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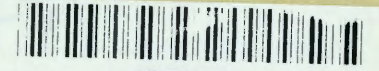
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McNamara Papers

Conrad
Cameroon (1969-1977)

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Contacts with member countries: Cameroon - Correspondence 01

CAMEROON

CAMEROON

- 6/19/69 Ambassador Joseph N. Owono
1. 10/13/69 " " " "
2. 1/71 Mr. McNamara's Impressions of Cameroon *(Filed in R McN office)*
- 1/15/71 President El Hadj Ahmadou Ahidjo (courtesy)
(Yaounde)
3. 1/16/71 Working Meeting with Government Officials:
(Yaounde)

Charles Onana Awana, Minister of Planning and Equipment
Mr. Koulla, Director of the Federal Budget
Vincent Efon, Minister of Transport
Zachee Mongo Soo, Minister of Education
Rene Gobe, Secretary of State for Rural Development
Leonard Mpouma, Minister of Industrial and Commercial Development
Mr. Assoumou, Secretary-General, Ministry of Industrial and
Commercial Development
Mr. Naah, Director of Planning
Mr. Mouliom, Director-General, Cameroon Development Bank
Mr. Ndedi, Chief of the Planning Division, Ministry of Education
Mr. Abondo, Cameroon Development Bank
Mr. Mba, Deputy Director, Ports Department
Mr. Renard, Adviser, Cameroon Development Bank
Mr. Moulon, Technical Advisor, Ministry of Planning and Equipment
Mr. Yondo, Charge, Office of the President of the Republic
Mr. Imbert, Vice Chancellor, Federal University of Cameroon
Mr. Tchoungui, Secretary-General, Ministry of Foreign Affairs
Mr. Ntamag, President, Director-General of the Societe Nationale
d'Investissement
Mr. Djengue, Director for International Organizations
Mr. Ndoung, Deputy Director, Department of Industry
Mr. Mbarga, Chief of the Division for U.N. Specialized Agencies,
Ministry of Foreign Affairs
Mr. Ntang, Secretary-General, Ministry of Education
Mr. Mvomo, Secretary-General, Ministry of Planning
Mr. Tchana, Deputy Director, Department of Water and Forest Resources
Mr. Titti, Director of Taxes
Mr. Towa, Secretary-General, Transcameroon Railways
Mr. Fenzy, Director, Department of Highways
Mr. Wansek, Deputy Director-General of the Societe Nationale
d'Investissement
Mr. Mbanyon, Attache, Office of the Director-General of the Societe
Nationale d'Investissement

Guest list at dinner hosted by Vice President Salomon Tandeng Muna:

Jean-Claude Ngoh, Inspecteur Federal
H.N. Elangwe, Deputy Prime Minister (Secretary of State for Finance)
J.C. Kangkolo, Secretary of State for Interior
M.N. Luma, Secretary of State for Lands and Surveys, Works and
Transports
B.T. Sakah, Secretary of State for Rural Development
B.T.B. Foretia, Secretary of State in the Prime Minister's office
N.N. Mbile, Secretary of State for Primary Education
William F. Moutchia, Secretary of State for Establishment (Public Serv.)

1/16/71 Chief Victor E. Mukete, Chairman, Cameroon Development Corp.
(Bota,
Victoria)

1/17/71 Michel Marchal, CAMDEV Plantation (hosted luncheon?)
(Douala)

Others possibly met:

Enoch Kwayeb, Minister of State in Charge of Territorial Administration
Paul Biya, Minister of State and Secretary General at the Presidency
of the Republic

Sadou Daoudou, Minister of State in Charge of the Armed Forces

Sabal Lecco, Minister of Justice

Raymond Aime N'Thepé, Minister of Foreign Affairs

Bernard Bidias a Ngon, Minister of Finance

Leonard Mpouma, Minister of Industrial and Commercial Development

Bernard Fonlon, Minister of Public Health and Population

Mrs. Delphine Tsanga, Deputy Minister of Public Health and Population

Nzo Ekha-Nghaky, Minister of Labor and Social Welfare

Victor Ayissi Mvodo, Minister assigned to the Office of the Presidency

Jean Akassou Djamba, Minister assigned to the Office of the Presidency

Egbe Tabi, Minister of Post and Telecommunications

Vroumsia Tchinye, Minister of Information

Michel Njiensi, Minister of Youth and Sports

Francois-Savier Ngoubeyou, Minister delegated to the Presidency
in Charge of State Inspections

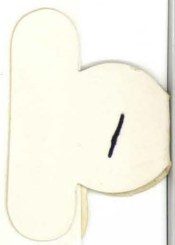
4. 10/1/71 Charles Onana Awana, Minister of Plan ning
Bernard Bidias A. N'Gon, Minister of Finance
9/28/
E.M. Koulla, Director of the Budget

9/28/71 Jean Keutcha, Minister of Foreign Affairs (with delegation from
Organization of African Unity - MemCon filed Mauritania)

5. 5/1/72 Leonard Claude Mpouma, Minister of Industrial and Commercial
Development
Ambassador Francois-Xavier Tchoungui
Michel Koss Epangue, Counselor, Embassy

6. 9/29/77 Marcel Yondo, Minister of Finance

1/9/78 G. L. Monekosso - Director of the University for Health Sciences,
University of Yaounde. [Education Panel lunch]



OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: October 13, 1969

FROM: Roger Chaufournier *RC*SUBJECT: Cameroon - Visit of Ambassador Joseph N. Owono

1. Ambassador Owono who will call on you this afternoon at 5.05 p.m. has been Cameroon's Ambassador to Washington since December 1965. He is fully aware of the scope and nature of our operations in his country, and of the main issues involved. He usually leads the Cameroon delegation for negotiations with the Bank, and on occasion the Government uses their Embassy as a channel of communications with us.

Purpose of Visit

2. As far as we know, the purpose of the Ambassador's visit is to present a letter from President Ahidjo which will renew his invitation to you to visit Cameroon shortly. On July 3, 1969 you replied to an earlier invitation which we received in June, saying that your present schedule made it impossible for you to accept the invitation for the time being, but that you would bear it in mind and get in touch with Ambassador Owono as soon as it was possible to contemplate such a trip.

3. A note on the present status of our operations and copies of the lending program and basic data for Cameroon are attached.

Attachments.

CRWilkinson:gl

President has seen

Bank/IDA Operations in Cameroon

1. Total commitments and undisbursed balances as of September 30, 1969 are summarized in the table below:

	<u>\$ million</u>	
	<u>Commitments</u>	<u>Undisbursed</u> <u>(Sept. 30, 1969)</u>
Bank	19.9	19.8
IDA	<u>22.1</u>	<u>16.8</u>
	42.0	36.6

Of the above amounts, new commitments during calendar 1969 account for \$12.9 Bank (Oil Palm \$7.9 million, Water Supply \$5.0 million), and \$10.5 IDA (Education).

2. One further operation is included in the Financial Year 70 lending program: we expect to negotiate a \$25 million road project before the end of this year. The project would consist of the reconstruction of the Tiko-Victoria road and the Ngaoundere-Garoua road, as well as a feasibility study of the Garoua-Mora road. The latter two roads extend the trans-Cameroon route to the north of the country. We propose to finance the foreign cost of this project amounting to \$16.6 million with a blend of Bank and IDA funds.

3. Following the roads project, we expect that our next operation in Cameroon will be a loan for a railway project presently scheduled early in FY 71. Other operations in FY 71 and FY 72 include agricultural projects and a large ports project for which feasibility studies are presently under way.

Questions that may be raised

4. Apart from the prospect of your visiting Cameroon, there are two issues to which the Ambassador may be expected to refer:

- an increased IDA allocation for Cameroon
- continued local cost financing.

5. The Government is also very concerned to find additional funds to finance a shortfall of \$16 million for the financing of the Belabo-Ngaoundere section of the trans-Cameroon railway. This project is being financed jointly by FED, USAID, EIB, FAC and the Government. We understand that the Government is approaching these agencies for additional funds to meet the shortfall, and we do not expect the question to be raised with us at least until the existing agencies have clearly refused to increase their participation.

Population: 5.4 m
Per Cap Inc: \$110

IVa. CAMEROON - 5 YEAR LENDING PROGRAM

(\$ millions)

		Fiscal Year					Total	Total
		1969	1970	1971	1972	1973	1974	1964-68
Oil Palm	IBRD	7.9						
Tea	IBRD			2.0				
Semry Rice	IDA				2.0			
Cocoa	IDA			3.0				
Agric. Unidentified	IBRD					3.0		
Agric. Unidentified	IDA						5.0	
DFC	IBRD						4.0	
Education I	IDA	10.5						
Education II	IDA					7.0		
Roads I	IBRD	11.6						
"	IDA	4.5						
Roads II	IBRD					5.0		
Port	IBRD				5.0			
Railroad	IBRD			3.0				
CAR-Cameroon Railroad	IBRD						10.0	
Water Supply	IBRD	5.0						

IBRD	12.9	11.6	5.0	5.0	8.0	14.0	7.0	42.5
IDA		15.0	3.0	2.0	7.0	5.0	11.6	27.0
Total	<u>12.9</u>	<u>26.6</u>	<u>8.0</u>	<u>7.0</u>	<u>15.0</u>	<u>19.0</u>	<u>18.6</u>	<u>69.5</u>
No.	2	2	3	2	3	3	3	12

BASIC DATA

(based on exchange rate prior to August 8, 1969 of CFAF 247 per US\$ 1.0)

Area: 183,524 square miles; 475,450 square kilometers

Population (1968): 5,449,000 (of which about 15,000 non-Africans)

Rate of growth: 2.1%

Density: 30 per square mile

Political Status:

East Cameroon - independent January 1, 1960;

West Cameroon - independent October 1, 1961;

Federation - October 20, 1961.

Member of the Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroon (BCEAEC) and the Union Douaniere des Etats de l'Afrique Centrale (UDEAC); Associated Member of the European Community.

Gross Domestic Product (Est. 1967/68): \$860 million
(subsistence 20%)

Per capita: \$157

Primary sector 37%

Secondary sector 16%

Transport, Trade, Services 47%

Rate of growth,
1962/63 - 1966/67 7.3% (at current prices)
4.7% (at constant prices)

Percent of GDP at Market Prices

	<u>1962/63 - 1963/64</u>	<u>1964/65 - 1966/67</u>
Gross investment	10.8	14.9
Gross savings	9.8	12.8
Net import of goods and services	1.0	2.1
Balance of payments current account surplus	0.6	-0.5
Investment income payments net	1.4	1.2
Government taxation revenue (Federation)	15.1	16.4

<u>Money, Credit and Prices (CFAF billion)</u>	<u>December 1968</u>	<u>Average Annual Increase 1964 - 1968</u>
Total money supply	31.44	8.4%
Quasi-money	3.21	9.5%
Commercial bank credit to private sector	35.71	6.0%
Rate of change in prices		2.5%
<u>Public Sector Operations (CFAF billion)</u>	<u>1966/67</u>	<u>1967/68 (revised estimate)</u>
Government current receipts	31.9	36.9
Government current expenditures	30.6	32.8
Surplus/Deficit	+1.3	+4.1
Government capital expenditures	3.8	3.6
Public investment expenditures	10.5	10.5
<u>External Public Debt (US\$ million)</u>		
Total debt (including undisbursed) at December 31, 1968	142.8	
Total debt service (1969)	6.6	
Debt service ratio		3.5% of exports
<u>Balance of Payments (US\$ million)</u>	<u>1967</u>	<u>Average Annual Increase 1964 - 1967</u>
Total exports	154	2.3%
Total imports	186	12.3%
Current account deficit	-45	1/
Foreign aid disbursements	31	9.1%
<u>Commodity concentration of exports</u>	<u>1968</u>	<u>1964</u>
Coffee, Cocoa, Aluminum	26%; 22%; 10%	27%; 20%; 15%
<u>Gross foreign exchange reserves</u>	<u>1968</u>	<u>1964</u>
US\$ million (end of year)	46.8	45
<u>IMF Position</u>	<u>31 Dec. 1968</u>	
Quota	\$17.4 million	
Drawings	none	

1/ Current account in 1964 was in surplus.

August 19, 1969.

NOTES ON PERSONALITIES

CAMEROON

Yaounde - January 1971

E. M. Koulla. Director of the Budget and Alternate Governor of the Bank, fluent in English. Very bright, well-educated, technically well qualified, outspoken and independent in his views.

Vice President Muna. Bright, articulate, fluent in English, dedicated to the success of the union of East and West

Federal Inspector Ngoh. Fluent in English, although from the East. Sensitive to the delicacy of his position during the period of transition when the West moved from being an independent nation to a province of the Federal Republic. Nine years in his present assignment.

E. A. Rosenquist. Production manager of the Cameroon Development Corporation. The ablest agriculturalist I have met in the developing countries and the best informed on the relative costs of production and the reasons for differences in the costs of production of various crops in various countries. It is he, for example, who emphasized the importance of sunlight as a factor determining palm oil yields and of altitude in determining tea quality and prices.

Yaunde, Cameroon

LIST OF GOVERNMENT OFFICIALS PARTICIPATING IN WORKING MEETING
January 19, 1971

Messrs.

ONANA AWANA	Minister of Planning and Equipment
KOULLA	Director of the Federal Budget
EFON	Minister of Transport
MONGO SOO	Minister of Education
GOBE	Secretary of State for Rural Development
MPOUMA	Minister of Industrial and Commercial Development
ASSOUMOU	Secretary-General, Ministry of Industrial and Commercial Development
NAAH	Director of Planning
MOULIOM	Director General, Cameroon Development Bank
NDEDI	Chief of the Planning Division, Ministry of Education
ABONDO	Cameroon Development Bank
MBA	Deputy Director, Ports Department
RENARD	Adviser, Cameroon Development Bank
MOULON	Technical Advisor, Ministry of Planning and Equipment
YONDO	Chargé, Office of the President of the Republic
IMBERT	Vice Chancellor, Federal University of Cameroon
TCHOUNGUI	Secretary-General, Ministry of Foreign Affairs
NTAMAG	President, Director-General of the Société Nationale d'Investissement
DJENGUE	Director for International Organizations
NDOUNG	Deputy Director, Department of Industry
MBARGA	Chief of the Division for U.N. Specialized Agencies, Ministry of Foreign Affairs
NTANG	Secretary-General, Ministry of Education

Messrs.

MVOMO	Secretary-General, Ministry of Planning
TCHANA	Deputy Director, Department of Water and Forest Resources
TITTI	Director of Taxes
TOWA	Secretary-General, Transcameroon Railway
FENZY	Director, Department of Highways
WANSEK	Deputy Director-General of the Société Nationale d'Investissement
MBANYON	Attaché, Office of the Director-General of the Société Nationale d'Investissement

3

OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: February 19, 1971

FROM: Wilfried P. Thalwitz

SUBJECT: CAMEROON: Visit by Mr. McNamara

1. Mr. McNamara visited Cameroon from January 15 - 17, 1971. He was accompanied by Messrs. Kochman, Chauffournier, Clark, Christoffersen and the writer.

Introduction

2. The visit demonstrated the Government's success in unifying two territories which had formerly been under different colonial administrations - French and British. At the same time, diversity prevails in the new nation which includes within its borders peoples of different languages and religions, a wide range of ecological and climatic conditions, and regional economies in different stages of economic development.

3. Mr. McNamara's visit started in the North at Garoua, President Ahidjo's native town. Garoua is the center of a Sahelian region, the economy of which is based on cotton, groundnuts, and livestock; some industrial development based on cotton is evident, as witnessed during the visits to the CFDT cotton mill and the SICAM textile plant, both at Garoua. A new and developing industry is tourism, based mainly on the existence of ample wildlife in the two national parks, Waza and Bénoué. This was observed during the helicopter flight over the Bénoué park towards N'gaoundéré. Mr. McNamara compared Cameroon's northern region to Chad, and observed that with an effective administration, Cameroon appeared to have achieved more prosperity than Chad, the south-west part of which has similar ecological conditions and social traditions. The next two days were devoted to the coastal region which comprises in francophone East Cameroon the administrative and commercial centers Yaoundé and Douala with the bulk of industry and services. It is also the center for production of cocoa and coffee by smallholders. West Cameroon, where English is spoken, is dominated by plantation agriculture, and exports palm oil, rubber, tea and bananas.

4. The Government is aware of the need for balanced development. The diversity of the nation, and the competing claims by the various regions on scarce development resources pose problems, but Government officials are sensitive to them and have established a planning system which is responsive to the needs of the different regions. They are understandably proud of Cameroon's achievements in ten years of independence, but they are also realistic about what can be done and what they can achieve without outside assistance. While Cameroon relies much less than other countries in the area on expatriate advisors, foreign personnel are accepted where they are needed, particularly in education.

5. The Minister of Planning, Charles Onana Awana who is also Governor for the Bank, chaired a working session on Saturday, January 16. A list of participants and background papers prepared by the Government on subjects discussed during the meeting is attached. The meeting was well organized and demonstrated the confidence and ability of many Cameroonesse officials. While there were some rather tedious speeches, the presentations by most of the Ministers and their associates were to the point, and at times quite sophisticated. The atmosphere during the meeting was relaxed; there are no major disputes between the Government and the Bank on matters of economic policy, and no immediate decisions were expected on particular projects.

Planning and Growth

6. Minister Onana Awana referred to the results of the Second Development Plan which is now coming to an end. While he admitted that not all the investment targets of the Second Plan had been achieved, he thought that Cameroon had maintained a rate of growth that would lead to doubling of income over the period 1965 - 1985. The deterioration in Cameroon's terms of trade had not seriously impeded economic growth. As one of the major achievements of the Second Plan, the Minister mentioned the progress achieved in the construction of a modern transport route which would connect the port of Douala with the Cameroon/Chad border near Fort Lamy. While substantial portions of the railway extension had been completed, much remained to be done for the port of Douala, the oldest section of the railway between Douala and Yaoundé, and the roads in the North. The Third Plan for 1971-75 was being drawn up now, and the process of reconciling the project submission by the several regions was still continuing. The major task during the next five years would be the completion of the Cameroon transport route and other transport investments to provide inter-state connections, and to open up the south-east where most of Cameroon's untapped forestry resources are situated. The Minister agreed with the recommendation of the Bank's economic mission that more emphasis be placed on directly productive sectors such as industry and agriculture. He mentioned that further growth of industrial production was not exclusively dependent on new investment. In some plants, a problem of capacity utilization had arisen which called for new methods in marketing.

7. The Minister also referred to the structural changes in the economy, in particular the reduction of auto-consumption, with larger parts of the population being integrated into the monetized economy. The main problem in agriculture would remain rural modernization to stem the exodus to urban centers. The Government realized that to a certain extent migration of rural population was a necessary concomitant of economic development. As agriculture becomes more efficient, rural areas could release people that would have to be absorbed by industry and services. However, in Cameroon the attraction of the cities had become too strong, although the advantages of city life were often more illusory than real. This deprived rural areas in some cases of people that were still needed, and led to heavy investment requirements for urban amenities. The Government expects some migration to cities to continue, but would like to make life more attractive for a larger number of people in the

rural areas. The Minister said that the Government would welcome the Bank's assistance in this respect, and was looking forward to a mission from Abidjan to help prepare a rural development project. Equally important would be the development of livestock production in the North, and of smallholder cash crop production in the South. However, for people to realize their opportunities, further educational efforts were required, not only in primary education but in the broader sense of providing technical and commercial skills. For a presentation on this subject Minister Onana Awana turned to the Minister of Education, Mongo Soo.

Education

8. The Minister introduced some data on population which explained the heavy demands on Cameroon's educational system. He reported that population had during the last five years grown from 5.3 to 5.8 million, or at an annual rate of over 2 percent. The active population was about 3 million, of which 50,000 were unemployed in urban areas. Life expectancy is 37 years, and half of the population is under 20 years of age.

9. The Minister explained that Cameroon had, since independence, made a great effort in education and to provide schooling for as many people as possible. As an example for the expansion in enrollment, he gave data on general secondary and technical schools: in 1960, 112 schools had 18,000 pupils, whereas in 1970, 228 schools had 65,000. This "explosion" in numbers of students was not accompanied by a proportionate increase in financial commitments and expansion of teaching staff. As a result, the quality of education declined. There are many teachers that are not fully qualified, and the average number of pupils per class is still 55.

10. During the Third Plan, due emphasis would be given to teacher training and re-training. In an effort to equip people better for the jobs that Cameroon provides, there would be a re-orientation of education in Cameroon, away from the traditional classical curricula towards more technical and scientific subjects. This is provided in four stages: (i) rural vocational training (in two years following primary school); (ii) industrial and technical secondary schools (four years after primary school); (iii) higher technical education (lycée technique, six years after primary school); (iv) university training (enrollment at present standing at 2,000).

11. In reply to a question by Mr. McNamara, the Minister said that the emphasis in the future would be more on quality of education than on quantity. While there would be little effort to broaden the primary school base, they would try to lead a larger number of primary school graduates into higher education. At present only 20 percent of primary school pupils go on to secondary education. Mr. Onana Awana added that one reason for the increase in the number of schools and pupils in the past was the need to bring education to the village. Neglect of the rural areas would only reinforce the exodus towards the cities. Both Ministers stated that the response by teachers to the re-orientation of education was very positive; most teachers were young and ready to experiment. The expatriate teachers also accepted the proposed changes.

Private Investments

12. The Minister of Industrial and Commercial Development presented the Government's position on private investments. He declared that the Government was sensitive to the criticism made by the Bank's economic mission, and welcomed a continuing dialogue with the Bank on the subject on an appropriate policy to attract private investment for industrial and agricultural development. He acknowledged that during 1966-69 there was a serious decline in the number of investment applications, partly for the reasons mentioned in the Bank's report: a somewhat cumbersome investment code; administrative delays in the processing of applications within Cameroon and between Cameroon and its partners in UDEAC (Union Douanière et Economique de l'Afrique Centrale); and overlap in the functions of BCD (Banque Camerounaise de Développement) and SNI (Société Nationale d'Investissement).

13. The Minister said that the 1966-69 decline in investment applications should not be interpreted as indicating a failure of the Government's investment policy; on the contrary, they felt that the Government had taken the right path, and that the policy of "planned liberalism" was a success. Indeed, during 1970 investment applications had again reached the level of 1965, and he hoped that with the creation of his Ministry and a special Directorate for Industrial Development, the administrative delays could be reduced in future. He gave the impression that there was no tension between the Government and the business community.

14. While the Minister expected private investment, foreign and domestic, to increase, he warned of some difficulties: first, the obvious high priority investments have been made, and future investments will require more careful research and market analysis; second, transport remains a problem, and some industries cannot be established at the best location, or will have to wait until adequate transport facilities are available (this applies in particular to forestry and mining); third, the problem of insufficient funds available for investments remains.

15. Upon Mr. McNamara's question whether the shortage of funds applied mainly to the smaller domestic enterprises, the Minister replied that this indeed concerned the Government. He also acknowledged that BCD and SNI have not been able to fill the gap. BCD in particular had used most of its resources to finance the marketing of cash crops, and contributed little to the financing of domestic industrial enterprises. BCD would be instructed to do more in this respect, and the commercial banks would also be required to reserve an adequate portion of their lending for small domestic enterprises. In addition, they would seek the assistance of IFC for projects co-sponsored by Cameroonian entrepreneurs. Mr. Chaufournier added that Mr. de Wilde would soon visit Cameroon for a review of the potential for small industrial enterprises, and to recommend measures to increase their contribution to economic development.

Forestry

16. Mr. René Gobé, State Secretary for Rural Development, spoke on the development of the forestry industry in Cameroon. He estimated the volume of exploitable timber at 150 - 200 million m³. These estimates must be rough since existing inventories cover only 30,000 ha out of a total of 20 million ha of forest land. Inventories proposed for the Third Plan will cover 580,000 ha.

17. Present production is about 800,000 m³ per annum. The target growth rate is about 12 1/2 percent per annum, which is within the range considered feasible by the Bank's economic mission. The output of the Cameroon forestry industry is heterogeneous and includes species of relatively low value. There is no single dominating species as in Gabon. Expansion of production depends primarily on improvements in transport facilities. At present, the port of Douala is a major bottleneck. The extension of the Transcameroon railway will help, but the richest untapped areas in south-east Cameroon are so far inaccessible. A program of studies for transport links into this area is being prepared with the assistance of the Bank's Permanent Mission in Western Africa. Through earmarked taxes, logging companies are expected to make a limited contribution (US\$5.4 million) to the financing of forestry roads during the next five years.

18. Mr. Gobé acknowledged that the Government has not developed a coherent forestry policy that would comprise a fiscal régime designed to encourage the most rational exploitation of Cameroon's forests and to produce an equitable contribution by logging companies to Government revenues. The Government has reserved 3 million ha for which no exploitation permits will be allocated until a new forestry development policy is established. Existing permits cover 6.5 million ha.

19. By law, logging companies are obliged to process at least 25 percent of their production in Cameroon. This has been exceeded; at present 45 percent of total production is processed in Cameroon. Market prospects for Cameroon's timber production in general, and for processed timber in particular, are excellent. The Government therefore expects the share of processed timber to grow.

The Budget

20. The Director of the Budget, Mr. Koulla, made an impressive presentation on the budgetary situation; it was a thoughtful response to the analysis made by the Bank's economic mission. Mr. Koulla focussed on three subjects: (i) the level of the interest rate, (ii) the need to increase public savings, (iii) measures to contain current expenditure.

21. Mr. Koulla accepted the judgment made by the economic mission that the low interest rate prevailing in Cameroon presented problems. Large foreign firms would avail themselves of cheap credit in Cameroon while placing their liquid resources in Europe where they can earn high interest rates. This

amounts to a subsidization by a developing country of companies based in developed countries. The Government wanted to put a stop to this by applying a selective credit policy which would require commercial banks to reserve a portion of their lending for small domestic enterprises, and forcing foreign-based companies to take recourse to their parent organizations and commercial banks in developed countries. During the discussion it became quite apparent that the sentiment against an across-the-board increase of interest rates in Cameroon remains strong. While the Government agrees that the low interest rate gives the wrong signals for the allocation of scarce capital and provides no incentive for the accumulation of savings, their overriding fear is that a high interest would disqualify smaller domestic enterprises. Hence, the attempt to split the credit market.

22. Mr. Koulla reported that budget revenues had during the last three years increased at an average annual rate of 11 percent. The Government realized that this was mainly due to external factors such as rising export prices and the effects of the CFAF devaluation which cannot be expected to continue. Under more stringent conditions, the Government would have to make an effort to reduce waste and to increase savings. One source of additional revenues was direct taxes which now account for no more than 20 percent of total revenues. The harmonization of taxes between East and West Cameroon would also yield additional revenues. Finally, the Government is also considering the suppression of the "official list value" (valeur mercuriale) as a basis for the determination of export taxes. Since the market value is often greater than the "official list value", this would also provide additional revenues.

23. Mr. Koulla admitted that current expenditures during the past few years had run out of control. While the budgetary situation was favorable, personnel expenditures in particular had increased at a fast rate. The Government would now switch to a new system of budgeting whereby capital expenditures would be fixed first, leaving only the residual to be authorized for current expenditures. The target for capital expenditures is an annual growth rate of 25 percent throughout the Third Plan. According to the Government's forecast of total revenues, this would limit the growth of current expenditures to 8 percent per annum. All this takes into account the fact that the central government will assume some functions which had so far been the responsibility of the states. As a consequence, 80 percent of total revenues would accrue to the central budget which now accounts for only 60 percent.

24. The reforms in fiscal policy should permit the Government to contribute about 50 billion CFAF to the financing of the Third Plan. An additional 40 billion CFAF would have to be found from outside. (It should be noted that this is a more optimistic assessment than that made by the economic mission, which estimated foreign aid requirements to be 67 billion CFAF). In this context, Mr. Koulla mentioned that the share of soft aid provided by FAC and FED was declining, and expressed the hope that IDA funds would be available to compensate for this.

Conclusion

25. During Mr. McNamara's visit, Cameroon presented itself as one of the African countries that deserves a substantial increase of Bank assistance. At the end of the working session, Mr. McNamara mentioned that the Bank Group intended to triple its lending to Africa during the period 1969-73, and that in Cameroon the increase will be even bigger. He pointed out, however, that feasible projects are the vehicle of our lending, and asked for an acceleration of project preparation. In order to realize our lending program, it would be necessary to work on a larger number of projects than one expects to implement.

26. Mr. McNamara and Mr. Chaufournier said that they were impressed with the impact of the Bank's economic work which had been so well appreciated by the Government. They expressed the hope that this cooperation would continue to facilitate the implementation of our growing lending program.

Attachments

WPThalwitz:ps

Cl. and cc: Mr. Chaufournier

4

OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: October 18, 1971

FROM: Roger Chaufournier *R*

SUBJECT: Meeting with the Minister of Planning of Cameroon

On Friday, October 1, at 8:55 a.m., Mr. Charles Onana Awana, Minister of Planning of Cameroon and Governor for the Bank, paid a courtesy call on Mr. McNamara. The Minister was accompanied by Mr. Bernard Bidias A. N'Gon, Minister of Finance and by Mr. Koulla, Director of the Budget and Alternate Government for the Bank. The visitors gave Mr. McNamara a film of his visit to Cameroon. Mr. Chaufournier attended the meeting.

RChaufournier:sm

President has seen

5

May 2, 1972

Memorandum for the Record

From: Rainer B. Steckhan

Subject: Visit of Minister Mpouma of Cameroon

On Monday, May 1, 1972, Mr. Leonard Claude Mpouma, Cameroon's Minister of Industrial and Commercial Development, accompanied by the Cameroon Ambassador to the U.S., Mr. Tchoungui, and the Counselor of Embassy, Mr. Epangue, paid a courtesy call to Mr. McNamara. The purpose of the Minister's visit to the United States was to promote Cameroon/U.S. trade and investments by U.S. companies in Cameroon.

5/3
The Minister expressed his appreciation to Mr. McNamara for Bank/IDA assistance to Cameroon and the existing good relations between the Bank Group and his country. He voiced the hope that the Bank Group would assist private industries in Cameroon once suitable projects had been identified. In this connection, Mr. McNamara remarked that IFC was in a good position to assist the development of private industries and enquired about the status of Cameroon's application for IFC membership. The Minister replied that the Government was still considering this matter and that he wanted to learn more about IFC's policies and terms of financing which some people in Cameroon found too stringent.

The Minister subsequently saw Mr. Gaud and Mr. Hassan for a brief discussion on IFC's policies and investment criteria.

RBSteckhan:ys

cc: Mr. Gaud
Mr. Chauffournier

President has seen

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: April 28, 1972

FROM: Roger Chaufournier

SUBJECT: Visit of Mr. L.C. Mpouma, Minister in Federal Government of Cameroon

1. At 4:30 p.m. on Monday, May 1, Mr. Leonard Claude Mpouma, Cameroon's Minister of Industrial and Commercial Development, has an appointment with you. We expect he will be accompanied by the Cameroon Ambassador to the U.S., Mr. Tchoungui, and by the Counselor of Embassy, Mr. Epangue. The purpose of the appointment is simply to pay a courtesy call. You met Mr. Mpouma on one previous occasion in January of 1971 during your visit to Yaoundé.

2. Mr. Mpouma is on a working visit to the U.S. with arrangements made for him by the Bureau of Education and Cultural Affairs, Department of State. The purpose of his visit is to promote Cameroon - U.S. trade and to solicit U.S. interests in investing in Cameroon. From May 1 to 11, besides Washington D.C., he will be visiting San Francisco, Boston and New York. He plans to have meetings with the following:

- N.Y. Coffee and Sugar Exchange
- N.Y. Cocoa Exchange
- Cotton Barter Exchange
- Export-Import Bank
- Overseas Private Investment Corporation
- U.S. companies: Bechtel, Dole, Sheraton Hotel, Salada Tea, Gorton Fish Processing, Bumble Bee, Bank of America, etc.
- U.S. manufacturers of chocolate, margarine, pulp and paper, pesticides, electric cable, tobacco products, tires, etc.

3. Cameroon is not a member of IFC. Application was made some time ago but the Government has never completed the formalities. Mr. Adomakoh of IFC visited Cameroon from August 8 to 12, 1971 and some correspondence with IFC on investment possibilities has ensued. No industrial projects for the Bank Group have been identified as yet in Cameroon and the only possibility for the Bank during the FY 73-77 period is in mining.

4. The Bank Group's commitments in Cameroon now total \$70.8 million. The FY 73-77 lending program calls for 16 projects totaling \$154.0 million; copies of the lending program and a country data sheet are attached.

President has seen

5. In my absence, Mr. Steckhan will arrange for the attendance of Minister Mpouma and will be present at the meeting.

SUGGESTED ACTION: In your conversation with Mr. Mpouma you could recommend to him that Cameroon complete the formalities and become a member of IFC. Mr. Gaud and, in Mr. Adomakoh's absence his deputy, Mr. Hassan, will see Mr. Mpouma following your meeting at 16:45.

RLStorch/RBSteckhan:ys

Cleared with and cc: Mr. Adomakoh

cc: Mr. Gaud
Mr. Hassan

Attachments

COUNTRY DATA

Area: 183,524 square miles (475,450 km²)

Population: (1970 estimates)

Total	5.8 million (of which 15,000 non-Africans)
Density	12 per km ²
Rate of growth	2.1 % per year

Gross Domestic Product^{1/}: (billion CFAF at market prices)

	<u>1966/67</u>	<u>1967/68</u>	<u>1968/69</u>	<u>1969/70</u>	<u>1970/71</u> ^{2/}
GDP at current prices	194.2	219.0	240.8	281.0	307.0
rate of growth		12.7%	10.0%	16.6%	8.9%
GDP at constant 1966/67 prices	194.2	211.2	222.4	243.1	252.1
rate of growth		8.8%	5.3%	9.3%	3.7%
GDP per capita at constant 1966/67 prices (US\$)			142.0*	152.0*	157.0*

Structure of 1970/71 GDP (constant 1966/67 prices)

<u>Sources:</u>	<u>billions</u>		<u>Uses:</u>	<u>billions</u>	
	<u>CFAF</u>	<u>%</u>		<u>CFAF</u>	<u>%</u>
Agriculture	96.3	37.4	Private consumption	184.5	72.8
Mining, manufacturing and construction	48.1	19.3	Public consumption	44.6	17.9
Public Utilities	2.5	1.0	Gross domestic investment	36.4	14.6
Trade, transportation and telecommunication	64.7	26.0	Deficit on goods and services	-7.0	-2.8
Government	30.4	12.2	Gross domestic income	(258.5)	
Other services	10.1	4.1	Change terms of trade	6.4	-2.5
	<u>252.1</u>	<u>100.0</u>		<u>252.1</u>	<u>100.0</u>

^{1/} These GDP figures vary slightly from those used in the SEMRY Appraisal Report, because they are calculated from recent revisions of the national accounts.

^{2/} Preliminary estimates.

* Based on 277.71 exchange rate.

Financing of Domestic Investments
(in billions CFAF at constant prices)

	<u>1969/70</u>	<u>1970/71</u>
Gross domestic investments	35.1	36.4
Gross domestic savings	27.9	23.0
Net capital inflow <u>1/</u>	7.2	13.4

Central and Federated Government Finances
(in billions of CFAF)

	<u>1968/69</u>	<u>1969/70</u>	<u>1970/71</u>	<u>1971/72</u> ^{2/}
Current revenues	42.3	47.1	53.5	59.9
Current expenditures	<u>37.7</u>	<u>41.8</u>	<u>52.1</u>	<u>52.2</u>
Current balance	4.6	5.3	1.4	7.7
Capital expenditures	<u>3.0</u>	<u>5.0</u>	<u>3.7</u>	<u>7.8</u>
	1.6	-0.3	-2.3	0.1

Money and Credit

Relations to monetary areas: Member Equatorial African Monetary Union
and Franc Zone. (in billions CFAF)

	<u>June</u> <u>1969</u>	<u>June</u> <u>1970</u>	<u>June</u> <u>1971</u>
Money	30.7	34.8	38.5
Quasi money	3.9	5.2	7.4
Credits to private sector	37.3	44.5	45.8
Credits to public sector	-9.3	-17.8	-15.3

Balance of payments 3/
(US\$ million)

	<u>1968</u>	<u>1969</u>
Total exports of goods <u>4/</u>	196.9	229.4
Total imports of goods <u>4/</u>	187.6	204.8
Goods and services balance	-23.5	-11.6
Foreign aid disbursements	<u>43.1</u>	<u>35.5</u>

1/ Estimated as a residual.

2/ Budget estimates.

3/ Based on average exchange rate during the year. The new official exchange rate for the CFA franc with the US dollar, effective 1972, is 255.8

4/ Recorded and estimated unrecorded.

External Trade

Relationship to customs area: Equatorial African Economic and Custom Union (UDEAC); Associated Member of the European Economic Community

	<u>1968/69</u>	<u>1969/70</u>	<u>1970/71</u>
Imports (in % of GDP)	20.5	21.7	22.7
Exports (in % of GDP)	21.5	23.6	20.1
Concentration of exports:		<u>1969</u>	<u>1970</u>
Cocoa		38.0%	29.0%
Coffee		20.0%	25.0%
Aluminium		14.0%	9.0%

International reserves

	<u>December</u> <u>1969</u>	<u>June 30,</u> <u>1971</u>	<u>August</u> <u>1971</u>
Gross foreign assets (US\$ million)	48.0	91.0	80.0
<u>IMF Position</u> (US\$ million)			
Credit tranche position	6.5	12.6	12.6
Quota	6.5	12.6	12.6

World Bank Group Operations

(US\$ million, as of November 30, 1971)

	<u>Commitments</u>	<u>Disbursements</u>
Bank	37.1	7.1
IDA	30.0	10.7

External Public Debt (US\$ million)

Total debt including undisbursed at June 30, 1971	232.9
Total debt excluding undisbursed	113.7
Total debt service 1970	9.0
Debt service relative to exports	4.2%

Exchange rate:

Before August 11, 1969 \$ 1.00 = CFAF 246.85
After August 11, 1969 \$ 1.00 = CFAF 277.71

Social Indicators

Birth rate (per 1,000 population):	40.0
Death rate (per 1,000 population):	19.0
Male population (% of total):	48.0
Dependent population (% of total): <u>1/</u>	46.0
Urban population annual rate of growth:	6.0
Urban population (settlements of 5,000 and over - % of total):	22.0
Primary school enrollment (% of 6-13 years age group):	70.0
Modern sector employment (% of total active employed): <u>2/</u>	7.0
- Public (% of total): <u>3/</u>	30.3
- Private (% of total):	69.7
of which: Primary:	24.4
Secondary:	20.2
Tertiary:	25.1
Foreign employment (as a percentage of total private modern employment):	2.4
of which: Management (% of total)	85.5
Senior level technicians (% of total)	73.6
Technicians (% of total)	34.8
Skilled (% of total)	6.0

-
- 1/ Population under 15 or over 60 years.
2/ Population employed between 20 and 55 years.
3/ Excludes armed forces.



DEPARTMENT OF STATE

Washington, D.C. 20520

APR 14 REC'D

April 13, 1972

Mr. Robert S. McNamara, President
International Bank of Reconstruction
and Development
Room A-1230
1818 H Street, N.W.
Washington, D.C.

Dear Mr. McNamara:

The Bureau of Educational and Cultural Affairs is working with the Embassy of the Federal Republic of Cameroon in setting up a program for His Excellency Leonard Claude Mpouma, Minister of Industrial and Commercial Development. I understand that the Embassy has set a tentative appointment for him with you at 4:30 p.m. on ~~Tuesday, May 2~~. I am enclosing a copy of the Minister's biographic data.

*Monday
May 1*

*4/17
J &
LHW*

I will appreciate being informed when the appointment is confirmed. I can be reached on 632-8064.

Sincerely yours,

Helen C. Davis

Helen C. Davis
Program Officer
Voluntary Visitors Division
Bureau of Educational and
Cultural Affairs

Enclosures:

As described.

Received with [unclear]

1833068 17 6H 1:53

RECEIVED

RECEIVED

1972 APR 14 PM 1:23

COMMUNICATIONS SECTION

as described.

Enclosure:

SECRETARY ASSISTANT
BUREAU OF EDUCATIONAL AND
CULTURAL AFFAIRS DIVISION
BUREAU OFFICE
HETER C. DEANE

Sincerely yours,

835-8024
Enclosure is continued. I can be reached on
I will appreciate being informed when the

minutes, a production date.
I am enclosing a copy of the
enclosure for your information. I am
arriving at the Bureau at 1:30 P.M. on
today and the Bureau has set a tentative
agenda for the Commercial Development. I understand
that the Bureau is currently working on
of various projects in the Bureau for the
working with the Bureau of the Federal Republic
the Bureau of Educational and Cultural Affairs is

Best Wishes:

HETER C. DEANE
1878 N. GLENN, N.W.
WASH. D.C. 20036
and Development
International Bank of Reconstruction
Mr. Robert S. McNamara, President

APR 13 1972



OPTIONAL FORM NO. 10

DEPARTMENT OF STATE

APR 14 1972



DEPARTMENT OF STATE

Washington, D.C. 20520

BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS

BIOGRAPHIC DATA

NAME: His Excellency Leonard Claude MPOUMA
(pronounced Em POOH mah).

DOB: November 6, 1938 at Mbanga in the Mungo Department.

POSITION: Appointed Minister of Industrial and Commercial Development in June 1970, Federal Republic of Cameroon.

METHOD OF ADDRESS: Mr. Minister.

CITIZENSHIP: Federal Republic of Cameroon.

PAST EXPERIENCE: 1968-70 Secretary General to the President of the Republic and Chairman and General Director of the National Investment Society.

1963 Director of Agricultural Inspection in North Cameroon.
1967 appointed Director of the Department of Rural Animation and Development.

PARTY: President Ahmadou Ahidjo has named him to the Political Bureau of the Union Nationale Camerounaise, the sole political party. In the party he serves as deputy secretary for press, information and propaganda.

ACADEMIC BACKGROUND: He completed his secondary and high education in France and received a Rural Economics Degree and the diploma of Agronomic Engineer from the Agricultural College in Paris in 1963.

TRAVELS ABROAD: He has traveled extensively in Western Europe and has made one brief visit to the United States (date not known). In 1971 he attended the International Trade Fair in Italy (May); an UN Industrial Development Conference in Vienna (June); the 13th session of the Lake Chad Basin Commission in Lagos (July); and the 17th general meeting of the Cocoa Producers' Alliance in Lagos (October).

MARITAL STATUS:

Married.

ARRIVAL DATE:

April 30, 1972.

PROGRAM OBJECTIVES:

To meet with various American industries and banking facilities; to explore possibilities of investment in Cameroon.

KNOWLEDGE OF ENGLISH:

Reasonably good English; however an interpreter is being provided. His name is not yet available.

In addition he will be accompanied by Mr. Michel Koss EPANGUE, Counselor, Embassy of the Federal Republic of Cameroon.

PREPARED BY:

Miss Helen C. Davis, Program Officer
Voluntary Visitors Division
Bureau of Educational and Cultural Affairs
Room 4327, Department of State
2201 C Street, N.W.
Washington, D.C.
Telephone: 202/632-8064

6

OFFICE MEMORANDUM

CONFIDENTIAL

TO: Memorandum for the Record

DATE: November 28, 1977

DECLASSIFIED

NOV 28 2012

WBG ARCHIVES

FROM: Roger Chaufournier *R*SUBJECT: Meeting with Mr. M. Yondo, Minister of Finance of Cameroon

11/28

1. Mr. M. Yondo, Minister of Finance of Cameroon visited Mr. McNamara on September 29, 1977, in his capacity as Chairman of the African Caucus. The preparation of the African speech and of the African Memorandum is often complicated by the insistence of a few delegations on the inclusion of their pet ideas and the resulting product is frequently one of compromise. This year Mr. Antoine Yaméogo, promoter of the proposed ACP Bank wanted the Caucus to make a formal request for Bank support. He was dissuaded because there was strong opposition to the idea in some African quarters, but it was agreed that Mr. Yaméogo's wish would be brought to the attention of Mr. McNamara by Mr. Yondo, which the latter did but without pressing. Mr. McNamara said he had already given technical assistance to Mr. Yaméogo and I added that I would talk further to Mr. Yaméogo.

2. The other issue concerned Equatorial Guinea. The Guinean delegation wanted to speak publicly to complain about the lack of attention on the part of the Bank Group. They were also dissuaded from doing so when Mr. Yondo agreed to bring their preoccupation to the attention of Mr. McNamara. Mr. McNamara assured Mr. Yondo that the Bank Group would make every effort to develop a viable project in Equatorial Guinea. Subsequently Messrs. Knapp and Chaufournier met with the Guinean delegation which appeared satisfied with the attention it had received.

3. Mr. Chaufournier also met with Mr. Yaméogo, who also saw Mr. Gordon. No further action is required at this time.

RChaufournier/dpl