6-1977

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Publication Info
Published in *Journal of Modern African Studies*, Volume 15, Issue 2, 1977, pages 316-322.

Credit for the Common Man in Cameroon

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Complaints are frequently heard that the African farmer, the small trader, the everyday person has no means of getting the funds needed to improve his farm, to expand his trade, or to pay his child's school fees. It is often alleged that the low-literacy peasants and workers in a partially-monetised economy have no desire to save, even if there was any surplus money, and that in any case there are no institutions in which to accumulate or to redistribute their savings. It is argued that the banks fail to meet their needs because it is so difficult to obtain loans, while the private money-lenders, often operating illegally, almost always charge exorbitant rates of interest that discourage all but the most desperate of borrowers.

Increasing evidence suggests that this bleak and highly discouraging view does not offer an accurate picture of the situation in all parts of the continent. In recent years there has been a substantial growth of credit union activity among peasants and workers in several African countries which suggests that the will to save exists and that surplus cash is present. The very rapid expansion and growth of the credit union movement in the anglophone Provinces of Cameroon will be described and analysed in this short article, as well as the important rôle of pre-existing institutions and practices.

The development of credit unions in Cameroon

The first credit unions were established in 1963 in the Bamenda area of North-West Cameroon by two Roman Catholic priests who had previous training and experience in this kind of work in Canada and the United States. Four years later there were 13 registered credit unions and over 20 discussion groups or proto-unions, mainly in the neighbourhood of Njinikom and Nsaw, and in late 1967 two staff members of the Department of Co-operatives were appointed to help supervise activities. The movement has remained independent of official control, although the Government provides important advice, supervision, and inspection.

In September 1968 the primary societies joined together to form the West Cameroon Credit Union League which became a member of the African Co-operative Savings and Credit Association. The League was recognised by the Government and began to seek financial assistance for its operations. Some aid, primarily from the Catholic Relief Services, had been received in the past, but more money was now required from a broader set of donors. Volunteers from Holland, and later from the U.S. Peace Corps, arrived as field workers, while funds, equipment, and technical assistance were provided by a wide variety of organisations, including the Konrad Adenauer Foundation, Oxfam, the Murray MacDonald Foundation, Cafod, and the Canadian and American aid programmes. By 1969 the League had sufficient resources and experience to expand outside Bamenda, and a period of rapid growth was begun which, as Table 1 shows, is still underway.

The movement has spread not only into the South-West Province – where by December 1975 were to be found 41 per cent of the members and 61 per

TABLE 1. Credit Union Growth, 1969–75[1]

Year	Membership	million CFA Share Savings	Credit Unions and Discussion Groups
1969	4,000	16·0	65
1970	6,000	25·1	98
1971	11,600	54·4	149
1972	14,100	103·0	177
1973	20,100	162·0	190
1974	24,300	251·0	182
1975	26,900	399·5	181

cent of the share savings – but is now advancing into francophone Cameroon as well. The overall growth rate would have been greater during the last 3–4 years if more field workers had been available to both the League and the Government. The expansion of the number of primary organisations has been strongly discouraged since 1971–2 because of a lack of staff, and the policy has been to amalgamate and strengthen the existing units. Emphasis has been placed on the education of present members rather than on promotional campaigns to gain new recruits for the movement.

Factors influencing the movement's rapid growth

There are several reasons for the successful development of the credit union movement in this part of Africa. Among these are the high quality of Cameroon leadership, the small yet essential funds from sources outside the League, and the use of other organisations, such as established businesses, as the focal point for the growth of primary societies. But the most important factor has been the existence – prior to the arrival of the credit unions – of informal savings and loan institutions which were rooted in local customs, and which help to explain the widespread contemporary desire to save and invest, as well as the extensive familiarity with the mechanics of operation of the credit unions.

Interviews were conducted with a large number of persons associated with the credit union movement, including members and officers of primary societies, full-time employees of both the League and the Department of Co-operation and Mutuality, as well as several foreign technical advisers. There was widespread agreement that the key officials in the relevant offices of the Government and the League have shown initiative and drive, integrity, and good sense. The general belief in the ability and wisdom of these men at the top is supported by an analysis of the decisions which they have made over the years, and by their ability to foresee problems and to experiment with solutions. Often it has been difficult to keep pace with the spreading popularity of the credit union movement, but a determined effort has been made to hold growth within the limits set by the number of staff and their capabilities.

The League remains dependent upon external funds to pay a significant proportion of its annual operating expenses – 5·3 million CFA or 28 per cent

[1] Source: Cameroon Co-operative Credit Union League, *Eighth Annual General Meeting. Report* (Victoria, 1976), Table II. The yearly figures are in each case for March.

in 1975 – from a variety of sources, including private philanthropic organisations and the Government. Until recently, income was increasing faster than expenditure, but this trend has been reversed since 1975 by inflation. The League has not yet been able to invest its accumulated savings in a sufficiently profitable and reliable manner. At present its funds are held by the banks or given out in loans to agricultural co-operatives and credit unions; and some income is derived from the sale of supplies to the unions, and from their annual dues to the League. But these sources of income are not sufficient to cover all the expenses of the League, and external financial aid will remain a necessity until this situation is overcome. What is wanted is not very much, at least as far as aid projects are concerned, especially since so many people are affected in a significant and positive fashion.

An important tactical factor in the expansion of the credit union movement has been the use which has been made of such existing organisations as church congregations, police detachments, agricultural co-operatives, and large firms. These have provided several benefits to the credit union organiser: an existing communications structure, trained personnel with technical and executive skills, the use of such essential facilities as an office and a hall for meetings, and often a check-off system for savings to be automatically deducted from wages.

It is in the coastal areas of the South-West Province that the use of existing organisations is most evident. Here are located the extensive plantations of the Cameroon Development Corporation with 12,000 or more employees. In 1969 there were no credit unions here, but today there are over 6,000 members; savings increased 300 per cent from December 1973 to December 1975, and now stand at 180 million CFA, or almost 33 per cent of the total for the League. The spread of credit unions to francophone Cameroon is also underway, often initiated by English-speaking residents in these areas. Here, too, the greatest success seems to occur where other organisations, such as the *Union des coopératives de café arabica de l'ouest*, provide an operational foundation and an easy method of accumulating savings rapidly. An indication of the importance of the check-off system is that the average savings per member in areas where plantation credit unions exist is 30,000 CFA, whereas the overall average for Cameroon is only 17,500 CFA.[1]

An even more important factor in the growth of credit unions in Cameroon has been the favourable cultural *milieu*. The leaders and organisers of the new movement, knowingly or not, have been able to take advantage of the existence of informal but widely-used savings institutions. In the early 1950s, W. A. Warmington made a study of savings and indebtedness among the migrant workers on the plantations in South-West Cameroon, and reported that 60 per cent were saving money in some way.[2] Mark and Virginia DeLancey conducted surveys of the same estates during 1969 and 1976, and found that 90 per cent of the workers claimed to be saving money in either banks, credit unions, family meetings, or *njangis* – and sometimes in tin cans.

[1] These differences may be the result of variations in the average income of credit union members in the two Provinces, but such data are not available.

[2] W. A. Warmington, 'Savings and Indebtedness among Cameroon Plantation Workers', in *Africa* (London), XXVIII, 4, October 1958, pp. 329–43.

This must mean that there has been a growth in both the desire and ability to save money, even when every allowance has been made for the different sampling techniques.

The significance of traditional institutions

Several studies have previously described the existence in Southern Cameroon of traditional savings institutions,[1] but there is now evidence that the two main types – the *njangi* and the 'meeting' – have played a significant rôle in the modern credit union movement.

The *njangi* or rotating credit association has long been known in many parts of Africa and, indeed, around the world. In the simplest form, several persons join together to raise money by contributing an agreed-upon, constant sum to a common fund at regular intervals, and on each occasion a different member receives everything that has been collected. In this way, large sums may be gathered to purchase goods or pay off debts, or even to invest. This basic pattern varies according to the size of the membership, the amount of the contribution, which may range from as little as 500 CFA ($2.00) to as much as 1 million CFA ($4,000), and the means of selecting who will take the 'pot' – sometimes even contracts may be required. The cash *njangi* is known to have been in use for many years, but was first reported by Emmi Meyer during the 1930s in the North-West.[2] There is unpublished evidence of its existence on the plantations in 1937, and by 1969 the DeLanceys found that 64 per cent of the workers there were members of an *njangi*.

The *njangi* is really the monetised form of a traditional method of organising co-operative labour, namely what might be called a 'rotating land-clearing association'. Several men agree to work as a group, first on the fields of one member, and then in succession on those of everyone else in the group. Indeed, some *njangi* members report that the money they save is used to hire labour to clear their farm land.

The origins of what are usually called 'family' or 'country' meetings are less easily traced to traditional society. The type of association referred to here as a 'meeting' is common in many ethnic communities throughout Africa and elsewhere, and is used extensively by migrant workers who speak the same language – and who have generally come from the same district or even the same village – to meet together in clubs and societies for their mutual benefit. They help members to find jobs and to adjust to the new conditions of life, and give aid in times of trouble. The meetings are mainly social occasions, but they also have some important economic functions. Indeed, when they encourage savings and help to provide loans they tend to duplicate the work of the credit unions, and as such have introduced thousands of Cameroonians over

[1] See Warmington, loc.cit., Hans F. Illy, 'Saving and Credit System of the Bamileke in Cameroon', in J. Voss (ed.), *Development Policy in Africa* (Bonn, 1973), pp. 293–314, and D. Soen and P. de Comarmond, 'Savings Associations among the Bamileke', in *Journal de la Société des africanistes* (Paris), LXI, 2, 1971, pp. 189–201. See also Mark W. DeLancey, 'Institutions for the Accumulation and Redistribution of Savings among Migrants', in the *Journal of Developing Areas* (Macomb), forthcoming.

[2] Emmi Meyer, 'Kreditringe in Kamerun', in *Koloniale Rundschau* (Berlin), XXXI, 1940, pp. 113–21.

a period of many years to both the concept and the practice of the new movement.

The ethnic associations in anglophone Cameroon are a regular feature of the lives of a large proportion of those who live in a migration 'location': 80 per cent of the workers who come from 'outside' are members, as well as 40 per cent of those whose origin is in the neighbourhood. The meetings range in size from 10–12 to about 100, and are usually held soon after pay day in a plantation camp or a centrally-located town. The members are mainly civil servants, traders, labourers, and others of the same ethnic identity who reside in that area. Each meeting is generally independent of any other meeting, although as far as the Kaka and Mbembe are concerned there is an apex organisation similar to that reported for the Ibo State Union in Nigeria.

The get-together frequently opens with some business transactions. Members contribute money to be held as savings by the association until the end of of the year, and the treasurer deposits these funds in a bank and/or may make interest-payable loans to members – and, occasionally, to non-members. All savings and accumulated interest are returned to the members in November or December, and this enables them to pay their heavy Christmas expenses. But many immediately return a large proportion of the accrued funds to the savings programme for the next year, which opens at the same meeting.

Of 178 societies studied in 1969 and 1976, 149 or 83 per cent had regular procedures for making loans. An analysis of those granted by three meetings during this period showed that the loans were used to pay for school fees, health treatments, the construction of houses, the development of farms, and to finance commercial and trading enterprises. Other items mentioned were marriage and death fees, the purchase of high-cost consumer items –notably radios, bicycles, and cars – as well as the 'normal' expenses of food and clothing.

The members annually elect a chairman or president, secretary, treasurer, and other officers who are responsible for all aspects of the meeting. A set of detailed books is kept to record savings, loans, repayments, and interest charges. An applicant for a loan submits a statement of his needs – generally on paper, but orally in an emergency – to the chairman, who normally discusses the matter with his executive or a specially selected advisory committee, although sometimes it will be submitted to the general membership for consideration. If it is thought that the loan is really needed, and that the applicant is a responsible person who will repay the debt, the loan is made.

During the year as many as 30–60 per cent of the members may take such loans, and although in most meetings these cannot exceed what the borrowers have saved in the society, the amount may sometimes be raised to the extent that other members are willing to pledge their savings as a guarantee of loan repayment. In case of default, the sureties lose their savings, a practice also followed in the credit unions.

Once an application has been accepted, a contract is signed by the chairman and the member concerned stating the amount of the loan, the rate of interest, and the tentative schedule of repayment. Most loans have to be repaid by the November meeting, and are rarely allowed to extend beyond Christmas when all the funds are normally returned to the members. A substantial interest must be paid on these loans: the usual rate for every 1,000 CFA borrowed is 100 CFA per month, although this may go as high as 200 CFA. On an annual basis, then, most borrowers pay 120 per cent on loans taken from the meeting.

The 'meetings' and the credit unions

The rate of interest is the most critical difference between the meetings and the credit unions: their operating procedures are almost identical, but the latter charge a much lower rate of interest for loans to members, usually 12 per cent per annum. Those who promote the credit union movement rely heavily on the widespread familiarity with the procedures of the meetings, and on the dislike of the high rate of interest charged on loans. In a recent, highly effective lecture given by a field worker, he first explained the workings of the credit union by constant reference to the meetings; when the interest rates were compared loud cheering broke out, and a strong current of approval for the movement swept through the audience. Such support is strongest among those who desire loans. There is less enthusiasm from those who see the meeting as a place to invest surplus funds which will secure a high return through the interest rates charged.

A comparison of earnings in the two institutions indicates that the meeting is the best place for the person who wishes only to invest and not to borrow: the returns are about 10 per cent per annum, whereas in most credit unions they are only 4 per cent. However, this difference is erased if a loan is required, because the interest charged by the meeting is a severe burden for those in need of credit. Another negative aspect of the same institution is that all the savings must be returned annually, and obviously this tends to decrease the total. The practice is explained by the need to prove to members that the money has not been 'chopped', a function fulfilled by external auditors for the credit unions. The meeting has the significant advantage that it can operate less formally than the credit union, and that the chairman can make an emergency loan without taking time to consult the committee. In a credit union, by way of contrast, there is often a delay of several days or weeks.

The ethnic criteria for the membership of a meeting means that it is generally limited in size, and thus in funds. Indeed, the tendency is for the meeting to remain small, because eligibility is defined in ever more limited terms as the number of potential members increases. That is, when migrants from an area are few, all are free to join, but as the number increases, eligibility tends to become more narrowly defined. A new, more exclusive meeting may then appear along with the older meeting, and may indeed replace it. The fundamental aspect of the meeting is its social function: the regular bringing together of people with a similar background so that they may enjoy each other's company and receive valuable socio-psychological support.

The meetings are most commonly found among migrants, but the *njangi* is not so restricted. The labour force is highly fluid in the coastal plantation areas because there is a high annual turn-over of persons coming from and returning to their homeland.[1] There are few men in anglophone Cameroon who have not spent some time at the coast, and when they return to their villages they take with them new ideas and skills, including experience of meetings and their operation. Thus was the ground made fertile, even in non-migration centres, for the credit union movement to be planted.

The meetings continue to thrive even although their savings and loan functions have in many instances been usurped by the credit unions. The latter rarely take on a social aspect, and their agendas are short and business-oriented compared to the regular get-togethers of the meetings. The two institutions will probably flourish side by side for some years to come; actually, most members of a credit union are also members of a meeting, and see the former as a pleasant social gathering and the latter as a useful economic organisation. Each fulfills important felt-needs, and their complimentarity is exemplified by linkages which are just beginning to appear. In one location, a meeting has become a 'member' of a credit union, and regularly deposits its savings there in a single account. Elsewhere, all the members of a meeting have joined a credit union, and the meeting treasurer deposits their usual contributions there in individual accounts.

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The rapid growth and apparent success of the credit union movement in anglophone Cameroon thus seems related not only to the quality of leadership, the availability of external support, and certain tactical decisions, but also to the 'positive' environment: namely, a strong desire to save, and a widespread familiarity with relevant traditional institutions. It is probable that the success of the *njangis* and the various 'meetings' has given people an important sense of confidence in the concept of co-operative savings, as well as a knowledge of the necessary procedures.

Indeed, the credit union movement came to Cameroon not as a new gimmick which needed to win acceptance, but rather as a modified and improved version of something that was already widely known and accepted. From this point of view, here was not a strange, imported organisation, but a new version of an old, well-established structure. Although its true origin was external to Cameroon experience, the credit union is an example of how a specialised innovation can take up and develop one of the functions of an earlier multi-purpose institution, and this has enabled the new movement to expand rapidly and become an integral part of Cameroon society.

[1] See M. W. DeLancey, 'Plantation and Migration in the Mt. Cameroon Region', in Hans F. Illi (ed.), *Kamerun* (Bonn, 1974), pp. 181–236; Y. Marguerat, *Analyse numérique des migrations vers les villes du Cameroun* (Paris, 1975), p. 107; and E. and S. Ardener and W. A. Warmington, *Plantation and Village in the Cameroons* (London, 1960), p. 435.