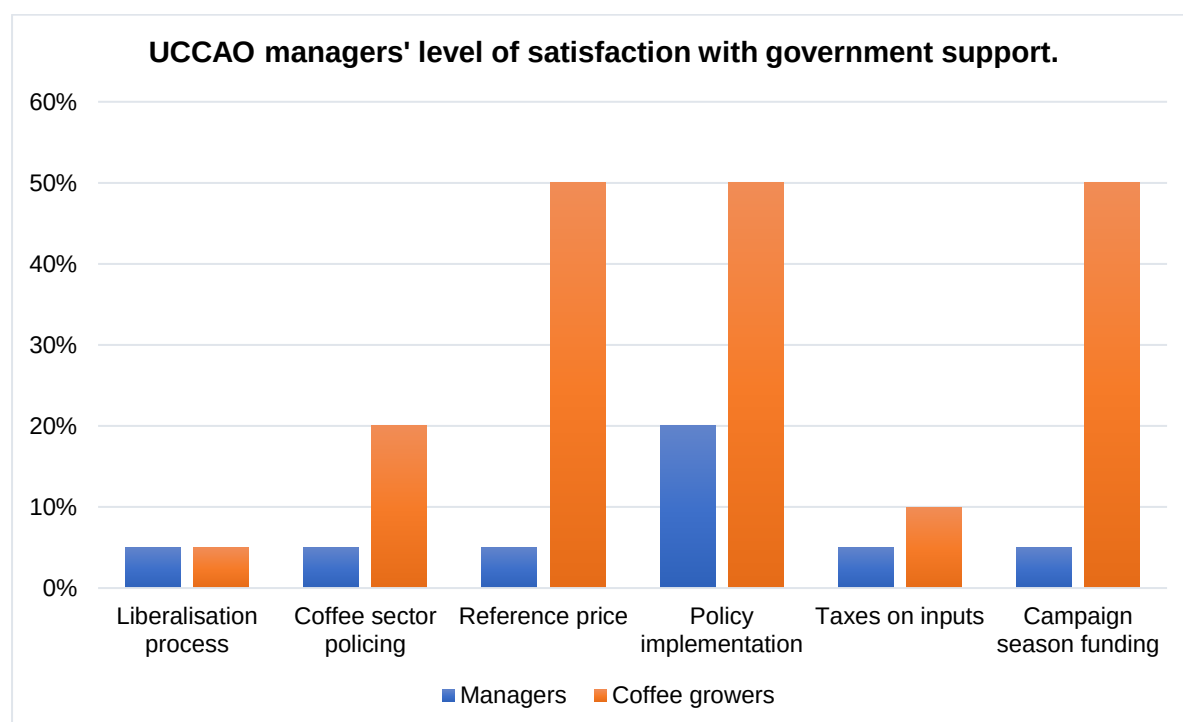


Figure 7-14: UCCAO managers and coffee growers' level of satisfaction with government support.

After a very fruitful, cosy but ultimately costly relationship between UCCAO the GoC which lasted the better part of three decades, the current situation between the two can best be described as difficult at best and even somewhat hostile. UCCAO has a long laundry list of gripes against the GoC, including:

1. The very sudden manner in which the coffee value chain was liberalised.
2. The GoC's reluctance or inability to police the coffee sector.
3. The GoC's reluctance to set and announce an annual reference price.

4. The GoC's very haphazard approach to policy implementation.
5. The GoC's refusal to scrap or cut taxes on fertilisers and other inputs.

7.8.1. Historic relations between UCCAO and the GoC.

From Francophone Cameroon's independence in 1960 until the coffee supply chain was liberalised in 1992, UCCAO was never really an independent institution. The cooperative's managers cultivated the illusion that its patrons were its real owners. However, the strings were always pulled from above by the National Government. Courade *et al* (1991: 890) affirm that "the State constantly intervened in the internal and external technical decisions of the cooperative, which made it impossible for it to define its own operating rules". They further note that it would be futile and vain to look for parallels between the ICA cooperative model and UCCAO because they existed on parallel planes due to their diametrically opposed ownership and operational models. A USAID report published in 1995 confirmed that UCCAO was often perceived as a mere extension of the central government and the one-party state and that cooperative meetings often became political events (USAID, 1995).

Once appointed, UCCAO General Managers had to be approved by government decision and due to this interference, they were usually very eager to finance the campaign activities of the ruling CNU (later CPDM) party. This introduced a culture of rent seeking between UCCAO's entire top echelon and the Ministries of Agriculture and Commerce, which led Courade *et al* (1991: 894) to conclude that "by intervening at different levels of the organisation, the State made it impossible for the cooperative to function like a genuine farmer's organisation".

At UCCAO's head office, coffee activities were run from the West wing while civil servants and project technical consultants occupied the entire East wing from where

rural development operations were coordinated. By the time the SAP was introduced in Cameroon, the GoC and its development partners had run the following projects through UCCAO:

- Annual distribution of subsidised fertiliser to all farmers in the province.
- Reclaiming of low-lying wetlands to set up fruit and vegetable gardens.
- *Haux-Plateaux Development Project* and the *Rural Development Project for the West Province* (PDRPO) funded by the Government of Cameroon, the World Bank and the International Agricultural Development Fund (FIDA).
- Diffusion of agricultural innovations and distribution of improved coffee, beans and maize seeds and tubers.
- Training coffee producers and partnering with them to fight the black pod disease and the coffee berry disease (CBD).
- Annual distribution of fungicides and sprayers to farmers with the help of the European Economic Community (EEC).

By 1990, UCCAO had built several schools and three bridges, constructed 288 kilometres of rural roads linking divisional headquarters to the Provincial capital, Bafoussam, 116 kilometres of which were new and 27 kilometres of which were tarred (Signie, 1999: 282). The existence of so many revenue sources caused financial doping and introduced an elitist culture in the organisation. The fertiliser monopoly alone gave the cooperative and its members at least 1 billion FCFA extra cash every year (about 2 million USD). It caused those in charge of the purse strings to become lax and careless about planning and providing for tough times. A World Bank report published in 1987 noted a generalised failure to respect proper accounting principles, especially by CAPLAHN and CAPLANDE (World Bank, 1987). The same report also noted a tendency for scope creep in most projects, with one gobbling up as much as

an extra 227 million FCFA, or 454,000 USD above what was budgeted and approved (World Bank, 1987). The State's involvement introduced "excessive bureaucracy and very often, overlapping of responsibilities, especially when production activities were not separated from business operations" (World Bank, 1987: 4).

Critically, UCCAO did not bother to ringfence its coffee activities when the going was good, which proved to be its downfall. When the coffee sector was suddenly liberalised, UCCAO suffered more than other cooperatives because overnight, it lost: 1) its own money which had been used to run State projects with the understanding that it was going to get it back; 2) monopoly status for collection of coffee from coffee growers in the entire West province; 3) the civil servants who used to work on its premises; and 4) the extra income it used to get from fertiliser and other programmes.

Since 2008, collaboration between UCCAO and the GoC has been limited to the following projects:

- A 1.3 billion FCFA project for the distribution of fertilisers and pesticides.
- MINEPAT funding for one Toyota Hilux pick-up per cooperative union for collection of coffee.
- MINEPAT funding to renovate UCCAO buildings and warehouses.
- MINCOMMERCE donation of prefabricated coffee shop booths.
- A 4.2 billion FCFA PIB-MDRI-FODECC coffee acreage renewal project.

The only regular and uninterrupted annual collaboration between the GoC and UCCAO is the FODECC subsidy for the distribution of improved seedlings to producers which is valued at 6,000,000 FCFA per year. Even this is not really a government investment per se – FODECC is funded by deductions from coffee

exports. The breakdown in formal cooperation between UCCAO and the GoC has come with real financial consequences which it might never fully recover from.

7.8.2. Liberalisation and how it was introduced.

UCCAO's greatest annoyance with the GoC stems from the manner in which liberalisation has been handled to date. Respondents, both farmers and managers alike, complained that the government dropped the cooperative sector overnight and just left. Not a single Manager at any tier of the UCCAO cooperative said anything positive about liberalisation and the following responses capture the mood that is so prevalent throughout the entire group:

My real disappointment is with liberalisation because it is what has caused everything that is happening now. The Government does not want to stabilise prices. We have asked that the Government should stabilise prices at the beginning of every campaign season. And even if you liberalise, you have to regulate! (Achille Kegne, DAAC, UCCAO, interview 03/06/2016).

CAPLABAM was simply not prepared for liberalisation and after liberalisation, it started borrowing money to survive and that compromised its situation. This situation has not changed to this day. (Tsasse Aurelien, Manager CAPLABAM, 14 July 2016).

A few responses reiterated the fact that liberalisation caught cooperatives completely off-guard and that its effects have been so devastating that they don't know if they will ever recover from it:

Before liberalising, Government should have asked cooperatives first: "Okay, now, we want to liberalise, are you ready to stand on your own two feet? How much money do you have? Who owes you money?". Today, you have FONADER people who keep coming and threatening to shut us down for debts which the government ran up while they were here. (Wandji Philip Robert, Manager CAPLANDE, 23 June 2016).

UCCAO's managers were also bitter that the GoC implemented SAP requirements wholesale without offering any kind of resistance. They repeatedly mentioned Côte d'Ivoire as an example of a country where coffee production was doing well because the State had stood by its producers through the difficult SAP era.

7.8.3. The GoC's unwillingness to properly police the coffee trade.

Since the beginning of the liberalised coffee regime, more than 1000 LBAs have been approved to trade in the coffee business. New laws expressly forbid monopoly trading zones (see Appendices B, C and D). Once accredited, a LBA can operate anywhere in the national territory without any sort of restrictions. UCCAO's General Manager was scathing in his criticism of the government's decision to dish out accreditations to all applicants willy-nilly, even though it didn't have the manpower to monitor what happened on farms and in production basins:

Let's be honest. To get good coffee, you need investment. All these people who are in the coffee business in Cameroon, ask them: where are their factories? That is the problem! That is what is destroying Cameroon's image abroad because you do not have more than three companies that have the equipment and expertise that we've got. You have people who buy coffee and the next day, it is at the port, ready for shipment. How can you have good coffee in those circumstances? In Cameroon, there are 120 processing factories. For 10,000 tonnes of coffee! In Rwanda, you have only five LBAs for 20,000 tonnes of coffee. You can see the ratios. In Cameroon, there is too much disorder. It is the government that needs to stop this mess. I have been saying it everywhere, to public organs like NCCB, to the Ministry of Commerce and the Ministry of Agriculture. A good processing plant must have adequate reception facilities, a drying area, hulling machines, sorters to remove stones and all that, etc. How many LBAs have all that? Today people buy even coffee that's got 20% levels of humidity. Is that normal? (Mefinja Foka, UCCAO GM, June 2016).

The onus for monitoring and regulation of the cocoa and coffee value chains falls on the underfunded and understaffed NCCB. However, with less than 200 staff on the ground, it is battling to play this role. CAPLAMI's Director of Collection pointed to MINADER's lack of urgency in policing rural production basins as a major reason for its difficulties:

The Ministry of Agriculture has to be on the ground to see what is happening! What is the Ministry of Agriculture doing? What are agronomical engineers doing? Which work do the employees of the Ministry of Agriculture do? The Regional, Divisional and District offices of Agriculture, what work do they do? You cannot revamp the coffee sector without first putting order in the house! (Fosso Michel, CAPLAMI, interviewed on 14 July 2016).

The apex cooperative's Director of Agricultural and Cooperative Affairs also questioned the Government's inability to regulate LBAs and coxeurs (illegal buyers) with the same rigour and high standards that cooperatives are subjected to:

The coxeurs and LBAs who move around in the farms, who checks their scales? Do they even use scales? Who checks to see if they pay taxes? Where do they declare their purchase statistics? Achille Kegne, DAAC, UCCAO, interviewed on 03/06/2016.

The quality of coffee depends a lot on how it is handled between the time it is picked and the time it is shipped, and much of this depends on warehousing facilities as well. Warehouses should meet a number of specifications set by the Ministry of Commerce, as the Manager of UCCAO's Electronic Factory explained:

The ONCC people come here regularly to inspect our warehouse. They check the height, they check our scales, they check the transparent roofing sheet after every three meters to make sure that the warehouse is always warm enough to avoid humidity issues and they also check the distance between the coffee lots. After each inspection, they issue a certificate of

conformity. (Tutchamo Jean-Claude, Manager Electronic Factory, interview 12 July 2016).

When we have our meetings, the NCCB people and the gendarmes say that they will set up check points to catch coxeurs but they never do anything. (Wandji Philip Robert, Manager CAPLANDE, 23 June 2016).

The phenomenon of illegal buying (coxage) has spiralled out of control with people going from door to door at to buy coffee night. During one of our interviews, UCCAO's director of Agriculture and Cooperative Affairs said with a lot of anger in his voice:

"The coxeurs who buy coffee at night – Where do they store this coffee? Certainly not in a warehouse, that's for sure." (Achille Kegne, interviewed on 06/07/2016).

Unscrupulous coffee growers and their children took advantage of naïve night-time buyers by deliberately re-soaking their coffee to make it heavier and by so doing, they got paid for more kilograms than what their coffee actually weighed. CAPLAHN workers complained that illegal buying was particularly rampant in Manja, Balengou and Bassamba. For CAPLANOUN, illegal buying involved not only *coxeurs* but also people from CAPLAMI as well who crossed over into their territory to buy coffee and boost their annual production statistics. Interestingly, when contacted, the forces of law and order did not have any records for illegal transportation of coffee.

7.8.4. The GoC's failure to set and monitor a reference price.

A reference price is an indicative instrument which coffee growers can use to determine at which price to sell their coffee. It is certainly not a binding instrument; however, it gives the market a sense of direction. It sets a reference against which the producer can negotiate upwards or downwards. Critically too, it eliminates a vacuum in which the buyer calls all the shots. Everybody at UCCAO was unanimous that the

GoC had a duty to develop a *national* reference price mechanism for coffee because in the current market, and as things stand, the rates used by LBAs were decided in a very arbitrary fashion. The following response illustrated the chaos that existed in terms of pricing:

We don't know how these people arrive at the rates they are charging. One day, they are buying coffee at 20,000 per bag. Per bag! The next day, they are paying 40,000. It is the government's job to monitor and put a stop to this mess. Coffee should be sold in Kilograms, period. (Fondjo Armand, CAPLAHN, interviewed on 23 June 2016).

CAPLAMI's Mr. Fosso Michel argued that Kenyan farmers were getting over 2000FCFA per kilogram of coffee (i.e. more than double what Cameroonian producers were getting) because *"in that country, the state plays a critical role in the process"* (Fosso Michel, CAPLAMI, interviewed on 14 July 2016). In Kenya, coffee is sold through the Nairobi Coffee Exchange. The existence of a coffee exchange nullifies the situation where someone can just turn up at a producer's doorstep late at night and pay whatever price they want for coffee, even if the producer is in desperate need of cash. In Cote d'Ivoire, where there is a consensus that government has a critical role to play in giving the markets direction, a national reference price is announced at the beginning of every campaign season. All LBAs use this reference price when they are on the ground because producers know it beforehand.

7.8.5. Haphazard policy implementation.

Respondents directed a lot of ire at the GoC's inability to implement one coherent and ambitious plan to revamp the coffee sector. The complaints regarding the GoC's support programmes specifically included the following:

- **Lack of clarity on policy issues.**

Managers were unanimous that the GoC did not have a clear plan to help the cooperative in the free market era. They pointed to the high turnover in Ministers who had held the agriculture portfolio over the past decade as the reason for the policy confusion:

When Jean Kuete was Minister of Agriculture, he signed an MOU with us. Then he left and Esimi Menye took over. Esimi Menye never set foot in the West Region. Now, we have Eyebe Ayissi. We are still waiting for him to do something concrete for cooperatives. (Wandji Philip Robert, Manager CAPLANDE, 23 June 2016).

Every time the MINADER portfolio changed hands, relations between UCCAO and the GoC hit the reset button. The instability cascaded down even to programmes that had already been signed off on by departing Ministers. This highlighted the need for greater coherence and clarity on the State's part.

- **No monitoring and evaluation mechanism to track coffee sector development programmes.**

The GoC had made some positive noises about rehabilitating the cocoa and coffee sectors and getting them back to their pre-1992 levels. However, POs claimed that they were yet to see any real committed action to improve coffee production in Cameroon from the national government. In fact, according to the man who is in charge of monitoring the situation of coffee trees within UCCAO's jurisdiction, the GoC's 2015-2020 strategic plan was going to fail because:

They give farmers coffee but nothing is done to see if the seedlings were ever planted or if they even survived after the first year. They don't even give inputs to fertilise and water the plants. Where do they think that coffee growers will get the money to buy inputs for these new plants? UCCAO doesn't have money to offer extension services or monitor the progress of

these plants. So, they are just hoping that the plants will grow. (Achille Kegne, UCCAO DAAC, interviewed on 06/06/16).

The CCIC's NEWGEN programme has helped set up 200 young farmers in the West province with training seedlings and all the inputs they need for the first two years. However, nobody had been tasked with monitoring them on a regular basis to see how new plantations were doing. There was no mechanism to monitor the seedlings financed by the annual FODECC grants either because UCCAO could afford extension services:

It is pointless to distribute seedlings to farmers if there is no follow up. When farmers plant these seedlings, is there any follow up to see if the coffee is growing? You have to monitor the process! You have to monitor the process! The Ministry of Agriculture has got experts and they should be following up. They distribute about 10,000 coffee seedlings to farmers for example and there is zero follow up. Instead of monitoring the thing in a scientific way, they are hoping and praying to God that all the coffee will grow. (Fosso Michel, CAPLAMI, interviewed on 14 July 2016).

To monitor farms, you need a budget, you need transportation and you need qualified people. Who is going to pay for all that? The cooperative does not have any money to do it! We just have to wait and see what happens. (Achille Kegne, DAAC, UCCAO, interviewed on 03/06/2016).

UCCAO further argued that it was pointless for the GoC to create nurseries because coffee growers themselves know how to produce seedlings. All they required was some financial support to buy fertilisers, urea and pesticides to take care of their crops.

- **No realistic plan to attract youth into the coffee business.**

Many of UCCAO's patrons were resigned to dying with their farming knowledge. The average coffee farmer in the West province is 55 years or older. Very few members of

the younger generation were interested in taking over their parents' farms. A farmer made the following revelation with a very sad look on his face:

Coffee farmers are dying one by one with their secrets. Young farmers don't even know how to trim coffee plants anymore. Whenever I try to show my son how to take care of the coffee trees, he tells me that it is a waste of time. He looks at my coffee deposit booklet and tells me that he can make a lot more elsewhere. (Simplice, Caplami producer, interviewed on June 23, 2016).

This claim was echoed by managers across the cooperative. Regeneration programmes were underfunded and unlikely to lower the average coffee growers' age by much. For UCCAO's Director of DAAC,

Any programme targeted at the youth, or any programmes to plant new coffee plots must factor a budget for extension services and constant monitoring. (Achille Kegne, DAAC, UCCAO, interviewed on 03/06/2016).

Although UCCAO stood to gain the most from the renewal of the coffee acreage in the West region, they really didn't have the financial muscle to offer producers any support. Programmes such as PAIJA, NEWGEN and PURC-Café used to set up young farmers also did not have funding for continuous monitoring of their plantations and this omission meant that the GoC and cooperatives were relying more on hope than anything else for the programme to succeed.

7.8.6. No cuts or reduction in taxes on inputs.

Before liberalisation, UCCAO had monopoly over the sale of fertilisers, fungicides and pesticides in the West Region and 30% of the fertiliser that was used in all of Cameroon was distributed in the West Province (Courade, 1991). However, all subsidies on fertilisers had since been taken away after 1991 and coffee growers were paying up to 21,000 FCFA per bag. Most of them didn't even use it on their coffee

trees. UCCAO Managers were unhappy that the GoC had not scrapped taxes on fertilisers and inputs:

We have asked the government to remove the taxes on fertilisers but they don't want to do it. We have even asked them to create a mechanism where cooperatives get fertilisers at cost price, but even that one has not been done. (Achille Kegne, DAAC, UCCAO, interview 03/06/2016).

The GoC had continuously refused to grant cooperatives' and agribusinesses' request, choosing instead to buy and distribute an insignificant quantity of inputs to all cooperatives and CIGs every year. What it gave came very late, at the end of the campaign season when it is no longer needed. It also came in very insignificant quantities. A producer with a three-hectare farm for example received two bags of fertiliser whereas what was needed for a plantation of that size was closer to 30 bags (10 bags per hectare x 3) twice per campaign season.

During the field research, I witnessed the distribution process for the 2016/2017 campaign season. Most farmers got either one bag or half a bag plus a packet of fungicides. The distribution process was also riddled with corruption as some coffee producers claimed:

We know the people who always get all the fertiliser. They do not have any farms anywhere, and yet they are always the ones who get all the fertiliser. They register CIGs and receive fertilisers which they then sell to the shops in town. We know what is going on. (Mr Abdoulaye Moussa, member CAPLANOUN, interviewed on 28 July 2016).

The GoC claimed that it had stopped supporting CIGs following the adoption of the *OHADA Uniform Act on Cooperatives*. However, CIGs were also receiving fertiliser and fungicides:

There are people who have more than 20 CIGs in their briefcase! When they want to distribute fertiliser, they also give to CIGs and then they vanish into thin air. So imagine, one person who takes 20 bags of fertiliser for his CIGs, how many bags are those? For one person! Also, the papers which announce how many bags of fertiliser we have been allocated in the Ministry of Agriculture and what we end up getting are two different things. (Fosso Michel, CAPLAMI, interviewed on 14 July 2016).

The fertiliser programme may just exist to show a semblance of doing something. It may well be that the GoC was reluctant to scrap import duties because fertiliser was one of the biggest range of taxable products imported into Cameroon every year.

7.8.7. The urgency of a campaign season revolving fund.

The biggest source of UCCAO's current problems was its inability to fund campaign seasons. What money it managed to secure ahead of campaign seasons came in the form of high-interest loans from financial institutions. Liquidity issues were a constant challenge for cooperative unions:

A member of the cooperative can come here with his coffee and end up going back with it because we do not have any money to buy it from him. That is the sad reality. (Wandji Philip Robert, Manager CAPLANDE, 23 June 2016).

In 2015, MINEPAT gave all UCCAO secondary cooperatives a Toyota Hilux pick-up truck each to collect coffee from plantations. UCCAO managers were grateful for the gift but wondered of what use it was since they lacked funds to buy coffee with:

MINEPAT gave us money for pick-ups in 2013. But the problem is that UCCAO cooperatives do not even have money to buy coffee. This year, we borrowed 130 million FCFA from banks to buy coffee and the money was finished after only three weeks! There is coffee- we just don't have money to buy it. We have asked the government to set up a fund which we can use to buy coffee – they can manage it themselves, but they have not done it.

We are reluctant to take bank loans to finance our campaign seasons because bank loans come with very high interests. (Achille Kegne, DACA, UCCAO, interviewed 03/06/2016).

130 million FCFA was just over 270,000 USD, a drop in the ocean compared to what UCCAO needed to make significant purchases. According to the UCCAO DACA manager, UCCAO needed at least 5 million USD to have a good campaign season. The cooperative's current liquidity challenges meant that its Electronic Factory stood empty or idle for most of the year.



Figure 7-15: UCCAO's warehouses stand empty or underutilised for most of the year.

7.9. UCCAO coffee growers' assessment of the State's support to their cooperative.

The general sentiment among UCCAO's co-operators was that liberalisation was a really bad policy decision. Producers who visited the cooperative generally had very sad, resigned looks on their faces, which quickly turned to disappointment when they were asked about the free market era. A respondent even assured me that "UCCAO

est fini!” (UCCAO is finished). Respondents directed their fire at three main targets: UCCAO’s apex administration, the GoC and illegal buyers, also known as *coxeurs*.

- **Complaints against UCCAO.**

Respondents were very dissatisfied with UCCAO’s performance in the liberalised era. Not a single respondent was happy with its performance. 20% of responses expressed resignation, and 80% expressed anger at the perceived lack of action from their cooperative. They wanted the cooperative to do more to help them. In Foumban, there was a complete breakdown in relationship between CAPLANOUN’s members and their cooperative, with some farmers even using expletives to describe the managers at their cooperative. A respondent called them ‘thieves’:

Forget about those people. They are all thieves. They only take care of themselves. (Abdoulaye Moussa, CAPLANOUN, interviewed on 28 July 2016).

There had been infighting in CAPLANOUN since the beginning of the liberalised era, exacerbated by two past General Managers pocketing proceeds from the sales of patrons’ coffee. The members had stormed the cooperative’s offices and chased the former General Manager out of town, before replacing him with the incumbent, Mr. Nsangou Issa. The new leadership was finding it difficult to buy coffee from its members, even on a cash-and-carry basis. This meant that the big regional processing facility in Foubot was standing idle for most of the year. Some respondents wondered aloud if UCCAO was ever going to see its glory days again.

- **Complaints against the State and illegal buyers.**

Concerning the State, respondents insisted that the government should have implemented a transition period before exiting the coffee sector. The State’s sudden

exit from the cooperative sector was viewed with a lot of anger and bitterness. Respondents were also very unhappy that the State was not doing its job of supervising the conditions under which coffee was traded, and this was making it even harder for them to adjust to free market trade. The problem of illegal buying was top on everyone's mind. A farmer complained that:

If you leave coffee in the house and go out, you will not find it on your return. These coxeurs are a real problem. Something has to be done about it soon. I don't know what the government is doing. (Mon. Tassa, CAPLANDE, 23 June 2016).

Illegal buying was particularly rampant in the outlying parts of the province (CAPLAHAN, CAPLANDE, CAPLABAM) where government services were almost non-existent. Respondents said that illegal buying was never a major problem before liberalisation because there was only one LBC in the province, i.e. UCCAO. Now, their children were constantly stealing their coffee and selling it to itinerant LBAs. There were thousands of LBAs roaming the countryside and even if one wanted to trace where their coffee had been sold, it would be impossible to know who had bought it and where it had ended up.

Coffee growers further expressed the desire to see a Cameroonian reference price. They complained that there were too many LBAs in the province who all preyed on their ignorance. This was discouraging some of them from the coffee business altogether:

LBAs use very funny tricks to get our coffee. What they pay discourages you from even going to the farm. They all want to buy only in bags – very few of them come with scales and even when they do, the scales show funny readings. But what can we do my son? We need the money (Mon. Njoya Seidou, Caplanoun, interviewed on 28 June 2016).

Respondents felt that the only solution to this problem was a reference price:

The State must set a reference price for our coffee. If there was a reference price, this problem of coxeurs will disappear overnight (Tadoum Jean, CAPLAMI, interviewed on 3 June 2016).

Although the State had clearly indicated a desire to implement a countrywide reference price for coffee in *Law No 91/007 of 12 June 1991*, it had never adopted one. It had always relied on international prices announced by the NCCB. This was making it hard for coffee growers to know what to charge in the various parts of the province, since prices also changed depending on how close or far one was to main transport arteries. The West is a very mountainous province. Some areas are completely cut off from major arteries and these are perfect conditions for LBAs with ready cash to prey on people who have financial problems.

The final complaint concerned government support to farmers. Respondents were very unhappy that the government was no longer giving them enough fertiliser for their farms. This was making it difficult for them to improve their annual yields. They also mentioned the issue of corruption with regards to the distribution of inputs:

I am telling you that a single connected person can get 200 bags of fertiliser under different names and by evening, he has already sold them to a trader in town. We know these people. If you go to them now and ask them to show you their farm, they will not be able to show you (Abdoulaye Moussa, CAPLANOUN, interviewed on 28 June 2016).

Although the General Managers insisted that such claims were false, the fact that multiple respondents across different administrative divisions had brought it up meant that there was certainly some truth to it. UCCAO had over 80,000 members and there were certainly opportunities for corruption. Some farmers themselves were also taking

chances and trying to get more than what they had been allocated. During my stay in CAPLANDE, a member of the cooperative came to the office one day in the General Manager's absence and said that she had been promised seven bags of fertiliser. The Accountant was adamant that this was impossible, but she insisted. The Accountant finally telephoned the General Manager who confirmed that the producer was in fact only due one bag like everybody else.

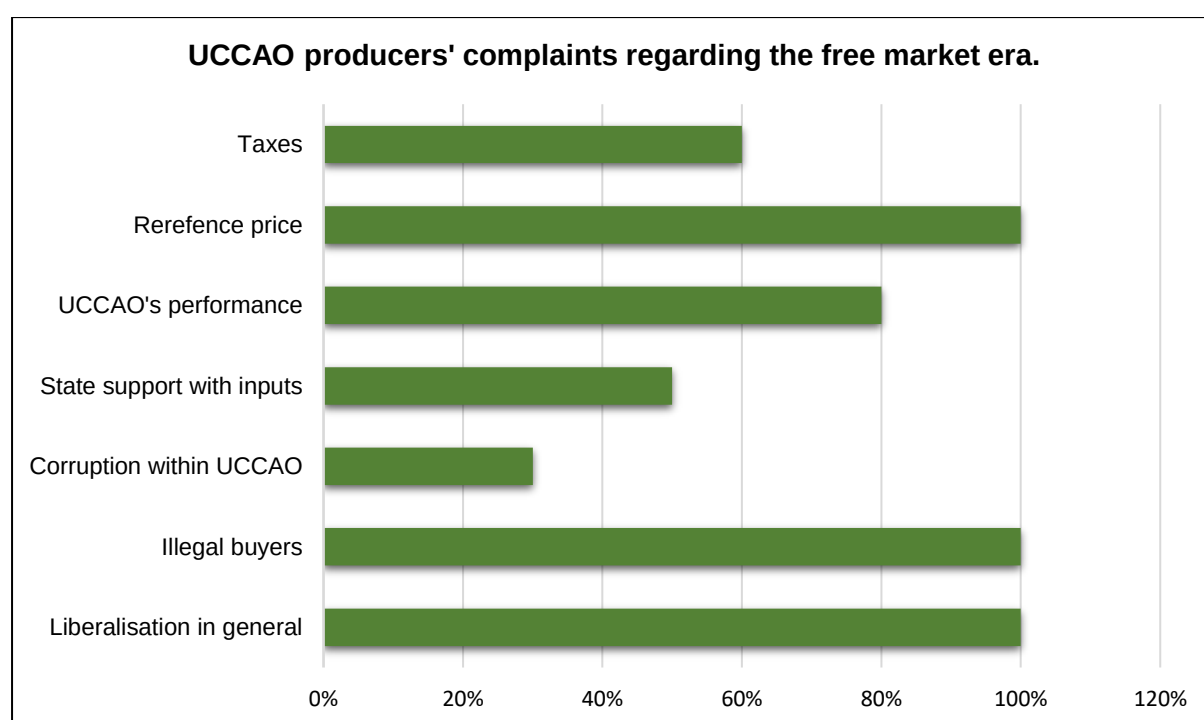


Figure 7-16: UCCAO's producers' complaints regarding the free market era.

Another group of members did not have a problem with corruption but rather with the number of bags they were allocated. Farmers were receiving one bag of fertiliser plus one sachet of pesticides. Some confessed that they were using the fertiliser in their corn fields because they didn't see the change that it could bring to their coffee trees.

Finally, coffee growers in the West did not think that UCCAO was helping them get better access to markets. If the general mood of dissatisfaction persisted, it would certainly continue the cooperative's degeneration and general downward spiral. This prevalent mood certainly necessitated a study to find out if – and/or which – members were benefiting from the 80% increase in production and sales of roast and ground coffee at the head office.

7.10. UCCAO's plan to leverage the free trade food regime.

After a chaotic start to the liberalised era, it took UCCAO an eternity to develop a plan remotely on the scale of what was needed to steady the UCCAO ship and turn it around. The often-repeated excuse was that there just wasn't enough money to do anything major. However, this was not strictly true because building bridges with coffee growers and implementing small changes to win back their trust doesn't rely on money. Be that as it may, in 2013, UCCAO launched a strategic plan to stabilise and grow the cooperative. The plan was based on the following six pillars:

- Revamping coffee and cocoa production and restoring UCCAO to its position as the number one coffee collection and processing organisation in the West.
- Diversifying producers' income streams by encouraging them to start producing other commodities.
- Developing and rehabilitating rural infrastructure for improved livelihoods.
- Transforming 80% of Arabica coffee and 20% of Robusta coffee into roast ground coffee locally within the next five years.

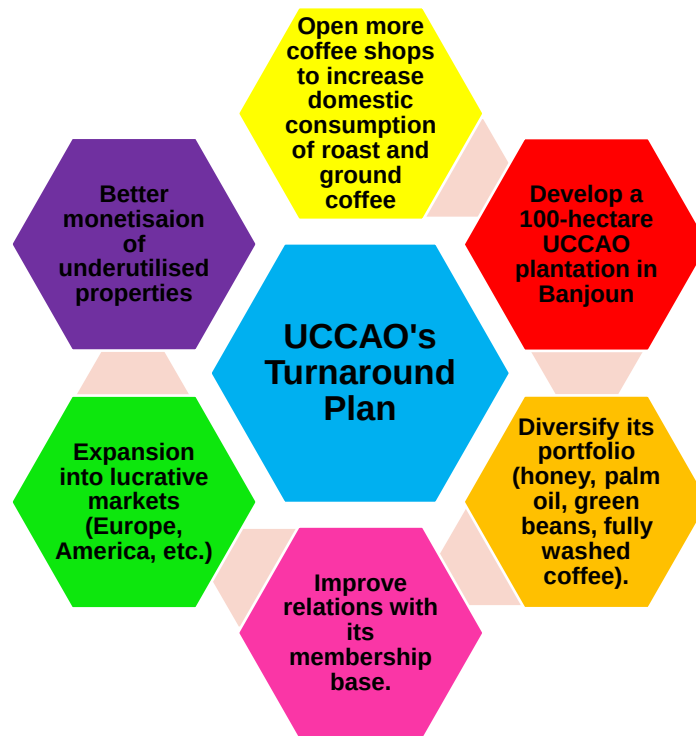


Figure 7-17: UCCAO's plan to leverage emerging opportunities in the neoliberal free market era.

- Better optimisation of brick-and-mortar facilities.
- Opening of more coffee shops to sell more finished products as well as to get more Cameroonians to start consuming coffee.

The total budget for the strategic plan was set at 62.5 billion FCFA (about 125 million USD), of which UCCAO itself would be responsible for 20%. The 80% external financing UCCAO was looking for was not long or short-term loans, but rather donations and subsidies. This was the first problem with the document: if UCCAO was prepared or able to fund only 20% of its own turnaround strategy, that posed some major issues. It was hard to see why an external donor would be ready to pay more for a plan than the very people who had a vested interest in its success. The plan itself mentioned that it would lobby to get money from the donor community for most of the projects, a second red flag. At a time when the GoC itself was struggling to get donor

financing for many of its priorities, it was difficult to see how UCCAO, which had attracted less than 1 million USD in external financing in 25 years would suddenly manage to attract in excess of 125 million USD for its strategic plan. Viewed from this lens, the plan looked more like a wish list than something that will ever be actualised.

Tellingly, by 2017, the plan hadn't gained much traction. UCCAO had not been able to assemble the cash needed to implement it. It hadn't managed to get even its own 20% share of the financing either. Fortunately, the Government of Cameroon gave the group 80 million FCFA in 2016 for a secondary processing factory line, which was going to help move the fourth agenda of its strategic plan forward. UCCAO had started on some other priorities which do not require a lot of money. The main areas where progress had been recorded by the fifth year of the plan (2017) included the following:

1. Expansion into lucrative markets and participation in local and international trade fairs.
2. Active development of a network of UCCAO-branded kiosks.
3. Investment in fully washed coffee.
4. Renting out of underutilised warehouses to private businesses.
5. Creation of a UCCAO plantation to ensure a steady supply of coffee to the secondary-processing factory.
6. Supporting cooperative unions to generate enough income to pay permanent staff's salaries.

The efforts made in those areas are discussed in greater detail in 7.10 below:

7.10.1. Expansion into lucrative markets.

UCCAO does not have a clear, coherent and actionable marketing plan backed by precise objectives and commensurate investment to expand into lucrative markets.

The group seems to want to bounce from deal to deal and take each day as it comes. This modus operandi has created an irony where UCCAO's *Café Délice* won the *Gourmet d'Or* for best roast and ground coffee at the *Paris International Agriculture and Food Festival* on June 12, 2015, and yet, it has not been able to leverage that success to push bigger volumes in Europe or other developed markets.

UCCAO's financial and marketing department insist that they are now selling more coffee in urban areas although they do not have a list of shops to track where the growth is happening. This lacuna was further confirmed by the Marketing Manager who revealed that UCCAO does not have a clear plan on how to increase their market share. The finance and marketing department confessed that they didn't have a marketing budget with the following bullish but ultimately incongruous statement:

We don't have a specific marketing budget or plan. And we don't have an advertising budget either. This is a strategic decision. We cannot spend money to advertise products and transfer that cost to the customer. The customer who drinks Nescafé and then drinks our product will see the difference for themselves. We have a lot of confidence in our product. (Zacharie Ngouo Papou, UCCAO marketing officer, interviewed on 05/06/16).

This statement sounded strange the first time he said it, but unfortunately, it was repeated by more people in the sales department and it quickly became clear that the real problem was the utterly desperate situation in which they found themselves. This stoic, almost resigned determination in the face of the cooperative's dire situation was, to a large degree, dictated by severe cash problems. Sales of roast and ground coffee had gone up through the groups sheer determination. Production of roast and ground coffee had risen from 52 tonnes to 100 tonnes over the past decade and revenue from this stream had gone up from 127, 847,116 million FCFA to over 400,000,000 FCFA

although this rise also factored coffee retailed through the cooperative's coffee kiosks. However, there was room to do much, much more. By comparison, Nescafé was making 5 billion FCFA per month in the Central African ECCAS market.

Abroad, the General Manager and his marketing team relied heavily on international trade fairs to push the UCCAO brand. While they have generated some leads through this method, they have not yet managed to transform those into sales. The trade fairs which UCCAO attended regularly included:

- Dakar International Trade Fair- FIDAK.
- Milan agribusiness trade fair.
- Senegal International agribusiness trade fair – FIARA.
- Algerian annual agribusiness fair.
- Paris International Agriculture and Food Festival.

The list shows a heavy bias for French-speaking countries. UCCAO had not yet started going to events in Scandinavian or English-speaking countries. The explanation given was that they didn't have enough product to expand their sales and so, it wouldn't make sense to over-extend themselves, which was a fair point. UCCAO went to some of these trade fairs on own initiative; others they went to as part of MINCOMMERCE trips abroad. Its wish was to have a supermarket in Europe or in a developed country stock its products. For that dream to be actualised, UCCAO would have to change its marketing strategy and learn the mechanics of obtaining supermarket shelf space in Western countries.

7.10.2. Development of a network of UCCAO-branded coffee kiosks.

UCCAO's department of finance and marketing's top priority in Cameroon is the development of a network of coffee kiosks branded in UCCAO's green and yellow

corporate colours. The coffee kiosks are rudimentary booths made of plywood and equipped with coffee urns, a gas stove and a display shelf. Some had a few tables and chairs for customers, others did not. UCCAO had set up three of these kiosks in Bafoussam with its own funds: at Marché B, on the road to Bangangté and at its headquarters. A number of privately-owned kiosks had also been branded with UCCAO's colours through a semi-franchising partnership agreement. UCCAO secondary unions were also required to have these kiosks on their premises. CAPLABAM had set up a UCCAO-branded kiosk on their premises but CAPLAMI had defied this rule, opting instead to develop one branded in its own yellow-red corporate colours.

The coffee was sold with honey supplied by producers who have set up beehives through UCCAO's honey-production scheme. Every morning, the kiosk attendants picked up their daily supply of coffee from the department of finance and marketing. In the evening, they returned leftover coffee and paid in proceeds from the day's business. The profits were used to pay off debts, permanent workers' salaries and CNPS social insurance contributions. It remained to be seen how ordinary patrons would benefit from this. UCCAO had also set up kiosks at Yaoundé's Nsimalen International Airport, on the national parliament precinct as well as in some ministries with booths supplied by the Ministry of Commerce. Unfortunately, this initiative had suffered some setbacks due to ignorance about coffee. The kiosks in the Universities of Yaoundé and Dschang were closed because the Vice Chancellors of those institutions advanced the unfounded argument that coffee was not good for students. Another kiosk in Douala was destroyed due to road construction works.



Figure 7-18: UCCAO coffee kiosks in CAPLABAM (Mbouda) and at the head office in Bafoussam.

7.10.3. Investment in fully washed coffee.

UCCAO intended to set up processing units for *fully washed* coffee in all its compounds. Only CAPLAMI had fully washed facilities at the moment. Unfortunately, CAPLAMI's central processing unit was underutilised because: (i) CAPLAMI didn't have enough money to buy coffee from farmers; (ii) many coffee producers had turned their backs on their cooperative; and (iii) farmers did not have transportation to take their coffee berries to the cooperative immediately after harvesting. In the *fully washed* process, there is a strict requirement for coffee to be taken to the cooperative immediately it is harvested. Most CAPLAMI registered members did not have the means to transport their coffee to the cooperative within the required turnaround time. CAPLAMI made a strategic mistake when it built the CPU; it should have been placed closer to coffee farms and not in the middle of Bafoussam city. Currently, the unit processed 100 tonnes of coffee per annum on average, all of which was sold with little difficulty. In fact, buyers from Europe came right to the cooperative to pick up all the *fully washed* coffee.

Even though *fully washed* coffee fetches almost double the price of green coffee beans processed using artisanal methods, it costs a lot of money to set up a CPU. A small CPU costs 60,000 USD on average to build. Equipping all of UCCAO's cooperatives with coffee washing stations would cost a minimum of 60,000 USD X 5, i.e. 300,000 USD, scalable according to other specifications and requirements. UCCAO could not afford to make that kind of investment. A project to equip CAPLANOUN which was already at a very advanced stage in the nineties was abandoned due to financial constraints. A project to develop a CPU in Bandjoun was also abandoned.

7.10.4. Renting out of underutilised facilities to private businesses.

As indicated earlier in this chapter, UCCAO has brick and mortar infrastructure in every single administrative unit in the West province. The number one survival strategy of the urban-based cooperatives has been to rent out warehouses and office space to private businesses. Some offices at the UCCAO headquarters were now occupied by private businesses although most of the upper floors still lie empty. Two private tenants had also occupied one of the three warehouses on the premises of its Electronic Factory on the outskirts of town at *Fin Goudron* behind *les Brasseries du Cameroun*. CAPLAMI, which is also based in Bafoussam had three warehouses which it had leased out to a beverage company and a detergent company. In fact, CAPLAMI's warehouses are more centrally located than UCCAO's and it collected more money than them from rentals. They had a number of high-end service sector tenants at their head office compound, including an insurance company, a real-estate company and a public financial institution. This had helped to make it the most stable cooperative union under the UCCAO umbrella. The other cooperatives in more rural parts of the province were not so lucky - they had to watch their infrastructure slowly decay before their eyes.



Figure 7-19: UCCAO makes extra cash by leasing out underutilised warehouses.

7.10.5. Creation of a UCCAO plantation.

The number one priority of UCCAO's department of agricultural and cooperative affairs for the period 2013-2020 was not the coordination of relations between the apex and member cooperatives or even collection of coffee from its members, but rather the development of the apex cooperative's own plantation. Following the development of the group's turnaround strategy, UCCAO had bought 100 hectares of land in Bandjoun with the intention of setting up an Arabica coffee plantation capable of producing at least 100 tonnes of coffee per annum, which would go exclusively to the roastery at the Electronic Factory. UCCAO's *Electronic Factory* hoped to be self-sufficient in green coffee beans by 2020. By 2017, seedlings had already been planted on 20 hectares. This plantation had inadvertently set the cooperative on a collision course with some of its secondary cooperatives, notably CAPLAMI, who feared that the plantation could end the relationship of mutual dependency between the apex body

and secondary unions or lead to corruption in the head office. A CAPLAMI Manager argued that:

UCCAO has no business growing coffee. If they are growing coffee, what should we be doing? Their job is to look for markets, that is why we put them there. Now, they want to compete with us. (Fosso Michel, CAPLAMI, interviewed on 14 July 2016).

Other secondary cooperatives expressed some concern about how the money generated from the plantation was going to use. These was a fear that it might open a door for corruption and theft. Such turf wars exposed anxieties over lack of resources.

7.10.6. Diversification of commodities.

UCCAO's 2013 development plan enjoined members to diversify their income base in order to keep the cooperative's doors open at the very minimum and, if possible, service debt and pay social insurance contributions. Diversification was not something new to UCCAO. While the GoC was involved in the group, the Sultan of Bamoun gave them a plot of land in Bafolé, which was used to develop a fruit juice operation: a guava and citrus farm, a processing factory and 21 villas. Regrettably, when the GoC withdrew from the cooperative sector, conflicts erupted between the Bamoun people and UCCAO, causing the factory to be shut down pending a mediation process. The Bamoun claimed that their Sultan had given the plot of land to the GoC and not to UCCAO. Instead of providing a swift solution to the problem, both the Sultan and the GoC had remained quiet throughout the dispute.

After the World Bank-funded *Hauts Plateaux project* in the 80s, UCCAO started a green beans project on reclaimed land in West. This project was canned after it failed to develop a logistics chain to take its green beans to Europe quickly and regularly. Part of the project's difficulties were linked to Cameroon's very poor transport

infrastructure network. In yet another diversification project, the apex body itself started producing improved maize seedlings in Bangang-Fonji around 2012, which it sold to local farmers. The project did well for a couple of years, before stumbling. Farmers felt that they had to buy the seedlings only once to get crop after crop of bounty harvests. When they discovered that this investment would have to be renewed at the beginning of every planting season, their interest vanished.

Secondary cooperatives had been more successful with diversification initiatives. CAPLAMI had developed a hugely popular initiative which entailed distributing prebuilt beehives to farmers. The initiative was already a success: most of the honey sold at CAPLAMI and UCCAO kiosks come from this project. The kiosks sold their coffee with honey rather than sugar. CAPLAMI also invested in a broilery but they were forced to shut it down in 2016 after an outbreak of bird flu which affected the entire southern half of Cameroon and lasted more than a year.



Figure 7-20: CAPLAMI's broilery project abandoned in 2016 after an outbreak of bird flu.

This and other projects form part of UCCAO's diversification plan and desire to secure many more revenue streams to hedge against the fluctuations in coffee production by its members.

The other unions had been less successful in diversifying their income streams. CAPLANDE mainly relied on rentals. Its main warehouses were now occupied by a brewery, *Les Brasseries du Cameroun*. CAPLABAM had built a heavy engines' park which was leased to civil engineering and road construction companies. It had also invested in rehabilitating and renewing its palm tree plantations. Bamboutos was one of the few UCCAO cooperatives which used to produce palm oil during the colonial era (Courade, 1991). The hope of the current CAPLABAM General Manager was that once it was fully rehabilitated, they would produce 1000 tonnes of palm oil per annum. CAPLAHN had palm trees but not as many as CAPLABAM. CAPLANDE and CAPLAHN had developed proximity programmes to get their producers to plant more cocoa trees. The biggest challenge remained CAPLANOUN which had not made progress with renewing its cooperative at all. CAPLANOUN never bothered to invest in prime real estate like the other cooperative unions when things were going well, and this decision was coming back to haunt it as it battled with liquidity challenges in the free market era.

7.11. Conclusion.

This chapter presented the analysis of the *Central Union of Agricultural Cooperatives of the West* and its performance within the new free market regime. It revealed that UCCAO enjoyed an overly-cosy relationship with the government of Cameroon prior to 1990, and this closeness had the unintended consequence of causing prolonged hardship within the organisation once the coffee value chain was opened up to everyone willing and able to trade in coffee. A failure to move with the kind of urgency it needed to reinvent itself in the free market era caused its income generating capacity to collapse, sowing dissent within its ranks and threatening its very existence. The chapter also revealed that the GoC's support to coffee growers and POs in the West

was inadequate, incoherent and not well monitored, which further exacerbated the UCCAO's already fragile situation. The one shining light was roast and ground coffee: UCCAO had increased its production of roast and ground coffee from 18 tonnes per annum to 100 tonnes and sales had also gone up by more than 800%. However, UCCAO still had a long way to go in shedding its pre-liberalisation elitist mindset to rediscover its cooperative roots - the only change likely to make the rank and file fall in love with the organisation once again.

Chapter 8: Case study II: (NWCA).



Figure 8-1: First head office of the NWCA along Commercial Avenue in Bamenda.

8.1. Introduction.

The second Case Study focused on the North West Cooperative Association (NWCA), the biggest agricultural cooperative in the North West region of Cameroon. The analysis begins with a history of the organisation, including the rescue period under the United States Agency for International Development (USAID) following the introduction of the free market coffee regime in Cameroon. This is followed by a dissection of the State's support to the cooperative under the liberalised dispensation. The final section presents an assessment of the organisation's situation and market orientation within the prevalent neoliberal corporatised food regime.

8.2. Brief history of the NWCA.

The North West Cooperative Association is an apex cooperative of 13 Area Cooperative Unions (ACUs), 43 Cooperative Primary Marketing Societies (CPMS) and over 250 cooperative sections with headquarters in Bamenda, the capital of the North West region of Cameroon. It is the biggest agricultural cooperative in former West Cameroon (i.e. Cameroon's Anglophone provinces).

Although the NWCA's one traded commodity is Arabica coffee beans, it has always had a diversified portfolio of agricultural commodities from inception. This is down to the realities of its catchment area: the North West is a rural, mountainous region with close-knit hierarchical communities ruled by leaders known as *Fons* and people here have used cooperation strategies to clear and till each other's fields for centuries (Courade, 1982). Prior to the creation of the colonial food system in the late 1800s and early 1900s, the region's biggest agricultural commodity was kola nut, a caffeine-containing fruit which was exported to Nigeria and other parts of West Africa (Champaud, 1983). The major colonial agricultural projects in the state developed primarily along the coast where the German Governor Jesko Von Putkamer promoted the development of plantations on the rich volcanic soils around Mount Cameroon. Further inland, in the *Grassfields*, the Germans and the British depeasantised indigenes by pushing them towards petty commodity production (Warnier, 2012). The implementation of an obligatory *hut tax* and a British Pound-based economy made this an even more unavoidable accumulation strategy to adopt. Cooperatives were established in every administrative unit to help gather, process and ship produce down to the coastal port of Victoria. Their activities were based on the vertical, three-tier *Unified Cooperative Model* and were coordinated by the Registrar of Cooperative

Societies in Buea (Nkwi, 2015: 318). Records show the existence of a Bamenda Producers' Cooperative Union (BPCU) as early as 1920 (Jiotsa *et al*, 2015: 103).

The first two coffee cooperatives in Southern Cameroons were established in Bamenda in the 1940s and by 1948, they had a total of 171 registered producers. That year, they sold 21 tonnes of Arabica coffee to exporters in the port city of Victoria (Courade, 1982). Buoyed by their early success, Bamenda coffee producers met in Bafreng in 1950 to found the first apex coffee cooperative in that part of the state. This structure quickly outgrew demand for collection and marketing services and a new apex cooperative known as the Bamenda Provincial Cooperative Produce Marketing Union (BPCPMU) was established on 21 August 1953 with Bamenda, Nso, Bafut, Santa and Bali as the first Area Cooperative Unions (Courade 1982, 115; Chem-Langhee & Fanson, 2011: 405-425). It later changed its name to the Bamenda Cooperative Marketing Association (BCMA), the Bamenda Marketing Association (BMA) and finally the North West Cooperative Association.

Between 1950 and 1978, the BCMA was a loose union of cooperatives, each of which managed its own finances. It sold its products through the Southern Cameroons Marketing Board (SCMB), which itself was later rebranded the West Cameroon Marketing Board (WCMB) after 1959. The board's role was one of price stabilisation, coordination and transmission of commodities to Victoria. The procedure was that a cooperative would drop off a lot of coffee at the apex union, receive a *Store Receipt Voucher* (SRV) showing its weight, cash value and bulk buying allowance (BBA) and then leave. A few days later, it would return to the apex organisation to cash out the SRV (Van der Laan, 1988). The SRV slip could be used to contract a loan, purchase supplies in town or make any high-value deals with financial institutions that the cooperative was interested in entering into. Exports to Europe were managed by the

Nigerian Produce Marketing Company in Lagos, even after the Southern Cameroons Marketing Board was created in 1954. Coffee growers also developed informal, cross border networks with Francophone cooperatives and whenever it was more financially profitable, they smuggled part of their stock and sold it in Dschang (Courade, 1982).

Other ACUs were progressively created along administrative, linguistic or tribal lines as new divisions, sub-divisions and districts were created. The Kom Area Cooperative Union (KACU) joined in 1952, followed by the Nso Area Cooperative Union (NACU) in 1958. In 1959, Bamenda Central ACU grew bigger with the addition of new territories: Nkwen, Santa and Ndop. This was followed by the establishment of Momo ACU in 1961 (later renamed Mbengwi Central Area Cooperative Union in 1973), Pinyin ACU in 1961, Nkambe ACU in 1969, and then Wum and Oku-Noni ACUs in 1977. ACUs were the centres of socio-economic life of their communities and were hugely popular, especially when they started providing basic services like dispensaries, village store, loan schemes and building supplies. It is quite telling that the first post office and orphanage in Kumbo were built by the Nso ACU (Champaud, 1983).

Before independence, there were already a number of major differences between Bamenda cooperatives and the cooperatives of the West Region in Francophone Cameroon. Unlike in the West Province where the first cooperatives had developed to deal specifically in Arabica coffee, Bamenda cooperatives always handled any tradeable commodity that their catchment area happened to produce. In Nkambe, Kom and Bali, the cooperatives collected and traded in Arabica and Robusta coffee plus palm oil; Mbengwi, Momo and Bali started off as palm oil cooperatives before coffee was added to its roster of commodities; in Bansa, NACU traded in coffee as well as rice (Champaud, 1983). Around the same time, there were 278 women's only cooperatives which operated corn mills. The second major distinction was that, until

1971, there wasn't any monopsony arrangement giving the NWCA sole rights over the coffee trade in Southern Cameroons. By 1968, the BCMA controlled only 76% of the region's coffee business, followed by the State-owned West Cameroon Development Agency (WCDA) with 11% and private traders, 13% (Champaud, 1983: 254).

By 1970, the BCMA had 9 ACUs and 251 CPMS, almost all of which had acquired *Buhler* hulling equipment for post-harvest primary processing. LBAs' licenses were revoked in 1970, in the build-up to the reunification of the two Cameroons, making the NWCA the *de facto* monopsony agent of the West Cameroon Marketing Board (WCMB) in the North West. By 1978, the BCMA had 35,960 members, 144 trained full-time employees, 254 untrained full-time employees, 4,400 seasonal staff, 8 consultants and 1 civil servant (USAID, 1990). Its total capitalisation and assets stood at just under 1 billion FCFA. The *Department of Cooperation and Mutuality* reduced the CPMS from 251 to 100 in 1973, then to 92 in 1981 and to 40 by 1986.

In 1978, the NPMB took over the duties of the WCMB, together with all relationships it had developed with the NWCA. The same Government decisions which created the NPMB (i.e. *Law No 76/20 of 9 September 1976* and *Decree No 78/054 of 23 February 1978*) made the NWCA a *de facto* state parastatal of the United Republic of Cameroon. The *Department of Cooperation and Mutuality* was given greater oversight over its activities, including the following duties:

- Approval of all managerial and personnel positions at the NWCA;
- Approval of the cooperative's budget and financial oversight authority over its financial management and decision-making;
- Restructuring of the cooperative when it deemed it necessary;

- Application of measures to ensure that even non-members sold their produce only to their village cooperative.

The switch from the WCMB to the NPMB came with major financial difficulties which North West producers weren't accustomed to: the NPMB always forwarded campaign season bulk buying allowances late. Irregular spending by government appointees and delayed bulk buying allowance payments sparked multiple riots in the province (Chem-Langhee & Fanzo, 2011). The Banzo riots of 1978 when children of NACU patrons stormed the cooperative's premises to ask for the immediate removal of the entire board, were particularly violent (Chem-Langhee & Fanzo, 2011). Some of the NWCA's difficulties were caused by overambitious expansion projects: it had built warehouses in virtually every division in the province and equipped them with processing mills by 1978, decisions that weren't always based on its savings but rather on lofty ambitions of creating a dominant organisation. The managerial challenges forced the Minister of Agriculture to dissolve the NWCA's Board of Directors in June 1981 and replace it with an *Administrative Committee*, which remained in place until December 1982 when a new General Manager was appointed. In 1991, the Minister of Agriculture appointed a new General Manager, Dr. Robert Ghogomu, with a mandate to restructure the NWCA.

USAID stepped in to help transition the NWCA into the liberalised era within the framework of the Program of Reform in the Agricultural Marketing Sector (PRAMS I). The main objective of the PRAMS I programme was to strengthen and modernise the Cameroon-side Arabica coffee value chain as well as to "strengthen NWCA to, in the long-run, enable that entity to compete with the Union Centrale des Cooperatives Agricoles de l'Ouest, West Province (UCCAO), Cooperative Agricole de l'Ouest (COOPAGRO), and any other potential private traders/processors" (USAID, 1990: 8).

This entailed creating market-like conditions within the NWCA. USAID's assistance to the NWCA was predicated on the GoC committing to the following terms and conditions:

1. Repayment of all arrears owed by the NPMB to NWCA and transfer of hulling and sorting equipment currently in the NPMB-Bamenda's custody to the NWCA by December 1990 at the latest.
2. Authorising the NWCA to export 100% of its production directly to foreign markets by the beginning of the 1990/1991 marketing season.
3. Postponement of the introduction of private LBAs in the North West Province until the 1991/1992 season (at least) and, subject to review, possibly until the 1992/1993 campaign.
4. Suspension of the NPMB's deduction of FCFA 38/kg from January 1991 (the beginning of the 1990/1991 campaign season) to December 1993.
5. Abolition of the NPMB- managed Arabica coffee stabilisation fund by December 1993 at the latest and authorisation of an NWCA-managed stabilisation fund.
6. Abolition of the government-set Arabica coffee minimum producer price by December 1993 at the latest.
7. Adoption of a system of allocating ICO stamps to ensure that Arabica coffee can be exported without encroachment.

(USAID, 1990, 88-90)

USAID PRAMS I went ahead despite the GoC's unwillingness to respect its commitments to honour the NPMB's debt to the NWCA or to ensure that the brand-new milling equipment in Bamenda was handed over to the cooperative.

A key part of PRAMS was the implementation of a Crop Finance Revolving Fund (CFRF). Government deployees fiercely resisted the USAID's policies because their full implementation would mean a sudden withdrawal of the sizeable perks which they extracted from the cooperative. Dr. Ghogomu completely rejected the PRAMS project officers' demand that the fund be managed by a fiduciary bank (USAID, 1995). He also refused to accede to their requests that the fund be replenished in its entirety at the end of every campaign season before the NWCA could have access to it the following season or that it couldn't be used for other unintended purposes. He undercut the USAID by obtaining an interest-free loan of 500 million FCFA from the European Development Fund (EDF). His efforts proved to be futile as the EDF was ready to give the cooperative only a once-off lifeline whereas the Americans had a longer-term vision capitalised to the tune of 18 million USD. The NWCA management eventually caved and acquiesced to most USAID demands; it was either that or total collapse.

PRAMS I's annual renewal was not automatic; the NWCA had to make yearly reforms in order to stay in the programme. The extra reforms which USAID asked the NWCA to make prior to the start of the 1991/92 campaign season were the following:

- A 25% reduction of the staff complement at the apex level in Bamenda.
- Abolition of sitting fees for members of the board of directors.
- Replenishment of the CFRF before the next campaign season.
- The CFRF to be increased from 267 million FCFA to 750 million FCFA.
- The NWCA to market its coffee through brokers.
- The NWCA develop a new strategic plan.

(USAID, 1995).

PDBCA 022

CLASSIFICATION:		1. PAAD Number 631-T-603A/PROGRAM NO. 631-0063	
AGENCY FOR INTERNATIONAL DEVELOPMENT PROGRAM ASSISTANCE APPROVAL DOCUMENT (PAAD)		2. Country CAMEROON	
		3. Country PROGRAM OF REFORM IN THE AGRICULTURAL MARKETING SECTOR, PHASE I (PRANS I).	
		4. Date	
5. JAY P. JOHNSON MISSION DIRECTOR, USAID/CAMEROON		6. OYB Change Number N/A	
7. LUCRETIA TAYLOR <i>for</i> PROGRAM OFFICER, USAID/CAMEROON		8. OYB Increase To be taken from: N/A	
9. Approval Requested for Commitment of \$3,500,000		10. Appropriation Budget Plan Code 72-111/21014 GSS1-91-31631-RG39	
11. Local Currency Arrangement ☒ Local ☐ Internal ☐ External ☐ None		13. Estimated Delivery Period 08/90 - 06/91	
12. Local Currency Arrangement ☐ Local ☐ Internal ☐ External ☐ None		14. Transaction Eligibility Date DATE OF GRANT AGREEMENT	
Commodities Financed NONE			
15. Estimated Source U.S. only \$3,500,000		17. Estimated Source U.S. \$3,500,000	
16. Estimated Source U.S. only \$3,500,000		18. Estimated Source U.S. \$3,500,000	
19. Estimated Source U.S. only \$3,500,000		20. Estimated Source U.S. \$3,500,000	
Summary Description			
A. <u>Project Overview:</u> This facesheet authorizes \$3,500,000 of the approved \$18,000,000 in non-project assistance to the Program of Reform in the Agricultural Marketing Sector (PRANS-I). The \$3,500,000 represents the second obligation under the Sector Cash Grant for a total of \$14,500,000 authorized to date. This \$23,500,000 Program includes \$5,500,000 in project assistance. The purpose of PRANS I is to: (1) remove the market impediments and pricing constraints in the arabica coffee subsector; (2) strengthen the capacity of North West Cooperative Association to compete in a liberalized market and (3) establish an institutional environment for more autonomous and accountable marketing cooperatives. In subsequent years of PRANS-I, the PAAD facesheet may be amended by the USAID/Cameroon Mission Director to increase the authorized level of funding by the amount to be obligated during the respective year, but not in excess of \$18,000,000. B. <u>Conditions Precedent to Disbursement of Sector Cash Grants:</u> In addition to the standard conditions precedent (legal opinion, designation of authorized representatives, establishment of separate dollar and special local currency accounts), the following conditions and covenants will be included in the substance of the Program Grant Agreement			
21. References		22. Action	
DE:RSHOENAKER <i>[Signature]</i> 2/27/91 DE:TRUONG <i>[Signature]</i> 3/5/91 DE:CRENNETT <i>[Signature]</i> 3/5/91 DE:EGIBSON <i>[Signature]</i> 3/14/91 WT:GUENSLEY <i>[Signature]</i> 3/23/91 A:KNOX (draft) 2/15/91 DE:EARLWIDSON <i>[Signature]</i> 3/22/91 (20-15-92)		☒ APPROVED ☐ DISAPPROVED Authorized Signature <i>[Signature]</i> Date 3/22/91 Title MISSION DIRECTOR, USAID/CAMEROON	
CLASSIFICATION			

Figure 8-2: A signed invoice showing USAID PRANS 1 payment to the NWCA.

PRAMS project officers helped the NWCA create a 267 million CFRF by deducting a small amount from each kilogram of coffee that was sold in the 1990-1991 campaign season. Some of the money was invested in “parts and equipment for coffee mills, vehicles, computers, radio communications equipment, and new hand pulpers” (Wessen, 1994). It was planned that the CFRF would be grown to 750 million FCFA by 1992 but Dr. Ghogomu’s deal with EDF put paid to that plan. Instead the amount stayed the same and then slowly dwindled when PRAMS came to an end. Dr. Ghogomu’s sabotage of the CFRF is something that NWCA staff are still very bitter about to this day. Respondents who participated in the study were adamant that had the CFRF been created and housed within a fiduciary financial institution as initially proposed, the NWCA’s annual production would be more than triple what it is today.

The PRAMS I project lasted 5 years. By the end of 1994, the NWCA and coffee growers in the North West had received support to the tune of 18 million USD (Tchoungui *et al*, 1995). The project was a great success for producers. For the first time, UCCAO could not match the rates NWCA was paying to its members. In addition to restructuring at the apex cooperative which saved the NWCA 50 million FCFA per annum, average producer prices rose slightly to 150 FCFA per kilo during the 1991/92 campaign season and then to 175 FCFA in the 1992/93 campaign season (USAID, 1995). During the 1992/93 campaign season, the NWCA sold coffee at an average of 380 FCFA per kilo and in the 1993/94 campaign season, it paid producers 400 per kilo (USAID, 1995). This amount rose to 575FCFA the following campaign season.

It is largely thanks to the PRAMS I programme that the NWCA still exists today. Although the NWCA is finding it difficult to hit the lofty heights it achieved in the early 80s, it is now 100% owned by its members. PRAMS I helped take back the cooperative movement from the Government of Cameroon whose civil servants and politicians had

transformed into “...a source of economic rent by “big men”” and return it to its patrons (USAID, 1995: 69). It also successfully negotiated the right for the NWCA to export its coffee directly to any buyer of its choice, without going through a marketing board, something the NWCA had been fighting for since 1966 (Kengo, 2015).

The PRAMS objective of helping the NWCA compete on a level footing against UCCAO has become a reality, but only just. While it is true that the NWCA now handles more coffee than UCCAO, its annual production has remained below 2000 tonnes since the collapse of the NPMB. It squandered a lot of the PRAMS momentum in the late 1990s due to weak engagement with producers. Although the reforms briefly brought back some disgruntled producers into the coffee business and caused the number of CPMS to briefly ballooned from 40 to 73, the lack of a CFRF and managerial deficiencies soon demotivated them again. The devaluation of the CFA Franc and the chaotic environment caused by the advent of multiparty democracy in the country further depressed coffee production in the province.

Some farmers in the North West still claim to this day that the NPMB owes them money. This is, strictly speaking, not accurate. In 1991, the PRAMS I programme gave the NWCA a grant of 3.5 million USD to pay all the arrears the NPMB owed to its producers when it collapsed. This was after the GoC had reneged on its promise to pay back the money because, strictly speaking, NPMB funds were all managed by the national Ministry of Commerce at the time. In addition to refunding North West coffee growers' dues, PRAMS I allocated funds for the NWCA's CFRF for a period of five years, starting from 1990. If there is any farmer in the North West who didn't receive all their outstanding money during the PRAMS I project, then their money, in all likelihood, disappeared somewhere between the NWCA apex and their local CPMS.

8.3. The NWCA's cooperative and administrative structure.



Figure 8-3: The North West Cooperative Association network.

Legend: C – Coffee C – Cocoa.

The NWCA has retained the three-tier Unified Cooperative Model which it adopted in the colonial era. The CPMS operate at village level. Each CPMS is made up of groups of producers known as sections. It takes at least five cooperative sections to establish one CPMS. However, the sections do not necessarily need to be registered – it is a solution put in place to help producers group themselves at neighbourhood level. It is only from the CPMS level that registration become a minimum requirement. CPMS in turn are grouped to form an ACU. An ACU is made up of at least two CPMS. There is at least one area cooperative union per administrative Division. Holding all this at the very top is the apex cooperative, the NWCA.

This hierarchy is strictly enforced for all decisions and activities. The moment a CPMS is affiliated to the NWCA, it works with the apex cooperative only through the intermediary of their ACU. Similarly, the NWCA cannot deal directly with primary societies. It is only allowed to do so when a CPMS's governance systems fails. In such a situation, it is rescued through a process known as "*direct intervention*". In the Unified Cooperative Model, the apex organ is also a cooperative, although in this case its members are the various Area Cooperative Unions.

The supreme organ of the NWCA is the General Assembly. It is made up of 43 delegates distributed on a pro rata basis according to each ACU's size and participation in the cooperative network's business. There is one voting delegate per CPMS, making Banso, Oku and Donga-Mantung the biggest voting blocks in the organisation. The General Assembly appoints the Board of Directors and approves both the Board Chairman and the General Manager's mandate. The Board Chairman appoints the General Manager and oversees the day-to-day running of the cooperative. The board meets once every quarter to assess the cooperative's health.

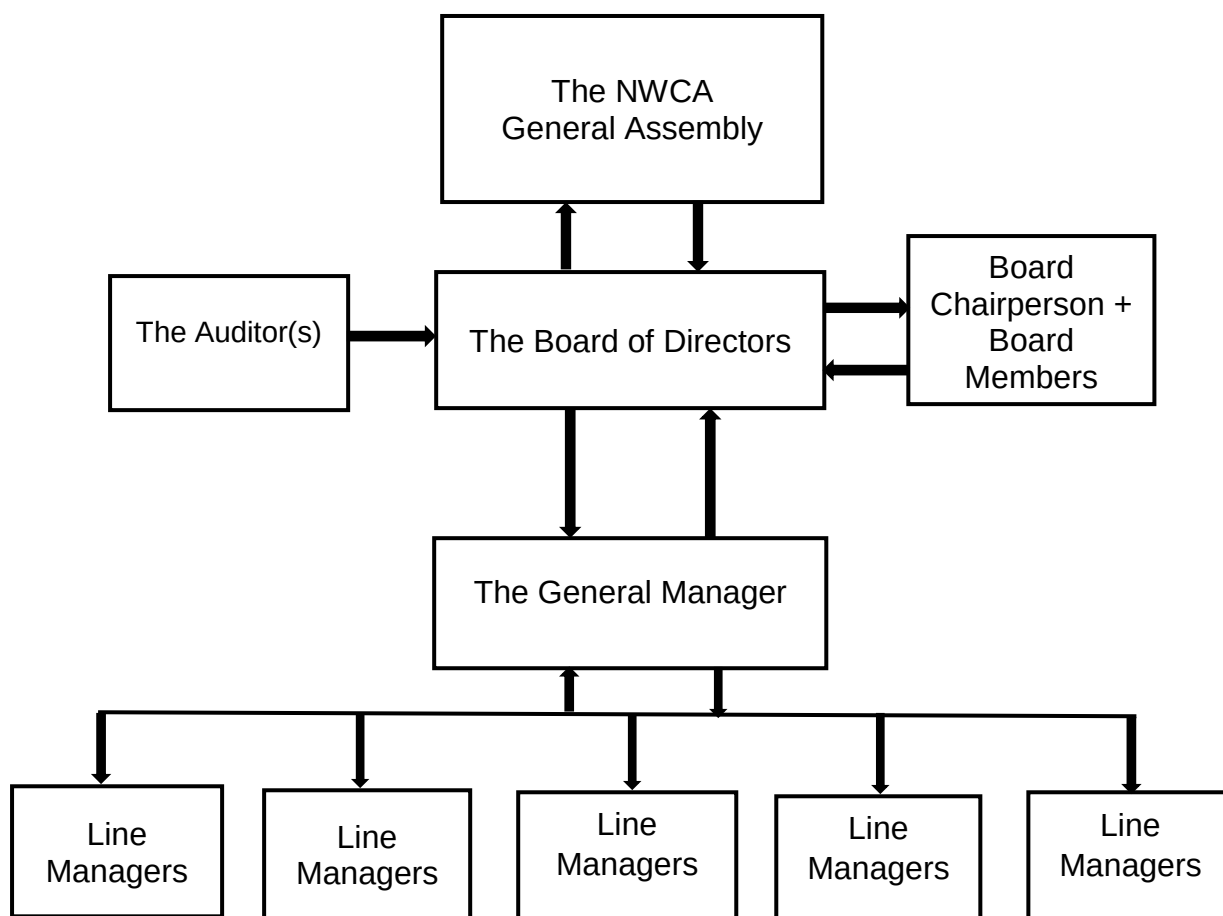


Figure 8-4: The NWCA's organisational structure.

The General Manager is in charge of day-to-day activities. Following restructuring in the early 90s, government deployees were pulled out of the NWCA and its staff dropped to less than 50. The PRAMS reforms further shrank the workforce in order to cut costs. Only the most essential departments remain today. These include:

- The Department of Internal audit and control.
- The Department of Quality control.
- The Department of Marketing.
- The Department of Accounting and Finance.
- The Roastery.

Total staff for the entire group stands at just under 100. The apex administration staff coordinate the activities of all the cooperative unions as well as external relations with the GoC, sector organisations, local and foreign buyers and the donor community. They also have the responsibility for sourcing money for campaign season BBA.

The apex General Manager is represented at divisional level by the General Managers of the various ACUs. All of them came through the ranks of the cooperative and some studied at the cooperative college before joining the NWCA. This detail is important because it has a strong impact on the way these managers view the cooperative. They still, in many ways, view it from the perspective of a very rigid, hierarchical, unified cooperative and quasi-parastatal.

The NWCA has been trying to downsize since 2007 but unfortunately, many CPMS and ACUs have insisted on breaking away and going it alone, probably motivated by the desire to control the IMC disbursements for their area. Noni, which does not own a warehouse or a mill recently broke away from the Banso ACU. As a rural ACU, they face an uphill battle task in keeping their operation profitable and most of their IMC has been systematically spent on rental and transport costs. Boyo division has also split into three ACUs (Belo, Njinikom and Fundong). These cooperatives are less than 30 minutes' drive from one another; however, they all want to be independent. Such scissions are also imputable to the personal ambitions of the chairpersons of the various cooperatives, rather than the actual needs of producers.

Ensuring that all the various ACUs run smoothly is the work of the Internal Audit and Control Unit. Its manager, Mr. Nyoh, has to shuttle between the various field offices on a regular basis. Making sure that they all keep their costs down also forms part of his priorities.



Figure 8-5: The NWCA's present head office in Mile 4, Bamenda. Also pictured are the head offices of Santa-Pinyin (top) and Fundong (middle) area cooperative unions.

With the exception of the Nso ACU, most of the NWCA affiliate ACUs' head offices are either very small or in an advanced state of disrepair. This prevents them from tapping into a lucrative revenue stream – rentals from major corporate clients.

8.4. Financial situation.

The NWCA was financially healthy in the early days of its existence when it was controlled by patrons. Its net value grew to 1 billion FCFA by 1980, thanks in great part to remarkable growth in the Kom, Nso and Santa ACUs. Its financial situation became precarious after 1976 when the GoC created a unified marketing board for the entire country. Between 1979 to 1981, the NWCA General Manager took out loans amounting to 3045 billion FCFA (over 7 million USD) from FONADER to shore up the organisation (Van der Laan, 1988). Most of this money went into the private pockets of government appointees rather than to coffee growers (USAID, 1995).

By 1986, the NWCA's combined assets stood at 10 billion FCFA (about 22 million USD). It also had a further 14 billion FCFA (about 30 million USD) worth of stabilisation fund deductions held by the NPMB, plus coffee growers' arrears amounting to 9 million USD. The NPMB collapsed with all this money. Following the liberalisation of the coffee sector, ACUs were forced to sell their rolling fleet to pay off debts. Revenue has averaged less than 2 million USD per annum since the mid-2000s. Although that is more or less the same amount that the group used to make in the mid to late 1980s, inflationary forces plus the 1994 devaluation of the Central African Franc means that today's money is worth only 50% of what it used to be in the 1980s.

Table 8.1: The NWCA's financial situation.

NWCA's financial situation	
Total assets	6,097,418,182 FCFA
Liabilities	Undisclosed
Average annual income	847,117,263 FCFA
Net revenue from coffee beans	822,117,263 FCFA
Average annual income from Kola Coffee	25,000,000 FCFA
Annual revenue from coffee kiosks	20,000,000 FCFA
Source: NWCA	

8.5. Products and services.

8.5.1. Coffee beans.

The NWCA's biggest revenue earner in the post-liberalised environment is green coffee beans. Unlike in the West province, all NWCA post-harvest primary processing value addition is done at the area cooperative union. The beans from Oku and Banso in particular are highly sought after on the world market because they enjoy protected geographical indication. Arabica coffee from Oku has a *Starbucks C.A.F.E. Practices* certification, an extra endorsement of its top quality. The Oku-Banso-Donga Mantung area is a unique climatic region where Arabica coffee grows at between 2000 and 3100 metres above sea level. Most NWCA CPMS produce only Arabica coffee because the entire region is conducive for this crop. Robusta coffee is produced only by a few ACUs (notably Njinikom, Bali, Donga-Mantung and Ndop).

Ten of the eleven area cooperative unions have had primary processing hulling factories in their catchment areas since the late 70s. These are the old generation, bulky and not-too-efficient *Buhler* machines, a far cry from the computerised, digital factory lines that UCCAO has got. Although the NWCA is currently the biggest Arabica producing cooperatives in the country, it has to fight off fierce competition from private MNCs every year, all of which set up shop next to the bigger ACUs (Oku, Banso, Kom) as soon as the campaign season is announced. Olam is betting on long term growth in the province and has built a processing factory in Banso, equipped with a processing unit for *fully washed* coffee. The NWCA's continued presence in this line of business depends to a large extent on its ability to keep finding money to buy coffee from its producers, otherwise it will soon be completely overtaken by private rivals.



These factory lines (top and bottom) are almost 40 years old and should have been replaced a long time ago. Unfortunately, area cooperative unions simply cannot afford to buy brand new factory lines at the moment. They are a testament to the NWCA's inability to reinvent itself – there is almost no money to invest in equipment. Annual profits are razor thin. The AfDB gave the NWCA a grant in 2017 for a secondary processing roast and ground factory line. However, the ACUs will not be buying new primary processing equipment any time soon.

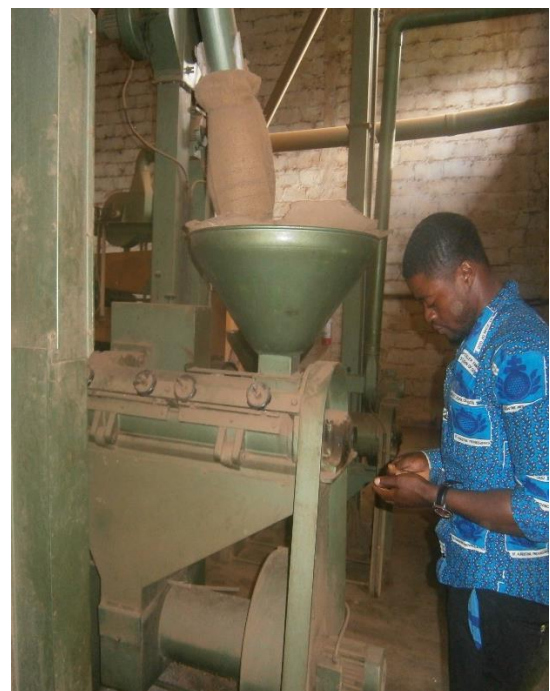
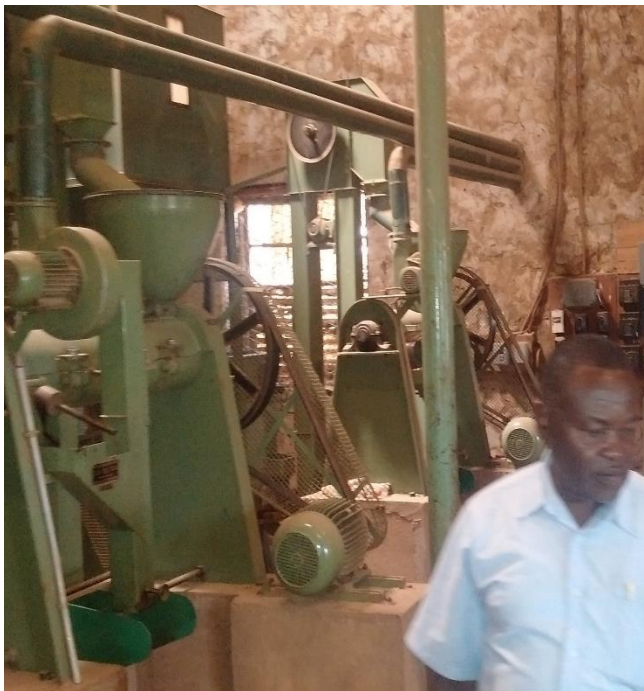


Figure 8-6: Bulky, old, mills in Njinikom (top), Bansa (bottom left) and Belo (bottom right).



Above left: A warehouse at the NWCA's Mile 4 compound with lots separated and labelled according to ACU of origin. Above right, porters load an 18-tonne shipment bound for Russia. Mr. Achu Fred prepares the NWCA's 60-kilogram roaster for a run (bottom left). This old processing unit was acquired from UCCAO in 1980. A box of roast and ground coffee ready to leave the Mile 4 secondary-processing factory.



Figure 8-7: Operations at the NWCA's head office.

8.5.2. Fully washed coffee.

Only one NWCA member ACU (Belo-Kom) has installed capacity for *fully washed* coffee. There are two other central processing units in the region, in Banzo and Oku, but these belong to the local subsidiary of the Malaysian MNC, OLAM. The Belo processing unit is a Colombia-built PENAGOS machine with a total capacity of 400 kilograms per batch. It was funded in 2011 by a 30,000 USD World Bank Agricultural Competitiveness Improvement Project (PACA) subsidy aimed at increasing the value of Cameroonian coffee. Belo's central processing unit is located in a production basin. However, the cooperative does not have vehicles to transport coffee berries from plantations immediately after harvests and this has slowed uptake of the innovation. Belo produces less than 10 tonnes of fully washed coffee per year. Still, the presence of the Unit has helped some coffee growers in the area to increase the value of their coffee by as much as 40%. Unfortunately, it has also attracted private LBAs who try to undercut the NWCA by doing business directly with the Belo ACU.



Figure 8-8: Penagos machine for fully-washed coffee and the central processing unit in the Belo ACU.

8.5.3. The NWCA's house brand roast coffee.

The NWCA has a 60-kilogram roaster which it acquired from UCCAO in 1980. Previously, this roaster was only used to produce small batches of coffee which was sold to a small group of loyal customers, including monasteries and tourists in the Bamenda area. It was only in 2008 that the group decided to significantly increase revenue from roast and ground coffee. Mr. Mongwe Christopher Mbah, the General Manager at the time, launched an initiative with the help of a group of American investors to set up a roastery in the USA. The idea was to ship coffee beans to the USA which would then be roasted and packaged onsite. The initiative never took off for a number of reasons, according to the current General Manager, Mr. Waindim Timothy: there were strict United States Food and Drug Administration (USFDA) norms which couldn't be performed; the distribution of the initial share capital was a challenge and pre-financing of shipping charges was also a challenge. Although it didn't take off the way it was planned, the project still helped the NWCA to develop a brand of its own for the first time.

Kola Coffee as it is known, is made from 100% Arabica coffee beans – there is no Robusta coffee added, and so it is a very mild and very aromatic coffee. The name *Kola Coffee* is derived from the kola nut tree which used to be the number one traded commodity in the province and which is still plentiful in most compounds. Its wide luxuriant foliage provides umbrage for young coffee plants as well as for pickers who eat their lunch under its shade during the harvest season. *Kola Coffee* comes in three sizes: 100-grams, 200-grams and 454-grams products, all bagged in durable silver vacuum packaging with distinctive orange, claret and black branding, developed in the USA. *Kola Coffee* has a second line of products which is whole roast coffee beans which coffee aficionados can grind themselves according to their taste and

preferences. Since 2008, sales of all *Kola Coffee* products have averaged only 10 tonnes per annum, with the most regular clients being monasteries and supermarkets in Bamenda, Yaounde and Douala as well as tourists from abroad. In 2015, the General Manager, Mr. Waindim Timothy, applied for, and obtained a 1 million USD grant from the African Development Bank for a brand-new roast and ground coffee factory line. The NWCA was expecting to produce up to 1000 tonnes of roast and ground coffee per annum once the plant went operational in 2018.



Figure 8-9: Packets of the NWCA's house brand Kola Coffee.

The packets on the far left and far right are roast coffee beans which consumers can grind according to their personal preferences. The middle ones are roast and ground coffee – dark roast. All products pictured here are in 454-gram packs.

8.5.4. The coffee laboratory.

The NWCA has a coffee laboratory where customers and prospects can sample coffee from all over the province. It is equipped with all the essential pieces for sampling coffee: a mini calibrator, a digital scale, a mini industrial-type roaster, a coffee machine, a rotating sampling table, a spit bin, a microwave oven, urns and wall charts showing coffee types, grades and legislation.



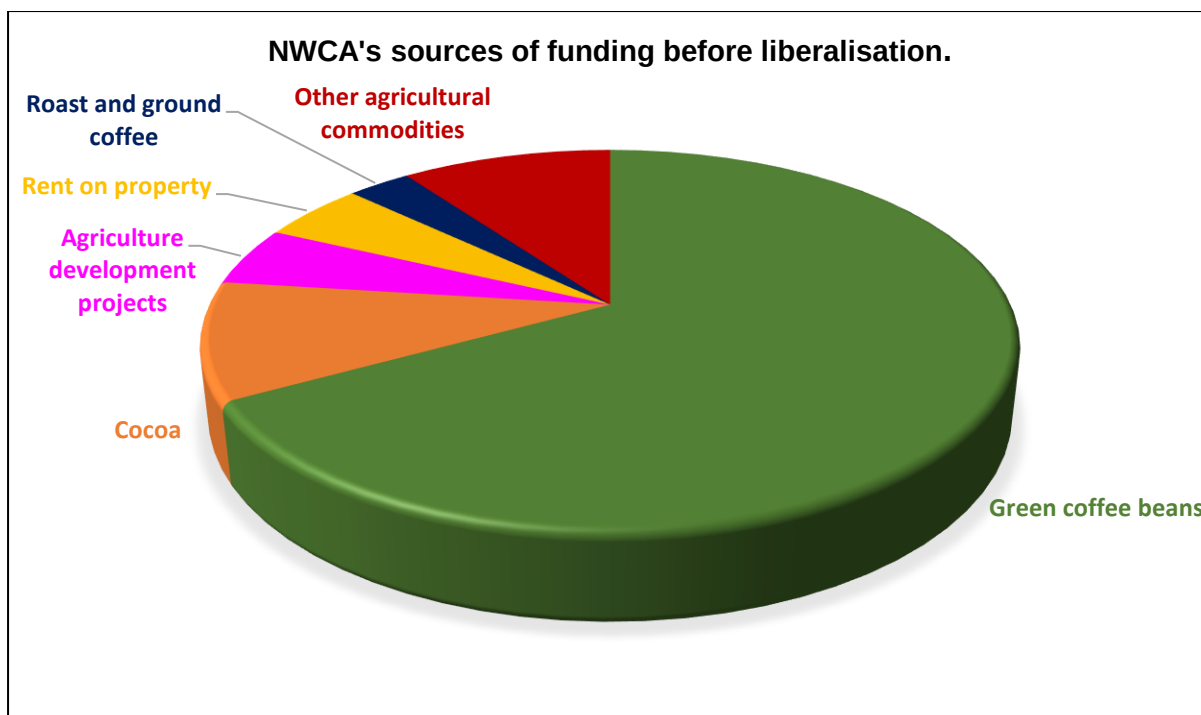
Figure 8-10: The NWCA's coffee laboratory with a mini calibrator (left) and mini-roaster (right).

Pictured is the NWCA Marketing Manager, Mr. Fongu Peter Pekwoh. He is demonstrating how coffee is calibrated in the mini calibrator.

The sampling process typically includes roasting, grinding, brewing and giving the client different batches of coffee to sample. The laboratory receives visitors from all over the world, especially the USA, the EU, South Korea, Japan and Russia. The NWCA recently succeeded in convert the South Korean and Japanese visitors into new large-volume buyers.

8.5.5. Cocoa beans.

The NWCA produces cocoa beans in Bali, Donga & Mantung, Menchum and, to a lesser extent, in Belo. Traditionally, the North West was never a cocoa producing area. Cocoa grows mainly in warm, humid climates whereas most of the North West has predominantly cool to cold and breezy climates. Climate change has started to reverse this - the North West's cocoa production doubled from 20 to about 50 tonnes, starting from 2000, as climate change caused temperatures to spike in parts of the province. Production is expected to spike as temperatures continue to rise.



Although the NWCA has significantly diversified its products portfolio, with roast and ground coffee and property rentals contributing a bigger share of revenue, coffee beans still represent the cooperative's number one income source.

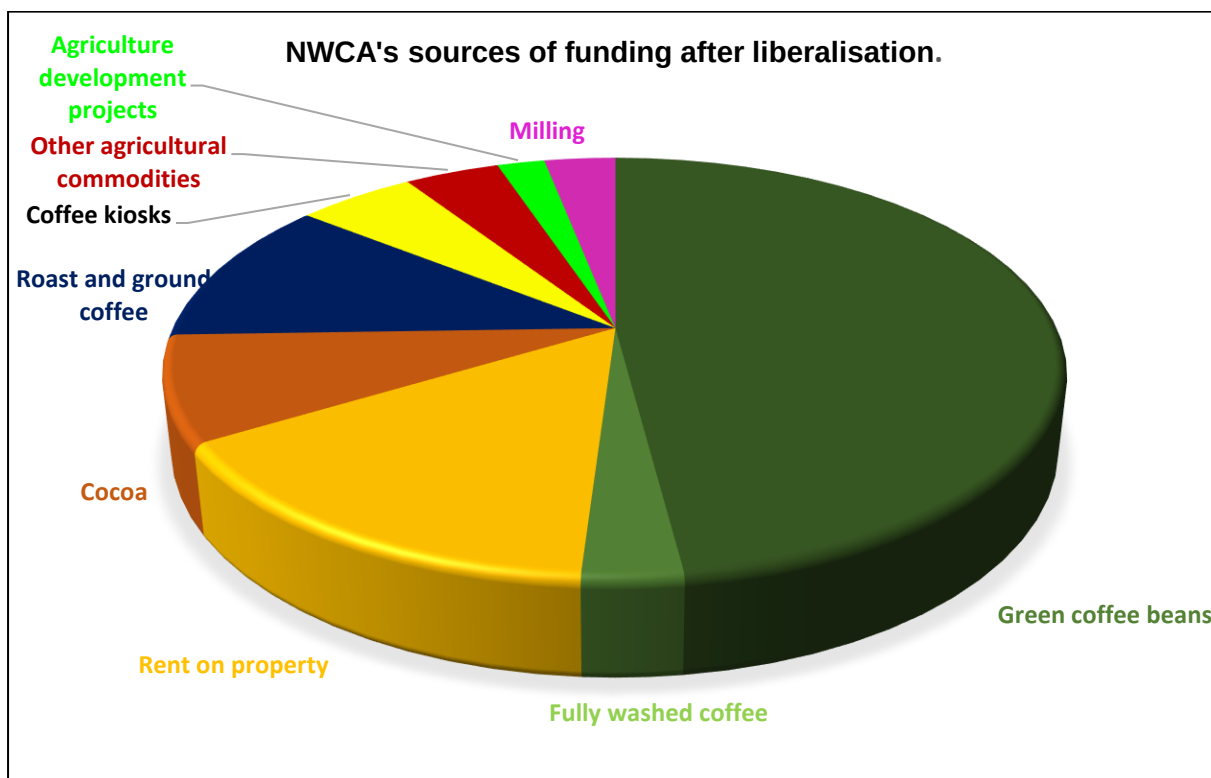


Figure 8-11: The NWCA's sources of funding before and after liberation.

8.5.6. Other products and services.

A number of NWCA ACUs have strengthened the production of commodities which their organisations traded when they were founded but which were progressively neglected in favour of coffee. These include:

- Bali: corn, palm oil, cocoa.
- Momo: corn, palm oil.
- Ndop: ginger, rice.
- Oku: honey (Oku honey has a World Trade Organisation *Registered Designation of Origin* certification).

These commodities are still largely driven by the ACUs and are yet to be transferred to the mandate of the apex organisation or included in its financial statements.

8.6. Production and export data.

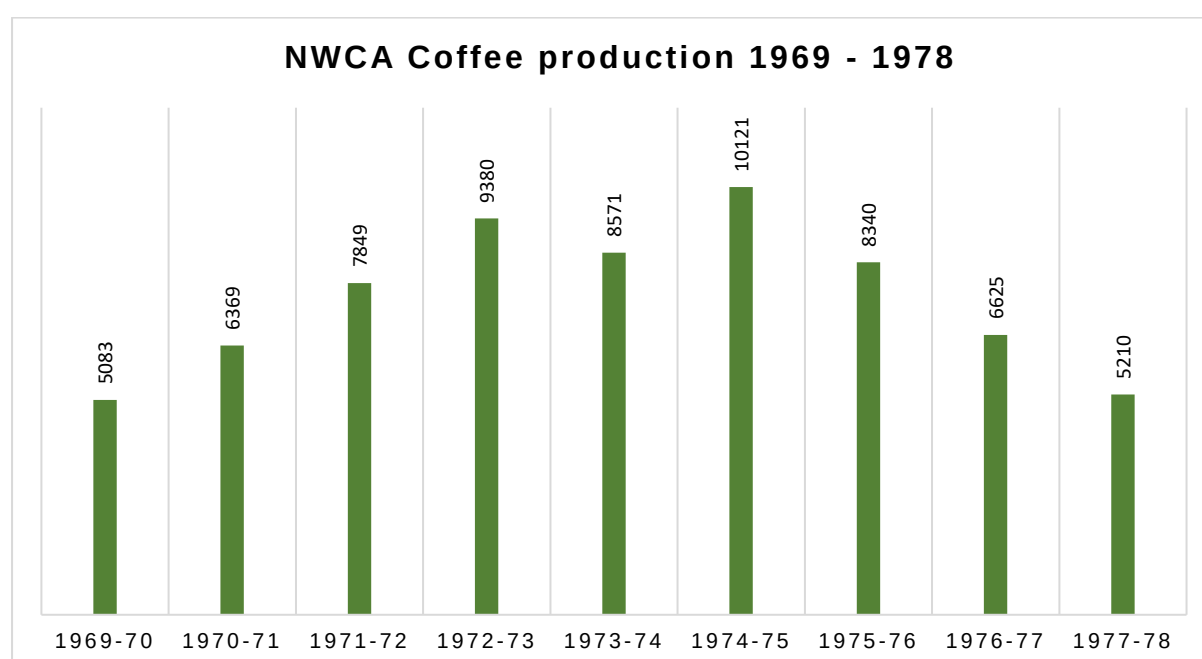


Figure 8-12: The NWCA's production data before it came under NPMB control.

The figures above the green bars shows the number of tonnes produced for each year indicated.

The NWCA's annual production has dropped significantly from the average levels of the 80s and 90s when it used to export at least 6000 tonnes per year. Annual production has hovered around 1000 tonnes per annum since 2010. However, it must be said that the NWCA's production statistics do not necessarily reflect those of the North West as was the case in the pre-liberalisation era. The North West is still the biggest producer of Arabica coffee in the country. However, a significant proportion of its production is bought by international MNCs, especially OLAM Cameroon which has wrested control of 20% of the Arabica market. Monopoly zones have been completely scrapped and the NWCA has to compete for coffee in the province like everyone else.

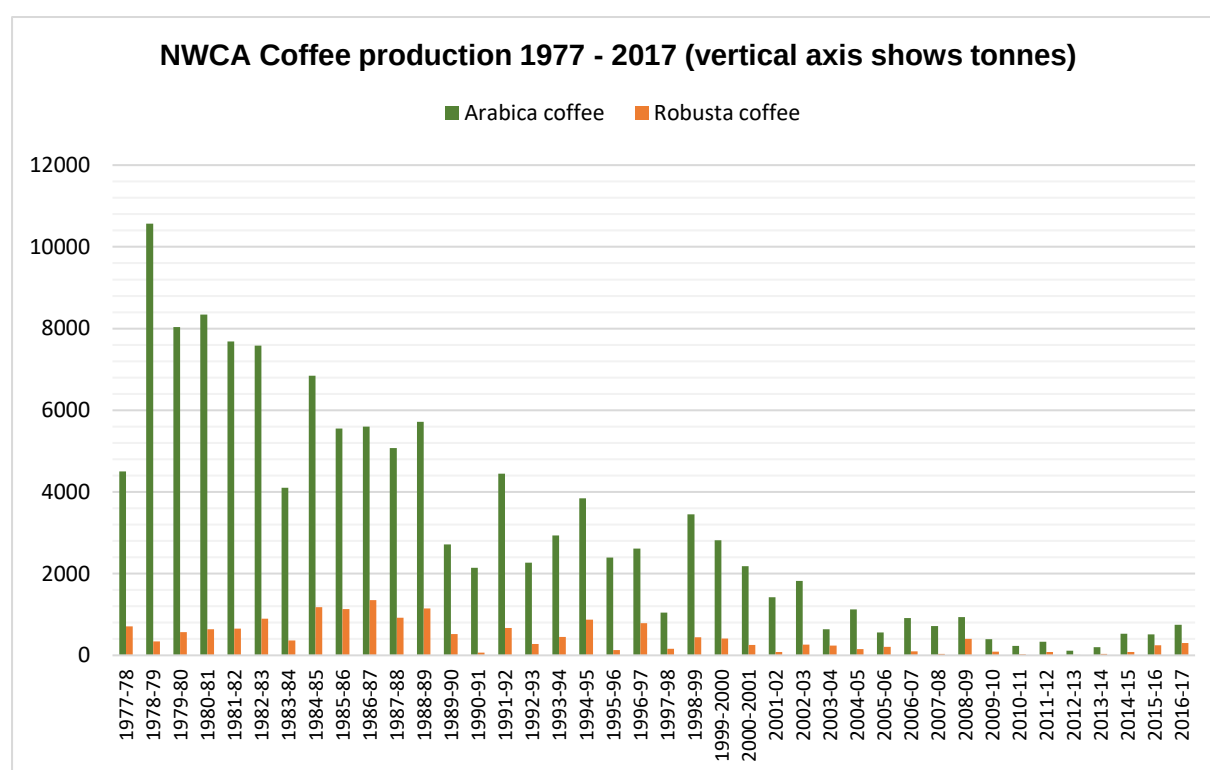


Figure 8-13: The NWCA's production data for 1977 - 2017.

The production data reveals some important information. Firstly, it is quite telling that before the NWCA passed under NPMB control, it averaged 7000 tonnes per year. Once it went under government control, its trajectory followed a mostly downwards

path, except for 1978-79 when it recorded about 11,000 tonnes. Secondly, although coffee trees typically have bumper cycles that last about four years on average before dipping sharply, the NWCA's cycles have also tracked the performance of its General Managers. Production dips towards the end of one's term and picks up at the beginning of the successor's term. This trend is no doubt linked to the General Manager's ability to raise cash for campaign seasons. It can be seen with the arrival of government deployees in the late 70s, Mr. Mongwe Christopher Mbah's arrival in the 90s as well as in the late 2000s when Mr. Christopher Mbah was replaced by Mr. Waindim Timothy. The third information from the data is the sharp drop in Robusta production starting from 1990. This is not just because the North West's crop of predilection is Arabica coffee. Robusta's market value has hovered between 200 FCFA and 500 FCFA since 1990 whereas Arabica has been selling for almost double, averaging between 900 FCFA and 1500 FCFA. Some farmers have switched crops to take advantage of the higher Arabica rates. Finally, Many of the NWCA's own members prefer to sell their coffee to LBCs because they pay an extra 50 or 100 FCFA per kilo of coffee to attract customers. This means that the NWCA's production statistics increase or drop in direct correlation with its ability to fund campaign seasons.

8.7. Internal challenges facing the NWCA.

Summary.

The NWCA's start to the free market cooperative regime was fairly stable, thanks notably to the USAID-funded PRAMS I programme. However, it soon got caught in the tumultuous environment of the 1990s characterised by the coffee crisis, novice LBAs and the volatile politico-economic situation brought about by the devaluation of the CFA franc and the advent of multiparty politics to Cameroon. The cooperative

recorded brief periods of freefall in the mid-90s, and again in the mid-2000s. Although its situation has improved significantly, it is still beset by a number of daunting challenges, the most significant of which are the following:

1. A dire shortage of funds which complicates hiring of new staff, funding campaign seasons and competing with independent LBAs.
2. LBAs constantly trying to undercut the NWCA during campaign seasons, making it difficult to predict how much needs to be spent to buy coffee beans.
3. The lack of a rolling fleet which drives up cooperatives' expenses and erodes profits that should normally go to producers.
4. Producers losing patience with coffee and switching to food crop production.
5. Young people not interested in taking the baton from their parents.

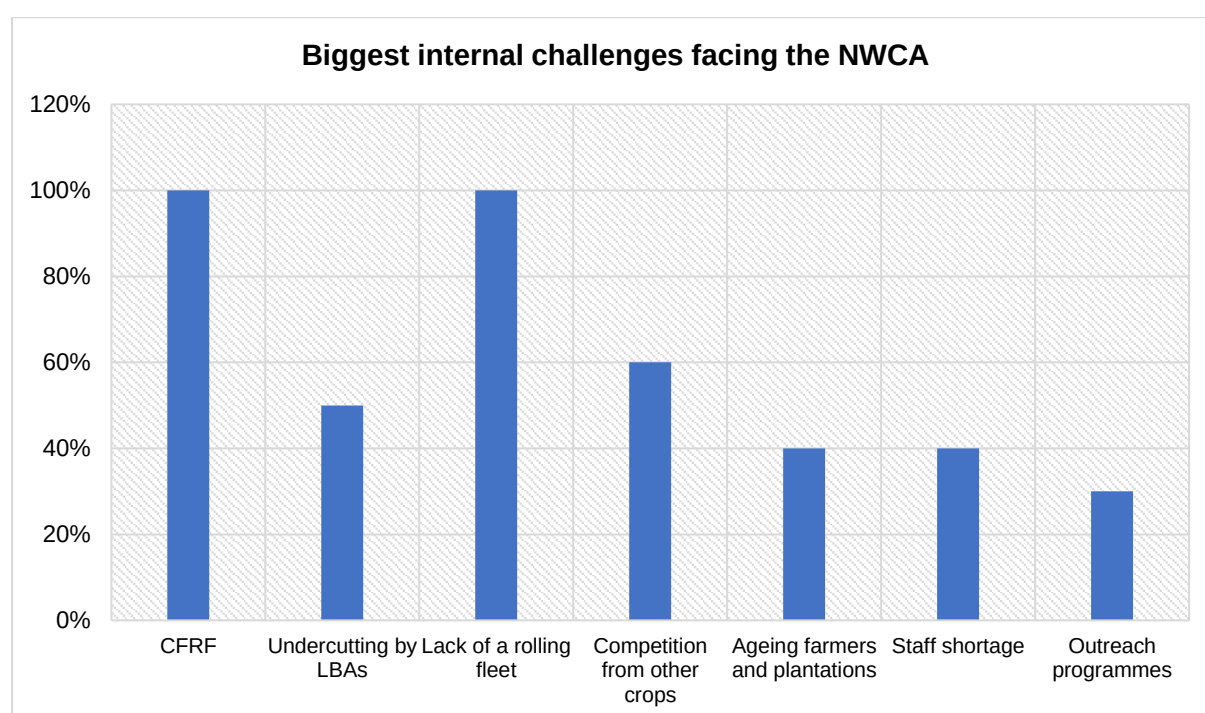


Figure 8-14: Biggest internal challenges facing the NWCA.

The percentage on the vertical axis shows the level of seriousness of the problem.

8.7.1. Financial difficulties.

The biggest stress weighing down on the NWCA in the post-liberalised era was the lack of liquidity to capitalise its campaign seasons, its affiliate primary and secondary cooperatives and its turnaround plan. The shortage of liquidity translated into pressures at various levels, including:

- **Staff shortages.**

The staff complement at the NWCA head office had been shrunk to skeletal levels. From 398 full-time staff and 4400 casual workers during the boom years, less than 50 people were left to man five departments. Almost every manager had only 1 staff in their department. Everyone at the head office was required to cumulate two or three functions. The department of finance had two staff, which was almost a luxury. The staffing challenges also affected mid-tier cooperatives. In Belo and Fundong, the Managers were hulling coffee by themselves in order to keep expenses at an affordable minimum. In NACU, the Finance Manager, the Accountant and the Paymaster were one and the same person, which obviously went against financial best practices. Unfortunately, they simply could not afford to do otherwise.

- **Inability to fund campaign seasons.**

The General Manager of the NWCA explained that the NWCA financed its campaign seasons by borrowing money from financial institutions:

We get money mainly from credit unions and from banks. And it comes... at very high interest! But we have no choice. (Waindim Timothy, General Manager, NWCA, interview on 12/05/16).

He was certain that this problem wouldn't exist if the management had agreed to set up a revolving fund as the USAID PRAMS I programme had planned to do in the 90s.

Only NACU, had managed to build a cash reserve of 30,000 USD which it housed in a Kumbo-based credit union. With this amount, it financed its campaign seasons without the NWCA's help.

- **Flouting of rules and regulations by mid-tier cooperatives.**

According to the Chief Internal Audit and Control officer of the NWCA, the articles of association agreed to by all tiers of the cooperative expressly prohibit doing business with independent organisations and LBAs without the apex organisation's knowledge:

NWCA-affiliated Unions can't just have dealings with any buyer of their choice. The CPMS have no right to discuss with other buyers without the consent of the upper organisation. Then the secondary organisation has no right to carry out any deal with a buyer without the consent of the apex, which is NWCA. So that binding relationship exists. NWCA is also responsible for sourcing of funds for the collection of coffee right from the producers. (Mr. Nyoh Joseph, Chief Internal Audit and Control Officer, NWCA, interviewed on 16/05/16).

All tiers of the cooperatives were well aware of this chain of command. However, the apex organisation's inability to source the funds which they required to buy coffee from producers was pushing them to sell to independent LBAs without the approval of the NWCA. During the field research, I witnessed independent LBAs buying coffee on ACUs premises in transactions that had not been cleared by the apex management.

- **Dilapidating infrastructure.**

The NWCA has at least one warehouse in every village in the North West. These properties were not being used to even 40% of their capacity due to financial difficulties. Selling them was out of the question for producers who saw the vast network assets as a monument and testament to what they had achieved through

collective effort. The North West is a rural province, so it is always difficult to find private prime commercial clients to occupy the properties. Even when there are takers, the rentals charged are half of what UCCAO cooperatives get in the West province.



Figure 8-15: Cooperatives' infrastructure like this in Bango left to the elements, is a common sight in the North West.

8.7.2. Constant undercutting by rival LBAs.

With their financial difficulties, the NWCA was finding it difficult to compete with independent buyers. A popular strategy employed by LBCs to undercut the NWCA's business was to wait to hear the cooperative's purchasing price before announcing their own rates. Although the NWCA started buying coffee in October, long before the LBCs arrived on the scene in early January, many producers preferred to sell to the LBCs because they offered better rates:

Private companies constantly undercut us by offering an extra 50 FCFA or even 25 FCFA on top of our price. They deliberately wait for us to announce

our buying price and then add something on top. (Mr. Nyang Joseph Kwi, Manager Noni Area Cooperative Union, interviewed on 30/06/16).

The NWCA had two things going for them as far as price wars were concerned. Firstly, some producers were remaining fiercely loyal to the cooperative. As one farmer in Njinikom explained, “*everything we have comes from the cooperative, so there is no way we will ever let it die.*” (Pilate Songsi, farmer, Njinikom Area Cooperative Union, interviewed on 24/05/16). Secondly, LBAs payed only a once-off price for coffee unlike cooperatives, which pay producers an upfront price plus season-end bonuses in case of favourable price fluctuations on the global markets.

8.7.3. Lack of a rolling fleet.

The NWCA and its affiliate cooperatives were bleeding cash because they lacked trucks to move coffee around. Unlike UCCAO which has pickup trucks but no money to buy coffee, the NWCA has coffee but no trucks. The cooperative’s apex organisation and all of its mid and primary-tier cooperatives sold off their entire rolling fleet in the peak of the credit crunch in the late 90s to pay salaries and keep the doors open. Now, there was an urgent need for a rolling fleet with an improvement in the cooperative’s fortunes. In the outlying villages where the roads were in terrible shape, coffee was transported from farms to the cooperative on motor bikes, which had almost become the norm:

Sometimes we face a lot of difficulty bringing out coffee from enclaved areas on motorbikes, because that is what we really use. It is a very tedious thing to do, trying to run a cooperative by transporting coffee on bikes. That is because we don’t have any vehicle. At the moment, the Donga-Mantung cooperative has no service vehicle. (Kwalar Williams, Manager DMACU, 14/06/16).

All mid-tier cooperatives acknowledged that they faced similar challenges getting their coffee to the NWCA's warehouses in Bamenda. A very quick calculation by the Manager of the Bali Area Cooperative Union revealed what the lack of a rolling fleet was costing them:

Just this morning I had to look for 200,000 francs to get 16 tonnes of coffee to the NWCA. So, calculate how much I have to pay to hire a truck every time. This year I had about 143 tonnes to transport from the mill to NWCA. This year I spent about 3 million on transportation alone. That is too much money? We need help to bring down that cost so that we can pay more money to producers (Isaac Tita, General Manager, BACU, 14/06/16).

This calculation translated into average transportation transaction costs of 0.0476 FCFA per kilo of coffee which left the Bali area. A very conservative modelling using Mr. Isaac Tita's average transport transaction costs of 3 million FCFA (7000 USD) per cooperative per year showed that combined annual expenditure on transportation for 12 NWCA cooperatives amounted to over 36 million FCFA or over 80,000 USD per annum for the entire NWCA group- enough to pay permanent staff's salaries across all the three tiers of the NWCA for two years.

8.7.4. Competition with other crops.

The shift by some producers from cash crops to food crops and the tendency to grow food crops in and around coffee trees was becoming the new normal across the Western High Plateaux. The Marketing Manager at the NWCA complained that *"more producers are running away from coffee production in favour of shorter yield crops"* (Fongu Peter Pekwo, Marketing Manager, NWCA, interviewed on 18/06/16). This trend was set to get worse. In June 2016, the AfDB-sponsored Bamenda-Ekok-Mamfe-Nigeria stretch of tarred road was inaugurated and a new wave of Nigerian wholesalers started driving across the border to buy large quantities of produce from

all over the West-North West area. This phenomenon, which caused a 20% inflation in the price of essential food crops between 2016 and 2017, could tempt even more producers to switch to short yield food crops.

8.7.5. Difficulty in Interesting young producers in the coffee business.

NWCA managers were unanimous that coffee producers were dying with their knowledge, experience and farms. The average age for coffee producers in the North West region was 56 years. Everybody associated with the cooperative was preoccupied by this problem as this sample of responses shows:

- *As I am talking like this, if I happen to die, my children will not know how to get to my coffee farms. The farm is regarded as something for old people now. (Kuvinyo Fonfoh Joseph, farmer, Meluf CPMS, interviewed on 30/06/16).*
- *Young people are not interested in the coffee business. They prefer to go into the bike taxi business which gives them immediate money. That is what they want – immediate money. (Mabughi Ferdinand, Manager Njinikom Area Cooperative Union, interviewed on 31/05/16)*
- *The coffee is ageing with the producers. Producers are ageing with their coffee plants. (Nfonbanla Hipolytus, Manager, NACU, 30/06/16).*

Area cooperative unions currently tried to incentivise young producers' participation in the coffee business through internal marketing costs (IMC) funding. However, there was no clear, structured programme because the cooperative could not afford one. The only structured plan for young producers was the CCIC's *New Generation* (NEWGEN) programme. The NEWGEN programme had set a target to train 2000 young producers in the North West region and monitor them from the day they plant their first trees right through to when they harvest and sell their first crop. The problem with the NEWGEN programme was that it was so underfunded that it could take only

600 new farmers per year, nationwide. It was difficult to see how it would significantly move the needle in the next *century* in a province which has over 35,000 coffee farms.

The NWCA's best bet was that the current coffee acreage would be maintained through traditional inheritance systems. In Bango, the General Manager, Mr. Nfonbanla Hypolytus, had created a programme targeted at widows to take over their late husbands' coffee plantations. He had also formed a women's group to attract more women to the coffee business. The program had attracted a total of 200 female coffee growers to the cooperative. In Santa-Pinyin, the only area cooperative union led by a woman, a programme had also been created to encourage women to join the coffee business. The Manager, Mrs. Tabitha Azimbom didn't have a breakdown of the number of female coffee growers in her cooperative but confirmed that there were over 50 of them.

8.8. Complaints about the government of Cameroon's support to cooperatives.

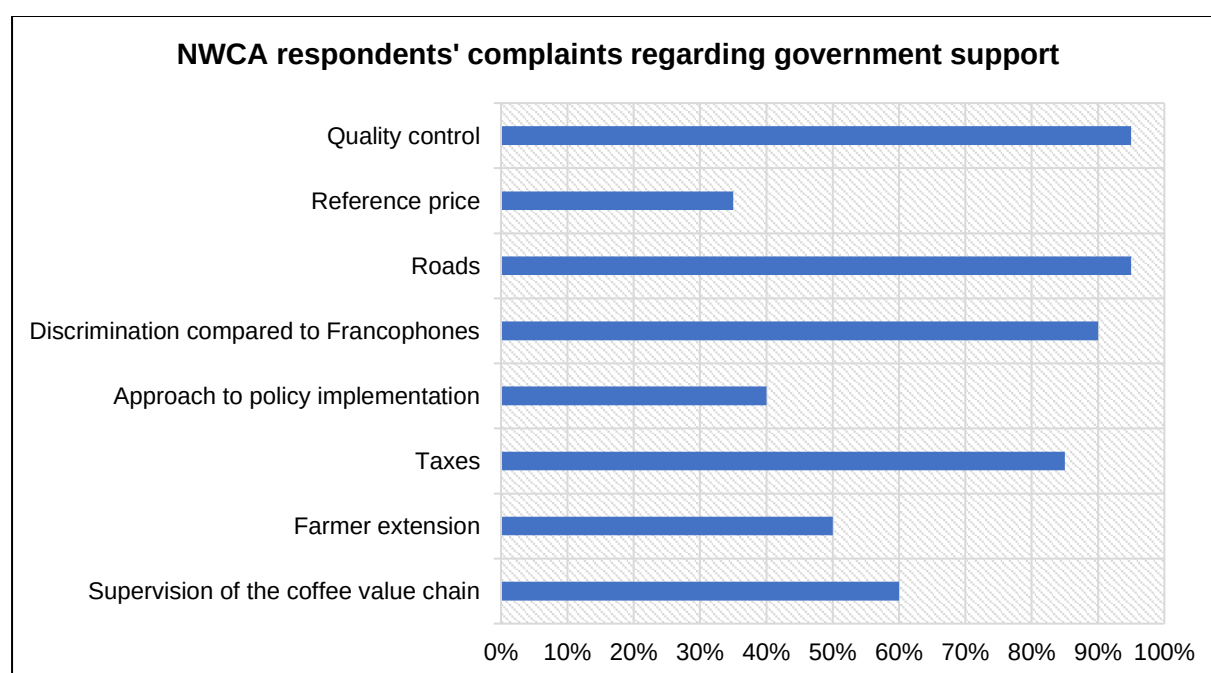


Figure 8-16: NWCA respondents' complaints regarding government support to cooperatives.

When NWCA managers were asked about the State's support to them, there was a lot of shrugging of shoulders. The general sentiment expressed was that producers did not really expect anything from the GoC. The majority of their disappointment centred instead on the poorly regulated environment in which the coffee business currently occurred. The following themes constituted the sum of grievances expressed by various NWCA constituencies regarding the GOC's role in the post-1992 free market coffee regime:

1. Policing of the coffee value chain in the North West was inadequate and LBAs were not put under the same scrutiny that cooperatives have to deal with.
2. The GoC had interpreted liberalisation as a cue to withdraw almost completely from the cooperative sector. It was shirking its duties towards farmers and POs.
3. Agricultural commodities were overtaxed and this discouraged some producers from investing sufficient time and money in their farms.
4. The GoC had a very haphazard approach to policy implementation. It was unclear exactly what it is that the government wanted to achieve.
5. The neglect of transport infrastructure was driving up transaction costs.
6. Agribusinesses in Anglophone Cameroon were getting less support than their counterparts in francophone Cameroon.

These grievances and more are discussed in greater detail in the section that follows.

8.8.1. Historic relations between the NWCA and the government of Cameroon.

NWCA producers have harboured hostile feelings about the GoC since their cooperative came under government control in 1978. Some of the root causes of this animosity lie in the country's history. The NWCA is based in the Anglophone minority region of Cameroon. Prior to 1971, the cooperative regime in Southern Cameroons

favoured a fairly flexible and autonomous management model. The NWCA was just one of many LBAs accredited by the WCMB to do business in the North West. North West coffee growers started complaining against discriminatory practices by the GoC which was perceived to favour their Francophone counterparts shortly after reunification in 1961. One reality which never sat well with them was the fact that UCCAO in the French-speaking part of Cameroon had monopoly rights over the coffee business in the West province whereas the BCMA (later NWCA) had to share its trade zone with a multitude of other LBAs (Kengo, 2015). A petition forwarded to the GoC by the BCMA on 22 December 1967 complained that:

The Arabica coffee farmer of East Cameroon continues to receive higher prices for the same quality of coffee year after year than ourselves and this is striking to note, when it is considered that all our coffee is being sold in the same world market.

(Kengo, 2015: 100).

The GoC never moved to resolve the complaints referenced in this correspondence (Kengo, 2015). The NWCA didn't receive a direct export licence until 1990 when the PRAMS I project was implemented, compared to UCCAO which has exported directly to customers around the world throughout its existence.

There was still an imbalance in the way the two cooperatives were treated in the post-liberalised era, with UCCAO continuing to receive more support from the GoC than the NWCA. Three examples illustrate this point. Between 2007 and 2011, UCCAO received public funding to the tune of 4.2 billion FCFA to help regenerate its producers' coffee acreage. In 2015, MINEPAT distributed brand new 4x4 Toyota Hilux pick-up trucks to every cooperative union in the West and in 2016, the Ministry of Commerce gave UCCAO 120 million FCFA to build a new secondary-processing factory line,

which was soon followed by the signing of a memorandum of understanding through which the GoC agreed to waive all taxes on UCCAO's exports. None of these support measures was extended to the NWCA or its affiliate cooperatives. All ACU General Managers interviewed were adamant that the difference in treatment was because Anglophones were a minority in Cameroon. The General Manager of the Momo ACU broke down his opinion on the matter in the following way:

We are living in a country where Anglophones and Francophones are treated differently. We sell a lot more coffee than the Francophones. But when it comes to getting things from government, they are treated better than us. That is our country. They give them cars, they give them inputs, they give them a factory...we get nothing. That is how it is. (Ngwa Gespa, General Manager, Momo A.C.U, 17/06/16).

The mass uprising against the national government which started in the Anglophone provinces in 2016 and ultimately led to the killing of more than 100 unarmed civilians further reinforced a sense among the general population in NWCA-territories that Anglophones were on their own. This had led many of them to not expect anything whatsoever from the Cameroon State.

8.8.2. Inadequate policing of the coffee business.

Official GoC texts are very precise about how the coffee business should operate (see Appendices B and C). However, NWCA managers were adamant that the GoC was doing very little to enforce its own rules and regulations. The Manager of the Donga-Mantung Area Cooperative Union (DMACU) used the following football analogy to describe the government's failure in performing its regulatory function:

Those who are supposed to referee the match from the government side don't do their jobs well. Those services are always offside, I don't understand whether it is insufficient staff or lack of time to follow up and see

what is happening on the ground. (Kwalar Williams, Manager DMACU, 14/06/16).

There was a lack of supervisory capacity in the rural areas, notably of NCCB staff and this cascaded into a number of problems in production basins, including:

- **Little control over who actually buys coffee from producers.**

The proliferation of independent LBAs, many of whom were people who converted from other businesses to seek their fortune in coffee, with little prior knowledge of the coffee business, was a major source of discontent for members of the cooperative. NWCA managers were unhappy that there was no permanent presence of sector monitoring agents on the ground to properly police how stakeholders in the coffee business conducted themselves. Illegal middlemen known as *coxeurs* were going from door-to-door by day and at night to buy coffee from producers. Some of these unscrupulous *coxeurs* gave producers loans early in the year, de facto pre-season purchases of crops long before berries even began to appear on coffee trees, a practice which was expressly forbidden.

- **Ineffective policing of LBAs' equipment and infrastructure.**

The law requires every LBA involved in the coffee trade to have brick and mortar infrastructure approved by the NCCB. Articles 24 and 25 of *Law N° 91/07 of 12 June 1991* (see Appendix B) stipulate that violation of these provisions carry a fine of between 300,000 and 500,000 FCFA and a prison sentence of three to six months. Respondents complained that this requirement was not being enforced and that this deficiency ultimately had an impact on the quality of Cameroonian coffee beans:

The NCCB has created a regional office in Bamenda. But they must go down to the field to make sure that everybody has regular equipment to

control weight and humidity. We must all have the same rigorous standards.

Ndika Fred, Quality Control Manager, NWCA, 19/05/16

The NCCB did not have the resources to properly staff its regional branches tasked with monitoring the coffee trade in production basins. NCCB Bamenda opened its doors only in 2015 and it simply did not have the manpower to scrutinise what went on in more than 43 production sites all over the province.

- **Absence of proper check points.**

The Oku, Belo, Bali, Ndop and Santa-Pinyin cooperatives in particular noted that they were very vulnerable to the practice of shipping parchment coffee out of their administrative jurisdictions, which meant that whatever went out was not captured in their annual production data. The Oku ACU manager complained that:

Unfortunately, the rules set by government are not respected and nobody is doing something to make sure that they are respected. Let's take the case of the Minister of Commerce who signs Orders every year on the marketing of coffee. Such Orders state that coffee can only leave an area in beans form. However, you find that in some areas, competitors collect parchment coffee and take it somewhere else. The coffee's source is then declared as the area where the licenced agent took it, which has a negative impact on the production statistics of our area. (Mathew Ngangwa, Manager, Oku Area Cooperative Union OACU 30/06/16).

NACU had managed to reduce this practice in its jurisdiction with the help of the Senior Divisional Officer. Others had not been so successful. For the Manager of the Bali Area Cooperative Union, the problem was the forces of law and order themselves:

I have stopped reporting shipment of unprocessed coffee because that is just a source of extra money for the officers' pockets. They don't do anything whatsoever to stop the practice as long as they are given some money to look the other way. (Isaac Tita, Manager, BACU, 14/06/16).

It was not the job of cooperatives to monitor shipments of coffee in and out of the province. I visited the customs transit office in Up-Station Bamenda to research how they dealt with coffee seized due to non-compliance with government regulation. The office didn't have any records on this offense and had not made any arrests either.

- **Unscrupulous LBAs dictate the rules in under-policed rural areas.**

The absence of a properly regulated trade environment meant that LBAs very often dictated all the terms of trade in rural parts of the North West. Producers had a very unfavourable view of these private LBAs and speculators, as shown in these responses:

- *Licensed buyers are all about money. They are only here to make profits (Mukong Eugene, Bamenda ACU, interviewed on 20/05/16).*
- *Buying agents cheat producers with funny scales (Mr. Ngum Joseph, OACU, interviewed on 31/06/17).*
- *They just want to steal our coffee. (Fai Moses, NACU, interviewed on 30/06/17).*
- *They only want to buy in bags. I prefer the cooperative because they measure my coffee and buy it from me in kilos. (Mr Ousmane, DMACU, 17/06/16).*

The NACU manager explained that some producers sold their coffee only to LBAs because they owed money to their ACU and that's why they were avoiding the cooperative:

*They took out loans with us and now they are dodging around, avoiding us.
(Nfonbanla Hipolytus, Manager, NACU, interviewed on 30/06/16).*

This category of producers preferred to take their chances with unscrupulous LBAs rather than settle their debts with the ACU which bought coffee at a fairer price.

8.8.3. Inadequate government support to coffee growers and POs.

Unlike the prevalent sentiment in the West region which was overwhelmingly against the liberalisation of the coffee value chain, all NWCA Managers were surprisingly happy that it had been done. They were happy that, for the first time, they were even making more deals than UCCAO. However, there was a lot of unhappiness about the manner in which the liberalised environment was regulated. Their complaints centred on the following aspects:

- **Reference price.**

There was no set reference price being used in production basins. The international INFORSHARE daily price was available to most people interviewed. However, it was certainly not giving enough clarity on producer prices. This encouraged predation on vulnerable producers as the NWCA's marketing Manager explained:

The idea of liberalisation was that the farmer should have more bargaining power. But on the contrary, the farmer is completely being sent out of the value chain, he has little or no role as far as the prices are concerned. (Fongu Peter Pekwo, Marketing Manager, NWCA, 12/05/16).

The Manager of the Nso Area Cooperative Union described some LBCs as “*giants who come to weaken producers with their millions and sometimes even ready to undercut the cooperative*” (Nfonbanla Hipolytus, Manager NACU, 30/06/16).

- **Little or no focus on quality.**

The trend of illegal buyers offering unacceptably low amounts of money for coffee had caused many producers to pay less attention to the quality of their crop. Illegal buyers hoovered everything on offer, good or bad. What was rejected as inferior merchandise by buyer A was being quickly offered to and accepted by Buyer B:

Bad prices have discouraged producers from focusing on quality because they can sell even bad or damp coffee to competitors. What we reject is collected somewhere else by another licenced buyer like hot cake. This tarnishes the image of the country of origin. (Kwalar Williams, Manager DMACU, interviewed on 14/06/16).

This problem was being exacerbated by the presence of illegal buyers, some of whom never verified the origin of the consignment they were buying:

Some of these licenced buying agents go around in the night, although it is forbidden. They encourage some of these kids to go and steal coffee from their parents and sell to them in the name of liberalisation. (Mathew Ngangwa, Manager, Oku Area Cooperative Union OACU 30/06/16).

Producers who saw the NWCA as being unnecessarily strict on the quality and origin of coffee also preferred to sell only to LBAs. The inevitable problem with this trend was that a lot of bad coffee was making its way upwards in the value chain:

Last year some coffee was brought back to Cameroon due to humidity issues. Those things need to be looked at, because when such terrible coffee reaches the international market, they don't look at who sent it. They just say that it is from Cameroon, and that Cameroon sells rubbish coffee. (Isaac Tita, Manager, BACU, 14/06/16).

When coffee of inferior quality makes its way to the international market, that exerts downward pressures on coffee prices from the entire country of origin.

8.8.4. Haphazard Implementation of sector development programmes.

A coffee producer in Njinikom stated bluntly that *“the government talks more on the radio and papers but does little to help producers”* (Pilate Songsi, farmer Njinikom Area Cooperative Union, interviewed on 24/05/16). In the eyes of many in the NWCA, there were problems with the way government support programmes were structured. The most important flaws highlighted were the following:

- **Current plans do not translate into visible projects on the ground.**

The plethora of support programmes developed to revamp the coffee sector had little visibility in the villages where coffee production happened. NWCA respondents were unanimous that they did not receive any noteworthy help from the GoC:

In the past, government used to have extension agents who moved from farm to farm and showed producers what to do. All that is gone. (Mathew Ngangwa, Manager, Oku Area Cooperative Union OACU 30/06/16).

For the NWCA Internal Audit and Control Manager, the Government's support programmes left much to be desired:

Government has developed some programmes to help producers, but I look at them like a joke. The programmes are there, but effective implementation is not happening. Which is a pity. (Mr. Nyoh Joseph, Chief Internal Audit and Control Officer, NWCA, 27/05/16).

Due to the vacuum left by extension agents, cooperatives were forced to use their own resources to hire experienced producers whenever they could to mentor less experienced ones. In Santa-Pinyin, Nso and Oku, the ACUs had created neighbourhood mentorship programmes for inexperienced producers and women. Offering extension support to women in particular was critical because coffee has traditionally been a men's business. Women producers made up less than 5% of the NWCA's producer base, so it was vital for them to get all the help they needed to be successful producers as well as to attract more women into coffee production. The General Manager of the NWCA recommended that the GoC's help had to be structured in a more systematic, step-by-step approach, from the virgin plot to planting, treatment, harvesting, transportation and shipment. If structured in this way, he argued, it would be immediately clear to all if the building blocks to greater and better-quality production were working or not and it would be easy to spot the weak links.

- **The government inputs programme is both insufficient and ineffective.**

NWCA respondents viewed the GoC's annual MINADER inputs programme as a futile exercise. They argued that it did not even begin to address their needs and worse still, it always came towards the tail end of the coffee season when it was not needed:

I am telling you that everything comes late! Government always sends things late. Usually you have to start spraying the coffee plants when they start to flower so that insects cannot transport the diseases from other farms to your own farm. But government things come when the bulbs are falling off, when the plants have already been attacked by diseases! (Chinwe Joseph, farmer since 1976, Birsum CPMS, NACU, 30/06/16).

The cost of inputs was prohibitively high for NWCA producers, most of who no longer afford them. Inputs were subsidised by the GoC until the SAP changed all that. NWCA managers suggested that it would be even better for inputs to come into the country tax free. This, they suggested, would be a more efficient solution and would make producers responsible for their own supplies. The NWCA had lobbied the GoC to remove import duties on inputs without success. Another perceived weakness in the inputs programme was that there was a sense that bigger or more connected coffee producers received more help than their smaller, poorer counterparts. Coffee grower Mr. Chinwe Joseph said that “sometimes government shares these inputs to some type of people who are not even serious about coffee” (Chinwe Joseph, farmer since 1976, Birsum CPMS, NACU, 30/06/16).

8.8.5. Overtaxing of commodities.

Respondents expressed major concern about taxes levied per kilogram of coffee exported. In 2017, a kilogram of Arabica coffee sold for 1700 FCFA (about 3 USD). The producer took home only about 1,40 USD of this amount on average. The amount

dropped significantly for Robusta coffee where the producer got only about 1 USD per kilo. The rest was lost to taxes, transport costs and handling charges:

We pay a tax per kilogram of coffee that we export, per kilo we pay about FCFA 100. That is just for the three government bodies: FODECC takes 74 francs, ONCC takes 16 francs and CCIC takes 10 francs. Per kilogram! They don't differentiate between Arabica and Robusta which is cheaper. There are still other taxes at the ports: quality control, customs clearance, transportation etc. which takes another FCFA50 francs. That's not all. At the farmer's level, there is farmer's income tax which has to be paid. The farmer's tax is about 2.2%. with all that, the farmer goes home with what? Nothing! (Fongu Peter Pekwo, Marketing Manager, NWCA, 17/05/16).

The various tiers of the NWCA also deducted around 250 FCFA per kilogram for cooperative charges (transportation, quality control and processing). A member of the Bansa ACU who owned a 5-hectare Arabica coffee farm explained that most producers were still in the coffee business only because “*they simply do not want to calculate how much it really costs to farm this coffee, otherwise we would have all abandoned it a long time ago*” (Kuvinyo Fonfoh Joseph, farmer, Meluf CPMS, 30/06/16).

8.8.6. Neglect of Transport infrastructure.

Due to the piteous state of rural roads, cooperatives often resorted to motor bikes and even porters to carry coffee from plantations to warehouses, which was an extraordinarily tedious and expensive way to conduct business. Part of the Bamenda-Babajou stretch of road linking the provincial capitals of the North West, and West and which was used to transport coffee to the port city of Douala, collapsed in 2017. The situation was even more dire in the Bansa, Oku, Noni, and Donga and Mantung heartlands where roads were not tarred and the rainy seasons lasted seven months.



Long traffic jams on the Bamenda-Bafoussam road during the rainy season (top left); the Santa toll gate (top right); part of the Bamenda-Bafoussam highway which collapsed in 2017 (below). The piteous state of this road ate up as much as 5 to 15% of coffee growers' earnings because all coffee produce from the North West has to be transported to the port city of Douala via this road.



Figure 8-17: Calamitous state of roads in the North West.

8.8.7. Perceived discrimination against Anglophone Cameroonians.

There was a sense among NWCA managers that the preferential treatment which UCCAO enjoyed in the previous dispensation was still going on today. The General Manager of the Oku ACU expressed his sentiments in the following manner: *“they help farmers in the West Region and here we don’t see it”* (Mathew Ngangwa, Manager, Oku Area Cooperative Union OACU 30/06/16). The NWCA had overtaken UCCAO as the biggest producer of Arabica coffee in Cameroon. UCCAO had been buying coffee from the NWCA for its roastery since 2013 - the NWCA Marketing Manager showed some receipts to prove it. While it was true that UCCAO had received government support which the NWCA didn’t get, it was also probably true that the sense of injustice was influenced by the prevailing political situation in Cameroon when the study was conducted.

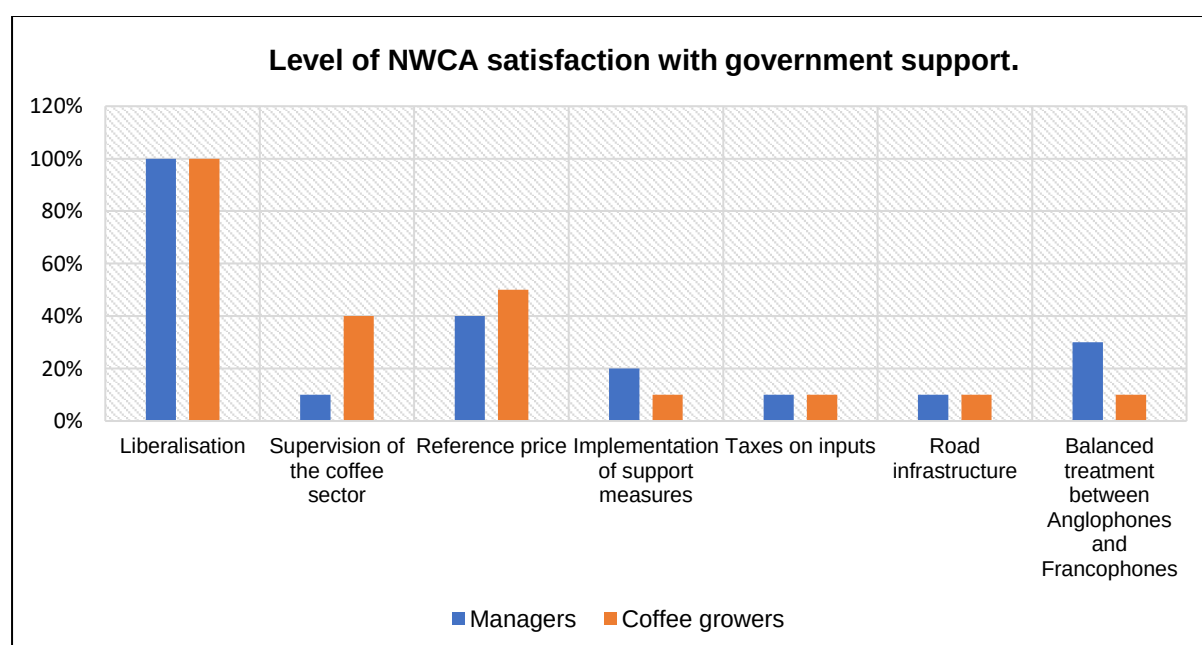


Figure 8-18: NWCA's assessment of government support.

8.9. NWCA producers' assessment of the free market era.

NWCA coffee growers' impressions on the free trade regime can be summed up in three words: delight, disappointment and hope. These sentiments are linked to the three main themes that they talked about the most: coffee prices, inputs programme and the cooperative.

- **Liberalisation of coffee prices:**

All respondents without exception were absolutely delighted that the coffee value chain had been liberalised. Before liberalisation, the NPMB ran a very opaque shop. Producers generally received only about 40% of Robusta FOB prices (or roughly 200 FCFA or 33 USD cents) and 55% of Arabica FOB prices (or roughly 340 FCFA or 55 USD cents) until 1990. Today, they were getting up to 50% more in some instances as a farmer explained in Banso:

Oh! The prices are absolutely better! Absolutely much better. Before, we were only working for the marketing board. Now, we are getting up to one thousand francs for a kilogram of Arabica. Today, on my cell phone I can see the price of my coffee going up and down (Mr. Chinwe Joseph, Farmer NACU, interviewed on 30/June 2016).

A respondent also praised liberalisation because, as he put it, producers could now negotiate better prices for their coffee. This sentiment was echoed across all divisions of the North West. However, this was one of the few positives they mentioned about the free market era.

- **Monitoring of the coffee trade by the GoC.**

Concerning the State's support to farmers, NWCA coffee growers were disappointed and resigned. Twenty percent of respondents acknowledged that they had received

some kind of support from the State. The specific kinds of support that were mentioned included the following: FODECC free seedlings, farm equipment (watering cans, machetes, etc.), fertilisers and inputs (i.e. fungicides and pesticides which producers generally referred to as '*chemicals*'). The majority of respondents had a very negative view of the State's urgency in offering them support. As one respondent put it:

The government talks more on the radio and papers but does little to help farmers. (Mr. Christopher Wainfein, Njinikom ACU, interviewed on 25/05/17).

Another respondent stated bluntly that:

The government has not yet done anything to ensure that we have more benefits. (Mr. Ngoh, OACU, interviewed on 02/07/17).

This category of co-operators included people who claimed to have received only fertiliser or nothing at all from the government as well as those who were unhappy that little was being done to stop the scourge of illegal buying. A number of respondents said that illegal buyers were thriving in the free market era because little was being done to monitor how they operated.

100% of respondents were adamant that illegal buyers used fake scales whenever producers insisted on selling their coffee in kilos rather than per bag. They also blamed illegal buyers for buying poor quality coffee which sometimes diluted their earnings. 50% of respondents said that licensed buyers were inexperienced in matters of the trade. Respondents expressed the need for the GoC to set a reference price which could be used to force buyers to pay more for coffee. One respondent, Mr. Fang Francis from the Fundong ACU, suggested that the best way to kill illegal buying was for the GoC to encourage certification of Cameroonian coffee and to create a central coffee exchange where all the country's commodity could be traded.

Taxes on coffee exports were not really mentioned as a problem. Although a few people said that the deductions per kilo of coffee was too high, respondents were more concerned about the taxes on inputs. They complained that taxes on inputs were too high and that they could no longer afford to use fertiliser and pesticides on their farms. This was why their plantations were producing so little coffee. Just over 35% of respondents confessed to using the government-donated fertiliser on their food crops because the quantities provided were too little to improve their coffee acreage in a significant way. One respondent said that he used the fertiliser on his cornfields because they always arrived late, after coffee had already been harvested.

- **Co-operators' assessment of the NWCA.**

Eighty percent of respondents were delighted with the NWCA. They felt that it was doing enough with regards to providing training to help them improve the quality of their crop, sourcing of international clients and helping them with farm inputs. However, two pertinent complaints were made about the cooperative. The first one was that the cooperative was paying 50 FCFA less for coffee compared to LBCs. One respondent even said that: *"we prefer licenced buyers because they buy at high prices"* (Mr Ngong Stephen, Belo ACU, interviewed on 19/05/17). It is unlikely that this complaint will ever go away given that price wars are the biggest weapons used by private companies to take producers away from the cooperative.

The second complaint, expressed by 15% of respondents, was that the cooperative was giving more inputs to connected individuals whereas poor coffee growers who were actually spending all their time in their plantations were receiving very little. One respondent said that:

Some rich farmers access more chemicals than some of us poorer ones

(Mr. Fang Francis, Farmer Fundong ACU, interviewed on 21 May 2016).

This impression that there were patronage networks through which absentee connected individuals with access to MINADER unfairly received more inputs than more deserving farmers was echoed by another coffee grower hundreds of miles away in Banzo:

They give these inputs to some type of people who don't know anything about coffee. rich people who never go to the farm (Mr. Chinwe Joseph, Farmer NACU, interviewed on 30/June 2016).

Producers did not know if this problem was imputable to their cooperative or to the Government of Cameroon since the Ministry of Agriculture was also involved in the process. It was striking that the second sentiment highlighted above was made in the Banzo ACU's office, in his presence. When it was made, it was clear that he was not being blamed for the problem. The national inputs programme was worth more than 10 million USD a year and it is possible that some officials were using it for corrupt purposes.

On a different note, coffee growers were very excited and hopeful about the prospects of *Kola Coffee* and the fact that they could earn as much as 150% extra profits by selling roast and ground coffee (i.e. from about 1 USD per kilo to 2.5 USD) although it wasn't necessarily true that the cooperative was going to turn over every cent made from secondary processing to coffee growers. A respondent expressed the optimism shared by the majority of co-operators with the following words:

The NWCA should hurry up and start producing more Kola Coffee so that we can forget about exporting beans (Mr. Fang Francis, Farmer Fundong ACU, interviewed on 21 May 2016).

The NWCA had been using this messaging as part of the strategy to build co-operators' loyalty. Co-operators who visited Bamenda had seen the coffee kiosk first hand and confirmed for themselves that there was potential there. The field study also took place shortly after a joint NWCA-NCCB *Festicoffee* open day in Boyo, during which coffee growers had sampled their own coffee for the first time and touched *Kola Coffee's* sleek packaging. This had left a strong impression on them and there was obvious great expectation for the cooperative's secondary processing prospects once enough time and effort were put into this area.

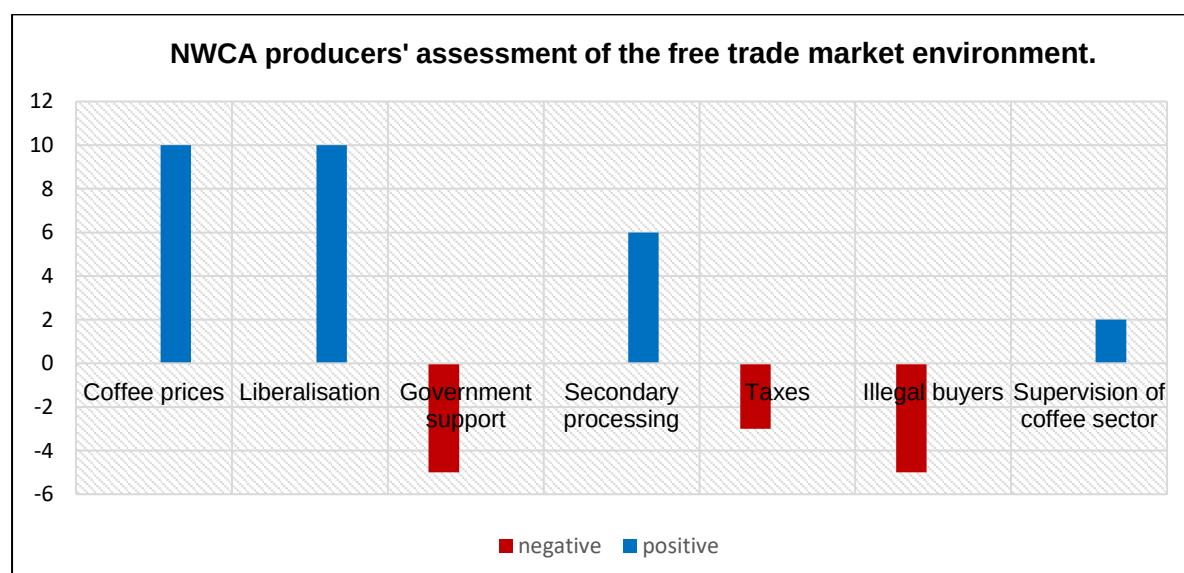


Figure 8-19: NWCA producers' assessment of the liberalised coffee regime.

The blue lines show levels of satisfaction while the red lines show levels of disappointment. The themes represented in the graph were collated from coffee growers' responses.

8.10. NWCA's strategy to leverage the neoliberal free market regime.

It took the NWCA a long time to emerge from the cocoon it had lived in for so long, shielded from real market conditions first by the NPMB and then by the PRAMS I project. It was only during the past decade that it had made bold strides in seizing the opportunities offered by the free trade market regime. Its diversification measures included the following strategies:

1. Building of a roast and ground coffee factory line and greater focus on increasing the profile of the Kola Coffee brand.
2. Increasing the NWCA group's *fully washed* coffee capacity in order to access more lucrative niche markets.
3. Creation of a revolving fund to compete on more or less the same footing with independent buyers.
4. Improved advertising and marketing in previously unexploited markets.

8.10.1. Brand Kola Coffee.

After a decade of owning a brand product, everyone at the NWCA was finally aware that *Kola Coffee* could bring in much more money than green coffee beans and that there was a market for it:

We received a delegation of Americans in our coffee lab here. They had bought our Kola Coffee in Yaoundé and couldn't believe that it was produced in Cameroon. They came all the way to Bamenda to see with their own eyes and bought even more boxes of coffee. (Fongu Peter Pekwo, Marketing Manager, NWCA, interviewed on 12/05/16).

The two kiosks in Bamenda made about 100,000 FCFA per day on average (about 180 USD). That was the cost of two bags of green coffee beans and change from just an average of 100 breakfasts a day, with each customer paying an average of 1000 FCFA per meal - plus there were no taxes or transport charges deducted. The experience had shown the NWCA that they could sell 700-bags worth per annum for double the profits without even leaving Bamenda. A respondent in Fundong was adamant that *"we need to add more value to the coffee at our level of the value chain"* (Fang Francis, Farmer, Fundong Area Cooperative Union).

The big disadvantage that *Kola Coffee* has, compared to its competitors was that roast and ground coffee needs a coffee machine or a plunger to prepare, compared to Nescafé's soluble coffee which the consumer just needs to pour into a cup of hot water and stir. The NWCA was lagging far behind UCCAO in the area of secondary processing because it came to the party very late, with the development of a house brand (*Kola Coffee*) by former General Manager Mr. Mongwe Christopher Mbah only in 2008, although it had been roasting and packaging coffee in nondescript wrapping for much longer. When Mr. Waindim Timothy became the General Manager of the NWCA in 2014, he made the construction of a much bigger secondary processing factory line for *Kola Coffee* his number one priority. In 2015, he applied for and obtained an AfDB grant to buy a brand new a roast and ground coffee factory line with a production capacity of 100 tonnes of roast ground coffee per month. Following the AfDB grant, the GoC extended the NWCA a 1.2 billion FCFA line of credit for secondary processing. The NWCA planned to raise a further 1.8 billion FCFA to add a soluble coffee line on its production facility.

Once both factories were up and running in 2018, the NWCA intended to export almost all its beans as finished product: *"we will completely forget about exporting green beans,"* (Mr. Fonguh Peter Pekwoh, Marketing Manager, NWCA, 27/05/16). The arrival of the AfDB-funded factory line meant that the NWCA had to double its marketing efforts to find markets for *Kola Coffee*. It was one thing to have a factory and it was quite another to find markets for the end product, an activity for which the NWCA had not yet developed capacity. Current purchases happened thanks to word-of-mouth recommendation or spontaneous, impulse purchases in supermarkets in Cameroon. An ambitious upstream and downstream development plan had to be

conceived to get enough raw materials on the one hand and to sell the finished products on the other hand.



The development of rudimentary coffee shops like the one pictured above has shown the NWCA that it can generate more revenue by selling roast and ground coffee in its own backyard. It has also encouraged the cooperative to focus more efforts on selling roast and ground coffee in other regions of the country and abroad (rest of Africa, America, Europe and Asia).



Figure 8-20: The NWCA's coffee kiosk in Mile 4 Bamenda and some of the products it sells there.

8.10.2. Better quality beans for niche markets.

The second way the NWCA was leveraging the free trade regime was by improving the quality of its Arabica coffee beans. This was being done in four ways. The first step consisted in encouraging area cooperative unions to use part of their IMC money to offer extension and mentorship services to new or inexperienced producers who lacked certain basic skills on how to care for coffee trees. The Manager of NACU stressed the need for urgency in this area:

I have producers with more than fifty years' experience and it is important to tap into their knowledge before they die. We are using the old producers to teach the younger ones how to take care of their coffee crop. We also mentor widows so that they can maintain that source of revenue left by their late husbands. (Nfonbanla Hipolytus, Manager NACU, 30/06/16).

Areas of mentorship included: when to clear coffee fields, distances to maintain between plants, when and how to enable pollination, grafting techniques, foliage techniques, when to use fertilisers and when to fumigate plantations.

The second method focused on carefully monitoring the humidity and colour/quality consistency of coffee beans before processing in ACUs. The NWCA placed special importance on this because it wanted to demarcate itself from independent buyers through flawless quality. The NWCA ACUs insisted that they systematically rejected all stolen or bad quality beans to protect their brand reputation: *"here at the NWCA, we focus a lot on quality - quality first, before quantity"* (Isaac Tita, Manager, BACU, 14/06/16). Respondents were eager to point out that in 2016, NCCB agents in Douala sent back shipments from independent buyers whereas all of the NWCA's coffee made it through to Europe at the first time of asking. Managers were well aware that the bad

coffee they rejected was immediately sold to independent licensed agents but said that it was incumbent on the NCCB to ensure that everyone played by the rules.

The NWCA were also offering customised services to demanding customers with very specific requirements. Since 2015, the apex cooperative had been using hired labourers to sort South Korean shipments twice on their request, for an extra fee. Korean buyers were particularly keen on buying coffee of the same uniform green consistency. They did not accept any deformed beans in their shipments. Buyers from Russia also demanded that a specially provided sticker be placed on each bag shipped to their country. The Japanese clients preferred organic coffee from farms which used little or no fertilisers at all.

The third kind of value addition to green beans was the production of more *fully washed* coffee which could be sold as a gourmet niche product. *Fully washed* Arabica coffee is in great demand all over the world. During the 2011/2012 campaign season, Cameroon *fully washed* coffee received the *Pima* certification from major global buyers (GoC, 2013). That campaign season, it exported 87 tonnes of *fully washed* *prima* Arabica coffee. Exports in this area had since risen to 100 tonnes by 2016, but Cameroon still lagged behind countries like the Democratic Republic of Congo, Rwanda and Kenya where there was a lot of private sector investment in this area. The NWCA was currently seeking donors to fund more coffee washing stations, with each eco-pulping station expected to cost a minimum of 15 million FCFA.

Finally, the ACUs at very high altitude like Oku, Noni and Banso were eager to join the *Fairtrade* process. Certified coffee fetches a higher fee on the global market, but the process of obtaining the certification itself was not easy as the most recent attempt at obtaining certification by OACU showed. The OACU, which received many buyers

from Europe, America and Asia was eager to leverage this opportunity and its Manager had tried to get a *Fairtrade* certification in 2015. However, the process ended in disappointment. He conceded that:

Although our coffee is considered among the best in the world and even outlets like Starbucks rates us very highly, we haven't managed to get more money for our coffee until now. Our financial situation does not allow it. You need to be capacitated on how to build a Fairtrade certification file. Under my leadership, the Oku Area Coffee Cooperative started a certification process with Fairtrade and also the coffee and farmer equity café practices. We got assistance from Sleuther to do it. The certification process was supposed to be done by Ceres. It went fine up to the last stage, that is the Auditors' certification process. They scored us only 75% and we didn't qualify for it. (Mathew Ngangwa, Manager, Oku Area Cooperative Union OACU 30/06/16).

The reasons the auditors advanced for not approving OACU's application for certification included the fact that:

- The partners who helped to build the file didn't have a good enough grasp of the area they were working in;
- The auditors wanted producers to show proof that they paid their casual workers a minimum wage of 1600 FCFA per day;
- They wanted producers to build shades for workers. The shades provided by trees didn't count;
- The kind of investment needed to get the Fairtrade certification, over which African producers have no say, required yields of at least 1-tonne per hectare for all OACU producers to get a return on investment.

OACU responded to the auditors explaining for example that in the rural areas, coffee producers have to provide meals to casual workers, which was factored into the final

amount paid to the worker. They also explained that casual workers usually take their lunch break in the shade of trees, like the Kola nut tree for example, whose foliage gives enough shade from the sun. The auditors never responded to their correspondence. Clearly the Western auditors who did this certification did not have a grasp of the economic situation in Cameroon. Fair trade processes should help coffee growers rather than lock them out of the system. There was room for the Government of Cameroon to create its own certification process or to link up with other African coffee producing countries to develop an African fair trade initiative.

8.10.3. Crop Finance Revolving Fund.

One of the most urgent priorities of the NWCA was the establishment of a CFRF to be used for buying coffee during campaign seasons. Managers interviewed for this project all stressed that a CFRF was an absolute necessity. Without coffee beans, the cooperative would cease to exist; there would be no product to trade. The current source of finance for campaign seasons was loans from credit unions, which came with very high interests. The General Manager of the NWCA lamented the fact that *“right now, we are just working for the financial institutions here in town”* (Mr. Waindim Timothy, NWCA General Manager, interviewed on 12/05/16). Although the NWCA apex organisation was able to borrow significantly more money than UCCAO to fund campaign seasons, it was still not able to buy all the coffee produced by its own producers, something which had set it on a collision course with some of its member unions. Only one union (i.e. NACU) had permanent arrangements with a Bansa-based credit union to finance its campaign seasons. The rest relied completely on the NWCA. There was a loyal base of die-hard co-operators, but to keep their trust, the NWCA had to prove that it could take their coffee off their hands every year, at fair value.

8.10.4. Improved Marketing and advertising.

In 2015, the NWCA adopted a number of long-term measures to strengthen its brand image and create greater buzz around *Kola Coffee*. It invested money for its Marketing Manager to do a Master's in Business Administration course. It also invested in satellite internet infrastructure on its premises. It further committed to attending international trade fairs more regularly, including the following ones:

- Festi-Coffee: Cameroon
- ANUGA trade fair: Germany
- Fancy Food Show: USA
- SIAM: Morocco
- CIARC: France
- Japan food fair: Japan

While it had an eye on markets overseas, the NWCA's participation in trade fairs had revealed new markets closer to home, especially in Nigeria, Chad, Niger, Algeria and Senegal. In addition to the ECCAS market, the NWCA wanted to expand into the Economic Community of West African States (ECOWAS) which already had more than 50 million regular coffee consumers. This push required investment in a proper marketing effort. The major flaw with the NWCA's current marketing effort was it was not capitalised at all. When I asked the NWCA Marketing Manager how much they spent on advertising, he gave me an answer which I had heard before from UCCAO's Marketing Manager, almost word-for-word:

The product speaks for itself. It is a 100% product with no additives. You cannot get a product like this from Nestlé and once a consumer tastes our product, they will keep coming back. (Fongu Peter Pekwo, Marketing Manager, NWCA, 18/07/16).

It was almost as if they exchanged notes. The NWCA was basically fighting blind, working more in hope than anything else. The Marketing Manager was a one-man department without a budget. His main weapon was the internet:

We get new markets through the internet! Thanks to the internet, as well as missionaries and people who visit us, we have new customers from Russia, Poland, Korea, Japan. Eastern Europe is growing. (Fongu Peter Pekwo, Marketing Manager, NWCA, 18/07/16).

Green coffee beans are not difficult to sell. The NWCA has traditional offtakers who systematically buy most of its coffee every year. Coffee destined for end users requires a more complex differentiation strategy both in terms of packaging (the customer should be able to afford the product) and visibility (the customer needs to see the product in order to buy it). So far, the only visible advertising by a coffee product in Cameroon was from Nescafé which made 5 billion FCFA per month from its beverage business in the supposedly still underdeveloped CEMAC market. Most Bamendans had never heard of *Kola Coffee*. The NWCA needed to develop an ambitious marketing effort if it wanted to make more money from secondary processing.

8.10.5. Renting out underutilised infrastructure.

Part of the NWCA's diversification measures consisted in monetising underutilised real estate. It had taken the drastic step of renting out all its prime real estate on *Commercial Avenue* and moving into more modest office space in *Mile 4*. The entire head office situated on *Commercial Avenue* in the Bamenda CBD (the busiest street in the North West) was now occupied by corporate clients. The NWCA apex staff worked from the much smaller office complex in *Mile 4, Nkwen*, which used to house the National Produce Marketing Board. Some of the underutilised warehouses in *Mile 4* had also been rented out to *Guinness* Cameroon on a long-term basis.



Figure 8-21: NWCA real estate rented out to corporate clients.

Only the apex body and the Bansa ACU have top end property rented out to corporate clients. The apex body has rented out the property above to Guinness Cameroon while the Bansa ACU's warehouses and head office (middle and bottom) have been leased by Guinness Cameroon and the Himalayas NGO. The other cooperatives do not earn much from rentals.

Rural based ACUs were not so lucky with prime real estate. Of all the regional ACUs, only NACU had been able to attract high profile clients. Its head office was occupied by an NGO (the Himalayas Project) with which it signed a long-term lease agreement twenty years ago. The lease was up for renewal in 2018 and NACU expected to double the rental on that property. It had also rented out some of its warehouses to *Guinness* Cameroon, the Cameroon military and a USAID-funded school feeding programme.

8.11. Conclusion.

This chapter shone the spotlight on the NWCA to understand the impact of the State's policies on its situation in the free-market era as well as the various strategies it had adopted to reinvent itself and succeed in a globalised free trade regime. Liberalisation had helped the NWCA overtake UCCAO as the biggest producer of Arabica coffee beans in Cameroon, but only just. The NWCA's position was complicated by its rural setting. The coffee business in the province was also complicated by a preponderance of illegal traders who took advantage of the unsupervised environment, extremely bad roads and inadequate transport infrastructure to prey on vulnerable coffee growers. So far, the GoC had shown itself unwilling or unable to create an environment where all stakeholders respect the conditions of trade outlined in various official instruments.

Elsewhere, efforts to develop its secondary processing business had started bearing fruit. Whether its coffee brand *Kola Coffee* can become a successful product in Cameroon and abroad depends to a large extent on the success of its marketing and advertising efforts, an area in which it has never invested any money and for which it is yet to develop a specific, measurable, achievable, realistic and timebound marketing plan.

Chapter 9: Conclusion.

9. 1. Introduction.

Cameroon's food and agrarian system has undergone three major transformations from the country's beginnings as a German colony in 1884 to date. Each inflection point has seen the State evolve a different support system for producers and producer organisations, with the necessary and logical corollary being a readjustment of organisational behaviour and market orientation by the latter. Whereas the Cameroon State's authoritarian organising hand was omnipresent during the first two food and agrarian systems, it has been largely absent in the post-1990 globalised free market era.

The main objective of this study was to critically analyse the impact of the Cameroon State's post-structural adjustment neoliberal agrarian system reforms on coffee cooperatives' activities and market orientation. To accomplish this task in an efficient manner, the following questions had to be answered:

4. What is the role of the Cameroonian state in driving cooperative development within agrarian transformation?
5. Which programmes and policies have been put in place by the GoC and Producer Organisations themselves to support coffee production within the neoliberal, corporatised, free market regime?
6. Which market orientation do coffee cooperatives pursue to participate in the local and global food system and agrarian structure - and with what success?

Sections 9.2 and 9.3 below summarise the main findings of the study before stating the emerging conclusions and theories.

9.2. Theorising the Cameroon State's current role in the agricultural commodities' sector.

A rigorous anatomisation of the Cameroon state's support to cooperatives within agrarian transformation highlights the following very obvious paradox, which is the first conclusion emerging from the study:

- The Cameroon State's strict application of structural adjustment austerity measures has crippled and continues to cripple its ability to invest in improving value chains, support producers and producer organisations and revamp commodities' production in any significant way.

As required by structural adjustment diktat, the Cameroonian State has projected a competition state posture in most of its policies since the early 90s. It has developed a Food Security Strategy Paper to promote cultivation of food crops. It has also backed the *Maputo Declaration* along with the CAADP programme and submitted itself to review processes to measure its level of food self-sufficiency preparedness. However, it must be said that the very lethargic government has tendentiously opened its borders to intra-African and wider international trade, not always out of its own volition, but because it has been persistently prodded by the IMF to do so. That is why measures aimed at selling the country as a competitive investment destination are not often backed by equally significant liquidity outlays in infrastructure. Initiatives to link local producers to global markets include the following:

1. Ratification of, and participation in African Union initiatives such as the *Comprehensive African Agricultural Development Programme* - CAADP.
2. Operationalisation of the Economic Community of Central African States' free movement of people and goods treaty (so far, only Cameroon, Chad and the Central African Republic have operationalised the borderless principle).

3. Tarring of the Bamenda-Mamfe-Ekok roads with AfDB and World Bank loans to give producers access to the 180-million strong Nigerian consumer market.
4. Ratification and rollout of the EU's Economic Partnership Agreement.
5. Ratification of and participation in the USA's Africa Growth and Opportunity Act.
6. Participation in international trade fairs such as the *Paris Agriculture Fair* and the *Milan Agriculture Salon*.

Now, the adoption of a competition state posture masks a couple of inherent contradictions that have trapped the Cameroon State in a cycle of inertia and underperformance. Firstly, and in line with Aké's (1985) assessment of the postcolonial African state, although the Cameroon State is constitutionally and institutionally constituted to come across as independent and above class struggles, this is simply not the case in reality. The regime in place today has been in power since independence, meaning that the petite bourgeoisie which managed extraction of surpluses in pre-colonial times is the same one that is locked in a battle to dominate other classes today. Since this political class is divorced from the forces of production, and its first instinct is to perpetuate and reproduce itself, it extracts the surpluses which it requires for its survival through disproportionately high indirect instruments such as levies, taxes, bribes and other charges, at the expense of the revival and development of the commodities sector. Land transactions on the one hand and a history of the current regime's backing of agriculture by rich individuals further point to a kleptocratic and oligarchic State apparatus of self-enrichment populated by those who are meant to drive development policy.

Secondly, the government's continued reliance on BWI institutions for financial support means that Cameroon is a very weak and ineffective competition state confronted with the double whammy of a near-complete incapacity to strengthen the local value chains

which domestic agribusinesses require to compete on one hand and incredibly well-resourced multinationals who systematically funnel most surpluses generated by the coffee trade to foreign shores on the other hand. A string of government initiatives (2010-2015 cocoa and coffee acreage renewal plan, 2015-2020 cocoa and coffee acreage renewal plan) have either been very badly mismanaged or chronically underfunded to the point of being mere cosmetic show. Banks meant to help farmers and small-scale producers (such as FONADER) have either never started operations or they have been plundered into liquidation by connected politicians. While this situation persists, small-scale producers struggle to reproduce themselves.

The deplorable condition of the transport infrastructure puts a further damper on agribusinesses' operations. Roads are in complete decay. According to the Africa Economic Outlook (2017) only 10% of Cameroon's roads are in good shape. It is quite revealing that parts of the highway linking Yaoundé, the political capital, to Douala, the economic capital, collapsed twice between 2016 and 2017 and Infrastructure Minister Mr. Nganou Djoumessi admitted that the entire highway had to be rebuilt. This deplorable situation unnecessarily inflates the transaction costs of already overstretched POs' and producers' operations. Cooperatives used to effectively perform some government' duties in rural areas (water supply, hospitals, banking services and especially building and repairing of rural roads) but as they have shrunk in size, they have lost the ability to play this role.

Communication infrastructure is also underdeveloped and severely lacking in many parts of the country. The lack of quick and reliable communication sources is exacerbated by the government's tendency to cut off internet supply whenever it is confronted with the spectre of civil protests, as was the case in 2017 when internet was interrupted in Anglophone Cameroon for more than nine months following political

tensions there. All these challenges mean that producer organisations can barely leverage the opportunities created by bilateral and multilateral instruments.

9.2.1. Government support to coffee POs and coffee growers.

A corollary of the lesson highlighted in Section 9.2. above are the following lessons specifically concerning the GoC's support to coffee cooperatives within agrarian transformation:

- The GoC's support to coffee cooperatives under the free trade regime is a desultory, disparate collection of programmes which appear to be done more for optics than actually providing of the kind of robust support that is needed to help cooperatives succeed in the free market economy.
- A careful and systematic anatomisation of the GoC's policies and regulatory measures aimed at driving cooperative development within agrarian transformation quickly reveals that they are not robust or comprehensive enough to rebuild or strengthen the basic support and transmission mechanisms on the scope and scale which made it possible for POs to contribute so much to hundreds of thousands of households and the entire country's economy for so long.

The scoresheet on Government support to cooperatives reflects a general situation of underinvestment, inertia and poor planning. Commodity development plans look highly implausible when passed under a microscope. On the one hand, programmes are not structured in a systematic, step-by-step approach in such a way that beneficiaries can see what is on offer and what the end game is. On the other hand, very unrealistic and clearly unattainable goals are adopted project after project.

Current support programmes rely, to a large extent, on already enfeebled POs to dig themselves out of the hole in which government played a major role in sinking them.

The 2015-2020 development plan shows that careful computational analytics has gone into showing that the addition of so many trees and so many hectares will produce so much coffee i.e. that an extra 124 million new trees (61.5 million Arabica seedlings and 62.5 million Robusta seedlings) plus 95,000 new hectares (60,000 for Robusta and 35,000 for Arabica) plus enough inputs to increase per-hectare yield from 275 kilograms to at least 500 kilograms, will help Cameroon produce 165,000 tonnes per annum by 2020. However, what exists on paper is not accompanied by the necessary heft that is needed on the ground or the blueprint that show how to evolve the plans. Government analytics do not say how these new hectares will be miraculously cleared for planting or how producers will suddenly afford the fertiliser to double the yield on their current acreage. Also left unanswered is the important question of how coffee growers will earn an income during the wait period if they chop down their old coffee trees in order to replace them with new, high-yield ones.

The policy space is populated by a myriad of programmes which purport to have the best interest of coffee producers at heart but which have, to all intents and purposes, only created a suffocating bureaucracy which systematically lines the wrong pockets. The preponderance of bureaucracies means that very little eventually trickles down to those who need the money most, which partly explains producers' obvious annoyance at the GoC.

Respondents were unanimous that the GoC's support to them is both paltry and ineffective. The only financial support mechanism for coffee cooperatives with significant visibility in production basins is the annual FODECC-PPDMVCC

programme through which cooperatives gets to produce and distribute new improved coffee seedlings to coffee growers free of charge. Ironically, this programme is funded almost completely by a 100 FCFA deduction from each kilogram of coffee which leaves the nation's shores, produced by the same already depleted POs and farmer base. The government still gives farmers inputs (pesticides, fertiliser, wellingtons) but these come too late in the year and in very insignificant quantities. It is good optics for the GoC but little use to coffee growers who need more impactful help. More decisive support has to be given to coffee producers in order for the commodities' sector to record any meaningful growth.

9.2.2. Towards a new approach to supporting the coffee sector.

So, what does this all mean for State-cooperative relations and how Government support to coffee cooperatives should be rolled out? Arguably the three most important emerging lessons are the following, by order of importance:

1. All acreage renewal programmes should ideally be accompanied by an insurance mechanism to indemnify and cushion farmers against the financial losses that they incur during the switchover period between the time when they cut down their old trees and are waiting for the new trees to reach maturation.
2. The second biggest boost with great potential for immediate impact on the coffee acreage is doing away with or reducing taxes on inputs, especially fertilisers, pesticides and fungicides. The GoC would more than make up the shortfall if tax cuts lead to greater production and greater exports.
3. The GoC's bold dream of revitalising the coffee sector has to be backed by bold planning, bold investments in infrastructure and bold, clear, unwavering policy support.

All the solutions presented above require a more committed and a more engaged State. Austerity has never built a prosperous economy anywhere in the world. The religious zeal which has characterised SAP implementation in Cameroon is incompatible with noteworthy growth in the commodities' sector, ironically a proven sector with clear potential to generate foreign exchange which the country badly needs. While it is undoubtedly true that the GoC made incredibly bad policy choices in the past and redress was therefore necessary in order to right the ship, structural adjustment's austerity measures should be accompanied by Keynesian measures aimed at growing the economy in general and agribusinesses' marketing capacity in particular.

Development experts are unanimous that in countries with poor infrastructure and threadbare economies, the state has a key role to play in providing the kind of transmission mechanisms (airports, roads, bridges, information and communications networks) that producers require to ship their commodities to global markets on a consistent and reliable basis (Mkandawire, 2005; Moyo, 2007; Chang, 2010a). They also believe that completely opening up embryonic economies to free-market competition and expecting the private sector to develop infrastructure on their own is sheer folly (Chang, 2007; Stiglitz, 2008). As Chang (2007: 165) has argued, "the neo-liberal view that democracy promotes a free market, which, in turn, promotes economic development, is highly problematic". Without proper value chains, the benefits of free trade cannot be felt at the coalface of production.

The GoC has to do more to rebuild the Cameroon side of the commodity chain. It also has to offer coffee growers and POs greater support. This does not necessarily mean giving them money – far from it. It starts with common sense policies like scrapping or reducing import duties on inputs, investing more in rural and urban road infrastructure

and improving port facilities. When funding is given to PO, it should be in the form of seedlings, extension services, inputs and capacity building, but also critically, transport vehicles which are severely lacking in production basins as well as crop finance revolving funds which should be housed in a fiduciary financial institution. Importantly too, any programme which involves coffee growers migrating from ageing low-yield trees to improved high-yield ones should ideally have an insurance component which at least guarantees them some income during the three or-so years while the new coffee trees reach a certain. The success of such plans is not just reliant on such insurance mechanisms but actually heavily contingent.



Figure 9-1: Old coffee trees (left) and the improved, high-yield ones the Government is encouraging producers to plant in their plantations (right).

The tree on the right is just two years old, but it is already producing up to five kilograms of coffee beans per annum. The improvement in yield comparative to old trees is astonishing.

The question may be asked: but why coffee? why should coffee POs and producers be supported? Why can't they cut their losses and move on to other products and/or services. The answer is simple. Cameroon has a massive institutional memory plus more than 100 years' experience and this should rightly be viewed as an asset that must be leveraged. Coffee cooperatives continue to play a critical role in the Cameroonian economy in terms of sustaining over 4 million people and bringing in much needed foreign exchange every year (Presidency of the Republic of Cameroon, 2007; MINCOMMERCE, 2017). Even families that have stopped relying on coffee for all their income still view it as an important safety net, a source of cash injections around October-January which coincides with school resumption and year-end socio-cultural ceremonies. This role alone warrants more help from the national government. There is room for Cameroon and indeed the rest of the African coffee belt to produce more with the right kind of institutional commitment and engagement. The current annual global shortage in coffee beans is 4 million bags per annum, increasing at an annual rate of 5% (ICO, 2015; State of Sustainability Initiatives, 2017). Generating just one quarter of that shortfall can transform Cameroon's entire economy.

9.3. Cooperatives' market orientation in the neoliberal free market era.

The biggest lesson emerging from the case studies on how UCCAO and the NWCA have shaped their activities and market orientation within the free trade regime is this:

- Cameroon's coffee Cooperatives did not – or perhaps it is more appropriate to say *have not* – adjust(ed) quickly enough to the reality of the deeply globalised free market context into which they were suddenly ushered in 1990, after a half a century of operating as quasi parastatals.

This reality appears even more surprising when considered that this study was carried out between years 24 and 26 following the liberalisation of the cooperative sector by the Government of Cameroon. A lack of Government support is an important but insufficient explanation to why Cameroon's coffee cooperatives are in a state of near-paralysis today, despite the significant assets that they have at their disposal – institutional memory, membership, mills, brand recognition, coffee acreage. There is insufficient effort and urgency on their part to change their mindset from protected quasi-monopolies to just POs among many others in a competitive and borderless global market.

Three key realities buttress this fact. Firstly, cooperatives do not seem to be completely awake to the reality that the Cameroon state has transitioned from an authoritarian agrarian developmentalist state to a competition state completely compliant with IMF diktats. Interviews with cooperative leaders confirmed that they still hoped to somehow return to the status quo ante with the GoC. In many ways, they still view their success as inextricably linked to government financial support. Cooperative executives have variously aimed barbs at the government for its inability to properly regulate the coffee value chain and lobbied it for financial assistance.

Secondly, the reflexive tendency to look to the government for cash bailouts has caused cooperatives to forget what they were originally: grassroots organisations founded by thousands of smallholders to federate disparate rural villages into major value chains with global reach. Ironically, the term 'grassroots', which should be the operative organisational term for cooperatives is almost never mentioned within UCCAO or the NWCA. A good number of top managers have only ever known the monopolistic quasi-parastatal cooperative structure and they are battling to tap into what really gives cooperatives their edge.

Finally, while they struggle to rediscover what they were originally, cooperatives are alienating their producer base. A cooperative is only as good as the number of its active patrons and the sum of commodities they deliver to the organisation on a regular basis. Without that, it is just empty buildings. In the old dispensation, cooperatives operated real solidarity economies and ran clinics, roads agencies, loan schemes, community halls, training centres and water projects. They provided building construction material, school fees, scholarships, funeral cover and other incentives. There was a sense that the cooperative was the heartbeat of the community – the cooperative was the community and the community was the cooperative. However, in the free market environment replete with well-funded LBAs, smallholders have been deeply disappointed with their cooperatives' inertia. Their faith in cooperatives has also been tested by seismic events like the Cameroon NPMB's well-documented collapse and multiple cases of corruption by cooperative leaders (Banso, Dschang, Foumban, Bafoussam). While the cooperative's higher echelons dither in reorganising their organisations, the faster-thinking and more agile producer base are already looking elsewhere for solutions. Smallholders are not a group of blind people completely beholden to their local cooperative as was the case in the past. They are discovering much faster than their cooperatives that the markets have globalised and that they have more offtakers now than existed in the past – and they have not been shy to explore these new options. Many smallholders now sell only to the highest bidder. Others have switched to food crops, some of which give up to three harvests per year, which means more money in their pockets - on top of the not-so-negligible fact that they can actually consume food crops.

However, interviews conducted in both UCCAO and the NWCA revealed that there was a core of co-operators who still saw the cooperative as their baby and were eager

for it to become prosperous again. These were coffee growers who believed in cooperative values and remembered when coffee helped build rural economies. They saw the booming coffee trade of the early eighties and paid for everything they have – wedding, houses, families, hospital bills, school fees – with money from cooperatives. This group of patrons still delivered most of their coffee to cooperatives and pushed for their association to transform faster. The president of the Bansa ACU for example, himself a coffee grower, expressed the need for the NWCA to forget about the GoC, take its destiny in its own hands and move with more urgency to develop new products and services.

Cameroonian cooperatives have to pay very close attention to their patrons' needs. Both UCCAO and the NWCA have a massive asset base which they can leverage to rebuild themselves and improve their patrons' production capacity, which obviously means more money for them. So how do cooperatives achieve success in the age of globalism?

9.3.1. Theorising a new market orientation for cooperatives: a cooperative market economy pathway.

The review of relevant literature on cooperatives, the overview of crisis and degeneration in cooperatives and the two case studies highlighted the following solutions to the problem indicated in section 9.3. above:

1. The most stable and successful cooperatives in the world today believe strongly in the cooperative values and practice the principles of *joint ownership*, *democratic control* and *cooperation among cooperatives* as part of their core mandate and market orientation.
2. As their first port of call, especially as far as secondary processing is concerned (*Kola Coffee*, *Café Délice*, *Café Force II*) Cameroon's coffee cooperatives

should undertake a return to the source and work with cooperatives in other parts of the world within parallel cooperative market economies.

3. Parallel cooperative market economies have a proven base of conscious customers who are eager to pay a fairer price to producer-owned value chains and channel more money to producers in producer countries.

The reason people start cooperatives in the first place is because they have been confronted with market failures and they desire to use alternative models to get around these impediments. Capitalism and the profit motive in business transactions channel most profits into the pockets of business owners, leaving other stakeholders such as workers and suppliers with the short end of the stick. The cooperative is a democratically controlled entity whose ownership is spread across many members. It offers its patrons the possibility to do business across alternative cooperative market economy value chains (or traditional capitalistic value chains as well) and the profits generated are then redistributed evenly among the members.

The possibility of cooperation among cooperatives within cooperative market economies gives the cooperative the ability to transcend a single organisation acting in silo to synergise with like-minded entities within an ecosystem of community cooperatives in the same geographical space or across regions or even countries in a kind of globalisation from below (Williams, 2007). The top 400 cooperatives in the world manage transactions in excess of €2 billion per annum (United Nations, 2009). Most of their vendor partners are other cooperatives. Their default business partners are other cooperatives; they turn to capitalistic firms only in the event where the goods or services they require cannot be offered by cooperatives at reasonable cost. In Europe, mega cooperative retail chains such as *COOP Italia*, *Swiss COOP* and *Leclerc* are offtakers of more than €50 billion worth of goods and services from supplier

cooperatives every year. This very successful cooperative market economy value chain is what it is because the citizens of the various countries in which these retail outlets are based value keeping jobs within their communities. They also value principles such as democracy, fairness and sustainability. Before even their traditional bilateral oligopoly partners, it is entities such as these that Cameroon coffee cooperatives should be looking to work with. Cameroonian cooperatives which share common values with their counterparts in Europe should access these cooperative market economy value chains to offer goods and services in developed markets. The ICA has a structure in place known as the *International Cooperative Agricultural Organisation* to help such initiatives. By joining in solidarity with other organisations in a third way economic pathway, Cameroonian cooperatives would find strength in numbers with people who share their values. This type of solidarity is visible in Cameroon's credit unions although it is yet to cross over to the agriculture sector.

Fair trade value chains such as the *Rainforest Alliance*, *Starbucks C.A.F.E Practices*, *Fairtrade Max Havelaar*, *4C* and *Nespresso AAA* also offer smallholders long term contracts with greater returns for lower volumes but better quality. This shows that rather than pursuing the same strategies as conventional firms, cooperatives stand to gain more by working with conscious consumers in purpose-built value chains. In the age of pervasive social media and information and communication technologies, UCCAO and the NWCA can generate more value by investing in small but disruptive, precise and incisive actions to sell bigger quantities of *Kola Coffee*, *Café Délice* and *Café Force II* through these parallel cooperative networks.

Another option, which is a road less travelled for cooperatives, is internationalisation. Cooperatives can internationalise successfully, usually under the IOF format. Mondragon did this to maintain the business relations it has with some of its traditional

partners (Williams, 2007). It set up branches in Poland, the Czech Republic, China and Brazil where it now produces car parts and equipment for its partners. This move was necessitated by their partners' decision to internationalise some of their operations, either in search of new markets or cheap labour. African cooperatives that have internationalised successfully include Ethiopia's *Oromia Farmers' Cooperative Union* and Ghana's *Kuapa Kokoo*. The *Oromia Farmers' Cooperative Union* has developed partnerships with the Fairtrade Max Havelaar network in Europe and America, doubling revenue from their coffee in the process. They have shops in Europe and the USA where they sell both coffee beans and roast and ground coffee directly to end users. Ghana's *Kuapa Kokoo* cooperative has spawned an IOF in England for its *Day Chocolate* brand and turnover was averaging £31 million per annum by 2018.

9.4. Limitations and scope for further research.

Although this research project lasted three years, a number of interesting areas were left unexplored due to its stated scope and lack of more significant funding. Some important themes couldn't be explored in an exhaustive manner because they didn't fall within the central foci of this study. A shortage of funding also impeded the investigation of some themes. Here below is a list of related pertinent themes that could be explored further by other researchers:

- A case study of women's participation in Cameroon's coffee cooperatives.
- A critical assessment of coffee value chain transaction costs and their impact on Cameroonian coffee cooperatives' performance.
- An assessment of coffee plantation management practices in the Western Highlands of Cameroon.

- A critical study of innovations in the Cameroon coffee sector and their adoption by coffee producers.
- Cameroonian coffee growers' assessment of the free trade coffee regime.
- A comparative case study of African public coffee regimes (Cameroon, Côte d'Ivoire and Ethiopia) and public support to producers in the free market context.
- A critical assessment of the FODECC-PPDMVCC free seedlings programme and its impact on the national agenda to replace unproductive, ageing trees with improved, high yield and disease-resistant ones.
- A study of African coffee POs' competitiveness within the global value chain.

9.5. Conclusion.

Despite switching to a competition state ethos, the Cameroon government has not fully grasped the importance of its role as provider-in-chief of the transmission mechanisms that can take coffee cooperatives' commodities to consumers all over the world in a regular and efficient manner within the free market dynamic. Bilateral and multilateral instruments have been developed to secure global markets, which is great. However, cooperatives continue to be penalised by decrepit infrastructure and a disparate assortment of underfunded support programmes and oversight bodies. Without proper regulation or transport and communication infrastructure, local cooperatives cannot compete against better resourced MNCs. Cooperatives themselves have been slow to grasp opportunities offered by the free market regime. By going back to their roots, they can cooperate with other cooperatives to reach more conscious consumers in developed markets using alternative value chains purpose built for businesses that place community as well as environmental and health

imperatives at the centre of their operations. It takes vision, determination and effort to evolve such disruptive solutions.

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LIST OF APPENDICES.

Appendix A: Immersion calendar for UCCAO head office.

UCCAO

**UNION CENTRALE DES SOCIÉTÉS COOPÉRATIVES
AGRICOLLES DE L'OUEST**

**Siège Social : BAFOUSSAM
Avenue Samuel WANKO
B.P. 1002**

REPUBLIQUE DU CAMEROUN

TELEPHONE / FAX : 233-44-18-45

**Direct° Admin. et Financière : 233-44-35-12
Direct° Informat. et Contrôle : 233-44-57-12
Direction Commerciale : 233-44-42-96**

**e-mail : uccao@uccao-cameroun.com
Site : www.uccao-cameroun.com
Registre d'inscription N° OU/UC/25/94/0113
Agence de Douala 27 Rue Joffre AKWA
B.P. 5868
Douala Akwa**

SINCE 1983



Coopératives adhérentes :

1- CAPLAME	-Dschang-	B.P. 130	TEL: 233 45-11-25
2- CAPLABAM	-Mbouda-	B.P. 20	TEL: 233 48-51-52
3- CAPLANOUN	-Foumban-	B.P. 49	TEL: 233 48-20-51
4- CAPLAMI	-Bafoussam	B.P. 69	TEL: 233 44-11-97
5- CAPLAHN	-Bafang	B.P. 102	TEL: 233 48-64-05
6- CAPLANDE	-Bangangté	B.P. 26	TEL: 233 48-41-89

Bafoussam, le 26 mai 2016

423/DG/DAAC/2016

**Programme de stage de MONSIEUR ROLAND NKWAIN
NGAM dans les différents Département ci-après concernés
par son thème de recherche.**

N°	DEPARTEMENTS CONCERNES	PERIODE
1	Direction Commerciale	30/05/2016
2	Direction de Production	31/05/2016
3	Direction Administrative et financière	02/06/2016
4	Direction des Activités Agricoles et Coopératives	03/06/2016
5	Direction Générale	A partir du 03/06/2016

N.B : Une copie du questionnaire soumis par l'étudiant est annexée à ce programme



Ngangne Ekam Achille
- *Stéphane*
INGÉNIEUR AGRONOME

Appendix B: ORDER No 91/007 of 12 June 1991.

REPUBLIC OF Cameroon

Peace - Work - Fatherland

**ORDER No 91/007 of 12 June 1991
Restructuring the Cocoa-Coffee value chains**

The President of the Republic,

Given the Constitution,

Given Law No 90/052 of 19 December 1990 authorising the President of the Republic to restructure the cocoa-coffee value chains through an Order;

ORDERS AS FOLLOWS:

ARTICLE 1: (1). The aim of this Order is to outline the conditions under which the cocoa-coffee business will take place, from purchasing inland to exporting, with a view to slowly and progressively liberalising the trade.

It concerns notably:

- Buying from producers;
- Exporting;
- Conditions under which local processing plants get their supplies;
- The producer price stabilisation instrument.

ARTICLE 2: The conditions outlined in Article 1 above concern mainly cocoa and Robusta coffee.

As far as Arabica coffee is concerned, the international treaties and agreements ratified by the State shall remain in force.

ARTICLE 3: Transactions affecting the products mentioned above are subjected to the principle of free trade and free movement across the entire national territory, subject to guaranteeing the stability and payment of a fair producer price for the sustainability of the sector, and in that regard the following duties are devolved to the State:

- Quality control;
- Agreement of the producers to the conditions outlined here below;
- Representation in international fora.

CHAPTER ONE: CONDITIONS REGARDING THE SALE OF BASIC COMMODITIES.

Article 4. (1). Transactions concerning cocoa and coffee shall be subjected to the conditions governing transactions, i.e. status of the buyer, the purchase transaction and the purchasing price.

(2). Monopoly trading zones and purchasing concessions are strictly forbidden.

Section I: - Concerning Buyers.

Article 5: Coffee may be purchased from producers only by approved licenced buying agents, exporters, associations and cooperatives and local secondary processing plants.

Article 6: Accreditation conditions for buyers shall be subject to a Decree and shall take into account:

- The production area and financial capacity;
- Business facilities.

Article 7: - (1): Accreditation is awarded on a permanent basis.

(2). The accreditation may be suspended or withdrawn for serious violation concerning the commodities mentioned, or in case the holder is found guilty of some common law violation which makes it impossible for him to conduct business.

(3). Approval is for one person and non-transferable.

(4). The accreditation concerns all the products mentioned in this Order.

Section II: Arrangement of sale transactions.

Article 8: Buying and selling of the above-mentioned commodities shall be conducted within the calendar published by Ministerial Order.

Article 9: (1). To make such transactions easier, producers' organisations, federations of organisations or cooperatives, and in some cases administrative authorities and

sworn officials of the Ministry of Agriculture may, from time to time, organise grouped sales.

(2). The administrative authorities shall set dates for transactions and shall harmonise the sales calendar with the help of producer organisations.

Article 10: (1). For monitoring purposes, buyers of basic commodities shall declare all the products purchased by type to the industry organisation created by official decree.

(2). At the end of every campaign season, buyers of basic commodities shall declare to said industry organisations the stocks at their disposal.

Section III: purchasing price.

Article 11: Excluding Arabica coffee whose prices are determined by the State' international commitments, the prices of Robusta coffee and cocoa shall be determined by the following:

(1) Primary commodities shall be bought from producers using a minimum price based on quality and guaranteed across the national territory.

In this regard, a Decree shall be issued regarding quality norms for the various commodities in accordance with international trade practices.

(2) The minimum purchasing price of commodities shall be set by the industry organisation according to a reasonable approximation based on international trends, after consideration of fixed transaction costs.

(3). The fixed costs represent the non-negotiable transaction costs uncured by the producer up to exportation of the commodities. These transaction costs shall be negotiated by the industry organisation.

CHAPTER II: EXPORT CONDITIONS.

Section I: Exporters status.

Article 12: - (1) Exportation of cocoa and coffee shall be done only by intermediary organisations and duly accredited industry producer organisations.

(2) For the purposes of this Order, 'duly accredited industry producer organisations' refers to physical or legal persons operating a plantation of at least 100 hectares with single owner.

(3). The accreditation is issued to a single person and is non-transferrable.

(4). It is valid for an indefinite duration, across the entire territory, and for all commodities mentioned in this Order.

Article 13: Accreditation of exporters is subject to a decree and takes into account the following

- The surface area and financial credibility.
- Business facilities.

Article 14: Accreditation to export primary commodities may be annulled or withdrawn for serious violation of the terms of export, or if the owner is sanctioned or found by common law procedure to be unable to fulfil their mission.

Section II: Export and Stabilisation price.

Article 15: the price of primary commodities destined for export shall be negotiated by duly-approved exporters and their clients.

Article 16: Sales contracts for commodities destined for export shall be compiled and approved by the stabilisation agency with the collaboration of the industry agency.

Article 17: (1) The industry agency shall publish a daily reference price which takes into account the product, its price, other terms and the destination. This price shall also factor other aspects such as international realities and the country of origin.

(2). Modalities used to calculate the daily reference price shall be determined by the Minister in charge of primary commodities in consultation with the industry agency.

(3). Each sales transaction receipt shall mention the reference price utilised. This shall serve as the basis for the government taxes as well as the stabilisation rate, which is also calculated taking into account the average rates for the campaign season that just ended as well as emerging trends on the international market.

(4). Product stabilisation deficits or surpluses shall be immediately transferred to the following season to serve the same purposes.

Article 18: The guaranteed producer price stabilisation mechanism shall be managed by a public entity which has financial autonomy.

Article 19: Stabilisation funds shall be placed in a special independent account which is not part of the public treasury. The operation modalities of this account shall be determined by government Decree.

Article 20: (1) Industrial-scale producers who export their commodities directly, as well as Arabica exporters shall not be subjected to the stabilisation mechanism; however, they are still required to pay export tax. Each contract shall therefore have to be submitted and approved.

(2). The implementation provision of this provision shall be set by decree.

Chapter III: Local processing facilities.

Article 21: Local cocoa and coffee manufacturing plants can purchase their commodities freely from any industry stakeholder.

Article 22: (1) Local cocoa and coffee manufacturing plants can sell their commodities freely on the local or export markets.

(2). However, they are not subjected to an accreditation process to export finished products.

(3) The conditions for price and security of supplies for manufacturing plants shall be set by regulation.

Chapter IV: Penalties and Fines.

Article 24: Persons found guilty of committing the following violations shall face a prison term of 1 to 3 months, a fine of 100,000 FCFA to 300,000 FCFA or both:

- Buy coffee without prior accreditation to do so;
- Continue buying commodities after suspension or withdrawal of their accreditation;
- Make false declarations or submit falsified documents in order to be accredited to buy commodities;
- Make false declaration of lots purchased to public organisations;
- Are declared bankrupt under the regulation concerning bankruptcy;
- Issues falsified documents to another organisation that intends to submit an application for accreditation.

Article 25: Persons found guilty of committing the above-mentioned violations in the process of exporting the primary commodities concerned shall face a prison term of 1 to 3 months, a fine of 100,000 FCFA to 300,000 FCFA or both.

Article 26: (1) Courts may order the seizure of any material used to commit fraud, including fake scales and false documents.

Chapter V: Miscellaneous and Final Provisions.

Article 27: (1) The industry agency tasked with managing the provisions outlined herein shall, under the supervision of the Minister in charge of the commodities' trade, be created as a private entire operating under common law with the following provisions:

(2) They include:

- Industry stakeholders (buyers, exporters, manufacturing plants).

- Producers' representatives (cooperatives and producer organisations).
- Representatives of financial institutions.
- Industry organ's representative.

(3). It shall:

- Give its opinion on all forms of transactions concerning primary commodities;
- Participate in adopting the criteria for accrediting industry stakeholders who participate in the value chain and give its opinion that transactions are occurring in a transparent manner;
- Participate in compiling and approving exporters' dossiers;
- Actively participate in managing stabilisation;
- Should be consulted on all issues concerning cocoa and coffee transactions.

(4). From a general point of view, until the inter-professional council is appointed, its duties shall be carried out by the industry organisation.

Article 28: Cameroon shall conduct annual reviews regarding the sale of cocoa and coffee with a view to improving all mechanisms governing these industries.

Article 29: (1) The National Produce Marketing Board is dissolved from the day this Order enters into force.

(2) Its liquidation shall be handled by someone approved by Decree.

(3) The Minister in charge of the commodities mentioned herein shall determine the national produce marketing board's infrastructure to be handed over to the new entity; the rest shall be liquidated.

(4) the NPMB staff shall enjoy preferential status when the new entity shall hire its permanent staff.

Article 30: The provisions for the application of this Order shall be published in a decree.

Article 31: (1) All related previous legislation are annulled, notably Law No 76/20 of 09 September 1976 creating the National Produce Marketing Board.

Article 32: This Order shall be registered and published following urgent procedures and then printed in the Official Journal in English and in French.

Yaoundé, 12 June 1991.

The President of the Republic.

Paul Biya.

Appendix C: LAW No 2004/035 of 30 December 2004.

REPUBLIC OF Cameroon

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LAW N° 2004/035 of 30 December 2004 AMENDING AND MODIFYING CERTAIN PROVISIONS OF LAW N° 95/11 of 27 July 1995 ORGANISING THE COFFEE VALUE CHAIN IN CAMEROON.

Having been debated and adopted in the National Assembly, the Head of State signs the following provisions into law.

Article 1: The provisions of Articles 1, 2,3,4,5,6,8,9,10,11,16,17,18 and 19 of Law No 95/11 of 27 July 1995 organising the coffee trade in Cameroon are amended and completed as follows:

Chapter 1

GENERAL PROVISIONS.

Article 1 (new provision) This Law organises, within the framework of legislation on commercial activities, special regulation concerning cocoa and coffee, hereinafter referred to as “the commodities”, notably with regards to purchase, conditioning and export.

(2) It is also aimed at reiterating the liberalisation of the value chain, promoting healthy competition between stakeholders in the cocoa and coffee value chains and protecting the producer.

Article 2 (new provision) Without prejudice to its general prerogatives outlines in laws and regulation in force, as well as its right to participate in international for a and monitor international instruments concerning the commodities, the State shall:

- Monitor the quality of the commodities using national and international standards;
- Verify or get another party to verify the quality of all commodities exported using these norms;

- Collect and process statistical data concerning local processing, consumption, export and stocks of these commodities;
- Adopt, together with cocoa and coffee industry partners, measures to promote the development of and value addition to these products and their derivatives as well as local and international consumption of these commodities with interested parties;
- Manage communication flows within these economies and ensure coherence of fiscal and financial operations;
- Promote brands related to these commodities.

CHAPTER II

SALE OF THE COMMODITIES

Article 3 (new provision): (1) The following are authorised to sell commodities:

- Organisations that have duly registered themselves in accordance with the provisions of this law, who have proven experience in the sector, confirmed by the inter-professional council, and who have sufficient capital defined by a special text;
- Organisations created by producers in accordance with legal texts in force;
- Local processing plants.

(2) The following practices are strictly forbidden:

Monopoly purchasing zones;

Awarding of quotas to cocoa and coffee operators.

Article 4 (new provision) The Minister in charge of the cocoa and coffee trade shall be notified of the existence of stakeholders' businesses by submitting a file (in exchange for proof of receipt) containing the following documents:

- A stamped application;
- A certified true copy of registration on the Business and Property Register;
- A certified true copy of the applicant's tax card;
- A valid business licence;
- A sworn commitment to respect all laws and regulation in force;
- A certificate issued by the competent authority attesting that the applicant owns the equipment related to the trade or that (s)he has signed an agreement with an establishment that owns said equipment.

SECTION 1
SALES TRANSACTIONS.

Article 6 (new provision) (1) The commodities may be bought freely from producers in accordance with legal texts in force.

(2) The competent administrative authorities shall offer support for the creation of associations for producers who desire to engage in grouped sales as well as capacity building.

Article 8 (new provision) Cocoa and coffee shall be bought from producers according to prices which take into account the product's quality, and using reference prices published by the communication mechanisms provided for by the laws in force.

(2) Mixing of products of different quality is strictly forbidden as well as collusion between Licenced Buying Agents and their organisations to impose a certain price on producers.

Article 9 (new provision) The State shall ensure that price fluctuations in the cocoa and coffee markets are regularly and systematically communicated to producers.

SECTION II
EXPORT OPERATIONS.

Article 10 (new provision) (1) Exportation of the commodities is reserved to business operators mentioned in Article 3 above who have duly declared their stock and received clearance.

(2) All export transactions have to be registered showing the volumes, quality, grades (cocoa), types (coffee) and the price for statistical purposes.

CHAPTER III
PENALTIES AND FINES.

Article 11 (new provision) Subject to the provisions of Articles 12 and 13 mentioned above, any violation of the present provisions may be punished in accordance with the punishment outlined in Article 326 of the Penal Code.

CHAPTER IV

MISCELLANEOUS AND FINAL PROVISIONS

Article 16 (new provision) (1) The Cocoa and Coffee Inter-Professional Council (CCIC), hereinafter referred to as “the inter-professional council” shall be arranged according to industry federations in accordance with freedom of association laws.

(2) Associations mentioned in Article 1 above groups associations of producers and industry operators who choose to join of their own accord, as follows:

- a) Producers or their organisations;
- b) Secondary processing plants;
- c) Traders and middlemen;
- d) Duly-accredited financial institutions.

Article 17 (new provision) The Inter-Professional Council shall be consulted on all matters concerning commercialisation, taxation and funding of sale transactions of these commodities.

Article 16 (new provision) The competent State administrative authorities as well as the competent industry organisations shall, if need be, take appropriate measures to:

- Take measures to develop or revamp the sectors;
- Encourage the participation of nationals, individually or collectively, so that they have full voting or share rights for these products;
- Promote local secondary processing and consumption of these commodities and their derivatives as well as value-addition to transform them into branded products;
- Collect, analyse and publish statistical data on these products.

Article 19 (new provision) (1) A Cocoa and Coffee Development Fund has been created, hereinafter referred to as “The Fund”.

The objective of The Fund is to:

- Support the revamping of the cocoa and coffee sectors;
- Support applied research on these commodities with a view to improving their quality;
- Provide support with capacity building and information of industry stakeholders;
- Promote value addition to and consumption of the commodities.

(3) The Fund's resources shall come from:

Export duties;

- Penalties and fines on bad quality commodities;
- Various contributions;
- Miscellaneous donations and inheritance in accordance with laws in force.

(4) The organisation and functioning of The Fund shall be outlined in a Decree issued by the Head of State.

Article 20: This Order shall be registered and published following urgent procedures and then printed in the Official Journal in English and in French.

Yaoundé, 30 December 2004.

The President of the Republic.

Paul Biya.

Appendix D: Minister of Commerce's annual Campaign Season Circular.



Republic of Cameroon
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Republic of Cameroon
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MINISTRY OF COMMERCE

CIRCULAR No _____ /MINCOMMERCE/CAB of 20 February 2017 ON THE
PLANNING OF THE 2016/2017 CAMPAIGN SEASON

**TO: GOVERNORS
DIVISIONAL OFFICERS; and
SENIOR DIVISIONAL OFFICERS of coffee-producing regions.
THE CEO OF THE NCCB;
THE CEO OF THE CCIC.**

As custom dictates, the aim of this circular is to, on one hand, reiterate the legal and regulatory framework governing the sale of green coffee beans for the 2016/2017 Campaign Season and, on the other hand, mobilise all stakeholders into action for the implementation of the objectives of the economic policies defined by the Head of State, as well as the requirements of the local and international markets.

The general purpose of the Circular is stated below, and it comes within the following context:

- Stabilisation of volumes sold at 24.500 tonnes for the 2015/2016 Campaign Season, compared to 23.865 tonnes sold during the 2014/2015 Campaign Season.
- A drop in farm gate prices as a consequence of the dip in the price of commodities on the world market.
- A remarkable increase in local roasting, which increased from 488 tonnes roasted during the 2014/2015 Campaign Season to 3.786 tonnes roasted during the 2015/2016 Campaign Season.
- A significant increase in the campaign for local consumption against the backdrop of the overdependence on the coffee export market.

1. GENERAL PROVISIONS.

1.1. In accordance with law No 2004/035 of 30 December 2004, amended and completed by Law No 95/11 of 27 July 1995 on the cocoa and coffee trade, the 2016/2017 Campaign Season shall be conducted according to the following calendar:

- Arabica coffee: from 1st October 2016 to 15 September 2017.
- Robusta coffee: from 1st December 2016 to 15 November 2017.

1.1.1. The Arabica and Robusta coffee trade shall further be subject to the following provisions:

- Law n°2015/018 of 21 December 2015 on business activities in Cameroon;
- Law n°2004/002 du 21 April 2004 on the metrology in force in Cameroon;
- Decree n°2005/1213/PM of 27 April 2005 on the preparation and sale of green coffee beans; Order n° 00002 MINCOMMERCE/CAB of 20 January 2016 stating the general conditions for the sale of Arabica and Robusta coffee.

2. ON THE SALE OF GREEN COFFEE BEANS.

2.1. Green coffee beans shall be sold only by:

- Coffee producers;
- Producer organisations created in accordance with the applicable laws and regulation;
- Business entities that have duly complied with the laws and regulation in force;
- Local duly registered secondary processing plants.

2.2. The coffee trade shall be conducted freely in any part of the country in a competitive manner. In this regard, the following practices are forbidden:

- Monopoly purchasing zones;
- Collusion between exporters, processing plants or their agents to impose purchasing prices on producers or carve out monopoly zones for themselves;
- Night-time or door-to-door purchasing.

3. SALES TRANSACTIONS.

3.1. Coffee may be sold only after hulling. It must be dry and void of any foreign matter. **Its humidity may not exceed 12%.**

3.2. Buying and selling of coffee may be conducted freely on any site which appears in the National Register published by the Minister in charge of the coffee business.

The National Register is updated every year by the Minister in charge of the coffee business, CCIC and the NCCB which plays the lead role.

3.3. Any transactions conducted on sites that do not appear in the National Register shall be deemed illegal; coffee from such transactions shall be seized and auctioned in accordance with the applicable laws.

3.4. Hulling, weighing and quality control of coffee shall be conducted in the presence of the producer and owner of the lot or his duly appointed representative and with the supervision of the CCIC and the NCCB.

3.5. Coffee may be sold only after it has been weighed and its quality verified. The results of these procedures must be indicated on a receipt issued by the owner of the milling facility.

3.6. The producer price shall be negotiated by the parties based on the reference price issued by the related industry board. This price shall take into account quality as well as transport and milling costs.

3.7. The CCIC and the NCCB shall inform the local administrative authorities of the dates of said transactions once they have been finalised with the producers and milling facilities.

ON THE OBLIGATIONS OF MILLS, EXPORTERS, LBCs and their LBAs.

4.1. Milling facilities, exporters and their LBAs must be in possession of a professional card issued by the CCIC as well as proof that they appear on the National Register of duly accredited mills and exporters. These documents must be provided on request.

4.2. At the beginning of every Campaign Season, the CCIC must provide the list of all exporters and their LBAs who have been issued professional cards to the Minister in charge of the coffee business, the NCCB and local administrative authorities.

Only a LBA who is a holder of a valid professional card can buy coffee.

4.3 For identification purposes, all milling facilities are required to display their business name, registration and accreditation issued by the Minister in charge of the coffee business on their main wall.

Mobile milling facilities are strictly forbidden.

4.4. For the statistical purposes of the various government Departments, milling plants and exporters are required to declare on the first Tuesday of every month at the NCCB, CCIC, local administrative authorities and Divisional Delegation of Commerce the quantities of coffee collected or hulled, according to coffee type.

Secondary processing plants are also required to make similar declarations.

4.5. For the statistical monitoring purposes of the competent international authorities, exporters have to declare the stocks in their possession by weight and by type as well as their warehouses used to the CCIC and NCCB.

4.6. All coffee that is transported must be accompanied by a waybill indicating the coffee's origin, the vehicle number, the driver's number, tonnage and destination.

4.7. Vehicles transporting parchment coffee to a grouping or milling site must display the mill's name in bold characters.

4.8. Under the supervision of the Minister in charge of the coffee business, the CCIC and the NCCB should update the National Register between November 15th and December 1st every year and remove non-compliant entities.

5. ON THE RESPONSIBILITY OF ADMONISTRATIVE AUTHORITIES.

5.1. Within their business development and policing mandate, administrative authorities shall ensure that local business entities are properly constituted. In this regard, the CCIC and the NCCB shall ensure that the local representative of the Minister in charge of the coffee business is made aware of all proper coffee transactions, its quality, its packaging and the conditions under which it is transported as well as the status of mills falling within their jurisdictions.

5.2. The local administrative authorities shall require all entities that buy or collect parchment coffee within their jurisdictions as well as LBCs to show proof of their registration on the National Register, their professional card issued by the CCIC and the list of all their LBAs.

5.3. Local administrators shall require exporters and mills to submit, on the first Wednesday of every month, all coffee milled per type as stipulated by the regulation on preparation of coffee beans.

6. ON INFRINGEMENTS.

6.1. In accordance with the legal texts and regulation in force, the following shall be regarded as illegal activities:

6.1. **For stakeholders** (i.e. producers, buyers, exporters or milling plants):

- Buying of coffee by companies that are not registered;
- Use of mills that are not registered on the National Register;

- Buying of coffee without a professional card;
- Buying of coffee without a proper tax receipt;
- Collusion between millers and exporters;
- Use of mobile milling facilities.

6.2. For commercial activities:

- Buying of wet coffee;
- Buying coffee at night;
- Buying coffee using fake scales;
- Mixing coffee of different botanical or commercial types, or from different harvests;
- Door-to-door buying of coffee;
- Transporting coffee berries or parchment coffee in unmarked vehicles;
- Exporting green coffee beans without a quality certificate;
- Exporting undeclared roast coffee;
- Failure to respect loading norms;
- Documents on statistics missing from warehouse;
- Lots not properly marked;
- Undeclared purchases;
- Coffee mill's documents not properly displayed.

7. FINAL PROVISIONS.

The main purpose, outlined in previous campaign season documents, i.e. the longevity of the coffee business, also depends on greater local consumption of coffee. In this regard, I recommend:

To the inter-Professional council:

- More training on good agricultural practices;
- The PURCCAFE programme should be rolled out in all production basins;
- The sectoral self-regulation guide should be issued to all stakeholders;
- The New Generation programme for youth should be continued.

To the NCCB.

- Intensify the fight against **coxage**, bad post-harvest practices or exporting coffee without respect for legal or industry standards.

To the Project for the Improvement of the Coffee Trade.

- Speed up the process of building or rehabilitating warehouses and mills in production basins.

To producers:

- Sell coffee only after it has been hulled and only if its humidity level is lower than 12% to avoid re-drying;
- Develop a preference for grouped sales;
- Improve negotiation capacity through industry INFOSHARE tools in order to get a reference price.

Every contribution helps.

CC:

- **MIN/SG/PR**
- **SG/PM**
- **MINADER**
- **MINATD**
- **DGSN**
- **SED**
- **Administrative authorities in production basins.**
- **Regional Delegates of Commerce.**