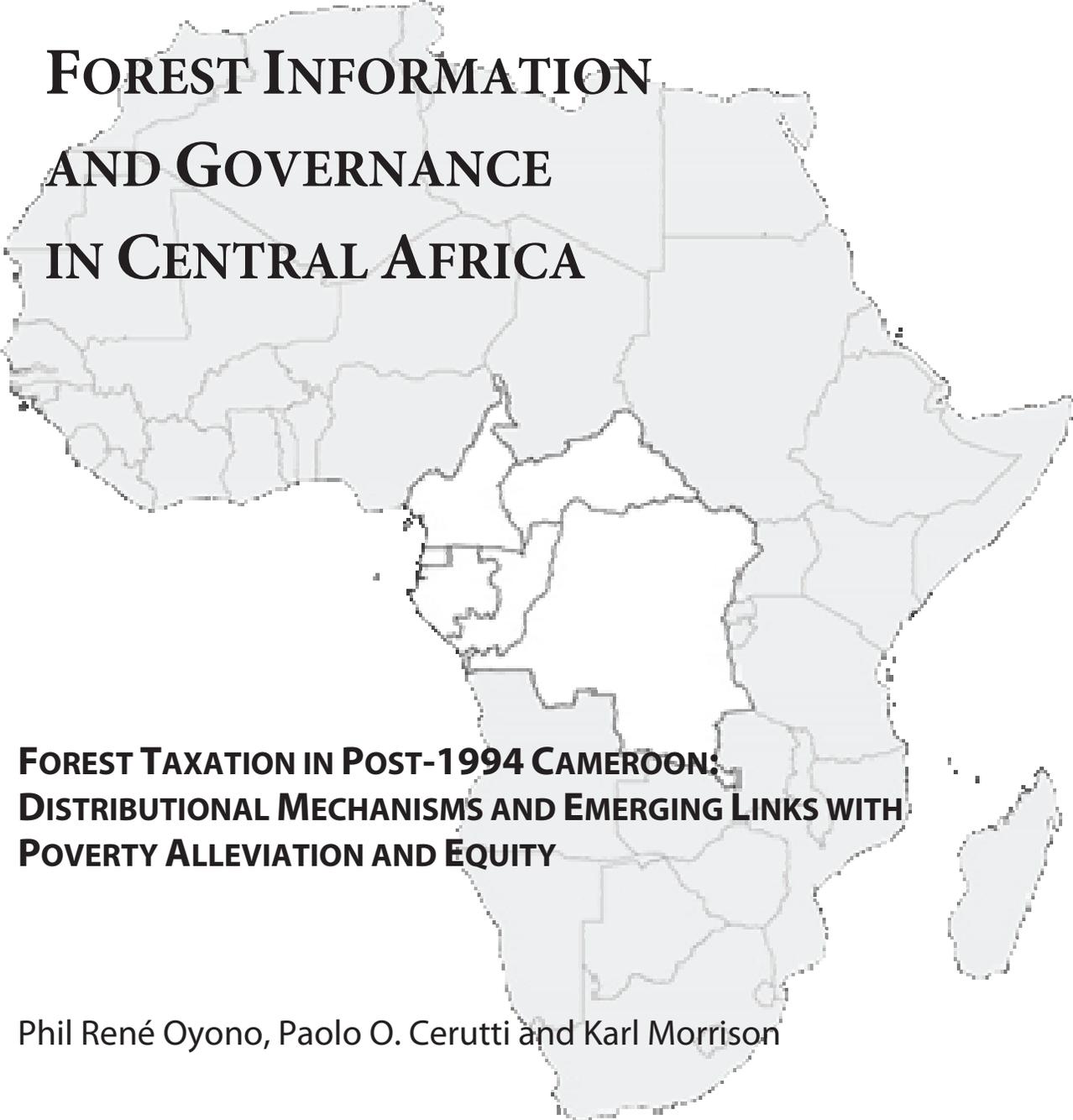


WORKING PAPER



**FOREST INFORMATION
AND GOVERNANCE
IN CENTRAL AFRICA**

**FOREST TAXATION IN POST-1994 CAMEROON:
DISTRIBUTIONAL MECHANISMS AND EMERGING LINKS WITH
POVERTY ALLEVIATION AND EQUITY**

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TABLE OF CONTENTS

ACRONYMS	4	9. PROSPECTS ON THE GROUND.....	31
ACKNOWLEDGMENTS.....	5	<i>Policy and decision-makers</i>	
PREFACE	6	<i>Council authorities</i>	
EXECUTIVE SUMMARY	7	<i>Local/regional administrative authorities</i>	
RÉSUMÉ EXÉCUTIF	10	<i>The private sector</i>	
RESUMEN EJECUTIVO	13	<i>Communities bordering logging communities</i>	
INTRODUCTION	16	<i>Local actors in non-forested Cameroon</i>	
1. STUDY METHODS AND LIMITATIONS	18	10. THE POLITICS OF FOREST-BASED REVENUE	
2. CHARACTERIZATION OF THE STUDY AREAS	19	DISTRIBUTION AND MANAGEMENT	33
3. THE LEGAL FRAMEWORK OF		11. EFFECTS ON SUSTAINABLE	
FOREST-BASED TAXATION IN CAMEROON	19	FOREST MANAGEMENT	34
4. FOREST TAXATION POLICY OBJECTIVES	20	12. POLICY OPTIONS AND RECOMMENDATIONS.....	35
5. THE REDISTRIBUTION PROCEDURE.....	22	<i>Increase Awareness</i>	
<i>The practice</i>		<i>Promote Monitoring and Transparency</i>	
6. SPATIAL AND VERTICAL DISTRIBUTION		<i>Improve AFF management systems and capacity</i>	
OF PUBLIC/NATIONAL WEALTH.....	25	<i>Promote Accountability</i>	
7. CHARACTERIZATION OF POVERTY		ABOUT THE AUTHORS	36
AT THE LOCAL LEVEL	26	REFERENCES	37
8. THE CONTRIBUTION OF FOREST TO LOCAL			
DEVELOPMENT AND POVERTY ALLEVIATION.....	28		
<i>Community AFF (10 percent)</i>			
<i>Rural Council AFF (40 percent)</i>			
<i>Other arrangements</i>			



ACRONYMS

AFF	Annual Forestry Fee	MINFOF	Ministry of Forests and Wildlife (<i>Ministère des Forêts et de la Faune</i>)
CED	<i>Centre pour l'Environnement et le Développement</i>	MINEFI	Ministry of Economy and Finance (<i>Ministère de l'Economie et des Finances</i>)
CERAD	<i>Centre de Recherche et d'Action pour le Développement Durable</i>	NGO	Non Governmental Organization
CIFOR	Center for International Forestry Research	PAD/GTZ	<i>Programme d'Appui à la Décentralisation (German Technical Cooperation)</i>
DGE	Large Enterprise Unit (<i>Direction des Grandes Entreprises</i>)	PNDP	National Participatory Development Program (<i>Programme National de Développement Participatif</i>)
FCFA	Central African Franc (<i>Franc de la Coopération Financière en Afrique</i>)	PRSP	Poverty Reduction Strategy Paper
FEICOM	<i>Fonds d'Intervention et d'Équipement Communal</i>	PSRF	Forest Revenue Enhancement Program (<i>Programme de sécurisation des recettes forestières</i>)
FMU	Forest Management Unit (<i>Unité Forestière d'Aménagement</i>)	RFA	<i>Redevance Forestière Annuelle</i> (see AFF)
FOB	Free-On-Board	SET	Sawmill Entry Tax
FT	Felling Tax	SIGIF	Forest Information Management System (<i>Système Informatique de Gestion d'Informations Forestières</i>)
GDP	Gross Domestic Product	SNV	<i>Stichting Nederlandse Vrijwilligers (Organisation Néerlandaise de Développement)</i>
GIS	Geographic Information System	SSV	Sales of Standing Volume (<i>vente de coupe</i>)
HIPC	Heavily Indebted Poor Countries	VDC	Village Development Committee
IMF	International Monetary Fund		
LET	Log Export Tax		
MINATD	Ministry of Territorial Administration and Decentralization (<i>Ministère de l'administration territoriale et de la décentralisation</i>)		

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PREFACE

This Working Paper is a joint effort by the Center for International Forestry Research (CIFOR) and the World Resources Institute (WRI). The content and analysis is based on field research conducted by CIFOR in Cameroon during 2005-06 on the effectiveness and perception of the Annual Forest Fee distribution process. Stemming from this work, WRI published a related Forest Brief (*Forest Revenue Sharing in Cameroon: Broken Promises*) to take a more in depth look at some of the recommendations and options to address remaining obstacles to the effective distribution of forest revenue in Cameroon.

EXECUTIVE SUMMARY

This report documents a study carried out on the Cameroonian forest taxation system, particularly covering: (i) the distribution practices of the government, as demonstrated through transfers from the central government to the local authorities and from the latter to the local communities; and (ii) the interrelations of these transfers with equality and livelihoods. The study was conducted in the forested zone of Cameroon in 2006. It covers three Rural Councils in the East and Center provinces, with the inclusion of a “non-forested” council in the North-West province. In total, 22 villages and 525 households were targeted by the exploratory work and evaluation.

The emphasis on forests in the Millennium Development Goals as well as in the National Strategies for the Reduction of Poverty is an illustration of how political discourse is translated into the economic planning of human well-being. With significant forest resources—the third or the fourth largest by area in the Congo Basin, according to estimates—Cameroon has placed a key emphasis on sustainable use of them to meet national development objectives. Revenues generated by forest taxes constitute one of the options that could help Cameroonian forests contribute to the fight against poverty.

The forest tax system in Cameroon aims at a series of objectives, including: (i) the creation of revenues and of national prosperity; (ii) distributional equity and the reduction of poverty; (iii) fiscal decentralization; and (iv) the inclusion of local communities in access to forest benefits. The Cameroonian forest tax system also brings together a number of mechanisms. One of these, the Annual Forestry Fee, is representative of the political desire of the central government to use part of the revenues generated by logging activities to improve local development and livelihoods. Since 1999, however, the Annual Forestry Fee does not appear to have led to a significant improvement in the conditions of life at the village or household level in the forested zone. This fee is the primary focus of this report.

The Annual Forestry Fee is an area-based forestry tax and stems from Article 68 of the 1994 Forestry Law and subsequent modifying and accompanying texts. The Annual Forestry Fee is presented as an annual “governmental transfer” towards the Rural Councils and villages—one of the many forest taxes applied in Cameroon. In the logic of the transfer, 50 percent of the

annual tax goes to the central government and the other 50 percent is allocated to relevant sub-national parties. The 50 percent allocated to local entities is further divided between the Rural Council with jurisdiction over the forest titles and the village communities surrounding these titles, with a 40:10 ratio, for the execution of socio-economic projects in the villages.

Data shows that from 1999 to 2005 the Annual Forestry Fee generated approximately 70 billion CFA francs (FCFA). The three Rural Councils considered for this study regularly received their share of the Annual Forestry Fee. However, discrepancies were found between the distributed amounts as published at the central level through the Forest Revenue Enhancement Program and the amounts declared as received by the municipal authorities. For instance, in one of these councils, the Rural Council of Mindourou (Eastern province), data from the central level indicates a transfer of 578 million FCFA as the 40 percent allocated to the council in 2004, while the municipal authorities acknowledged a transfer reported at 544 million FCFA. In the Rural Council of Gari-Gombo, figures from the central level indicate a transfer of 321 million FCFA as the 40 percent allocated to the community in 2004, while the municipal authorities acknowledge receipt of approximately 230 million FCFA.

Discrepancies were even greater when the 10 percent of Annual Forestry Fee allocated to the village communities was considered. For example, in 2005, in the Rural Council of Gari-Gombo (Eastern province), the amount registered by the municipal authorities as the village communities’ AFF allotment was only 55 percent of the amount registered by the Forest Revenues Enhancement Program (PSRF). These discrepancies are indicative of an overall lack of transparency that surrounds the management and redistribution of the Annual Forestry Fee.

Differences also exist in the way the 10 percent actually committed to village communities is disbursed by the Council. In the Rural Council of Mindourou, for instance, each of the 16 villages received 8.5 million FCFA for the implementation of socio-economic projects in 2005, while other councils decided to allocate money according to different and not clearly defined rules.

As far as the impact of the 10 percent is concerned, results show that when data could be gathered the actual money spent on planned activities in a number of villages was found to be less



than the amount supposedly allocated. Results show that several of the village-level projects carried out had been over-budgeted and recorded inflated costs, as already found by previous audits done on the Annual Forestry Fee distribution and disbursement.

The distribution and transfer of the Annual Forestry Fee on paper, therefore, does not necessarily reflect the actual execution of socio-economic projects at either the village or Council levels. Numerous villages have yet to benefit from any projects while their forests are exploited, mostly because of lack of responsible management practices and safeguards. As for the councils, this study found—in concordance with previous studies—that the 40 percent was allocated to diverse uses (such as overall administrative costs) and that the first objective of the transfers (local development) has not been an absolute priority. Though exceptions do exist, a swift evaluation of the undertakings in key places of the targeted communities, when data could be found, shows wide discrepancies between the amount allocated under the 40 percent and the actual value of implemented projects or activities.

For the purpose of analysis and comparison, the study calculated the theoretical amount of Annual Forestry Fee allocated per household annually in the three Rural Councils for 2005, based on the amount of the 10 percent actually received by the Rural Council. The resulting figures (18,000 FCFA/household in Mindourdou, 12,500 FCFA/household in Bibey, and 800 FCFA/household in Gari Gombo) show that there exists asymmetry in the horizontal distribution of the Annual Forestry Fee (i.e., amongst forested Rural Councils) and that overall, the amounts of Annual Forestry Fee allocated per household are often extremely small in relation to median annual household income in Cameroon (340,000 FCFA). Thus, the amounts collected and redistributed annually do not guarantee by themselves that measurable impacts on the incidence of poverty or well-being are occurring.

This study found that the households interviewed perceived themselves as being poorer nowadays than a decade ago (i.e., comparison 1995–2005) in the study area. The perceptions of the local communities were put in context by data collected on basic social services and infrastructure. Results show that close to 96 percent of the villages visited are lacking electricity, 82 percent did not have health centers, 70 percent did not have wells installed and 30 percent did not have a primary school for all grades. In addition, the access that minority pygmy enclaves have to benefits of the Annual Forestry Fee remains marginal.

Furthermore, it is important to note that over the period of time considered by this study (2000–2005), the annual amount of the Annual Forestry Fee grew approximately by 25 percent,

while other sources of governmental budget allocation (central government to regional) aimed at poverty reduction declined nationally by 17 percent. Though this inverse relationship would need a deeper analysis to be fully understood, it nonetheless shows that the Annual Forestry Fee not only boosted the budgets of many concerned councils, but it also replaced the money normally disbursed by other state agencies (i.e., the fee acted in part as a substitute and not wholly as additional funds).

The various actors involved in this process have different perceptions of the Annual Forestry Fee, according to interviews conducted across the study sites:

- i. *Policy-makers* believe the actual system for decentralization of forest tax revenue is an effective tool for local development and poverty reduction;
- ii. *Mayors* generally see the distribution of the Annual Forestry Fee as justice more properly served to local communities who consider the surrounding forest resources to be their own. However, they criticize the many problems with the current Annual Forestry Fee distribution system, including: the delays in delivering the Annual Forestry Fee checks, the discrepancies between the amounts received and those published at the central level, and the inadequacy of the sums received at the Council level from the Annual Forestry Fee, given that all local development concerns fall henceforth to the Rural Councils;
- iii. *Local administrative authorities* have mixed perceptions. When limited to the approbation of council budgets (the 40 percent), their appraisal of the poor results of the forest revenue distribution process remains objective, and they have a negative opinion of the mayors; but when they are involved with the execution of the actual projects conceived, their opinion of the mayors switches to positive;
- iv. *Local communities* believe the distribution and utilization of the Annual Forestry Fee to be unfair and only contribute to increasing the wealth of the State, the mayors and the *sous-préfets*;
- v. *Municipal authorities* in the non-forested zones focus on equity issues at the national level. Since wood is a national resource, these authorities contend that all Cameroonians should be able to benefit, thus supporting a national realignment of the Annual Forestry Fee redistribution.

In order to address shortcomings in the Annual Forestry Fee distribution process, we propose the following structures and mechanisms:

- i. Increase public information on the amount of Annual Forestry Fee distributed and its impacts;

- ii. Monitor the entire process of Annual Forestry Fee distribution and promote transparency in its management;
- iii. Improve the Annual Forestry Fee management process and focus on building capacity of those actors responsible for its execution (e.g., mayors, Rural Council members, Village Development Committee representatives);
- iv. Develop and implement structures for downward and upward accountability, including enforcement of sanctions, when necessary.



RÉSUMÉ EXÉCUTIF

Le présent rapport documente une étude réalisée sur la fiscalité forestière camerounaise, notamment : (i) les pratiques distributives qui la gouvernement sous forme de transferts du gouvernement central vers les collectivités locales et de ces dernières vers les communautés locales ; (ii) ses inter-relations avec l'équité et la réduction de la pauvreté. L'étude a été conduite dans la zone forestière du Cameroun en 2006. Elle a couvert trois communes rurales dans les provinces de l'Est et du Centre – avec une extension dans une commune 'non forestière', dans la province du Nord-Ouest. Dans l'ensemble, vingt-deux villages et 525 ménages ont été ciblés par ce travail exploratoire et évaluatif.

La prise en compte des forêts dans les Objectifs de Développement du Millénaire et dans les Stratégies Nationales de Réduction de la Pauvreté sont une illustration de la traduction du discours politique dans la planification du bien-être humain. Avec leur potentiel – le troisième ou le quatrième du Bassin du Congo, selon les estimations, le Cameroun a placé ses forêts au rang de levier clef de l'amélioration des moyens d'existence et la réduction de la pauvreté. Les revenus générés par la fiscalité forestière constituent un des outils politiques destinés à nourrir la contribution des forêts camerounaises à la lutte contre la pauvreté.

La fiscalité forestière camerounaise comporte une série d'objectifs, incluant : (i) la création des revenus et de la richesse nationale ; (ii) la réduction de la pauvreté et l'équité distributionnelle ; (iii) la décentralisation fiscale ; et (iv) l'inclusion des communautés locales dans le 'jeu forestier'. La fiscalité forestière camerounaise réunit aussi de nombreux mécanismes. Un de ceux-ci, la redevance forestière annuelle, est représentative de la volonté politique du gouvernement central d'utiliser les revenus issus de la fiscalité forestière pour les besoins de développement local, et constitue le centre d'intérêt de ce rapport. L'atteinte du Point d'achèvement en Avril 2006, bien qu'ayant des explications macro-économiques et quelques effets positifs au niveau supra-local, ne semble pas avoir induit une amélioration significative des conditions de vie au niveau des villages et ménages de la zone forestière, un des niveaux les plus appropriés pour évaluer la pauvreté. La redevance forestière annuelle – mécanisme central de la fiscalité forestière décentralisée, qui côtoie une fiscalité centralisée – a pour éléments fondateurs l'article 68 de la Loi Forestière de 1994 et ses textes modificatives. D'autres disposi-

tions existent au demeurant. La redevance forestière annuelle se présente comme un 'transfert gouvernemental' annuel – vers les communes rurales et les villages - d'une des nombreuses taxes forestières : la redevance de superficie. Dans la logique du transfert – une logique distributive en fait – 50% de cette redevance annuelle restent au niveau du gouvernement central et 50% sont allouées aux parties prenantes subnationales. Les 50% allouées aux autres parties prenantes font l'objet d'une autre distribution : 40% reviennent à la commune rurale et 10% sont destinés à des réalisations socio-économiques dans les villages.

L'étude montre que de 1999 à 2005, la redevance forestière annuelle a généré approximativement 70 milliards FCFA. Dans la pratique et dans l'absolu, les trois communes rurales concernées par l'étude ont régulièrement reçu leur part de redevance forestière annuelle. Cependant, des écarts notables existent entre les montants publiés au niveau central (Programme de Sécurisation des Recettes Forestières - PRSF) et les montants déclarés par les autorités municipales. Ainsi, dans une des ces communes, la commune rurale de Mindourou (province de l'Est), les données du niveau central indiquent un transfert de 578 millions FCFA en guise des 40% destinés à la commune en 2004, alors que les autorités municipales reconnaissent un transfert estimé à 545 millions de FCFA. Dans la commune rurale de Gari-Gombo, les données du niveau central indiquent un transfert de 321 millions FCFA en guise des 40% destinés à la commune en 2004, alors que les autorités municipales reconnaissent un transfert estimé à 230 millions FCFA.

De tels écarts sont encore plus fréquents lorsqu'il s'agit des 10% destinés aux communautés villageoises. Par exemple, dans une commune comme Gari-Gombo (province de l'Est) l'écart, en régression, entre le montant des 10% communautaires déclarés par le PRSF et celui déclarés par les autorités municipales est de 55%. Ces disparités sont significatives du manque de traçabilité, de transparence et de lisibilité qui entoure la circulation et la gestion de la redevance forestière annuelle.

En plus, des montants variables sont investis réellement – en guise des 10% - aux communautés villageoises d'une même commune rurale. Dans la commune rurale de Mindourou, chacun des seize villages de la circonscription a bénéficié de 8,5 million FCFA pour la réalisation des projets socio-économiques

en 2005. Cependant, d'autres communes ont décidé d'attribuer ces revenus autrement en suivant des processus non clairement définis.

Cette somme unique ne semble pourtant pas avoir été utilisée de la même manière. Les réalisations mises en place dans de nombreux villages se situent en deçà du montant supposé avoir été alloué. Dans les deux autres communes - comme corollaire à ce qui précède -, les réalisations villageoises sont subbudgetisées, surestimées, là où elles existent, comme déjà montré par de nombreux audits.

La distribution - et le transfert - de la redevance forestière annuelle sur le papier ne signifient donc pas forcément sa conversion en réalisations socio-économiques au niveau des villages. De nombreux villages n'ont ainsi bénéficié d'aucune réalisation alors que la forêt est exploitée, du fait d'un nœud de mauvaises pratiques et de l'absence d'une gestion responsable. Au niveau même des communes, l'étude montre - comme d'autres études avant - que les 40% sont affectés à des utilisations diverses (comme les charges budgétaires globales) et que l'objectif premier du transfert (le développement local) n'est pas une priorité absolue. Une évaluation rapide des réalisations dans les chefs lieux de commune montre un énorme écart entre le montant des 40% et les réalisations concrètes, en dehors de quelques exceptions.

Des simulations effectuées par l'étude par rapport à une possible distribution de la redevance en cash aux ménages des zones concernées montrent qu'en 2005, chaque ménage aurait eu, respectivement, 18 000 FCFA (commune rurale de Mindourou), 12 500 FCFA (commune rurale de Bibey) et 800 FCFA (commune rurale de Gari Gombo), basé sur les montants (du 10%) en fait reçus par les communes. Ces grandeurs statistiques permettent d'évaluer l'équité distributive horizontale - i.e. entre des communes - et démontrent que dans l'ensemble les montants théoriquement distribués à travers la redevance forestière annuelle sont petits par rapport au revenu moyen par ménage qui est de 340 000 FCFA. Elles permettent aussi d'avoir la mesure de la contribution monétaire que la redevance forestière annuelle peut apporter aux citoyens qui vivent dans les concessions forestières, pris individuellement.

Il convient de noter que la perception de la pauvreté ménagère a augmenté pendant la période [1995-2005] dans la zone d'étude. De même, les perceptions locales sont mises en contexte par des données collectées sur l'existence des services sociaux et des infrastructures de base. Environ 96% de villages couverts manquent d'électricité ; 82% n'ont pas de centre de santé ; 70% n'ont pas de puits aménagés ; 30% n'ont pas d'école primaire à cycle complet. L'étude montre également que la redevance forestière annuelle contribue à peu près à 31% du financement de l'infrastructure

rurale (puits, écoles, cases santé, etc.) dans les villages couverts. Dans l'ensemble, l'accès des hameaux pygmées aux bénéfices de la redevance forestière annuelle demeure très marginal.

Pendant ce temps (2000-2005), la masse de la redevance forestière annuelle a augmenté de 25%. Si des indices attractifs existent dans les villages dans une commune comme Mindourou, dans l'ensemble le transfert de la redevance forestière annuelle ne se présente pas comme un outil de développement local, que ce soit au plan communautaire qu'au plan individuel. Entre-temps, les autres types de transfert gouvernemental [du gouvernement central vers la périphérie] en faveur de la réduction de la pauvreté ont régressé de 17% sur l'ensemble du territoire. Ces chiffres montrent alors que pendant que la redevance forestière annuelle a joué d'un part son rôle dans l'augmentation des budgets attribués aux communes rurales, d'autre part elle semble remplacer des financements venant d'autres sources administratives - et donc fonctionner comme financement substitut et pas entièrement supplémentaire.

En s'intéressant à la perception que les acteurs ont de la redevance forestière annuelle, l'étude fait ressortir que :

- i. du point de vue des *décideurs*, le système actuel de fiscalité décentralisée est un outil effectif de développement local et de réduction de la pauvreté ;
- ii. la perspective des *maires* est animée par un discours et un contre-discours : la rétrocession de la redevance forestière annuelle n'est que justice rendue à des populations qui considèrent que ces forêts leur appartiennent ; en raison des facteurs de localisme et d'appartenance 'forestière', le principe de la péréquation nationale ne devrait pas être appliqué ; les délais de délivrance des chèques relatifs aux 50% subnationaux sont considérablement longs et les montants des chèques ne sont pas toujours reflétés dans les chiffres publiés par le niveau central ; étant donné que les différentes attributions concernant le développement local incombent désormais aux communes, le montant de la redevance subnationale demeure bas ;
- iii. la perception des *autorités administratives locales* est ambiguë : lorsque leur implication va jusque dans la mise en œuvre des réalisations, et qu'ils partagent la responsabilité des [médiocres] résultats, leur opinion est favorable aux maires ; lorsque leur implication reste limitée à l'approbation des propositions de budget communal (avec les 40%), et qu'ils ne partagent pas la responsabilité des faibles résultats, leur appréciation des résultats reste objective, et donc défavorable aux maires ;
- iv. les *communautés locales* estiment que la répartition et l'utilisation de la redevance forestière annuelle sont injustes et ne contribuent qu'à enrichir l'Etat, les maires et les sous-



- préfets. Les factions les plus radicales, les jeunes notamment, souhaitent donc la disparition totale des forêts ;
- v. les *autorités municipales* des zones non forestières avance l'argument de l'équité au plan national, donc le bois étant une richesse nationale toutes les communes doivent pouvoir en bénéficier.
- L'étude recommande la mise en place de divers mécanismes pour :
- i. promouvoir et augmenter l'information publique au sujet de la circulation de la redevance forestière annuelle et sa gestion ;
 - ii. suivre tout le processus de circulation et de gestion de la redevance forestière annuelle et promouvoir la transparence dans la gestion ;
 - iii. améliorer les systèmes de gestion de la redevance forestière annuelle et les capacités des acteurs locaux ;
 - iv. promouvoir et développer les pratiques de redevabilité ascendante et descendante, afin que les gestionnaires de la redevance forestière annuelle puissent rendre compte de leur gestion.

RESUMEN EJECUTIVO

El presente informe documenta un estudio sobre el sistema tributario en el sector forestal de Camerún; se examinan en concreto: (i) las prácticas de re-distribución de rentas, demostradas por las transferencias del gobierno central a las autoridades locales, y de las autoridades locales a las comunidades locales; y (ii) las interrelaciones de tales transferencias con la igualdad y el sustento de las comunidades locales. El estudio se llevó a cabo en la zona boscosa de Camerún en el 2006, en tres Consejos Rurales en las Provincias Este y Central, e incluyó un Consejo “sin cubierta de bosque” en la Provincia Noroeste. Este trabajo exploratorio y de evaluación abarcó un total de 22 comunidades y 525 hogares.

El enfoque de los Objetivos de Desarrollo del Milenio y de las Estrategias Nacionales para la Reducción de la Pobreza en los bosques ilustra como el discurso político se traduce en la planificación económica del bienestar humano. Camerún es un país con alto potencial para mejorar su existencia y mejorar su pobreza—el tercero o cuarto más prominente de la Cuenca del Río Congo en base a estimaciones—, y ha puesto un énfasis clave a sus bosques. Las rentas generadas por los impuestos al recurso de bosque constituyen una de las herramientas políticas destinadas a sustentar la contribución de los bosques de Camerún en la lucha contra la pobreza.

El sistema tributario del sector forestal de Camerún tienen varios objetivos: (i) la creación de rentas y la prosperidad nacional; (ii) una distribución equitativa y la reducción de la pobreza; (iii) la descentralización fiscal; y, (iv) la inclusión de las comunidades locales en el acceso a los beneficios derivados de los bosques. El énfasis primario de este informe es la Cuota Anual Forestal, un mecanismo del sistema tributario de Camerún que representa la voluntad política del gobierno central para usar las rentas generadas por la tala de los bosques para mejorar el desarrollo local y el sustento de los pobladores locales. Desde 1999 la Cuota Anual Forestal no parece haber resultado en mejorías notables en las condiciones de vida de las poblaciones y hogares de la zona boscosa del país, a pesar de la cantidad de dinero que fue recolectada.

La Cuota Forestal Anual es un impuesto de bosque en base al área de explotación, y se sustenta en el Artículo 68 de la Ley Forestal de 1994 y sus modificaciones subsiguientes. La Cuota

Anual Forestal se presenta como una “transferencia gubernamental” anual en beneficio de los Consejos Rurales y los poblados. En la redistribución 50% de este impuesto anual se redistribuye al gobierno central y el 50% restante se destina a diferentes partes a nivel sub-nacional. El 50% redistribuido a nivel sub-nacional se divide entre el Consejo Rural que tiene jurisdicción sobre los terrenos boscosos titulados y las comunidades cercanas a estos bosques en una proporción 40:10 respectivamente; los fondos son para la ejecución de proyectos socio-económicos en las comunidades.

Información recolectada muestra que entre 1999 y 2005, la Cuota Anual Forestal generó aproximadamente 70 billones de Francos Camerunenses (FCFA por sus siglas en francés). Los tres Consejos Rurales en este estudio recibieron regularmente su proporción de la Cuota Anual Forestal. Sin embargo, se encontraron discrepancias entre las cantidades distribuidas que fueron publicadas a nivel central en el Programa de Mejoras de Rentas (PSFR por sus siglas en francés), y las cantidades que se declararon a nivel de las autoridades municipales. Por ejemplo, en uno de los Consejos, el Consejo Rural de Mindourou (Provincia del Este) la información a nivel central indica una transferencia de 578 FCFA que correspondió al 40% designado al Consejo en 2004; a nivel municipal, las autoridades reportaron una transferencia de 544 millones de FCFA. En el Consejo Rural de Gari-Gombo, las cifras a nivel central indican una transferencia de 321 millones de FCFA en 2004 mientras que las autoridades locales reportaron una transferencia de aproximadamente 230 millones FCFA.

Las discrepancias fueron aún más grandes cuando se examinó el 10% de la Cuota Anual Forestal designada a las comunidades. Por ejemplo, en el Consejo Rural de Gari-Gombo (Provincia del Este) en 2005, el 10% recibido por las comunidades registrada por las autoridades municipales fue correspondió solamente al 55% de la cantidad registrada por el PSFR (10% de la Cuota Anual Forestal).

Existen también diferencias en la manera en que el 10% que corresponde a las comunidades es usado por el Consejo. En el Consejo Rural de Mindourou, por ejemplo, cada una de las comunidades recibieron 8.5 millones de FCFA para la implementación de proyectos socio-económicos en 2005, mientras que



otros consejos decidieron distribuir el dinero en base a distintas reglas que no son claramente definidas.

En relación a los impactos del 10%; cuando es posible compilar información, los resultados muestran que la cantidad de dinero gastado en actividades previamente planificadas en varias comunidades era menor que la cantidad asignada originalmente. Los resultados muestran que varios proyectos ejecutados a nivel de la comunidad fueron sobre-presupuestados y se registraron costos inflados, hechos ya documentados por auditorías previas sobre la redistribución y gasto de la Cuota Anual Forestal.

En documentos, por lo tanto, la distribución y transferencia de la Cuota Anual Forestal no refleja necesariamente la ejecución actual de proyectos socio-económicos a nivel de comunidades o de Consejos. Debido en su mayoría a la falta de manejo responsable y salvaguardas, numerosas comunidades aún no han visto los beneficios de los proyectos de desarrollo aunque sus bosques están siendo explotados. A nivel de los Consejos Rurales, el estudio –así como otros estudios previos--encontró que el 40% había sido designado a usos diversos (tales como costos administrativos) y que el objetivo principal de las transferencias (desarrollo local) no había sido una prioridad. Aunque existen excepciones, una evaluación rápida en lugares claves donde se pudo compilar información muestra amplias discrepancias entre la cantidad asignada dentro del 40%, y el valor actual de los proyectos y/o actividades ejecutadas.

Con el propósito de analizar y comparar, este estudio calculó la cantidad de la Cuota Forestal Anual que en teoría corresponderían a cada hogar anualmente en los tres Consejos Rurales para 2005; el cálculo se hizo en base al 10% recibido por el Consejo Rural. Los resultados (18,000 FCFA por hogar en Mindourdou; 12,500 FCFA por hogar en Bibey; y 800 FCFA por hogar en Gari Gombo) muestran asimetrías en la distribución horizontal de la Cuota Anual Forestal – por ejemplo, entre los Consejos Rurales de las áreas forestales—y que en general, las cantidades de la Cuota Forestal Anual asignada para cada hogar son extremadamente bajas en comparación al ingreso promedio anual en Camerún (340,000 FCFA). De esta manera, las cantidades recolectadas y distribuidas anualmente no son garantía por sí mismas de que existan impactos apreciables en los esfuerzos para reducir la pobreza y mejorar el bienestar de los habitantes.

Los hogares entrevistados en este estudio se perciben así mismos como más pobres en comparación a hace 10 años atrás (i.e. comparando entre 1995-2005). Las percepciones de las comunidades locales se pusieron en contexto con información recolectada sobre servicios básicos e infraestructura y se encontró que cerca del 96% de las comunidades visitadas carecían de energía eléctrica, 82% carecía de centros de salud, 70% carecía de pozos

de agua, y 30% no tenía escuela primaria para todos los grados. Además, el acceso que tienen los enclaves de la minoría de pigmeos a los beneficios de la Cuota Anual Forestal es marginal.

Finalmente, vale la pena notar que para el periodo considerado en este estudio (2000-2005) la cantidad anual de la Cuota Forestal Anual se incrementó casi 25% mientras que otras fuentes del presupuesto gubernamental (del centro a las regiones) destinadas a combatir la pobreza se redujeron 17% a nivel nacional. Aunque es necesario hacer un estudio más profundo, esta relación inversa muestra que la Cuota Anual Forestal no solamente incrementa los presupuestos de muchos Consejos Rurales, sino que también reemplaza el dinero que se distribuye normalmente por otras agencias (i.e. actúa en parte como sustituto y no completamente como fuente de financiamiento adicional).

Los distintos actores involucrados en este proceso tienen distintas percepciones de la Cuota Anual Forestal, como se indica a continuación:

- i. Los legisladores creen que el sistema actual de descentralización de las rentas del sistema de impuesto forestal es una herramienta eficiente para el desarrollo local y la reducción de la pobreza;
- ii. Los alcaldes, en general, perciben que la distribución de la Cuota Anual Forestal hace justicia a las comunidades locales puesto que las comunidades reciben rentas directamente generadas por la explotación de sus bosques. Sin embargo, los alcaldes critican los muchos problemas en el sistema de distribución de la Cuota Anual Forestal: las demoras en las entregas de los cheques de la Cuota Forestal; las diferencias entre las cantidades recibidas y las que se publica fueron distribuidas a nivel central; la insuficiencia de las cantidades recibidas a nivel de Consejo, dado que los asuntos de desarrollo están bajo la jurisdicción de los Consejos Rurales.
- iii. La percepción de las autoridades administrativas locales es ambigua: cuando su implicación se limita a la aprobación de presupuestos del Consejo (el 40%), la evaluación de resultados que no son satisfactorios es objetiva y su opinión de los alcaldes es negativa; por otro lado, cuando las autoridades administrativas locales están involucradas con la ejecución de los proyectos, su opinión sobre los alcaldes es positiva.
- iv. Las comunidades locales creen que la distribución y uso de la Cuota Anual Forestal es injusta y solamente contribuye al enriquecimiento del Estado, los alcaldes y los *sous-préfets*.
- v. Las autoridades municipales en las zonas no-forestales se enfocan en aspectos de equidad a nivel nacional y, por lo tanto, como la madera es un recurso nacional, sostienen que todos los Camerunenses deberían de beneficiarse y por lo tanto, apoyan una realineación nacional sobre la redistribución de la Cuota Anual Forestal.

Para tratar los problemas con el proceso de distribución de la Cuota Anual Forestal, proponemos las siguientes estructuras y mecanismos:

- i. Incrementar la información pública sobre las cantidades de la Cuota Anual Forestal distribuida y sus impactos;
- ii. Darle seguimiento al proceso entero de distribución de la Cuota Anual Forestal, y promover transparencia en su manejo;
- iii. Mejorar el proceso de administración de la Cuota Anual Forestal y enfocarse en construir las capacidades de los actores responsables de su ejecución (e.g. alcaldes, miembros de los Consejos Regionales, representantes de los Comités de Desarrollo de las comunidades);
- iv. Desarrollar e implementar estructuras para mejorar la demanda de responsabilidades ascendente y descendente—incluyendo el cumplimiento de sanciones cuando sea necesario.

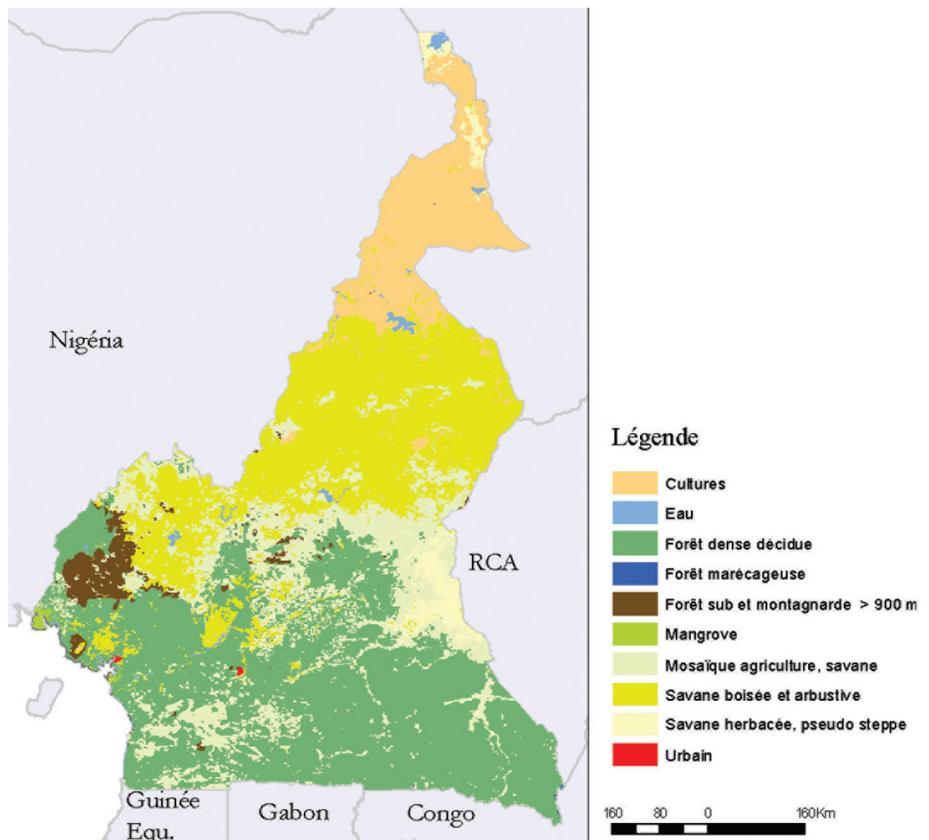


INTRODUCTION

1. Various studies conducted around the world conclude that natural resources, including forests, are critical for the development of poor countries as well as for the poor (World Bank 2005; WRI 2005; Bird and Dickson 2005; Anderson *et al.* 2006). The links between forest assets and poverty alleviation (e.g., livelihood improvement) are taken into consideration by the objectives of Cameroon's forest taxation system and many official documents, such as the country's Poverty Reduction Strategy Paper (RoC 2003).
2. This report aims at documenting one of the most important and publicized elements of Cameroon's forest taxation system: the Annual Forestry Fee (AFF), from which a portion of revenues are intended to finance local development. This report begins by examining theoretical and practical applications of the distributional mechanisms, from the central to the local level. It continues by focusing on the socio-economic outcomes of the redistribution of the AFF and puts the relationship between forest-based revenue and the rest of national wealth into perspective. Next, the report maps poverty at the local level and shows the contribution of forests to human well-being in a simplified and contextualized approach. Afterward, the report discusses the perceptions and discourses of various stakeholders regarding the revenue redistribution system and characterizes the eco-politics of the redistribution of the AFF. It concludes with a set of recommendations.
3. Because of differences in altitude and climate, three major ecosystems exist in Cameroon, providing the country with a rich and diverse biodiversity (Alpert 1993): (i) evergreen dense forests, covering the entire southern part of Cameroon; (ii) savannah, which varies in typology according to the level of human pressure and to the vegetation type (with trees, bushes or grass); (iii) forests and prairies of the highlands, ranging in elevation from 200 meters (m) to more than 3000 m.

FIGURE 1 | Forest ecosystems in Cameroon

Source: Global Land Cover 2000 database, European Commission, Joint Research Center.



4. In 1965, out of a total national surface area of 475,000 sq. km, forests covered an area of 285,250 sq. km. This forest area dropped to 233,000 sq. km in 1980. In 1995, the extent of Cameroon's forested area was further reduced to 195,980 sq. km, a loss of 37,120 sq. km (16 percent) from 1980. Partly because of differences in definition and partly because of the difficulties in assessment, however, estimates of forest loss cover vary considerably (Gartlan 1992). Between 1980 and 1985, an annual forest loss rate of 110,000 hectares (ha) was registered. This rate rose to 122,000 ha in 1990 and to 205,000 ha in 2000. Myers (1994, cited in Wunder, 2003) estimated forest losses at about 230,000 ha per year in 1989, while FAO (1997, cited in Wunder, 2003) reported it to be about 129,000 ha per year over the period 1990-1995. Recently, FAO and MINFOF (2005) estimated the average loss to be about 100,000 ha per year.
5. The main causes of past and current trends in deforestation have been analyzed by many studies, and range from agricultural clearing and the profitability of farming on one hand (i.e., Oyono 1998; Sunderlin and Pokam 2002; FAO and MINFOF 2005), to harvesting practices on the other hand, mainly referring to firewood harvesting (FAO and MINFOF 2005). Commercial logging is more often quoted as causing forest degradation (e.g. Gbetnkom 2005).
6. The forested area comprises many protected areas, including Lobéké, Boumba Bek, Nki, Mengame, Campo-Ma'an, Douala-Edéa, Korup and Pangar-Djerem. The three most important tree species targeted by industrial logging in Cameroon are ayous (*Triplochytton scleroxylon*), sapelli (*Entandrophragma cylindricum*), and iroko (*Milicia excelsa*). With 29 primate species, the country is second richest in Africa in this respect. According to Alpert (1993), Cameroon contains threatened species such as the drill (*Mandrillus leucophaeus*), the mandrill (*Mandrillus sphinx*), the gorilla (*Gorilla gorilla*), the chimpanzee (*Pan troglodytes*), the black colobus (*Colobus satanas*), the white-collared mangabey (*cercocebus torquatus*), the forest elephant (*Loxodonta africana cyclotis*), the leopard (*Panthera pardus*), and others.
7. Cameroon's population is estimated at 15.8 million inhabitants, of which 50.4 percent live in urban areas. Until 1985, the country enjoyed relative economic growth. In 1985/86, however, export revenues declined sharply. This collapse involved both oil and other exports, mainly cocoa, coffee and cotton. Exports dropped by 329 billion Central African Francs (FCFA)¹ during this period, 8.2 percent of GDP (RoC 2003). Despite the adoption of a first series of structural adjustment measures, socio-economic indicators continued to deteriorate and the decline in income led to a 40 percent fall in per capita consumption between 1985/86 and 1992/93 (Roubaud 2004). External debt rose from less than one-third to more than three-quarters of GDP between 1984/85 and 1992/93 (RoC 2003).
8. After a long period of disturbances, the implementation of a three-year economic and financial program in 1997-2000 produced a noticeable improvement in macro-economic stability and laid the basis for sustained economic growth. In May 2000, Cameroon's eligibility for the Enhanced Heavily Indebted Poor Countries (HIPC) was declared by the International Monetary Fund (IMF) and the World Bank (the "Decision Point," or beginning, of the HIPC process). In April 2006, Cameroon reached the HIPC Completion Point, which wrote off part of the country's external debt and should ideally have led to significant budget savings (140 billion FCFA per year).
9. However, the improvement of the macro-economic situation has not generated any improvement in living conditions, which have seriously deteriorated over the last fifteen to twenty years (MINPAT/PNUD 2000; RoC 2003). This deterioration is reflected in basic social services and public infrastructure, including roads, water and rural electricity programs, education, health and employment.
10. Understanding the level and the distribution of poverty across the country requires very specific approaches (RoC 2003). Poverty generally refers to inadequacy of resources—including financial resources—and the deprivation of choices that would enable people to enjoy decent living conditions (DFID 2005). By and large, nearly 56 percent of the population is living in poverty in Cameroon (RoC 2003), and poverty is more pronounced in rural than in urban areas. According to RdC (2002), the incidence of poverty is higher in the forested zone (Center, South, and East provinces), at 55 percent of the population, and in the high plateaus (West and North West provinces), at 50.7 percent of the population, in 2001. The distinctive characteristics of the forested zones of Cameroon are poverty, low living standards, lack of financial/social transactions, and poor or non-existent infrastructure (Box 1) (see also Etémé 2007).
11. Under these circumstances, the central State perceives the forestry sector and forestry operators as a large source of public revenue. Rural communities, however, expect to reach better livelihoods through natural resources, mainly forest-related revenues. Key instruments governing forest management include: (i) Law No 94/01 of January 20, 1994, which regulates forestry, wildlife and fisheries; and (ii) its implementing Decree No 95/531/PM of August 23, 1995.
12. The country is making considerable efforts to meet the Millennium Development Goals and its Poverty Reduction Strategy. To achieve these, however, will require further in-

1. In November 2009, \$1=440 FCFA (approx.)



BOX 1 | Forested areas and poverty in Cameroon

“The physical environment also has a significant impact on household living standards. Apart from geographic conditions, which are assumed to be exogenous to the model, the lack of economic infrastructure, and in particular the poor state of roads and the isolation of villages, makes life difficult for families. This is reflected in the negative coefficient of the time that it takes a rural dweller to reach the nearest paved or all season road...”

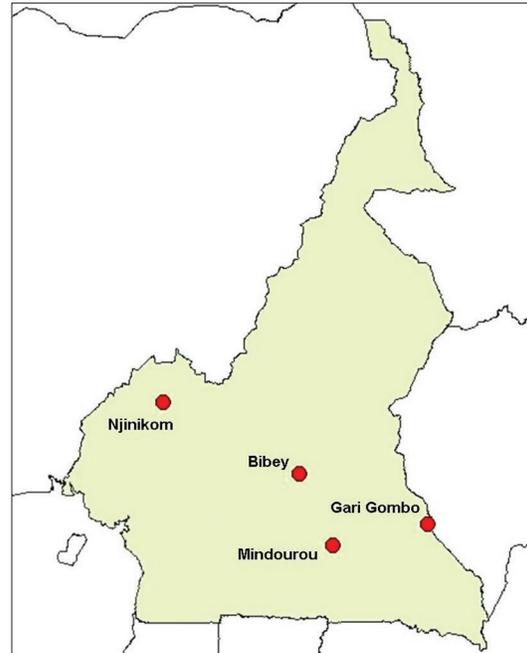
Source: RoC (2003)

stitutional reforms, good governance, and human capacity-building (see Oyono *et al.* 2006). An increase in transparency and accountability in the forestry sector also will be crucial (Cerutti and Tacconi 2006).

1. STUDY METHODS AND LIMITATIONS

13. The study area focused on three sites, selected as representative of Rural Councils in the forested region of Cameroon (Figure 2): (i) Mindourou Rural Council (East province); (ii) Gari Gombo Rural Council (East province); and (iii) Bibey Rural Council (Center province). For comparative purposes, research was also carried out in a ‘non-forested’ area, the Njinikom Rural Council in the North West. Interviews and data collection were also conducted in Bertoua (East province), Yaoundé, Abong-Mbang (divisional-level town, East province), Yokadouma (divisional level town, East province), Lomié (district-level town, East province), and Nanga Eboko (regional-level town, Center province). Study methods utilized included documentary review and policy analysis, formal questionnaires, semi-structured and structured interviews, key informants, stakeholder analysis, Geographic Information System (GIS) analysis, influence analysis, social and wealth mapping, analysis of household issues (activities, resources, income), CIFOR’s (Center for International Forestry Research) social science methods for assessing human well-being, participatory rural appraisal tools, and other approaches.
14. Data and information collection involved a wide range of actors including local communities, mayors and other municipal authorities; parliamentarians; local non-governmental organization (NGO) staff; timber companies; local-level administrative authorities; key informants at the local level; provincial officials of the Ministry of Forests and Wildlife (MINFOF), Finance (MINEFI), Planning and Regional Development; national-level officials of the MINFOF and MINEFI; senior staff at SNV (a Dutch international NGO), PAD/GTZ (German Cooperation), the *Fonds d’Intervention et d’Équipement Communal* (FEICOM), the Department of Local Governments; the Forest Revenues Enhancement

FIGURE 2 | Rural Council study sites



Program (PSRF); the *Système Informatisé de Gestion des informations Forestières* (SIGIF), the National Participatory Development Program (PNDP); the General Directorate of Taxes; the Large Enterprise Unit (DGE); the *Centre de Recherche et d’Action pour le Développement Durable* (CERAD, national NGO), and the *Centre pour l’Environnement et le Développement* (CED, national NGO). Three Rural Councils were covered by the study, with a total 525 households in 22 villages. A “non-forested” zone, the North West province, was included to assess the perception of the distribution of forestry fees by municipal authorities and the local communities by those not currently receiving them.

15. During the implementation of the case study, some limitations surfaced. Among others, these included: (i) the unavailability of many officials at the central level; (ii) the lack of appropriate sector level documents related to the redistribution of the national budget from the central level to the provincial level and from the latter to the council and district level; (iii) the timeframe of field work, combined with the geographic scope of the study (three provinces, equaling about 4500 km covered); (iv) the limits of the social and economic memory of the local communities when it comes to providing past information on household monthly/annual income levels; (vii) the high sensitivity of the issue of forest-related revenues from the perspective of the mayors and local-level administrative authorities; (v) the *fatigue paysanne* (interviewees’ fatigue), manifesting itself as resistance to host researchers working on issues on which interviewees feel they have already been interviewed.

16. The site selection process used two key criteria. The first was whether the Rural Council actually received AFF revenue or not, and the second was the quantitative importance of the AFF in that area. The objective here was to select one Rural Council that received a large amount of AFF (Mindourou), one that received a low amount (Gari-Gombo), and one that received a medium amount (Bibey). A fourth council, Njinikom, was selected as representative of the non-forested area of Cameroon and therefore not benefiting from Annual Forestry Fee revenues. This area of non-forested Cameroon was selected in order to capture the perception of the AFF by its inhabitants and elite.

2. CHARACTERIZATION OF THE STUDY AREAS

17. The Rural Council/district of Mindourou is located in the Abong-Mbang subdivision, Upper-Nyong division, in the East province (Figure 2). The total area of the district is 4,000 sq. km, with 3,800 sq. km of evergreen Cameroon-Congolese forest (95 percent of the total area). The district of Mindourou has about 23,000 inhabitants, distributed among 16 Bantou villages and nine Baka villages. Seven Forest Management Units (FMUs) are being harvested inside the council's borders. A French timber company operates a wood-processing plant in Mindourou, with about 500 employees. Additionally, Messe (2005) notes that 13 village communities have engaged in a process of obtaining community forests.

18. Gari-Gombo is a subdivision located in the Boumba & Ngoko division (East province) in the evergreen Cameroon-Congolese forest. Its total area is 10,000 sq. km, with 20,000 inhabitants in 46 villages. Gari-Gombo accommodates two FMUs. Officially, two "ventes de coupe", or sales of standing volume (SSVs) were also exploited in 2004.

19. The Rural Council/district of Bibey is located in the Nanga-Eboko subdivision of the Upper-Sanaga division in the Center province of Cameroon. It is covered by a semi-deciduous type of forest. This Rural Council has an area of approximately 8,000 sq. km, for 8,000 inhabitants. The district is divided into two village groups - Bibey (with six villages) and Metep (with five villages). Agriculture and hunting are the basis of livelihoods at the village level. A timber company present in the area since 2000 has a wood-processing plant in the district, with logging operations in two FMUs.

3. THE LEGAL FRAMEWORK OF FOREST-BASED TAXATION IN CAMEROON

20. The forestry taxation system in Cameroon is generally centralized. A decentralized sub-system also exists - notably in the case of the AFF. The AFF is one of the key provisions of the 1994 Forestry Law. The legal framework of reference for

the AFF consists of: i) Article 68 of Law No 94/01 (January 20, 1994) establishing forestry, wildlife, and fisheries regulations; (ii) Article 122 of Decree No 95/531 (August 23, 1995) establishing the procedure for implementing Cameroon's forestry regime; (iii) Article 10 of Decree No 98/009/PM (January 23, 1998) establishing the tax base and procedure for recovery of duty, fees, and taxes related to logging activities; and (iv) Joint *Arrêté* No. 000122/MINEFI/MINAT (April 28, 1998) establishing the procedure for the use of logging revenue intended for neighboring village communities. There is also Memorandum No. 2978/MINEF/DFAP/AC (October 14, 1999) concerning management of revenue from wildlife, as well as several successive finance laws from 1995 to 2000.

21. Overall, the AFF forest taxation system has four main objectives: (a) to make a consistent contribution to the State budget; (b) to contribute to poverty alleviation; (c) to enhance equity in the redistribution of forest-related benefits; and (d) to contribute to the sustainable management of forests.

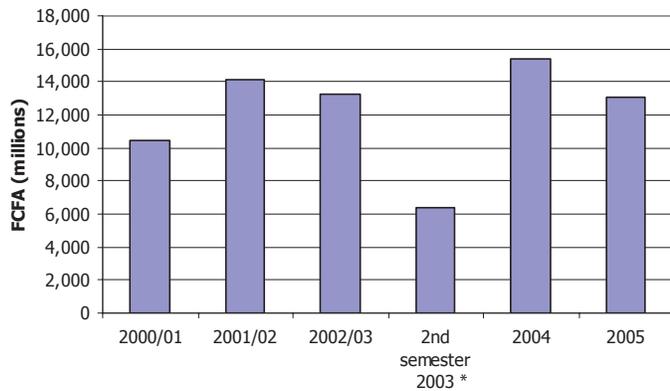
22. The AFF is an area-based tax (*redevance de superficie*). According to the rules set by the 1994 Forest Law, FMUs and SSVs (two of the most important logging titles in regards to volume logged) must be allocated by the administration by means of an auction. The bidding price is made up of two parts: a minimum price set by the administration, plus the company's offer. The minimum bidding price in 2007 was at 2,500 FCFA/ha for SSVs, and 1,000 FCFA/ha for FMUs. The total AFF due annually is thus the concessionaire's bidding price times the entire surface (in ha) of the allocated FMU (or SSV).

23. The total number of allocated FMUs after the auction which took place in July 2006 was 98; 49 of those have an approved management plan. Overall, allocated FMUs cover an area of about 6 million ha. The total amount collected through the AFF between 1999 and 2005 was approximately 70 billion FCFA.

24. Until April 2007, the AFF was paid by logging companies through a system of issuing three different checks. The first one accounted for 50 percent of the total and it entered the state's coffers, while the other two accounted for 40 percent and 10 percent, and they must be paid to Rural Councils and villages neighboring concessions, respectively. In April 2007, the Ministry of Finance implemented a 2004 decision forcing Rural Councils to open *ad hoc* bank accounts where logging companies must directly transfer the AFF amounts (40 and 10 percent). As of 2008, several Rural Councils had still to open an account, but many already complied with the Ministry's decision and received the AFF through direct bank transfers.



FIGURE 3 | AFF collected by the PSRF from 2000–2005 (in millions FCFA)



*The periodicity of the fiscal year in Cameroon changed in 2002/03 (from July-June to January-December); which explains the 2nd semester 2003. (Source: PSRF)

25. In addition to the AFF, the Cameroon Forest Code calls for the application of three other major forestry taxes: (i) the Felling Tax (FT); (ii) the Sawmill Entry Tax (SET); and (iii) the Log Export Tax (LET).
26. The Felling Tax (FT) is a volume-based tax that must be paid by all logging companies on the volume (cubic meters) per species declared to the administration after harvesting has taken place. To establish the applied rate of FT to each logging title, the national territory has been divided into three “logging zones” to which different rates apply. In Zone 2, covering central Cameroon, the felling tax is calculated as 2.5 percent of each logged species’ Free-On-Board (FOB) or default value. In Zone 1 (region nearest the port of Douala), this rate is 3 percent, while in Zone 3 (furthest from Douala), it is 2 percent. The total amount collected through the FT between 1999 and 2005 was approximately 30 billion FCFA.
27. Sawmill Entry Tax (SET) is also a volume-based tax. It must be paid, on a per species basis, on logs entering the sawmill. It is calculated as 2.25 percent of each species’ FOB value. The total amount collected through the SET between 1999 and 2005 was approximately 16 billion FCFA.
28. Until 1999, the Log Export Tax (LET) accounted for the largest part of the total amount collected through the forestry sector’s taxation. In 1999, the administration enacted a partial log export ban targeting some of the most valuable exported species and the amounts collected with the log export tax rapidly decreased. However, since some valuable species were still allowed to be exported, the 2000/2001 Fi-

nance Law introduced a new LET, the “export surtax”. The levy applies to all timber exported in log form and it is split into three different types: the first one is made up of Ayous (*Triplochiton scleroxylon*), with a tax of 4,000 FCFA per cubic meter exported, and the other two sets regarding species of the primary and secondary promotional categories, with taxes of 3,000 and 500 FCFA per cubic meter exported, respectively.

29. The provisions introduced by the 1994 Forestry Law enlarge local community power and access to the financial benefits generated by commercial logging. This includes a Ministry of Environment and Forests circular letter requesting logging companies to pay compensation with the aim of establishing socioeconomic amenities in neighboring villages (Circular Letter No. 370/LC/MINEF/CAB of February 22, 1996). This payment is also known as the “1000 FCFA per cubic meter harvested” parafiscal tax. It was introduced through a regulation rather than through a finance law. It was not intended to be permanent, but since it disburses cash from a given company to the local population as the timber leaves the logging area, it has been very difficult to eliminate from forestry practices. Some companies still prefer to pay it rather than having to deal with social problems with the local population.

4. FOREST TAXATION POLICY OBJECTIVES

30. Revenue generation.

According to various official publications by MINEFI, collected taxes from the whole forestry sector increased from 1.8 billion FCFA in 1992 to 39.4 billion FCFA in 2005. A deeper analysis, however, shows that there exist some inconsistencies in this data. One possible reason for inconsistencies is that forestry taxes were collected and managed by MINFOF until 1998. After 1998, however, that task was given to the Ministry of Finance following pressure from international donors (Karsenty 1999). In 1999, a special MINFOF/MINEFI joint program (PSRF) was set up to streamline and increase the performances of tax collection, but to date there has been no active collaboration between the two Ministries, and MINEFI remains in charge of all activities. This may partly explain why a serious cross-check and data consistency analysis between past tax data from MINFOF and recent data from MINEFI has never been conducted. Moreover, MINEFI does not provide clear standardized annual statements about tax recovery, making it very difficult to make comparisons over different years (Box 2).

31. Distributional equity, poverty reduction and human well-being

The allocation of portions of the AFF to Rural Councils and village communities surrounding logging titles is the State's response to long lasting demands by local communities to be included in the redistribution of benefits generated by commercial logging. Its intent is reflected in the Cameroonian Poverty Reduction Strategy Paper (PRSP) (Box 3). The AFF is the only forestry tax to be redistributed with the explicit aim of fighting poverty. With respect to the AFF, the current Forestry Law notes: *"For the development of village communities neighboring the national forest estate, part of the revenue from the sale of forest products shall be transferred to local communities, according to the mechanisms in the Implementing Decree"* (see Sections 68(2) and 68(3) of Law No 94/01 of January 20, 1994). Circular Letter No 370/LC/MINEFI/CAB of February 22, 1996, also prescribes the redistribution of community compensation and the construction of socio-economic amenities at the village level.

32. According to policy-makers, the "national sharing" of the AFF is correlated to distributional equity, distributive justice, and poverty reduction. The 40 percent of AFF allocated to Rural Councils which encompass forest concessions is intended for local development. Officially, the 10 percent for adjacent communities is not given to them in cash, but rather is allocated by the Rural Council to fund village level socio-economic infrastructure and services, thus contributing to improved livelihoods.

33. Fiscal decentralization

Redistributed logging area taxes are part of the more general fiscal decentralisation policy currently operating in Cameroon. Apart from redistributing area taxes and the ensuing fiduciary responsibility, the policy also transfers some increased local development decision-making powers to local authorities such as Rural Councils and village management committees.

34. Inclusion of the local communities in access to forest benefits

For a long period, village communities were excluded from the public sphere of access to benefits accruing from forest exploitation. This situation was the result of the lack of policy and political recognition of the local peoples' rights to benefits associated with forest exploitation. For many years, the central State had not been inclined to enact distributional equity mechanisms. This process of exclusion often led to forest-based resource conflicts, and the politics of access to forest-based financial benefits was marked by a permanent confrontation between the State and timber companies on one hand and the local communities on the

BOX 2 | MINEFI's data on collected forestry taxes

There are at least three major problems in the data presented by MINEFI. First, the LET, which significantly decreased after the 1999 log export ban, has never been accounted for in the MINEFI's time series data. Second, what is usually presented in published data as "other taxes" is not a consistent and permanent set of taxes, thus making it impossible to compare the same item over a number of different years. Third, inflation has never been accounted for in MINEFI's publications.

All these problems make estimating the real level of tax collection very difficult. Overall, the amount of money collected via the four major forestry taxes (AFF, FT, SET, and LET) increased from 1992 until 1998 and then decreased back to 1995/1996 levels in 1999. Most of this phenomenon can be explained because the AFF, even with new concessions being attributed, never equaled the amounts collected by the LET when log export was still allowed.

In short, information on AFF remains incomplete. Various audits conducted show that there are serious errors in the calculations made by MINFOF on amounts of money to be paid for each concession and that data detained by MINFOF and MINEFI on AFF are different.

Source: Nzoyem *et al.* 2003.

BOX 3 | Overlapping areas between the PRSP, the Millennium Development Goals and the AFF redistribution objectives:

Strategic sub-area 1: "Securing rural population revenue and food security"

Strategic sub-area 2: "Improving access to drinking water"

Strategic sub-area 3: "Contributing to power supply"

Strategic sub-area 4: "Improving access to basic education"

Strategic sub-area 5: "Improving health care and contributing to fight against HIV/AIDS"

Strategic sub-area 6: "Developing rural infrastructure – roads"

Strategic sub-area 7: "Enhancement of forest-based income opportunities for village communities"

Strategic sub-area 8: "Improving rural populations' livelihoods and standard of living"

Strategic sub-area 9: "Pursuing the decentralization of public management"

Strategic sub-area 10: 'Sustainably managing and conserving forest ecosystems'



other (see Bigombé Logo 2002; Oyono *et al.* 2006). The new forest taxation system in force in Cameroon and its related mechanisms—viewed as innovative on paper, at least—represents a tool of socio-political reconciliation and moral conciliation for the local communities.

35. Good governance

Forestry has been considered by national policy-makers as an “entry point” to governance reforms in Cameroon since the mid-1990s (Karsenty 2002; Brown 2002). Good governance is synonymous with primacy of law, justice, popular participation in public affairs, transparency, and accountability (Kaufmann *et al.* 1999). The current forestry taxation system is governance-oriented, since it theoretically tends towards the achievements of these outcomes. It also meets the guidelines used for the implementation of the National Governance Programme, including the reinforcement of transparency and accountability, the strengthening of the rule of law, and the improvement of citizen access to information on public affairs (RoC 2003).

36. Forest sustainability

The potential contribution of forest taxes to revenue generation, distributional equity, and poverty alleviation is anticipated to create greater awareness among various stakeholders (the central administration, timber companies, Rural Councils and the local communities) on sustainability (including security in intergenerational access to benefits) and long-term utilization of forest ecosystems. Once awareness of the link between benefits and forests is attained, these vested stakeholders would: (i) formulate environmentally-sound policies, enforce forestry sector regulations and plan future concession allocations which follow transparency rules (issued by the central administration); (ii) design sustainable concession management plans (timber concessions); and (iii) use appropriate and sustainable local management practices (the local communities).

5. THE REDISTRIBUTION PROCEDURE

37. The theory

The AFF to be paid yearly by each logging company is calculated from the area of the exploitation titles (i.e. FMUs or SSVs) in hectares, multiplied by the company’s bidding price. The amounts due are calculated by SIGIF, a database managed by MINFOF, and then communicated to the PSRF, a joint MINFOF/MINEFI program.

38. *For a few years after the 1994 Forest Law was enacted and implemented, taxes were redistributed in cash to rural communities. Beginning in 1998, however, the AFF’s redistribution was made by the PSRF in three annual tranches and took place during public meetings—with media coverage—held*

in Yaoundé. Between 1998 and April 2007, as prescribed by the law², checks with both the 40 percent intended for Rural Councils and the 10 percent intended for village communities were issued in the name of the municipal tax collectors. If a given Rural Council had no collector, the checks were endorsed by the collector of the public treasury. Collection and redistribution rules for the AFF changed in April 2004 and started to be effectively implemented in April 2007 (Box 4). By the time of this publication, while several Rural Councils still had not complied with the new system, the majority of Rural Councils had established dedicated accounts and received direct transfers from logging companies.

39. The estimated annual amounts of AFF are integrated in the council provisional budget (Nzoyem *et al.* 2003). Once approved by the municipal council, the mayor, who is the person authorized to validate accounts in Rural Councils, makes the budget effective. When the AFF is transferred to the council, 40 percent directly enters the council’s annual budget while a committee, presided by the mayor and assisted by the district administrative authority and representatives of some line ministries, is responsible for the allocation of the 10 percent to communities. The procedure followed by mayors to allocate the 10 percent to villages varies from one council to the other. Some prefer to equally split the 10 percent among all the council’s villages while others use ad hoc solutions (see Box 5).
40. Once the Communities’ 10 percent redistribution rules are set and Village Development Committees (VDCs) are informed about their annual share of the AFF, they must propose development projects to the council, to be realized with their amount of the AFF. The council then reviews village projects and budgets and eventually, if a project is deemed feasible, the mayor approves it.
41. After the project is approved, the mayor issues a call for tenders for the work needed to realize it. After the project is finished, the council approves the disbursement of funds to pay for the winning tenders. The collector of municipal taxes or the collector of the public treasury signs the check and the procedure is closed.

THE PRACTICE

42. The effectiveness of the transfer of AFF to Rural Councils can be assessed by various means. One of those is the verification of money transfers to a Rural Council’s accounts, crosschecking MINEFI and council data.

2. See Article 10 of Decree No 98/009/PM of January 23, 1998, establishing the tax base and procedure for recovery of duty, fees, and taxes related to logging activities.

BOX 4 | New rules for the AFF’s collection and redistribution

On April 2004, new rules were set for the AFF’s collection and redistribution. Under the old rules, companies whose turnover was less than 1 billion FCFA paid their taxes to the PSRF. Taxes of companies whose turnover is more than 1 billion FCFA was transferred to MINEFI, through the DGE, which is not linked to MINFOF. In the new distribution system, companies must directly transfer the AFF (the 40 percent and 10 percent) to Councils and village communities neighboring their concessions through special dedicated AFF bank accounts that the receiving entities must create. The DGE and the PSRF are responsible only for monitoring that transactions do take place.

BOX 5 | The distribution of AFF from Mindourou Rural Council to constituent villages

“Here in Mindourou, we have been implementing an internal equalization procedure since 2002. That is, since the Rural Council includes 16 villages, we divide the global amount of the 10 percent by 16. Before 1998, the 10 percent of the AFF was allocated in cash to village management committees. This money has not been used appropriately. Very often it was shared among families. Moreover, until 2002, villages closer to logging concessions were receiving more than those further away. Since 2002, we are experimenting with the internal equalization principle. Now the council level committee (Forestry Fee Management Committee) is absolutely asking the Village Development Committees (VDCs) to define socio-economic priorities to be funded with their share of the AFF”

Source: Mayor of the Mindourou Rural Council, February 13, 2006.

FIGURE 4 | Discrepancies on AFF allocated to the Mindourou Rural Council 2000–2004

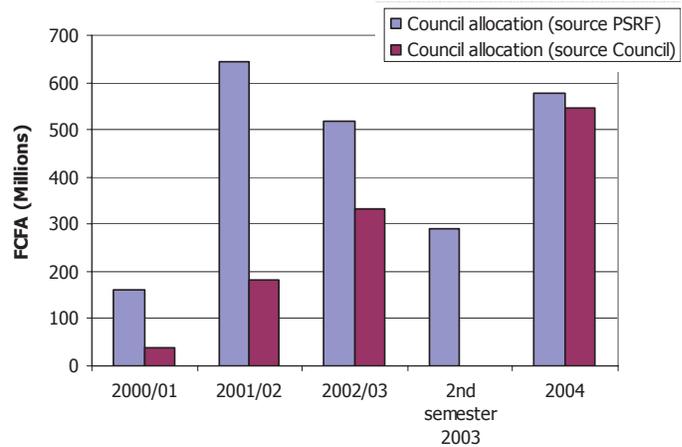


FIGURE 5 | Discrepancies on AFF allocated to the Mindourou Rural Council’s constituent villages 2000–2004

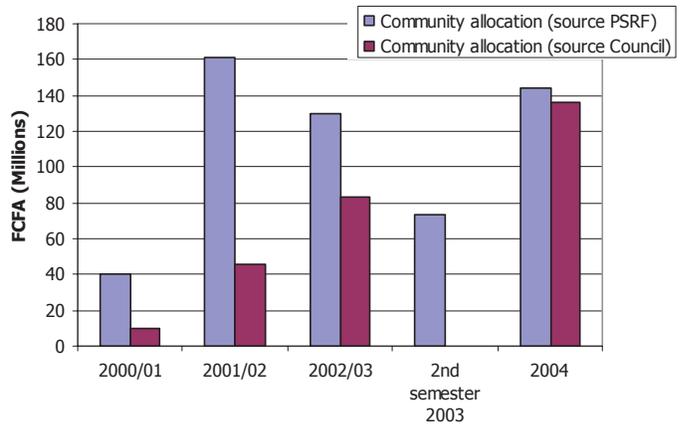


Figure 5 shows that, over the period 2000-2004, council data records an amount of 423,108,999 FCFA allocated to the Mindourou Rural Council for village-level development (the 10 percent of AFF), while PSRF data register an amount of 548,309,705 FCFA that should have been disbursed to this end. Doubts remain about the sum disbursed for the second semester 2003, which are accounted for in the PSRF data but were not registered as such in council data.

- 43. Notwithstanding the public announcements of the AFF’s redistributed amounts, large discrepancies seem to exist between officially-redistributed amounts (as per PSRF data) and amounts registered in the council’s books (as per council data).
- 44. Figures 4-9 report discrepancies relating to the Mindourou, Gari-Gombo and Bibey councils over the period 2000-2004, respectively.
- 45. Data about Bibey is not complete because the council has not been able to provide amounts for the AFF’s 10 percent. In the case of Mindourou and Gari-Gombo, either the PSRF published amounts of AFF that did not eventually reach the rural council or mistakes were made when the municipal authorities registered the amounts of the AFF allocated to their Council. AFF audits and studies conducted so far also draw attention to some of those discrepancies, namely Milol and Pierre (2000); Nzoyem *et al.* (2003); Bigombé Logo (2003); Amougou Mbarga (2005); Oyono *et al.* (2006).

- 46. When the fiscal year changed its periodicity from July-June to January-December (i.e. across 2002 and 2003) Mindourou did not register any amount for the transitional period, while Gari-Gombo and Bibey registered at least part of the 10 percent into the council budget, thus ending up with higher values than those officially redistributed at central level.
- 47. A common issue raised by interviewed mayors concerns the long delays occurring in the release of the checks to the



FIGURE 6 | Discrepancies on the AFF allocated to the Gari-Gombo Rural Council 2000–2004

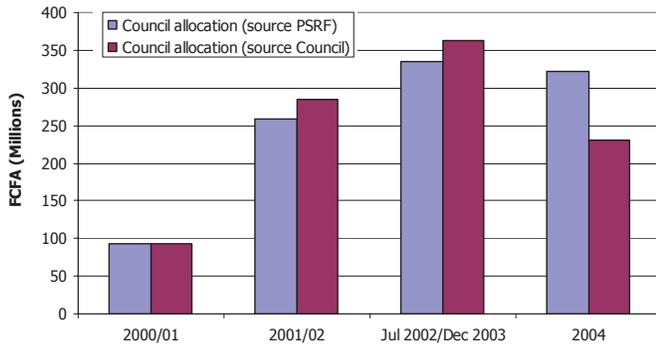


FIGURE 8 | Discrepancies on AFF allocated to the Bibey Rural Council 2000–2004

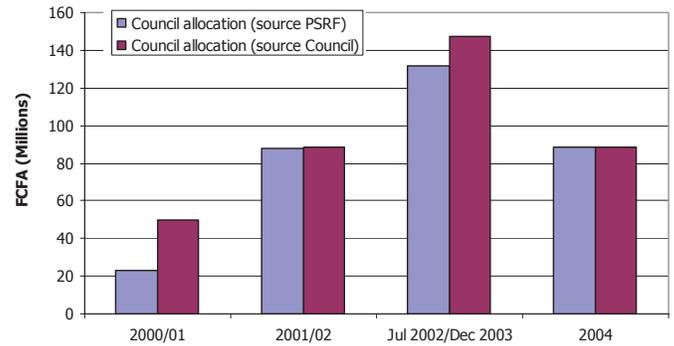


FIGURE 7 | Discrepancies on the AFF allocated to the Gari-Gombo Rural Council’s constituent villages 2000–2004

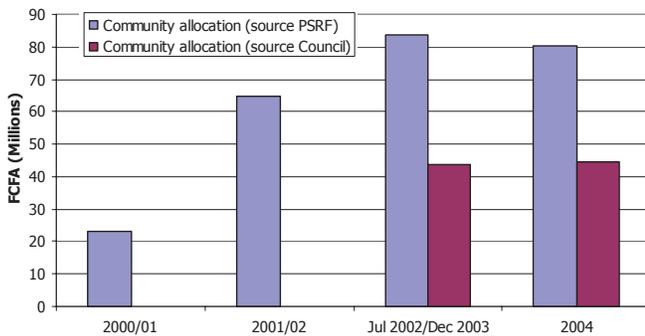


FIGURE 9 | AFF allocated to the Bibey Rural Council’s constituent villages 2000–2004

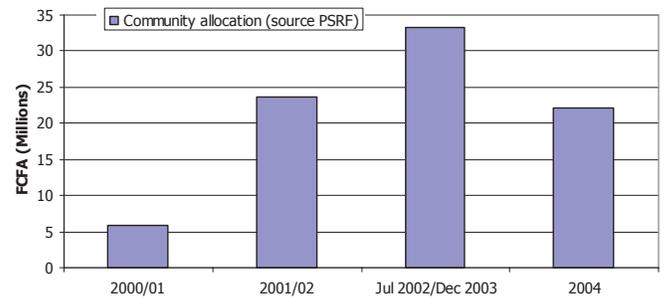


Figure 7 shows that, over the period 2002–2004, when available data allow comparisons to be made, 88,228,300 FCFA were registered by the Gari-Gombo Rural Council for village level development (10 percent), while PSRF data register 163,835,225 FCFA.

Figure 9 shows that no comparison was possible between the officially-redistributed AFF to Bibey’s constituent villages (10 percent) because the Council was not able to provide registered amounts.

councils from MINEFI. Consequently, delays in the transfer of money to local communities are even further delayed, and they can result in constituent villages not receiving their due amounts of money during the fiscal year in which they should have been allocated. With the new system of direct transfers (Box 4), this issue should be solved, but it remains too early in its implementation to evaluate it.

48. In the Mindourou Rural Council, for example, according to the council data, each of the 16 constituent villages was allocated an amount of about 8.5 million FCFA in December 2005. PRSF data shows that a total amount of 144,447,665 FCFA made up the 10 percent to be redistributed among villages in 2005. Equally divided among the 16 villages, that sum should have resulted in about 9 million FCFA per village, instead of 8.5 million FCFA. It might seem that

the Council’s calculations were not correct. However, 8.5 million FCFA would be the right amount to be redistributed if we consider Mindourou Rural Council 2004 data (136,075,440 FCFA total for 10 percent).

49. Indeed, according to the mayor, in February 2006 the council had not yet received the entire AFF allocated for fiscal year 2005, due to usual delays and to a dispute with a neighbouring council over the exact location of a logging concession. That may explain why official council documents and calculations about the 2005 10 percent redistribution funds were still based on 2004 data. It should be noted, however, that even considering 2004 data, the official 10 percent disbursed as per PSRF data was FCFA 180,559,580, about FCFA 44 million more than the amount registered in official council documents.

50. Very often council authorities do not explain to village communities the difference among various forestry taxes, and this is especially true regarding the AFF and the ‘parafiscal’ tax of 1,000 FCFA. In many villages, the two taxes are seen as one, and villagers are thus unable to distinguish between what is legally due as AFF and the rest of the money. Furthermore, in some villages where interviews were held, inhabitants were never told the difference between investments realised by logging companies through their management plan’s specifications and those realized by the council with their 10 percent share of the AFF.
51. Some other points are worth noting regarding the AFF distributional equity. As said, the law states 50 percent of the AFF due by companies should be paid to the central government, and 50 percent be redistributed to concessions’ neighboring councils and constituent villages. In previous sections, we documented how this apparently simple redistribution procedure is difficult to apply, with many discrepancies occurring in official figures. A closer look at AFF village data show how the redistribution system is far from being fairly balanced (Table 1).

TABLE 1 | Distributional equity (2004 data)

Rural Council	No. of FMUs/SSVs	Total AFF (FCFA)	No. villages	Amount of AFF (10%) to each village (FCFA) ¹
Mindourou	7/0	1,444,476,654	16	9,027,979
Gari-Gombo	2/2	642,721,012	46	1,397,220
Bibey	2/0	221,235,000	6	3,687,250

¹Theoretical calculation - based on equal distribution to all villages within Rural Council and not by population or other allocation considerations.

52. The first point to note about equity is that, as shown in Table 1, the total AFF amounts paid very much depend on the council’s area covered by concessions and/or SSVs, and not on the number of council’s villages and/or inhabitants. This causes councils with a large number of villages to redistribute lower amounts to each village, whether mayors chose to equally split the 10 percent among all villages, as in the case of Mindourou, or use other redistribution schemes, as in Gari-Gombo and Bibey.
53. As shown in Table 1, the AFF reaching each village is generally very low and not equally distributed from one council to the next. Therefore, the rural population of one council does not have the same opportunity as a rural population in another council to increase its livelihood.

54. Council management of the AFF spent for community development projects is often not transparent. Where data exists, it shows that provisional and final budgets revised (and most of the time prepared) by council officials tend to overestimate the costs of projects. The local population is usually not involved in the preparation and realization of those projects. As a result, this *modus operandi* neither allows local workers’ incomes to increase nor allows them to know how project items are charged in the budgets. This leaves the council not accountable to the local people and free to operate in a non-transparent way.
55. Overall, the portion of the AFF reaching the village level in the 44 villages surveyed is not significant. The 40 percent of the AFF that goes to Rural Councils is generally transferred from the central level, but with many discrepancies in the sums allocated and received. Concerning the 10 percent of the AFF intended for the local communities, it appears that the amount reaching the villages (directly or indirectly) is less than that calculated by the PRSF (see Figures 5, 7 and 9).
56. Furthermore, estimation of the costs of AFF-funded socio-economic investments found in villages is much lower than the cost officially declared at the council level: a careful assessment *in situ* of ‘infrastructural outcomes’ shows that their cost is significantly over-reported by both Rural Council authorities and VDC chairmen. This practice is elaborated on in previous works on the management of AFF (see RdC 2000b; Milol and Pierre 2000; Bigombé Logo 2003; Nzoyem *et al.* 2003; Ndjanyou et Majerowicz 2004; Ngoumou Mbarga 2005).

6. SPATIAL AND VERTICAL DISTRIBUTION OF PUBLIC/NATIONAL WEALTH

57. This section provides a larger view on some of the major governmental transfers aimed at fighting poverty in addition to the AFF. This section and the following one will demonstrate that the AFF has contributed to a growing share of anti-poverty transfers at the local level—yet without reaching any clear decrease in poverty levels.
58. Figure 10 provides a comparison among allocated budgets in 2000/2001 and in 2005 (RdC, 2000a and 2004).
59. The distribution of public wealth can be assessed through many instruments, including maps of vertical and horizontal benefits sharing, wealth ranking, maps of income, and profiles of public investment across-country. The investment budget of the State, with regards to key ministries involved in the implementation of poverty alleviation programs across the country, has decreased by 17 percent in five years (70 billion FCFA for the fiscal year 2000/01 com-



FIGURE 10 | Comparison among different ministries' budgets, 2000 and 2005

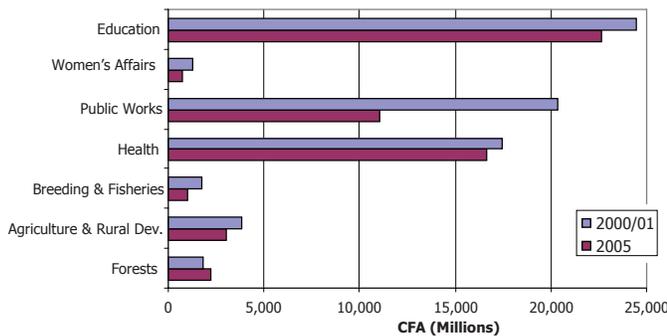
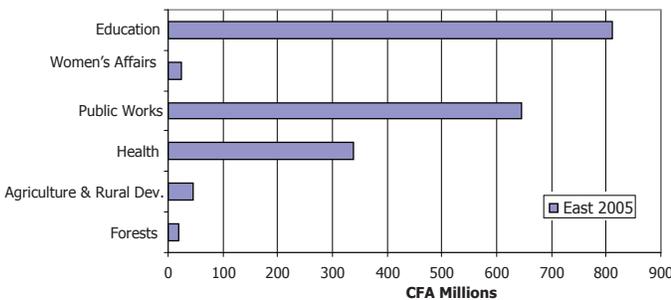


FIGURE 11 | Allocation of selected ministries' budgets in the East Province in 2005



pared to 57 billion FCFA for the fiscal year 2005). In the same period, the AFF increased by 25 percent (Figure 3).

60. Two of the Rural Councils assessed are located in the East province, where the largest part of logging concessions are based and where the largest share of the AFF is officially redistributed. Figure 11 provides the annual budget for 2005 of some key Ministries in the East Province, to show the contribution, on paper, of central government funds to regional and local development.

7. CHARACTERIZATION OF POVERTY AT THE LOCAL LEVEL

61. Characterizing rural poverty is not an easy exercise. Even more difficult is to assess whether changes in rural poverty have been caused by the introduction of the AFF redistribution mechanism. Two periods were examined to assess whether the AFF's redistribution at the local level might have been the cause of changes: 1995, when the AFF was not yet in place, and 2005, when the AFF had been redistributed for about seven years. In total, 525 households were surveyed in the three Rural Councils of Mindourou, Gari-Gombo Since 1998's joint *Arrêté* No. 000122/MINEFI/MINAT, the AFF has not been a direct source of

income for any household—except for the one to two years when the AFF was redistributed in cash in the Mindourou Council to the constituent villages. The joint *Arrêté* prescribes the use of the 10 percent for community development projects. To attempt to assess poverty through proxy measures, interviewers collected precise data on the basic assets and direct income of households, and community infrastructure.

62. Income

- We assessed sources of income deriving both from forest products (timber and/or non timber) and non-forest products. As might be expected in terms of value, households with a member working as an employee of a logging company or receiving a salary from professions other than basic agriculture (teachers, larger agriculture activities, etc.) register the highest incomes in both years.
- Figure 12 shows the most important sources of income in terms of number of households, in 1995 and 2005 respectively. Four points are worth noting: (i) agriculture is by far the most practiced activity in both years; (ii) while most activities decreased over the whole period (i.e., less households were engaged in them), agriculture and hunting increased, (i.e., more households were deriving an income from these two activities in 2005 as compared to 1995); (iii) the number of households getting their income from working with a logging company decreased from about 14 percent to 8 percent over the period; and (iv) the number of households receiving an income from only one source increased from 55 percent to 61 percent over the period, suggesting less diversification of income sources.

FIGURE 12 | Sources of income in 1995 and 2005 (percentage of total number of households)

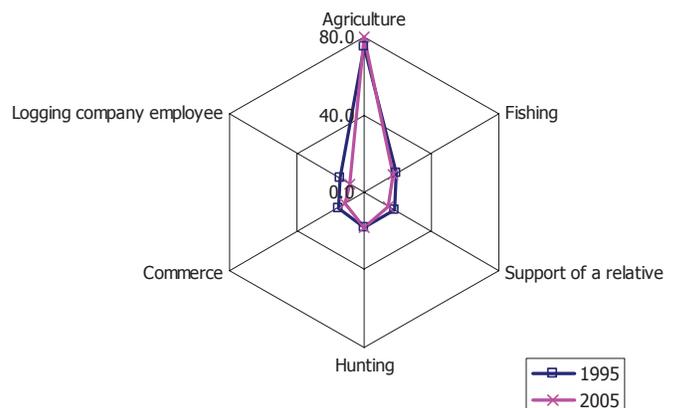
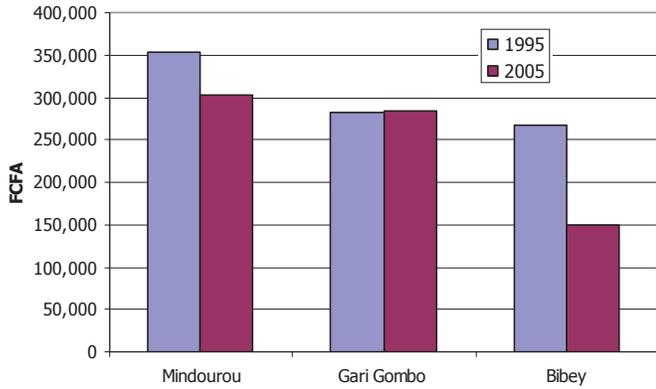


FIGURE 13 | Average annual income per Council, 1995 and 2005

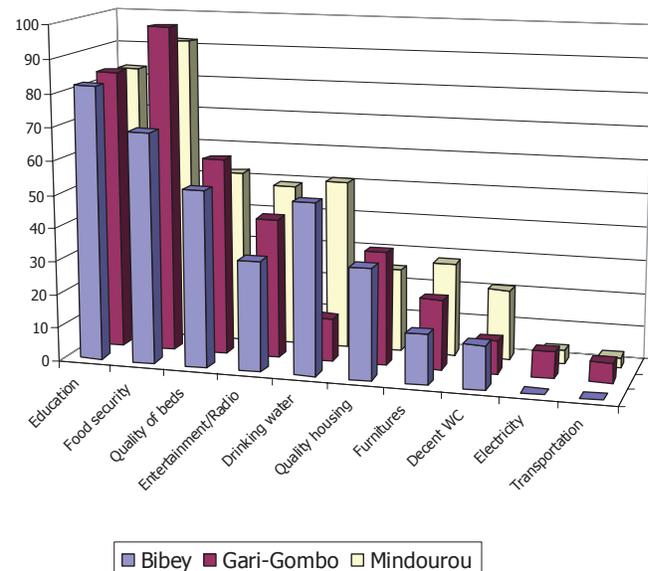


- Figure 13 shows average annual incomes in the three surveyed councils. Mindourou and Bibey registered a decrease of about 14 percent and 44 percent, respectively, while Gari-Gombo remained almost unchanged.
- One single household's income change may influence the village and council average incomes. In Bibey, for example, one village decreased its average income by nearly 52 percent because in 1995 it had one teacher as well as two households receiving salaries from a local industry which was not there in 2005. Similar disproportionate factors on income (towards both higher and lower averages) were found for Mindourou and Gari-Gombo. In the case of Mindourou, only two villages out of the 10 surveyed increased their average income from 1995 to 2005, by 38 percent and 26 percent respectively. Again this increase was because of salaries—which are much higher than any income that could possibly be earned by practicing agriculture—paid to a teacher and a businessman. Gari-Gombo's average income decreased by 33 percent.
- It is difficult to correlate the large amounts of money redistributed to councils and villages over the past ten years with their direct sources of income, since the AFF is not redistributed in cash to households. However, all interviewed mayors stressed the fact that the AFF money has been used for development projects to help fight poverty. Our analyses show that AFF funded development projects studied, with no exception, never contributed to the increase of income in monetary terms. Since agriculture is by far the most practiced activity and source of income, one might suppose that some development projects could have targeted the way agricultural products are commercialised, for example by buying or setting up regular public means of transportation to the closest markets. However, this never materialized. Additionally, one might have at least expected those development projects to employ local people and thus directly increase their incomes, but this has not been done in the councils that were interviewed.

64. Basic assets

- Many organizations and/or institutions (e.g. the World Bank, UNDP) have defined a series of indicators in order to assess poverty. In the framework of this case study, 10 basic assets that—together with monetary income—represent the infrastructure of human well-being in rural areas were identified in collaboration with the local communities and assessed in the 425 surveyed households. These assets are: (i) education (access of children to school); (ii) quality housing (roofs, doors and windows); (iii) food security (at least two meals per day); (iv) entertainment/media tools (e.g., radio, TV); (v) furniture (table, chairs in the house, etc.); (vi) quality of beds (e.g., a wood-framed bed in each room); (vii) drinking water (near the house); (viii) electricity; (ix) transportation (motorbike, bicycle, etc.); and (x) decent toilets (house- or village-owned).
- While education, quality of housing, food security, quality of furniture (beds, tables, chairs, etc), entertainment tools and private means of transportation can be ascribed to the household's private sphere, all other assets listed above can be included in the public sphere. This implies that they can be implemented and paid for with the councils' and villages' AFF amounts, as stated in the law. Figure 14 shows how all basic assets linked with a possible use of the AFF are weakly developed in surveyed areas. Education and food security are the most accessible assets. The least developed assets are decent village toilets, electricity and private transportation.
- At household level, none of the 525 assessed households registered the presence of all 10 basic assets. Whether these

FIGURE 14 | Basic assets in households (as percent of interviewed households)

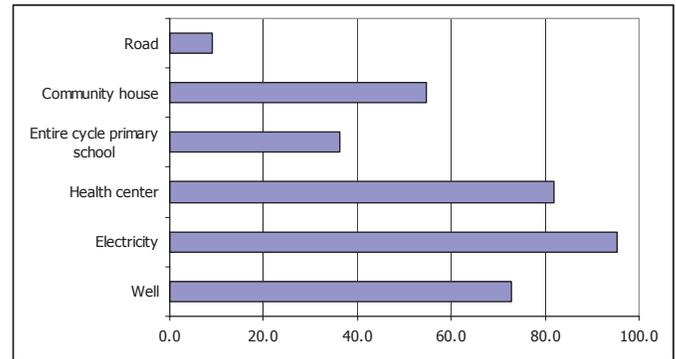


assets are enough to evaluate the level of poverty is arguable, but results show that the rural population lives in conditions of human deprivation and lack of basic needs. Over the period 2000-2004, about four billion FCFA had been redistributed to the three surveyed Councils (40 percent + 10 percent). Those amounts do not seem to have contributed to better livelihoods in the study area.

65. Rural infrastructure and socio-economic amenities

- Another way to assess poverty at the local level, very much linked with some of the basic assets described above, are the rural infrastructures and socio-economic investments carried out by the councils “for the benefit of the population” with the population’s 10 percent AFF share. They include rural roads, water wells, schools, health centers, community houses and electricity. In this section, all projects/works financed by forest and non-forest-based revenues are taken into account, because the distinction could not be made with available data. In this respect, it is worth noting that the village share of the AFF is often managed by the council as if it were part of the council’s annual budget and used accordingly.
- Figure 15 reports the overall state of social service infrastructure based on the entire sample of interviewed villages (22 in total). Electricity, assessed also as one of the basic needs in the previous section, is the most lacking infrastructure, followed by health centers and wells providing drinking water. Some specific points relating to the three sampled councils are discussed with more details in the following sections.
- The Mindourou Rural Council is crossed by a year-round driveable road connecting the town of Abong-Mbang with the town of Lomié. Village communities lack electricity and a health center. Thirty percent of the villages have water wells which can be used, and 70 percent of them have a primary school. Ninety percent of the villages have a well-equipped community house (with a generator and a TV) which has been built by the Rural Council with the population’s 10 percent share of the AFF. These community houses are often described as a positive impact of the redistribution system, and indeed they are used by the local population. However, three points are worth noting: (i) most interviewed villagers stated that they never asked for a community house to be built with their share of the AFF, and in most cases they would have preferred the money to be used for other projects, but the mayor chose for them. Villagers also raised the point that the annual running costs of the community houses (i.e., the fuel for the electricity and the TV maintenance costs) often take a large part of their annual 10 percent share; (ii) community houses have never been built by a local company or people living in the village, but always by outside enterprises, usually from the town

FIGURE 15 | Number of villages lacking infrastructure (percent of the total interviewed villages)



of Abong Mbang; and (iii) according to most interviewed villagers, the official amount charged for each community house overestimated its real cost.

- The Gari-Gombo Rural Council is crossed by a year-round driveable road connecting the town of Bertoua (the provincial capital) to the town of Yokadouma. Village communities totally lack electricity, 20 percent of the villages have wells and health centers and 10 percent have an equipped community house. The latter seems to be a socio-economic amenity specific to the Mindourou Rural Council. Sixty percent of the villages have a primary school.
- Bibey has been the most difficult council to reach. The Bibey Rural Council has a network of small roads, most of them seasonal. Apparently, the AFF money is not used for road maintenance. The timber company harvesting in the area is making noticeable efforts to keep some of these roads drivable, but some villages are not accessible at all. The absence of a bridge on the river Sanaga isolates villages like Mekon III and Ndoumba, where interviews were held, and make it very difficult for their inhabitants to receive updated information about the AFF redistributed or any other news coming from the Council. These two villages are representative of the overall poor socio-economic conditions in this Rural Council.

8. THE CONTRIBUTION OF FOREST TO LOCAL DEVELOPMENT AND POVERTY ALLEVIATION

Community AFF (10 percent)

66. Cameroonian forests – and the revenue accruing from their commercial exploitation – are intended to be a lever of local development.³ Relatively large amounts of forest-based revenues are accordingly transferred to Rural Councils—and constituent villages—in the forested parts of Cameroon. In

3. See Sections 68(2) and 68(3) of Law No 94/01 of January 20, 1994

addition, forest taxes contribute significantly to the national budget, which should theoretically enable the central administration and its decentralized branches to address poverty through targeted allocation.

67. In the present report, forest contribution to local development and poverty alleviation is assessed through the use of forest-based taxes and compensation for local development purposes. Related outcomes and stated policy objectives are also put in perspective. Local development here means village-level development. Nevertheless, actions in Rural Council headquarters are also taken into consideration. A comparative analysis with some aspects of the contribution of the central state to local development is also provided.
68. **Mindourou.** Surveys conducted in nine of the 16 Bantou villages and in one of the nine Pygmy Baka villages show that this money has been used throughout the country for some socio-economic facilities, including well-equipped community houses (with generators, TVs and satellite antennas), chainsaws, classrooms, community palm tree nurseries, music and sport equipment for young people, corrugated iron roofs for select households, wells, brick presses, financial assistance and scholarships to students, administration of village management committees, support to churches and to temporary teachers, etc.
69. **Gari-Gombo.** Of the 10 villages surveyed, money was invested in corrugated roofs for select households, classrooms, financial assistance to students, national identity cards, community halls (non-equipped), a well, brick presses, wheelbarrows, sports equipment, and the functioning of VDCs.
70. **Bibey.** In the two villages covered by the case study (out of the six total villages of this council), socio-economic facilities financed by part of the AFF include two wells, a health center, a chainsaw, a brick press, a house for teachers, a corn mill, and the functioning of the VDCs.
71. According to municipal records, in 2005, the three councils received approximately 202 million FCFA as their 10 percent share to be redistributed to the local population. The FCFA figure is higher in PSRF data. Exact figures cannot be calculated, but even a rough estimation of the costs of the socio-economic facilities funded in 2005 as listed above is far from reaching this amount.
72. All listed items, when invoices could be checked, appeared to be over-reported. The item listed as “running costs,” for example, is a catch-all category, with sub-items like “support to local churches,” “salaries of temporary teachers,” “financial assistance to those who have funerals,” “support to schools,” and “other expenses,” none of which can be corroborated. Moreover, interviews showed that many of these sub-items never materialized.

TABLE 2 | AFF contribution to rural infrastructure in 6 selected villages

Village	Estimated total infrastructure cost (in million FCFA)	AFF contribution to infrastructure (in million FCFA)	% of facility financing covered by AFF
Dioula (MDR)	43	20	46%
Malene (MDR)	52	25	48%
Gribi (GRC)	28	4	14%
Ndoumba (BRC)	10	3.7	37%
Mekon 3 (BRC)	34	5.5	16%

MDR= Mindourou R. Council GRC= Gari Gombo R. Council
BRC= Bibey R. Council

73. Table 2 shows the contribution of forests –through the AFF (combined 10 percent and 40 percent) – to some villages’ infrastructure development. Across the selected study sites, the proportion of the total cost⁴ of village infrastructure financed by the AFF varied between 16 percent and 48 percent.
74. In the Gari-Gombo Rural Council, villages were granted between 800,000 FCFA and 1,700,000 FCFA in 2005. The village Ngoundi got 800,000 FCFA. According to interviewed sources, the money was used for financial assistance to some students and to repair one school classroom’s roof, but it was impossible to check whether the money eventually reached the budgeted goals.
75. In the Bibey Rural Council, as noted in previous sections, surveyed villages registered some socio-economic facilities. In the village of Ndoumba, a chainsaw, a corn mill, a brick press, and a non-completed teacher’s house are the only projects financed by the AFF since its inception. No real improvement of the living standards in this village could be assessed. In 1995, Ndoumba had 23 houses with a corrugated iron roof, which increased to 29 in 2005. In the village of Mekon 3, as of 2005 only a non-functional well, a (empty) health center, and 6 houses upgraded to corrugated iron roofs had been financed with the 5.5 million FCFA of redistributed AFF.
76. Lastly, it should be noted that the local population often made positive remarks if forest-based revenue were redistributed directly to them in cash. Box 6 provides the opinion of some people from the Medjoh village, Mindourou Rural Council.

4. Infrastructure costs were obtained on the basis of estimates made by villagers themselves and subsequently verified by conducting researchers.



BOX 6 | Forest compensation in the Mindourou Rural Council several years ago.

“Some while ago, the Timber Company Pallisco allocated a forest compensation to the village of Medjoh (Mindourou Rural Council). Each family received 16,000 FCFA. Classrooms in the technical secondary school were built with 20,000,000 FCFA. The health center took about 3,500,000 FCFA and, later on, a community palm oil farm was created. Income accruing from the sale of oil will finance community income generation activities. Forest compensation of 16,000 FCFA is perceived here as a good mechanism. The money was given directly to the village community.”

Source: A group of young people in Medjoh (Mindourou Rural Council), February 14, 2006.

Rural Council AFF — 40 percent

- 77. It emerged from interviews administered to mayors that the 40 percent of the AFF allocated to councils is used to finance various expenditure items such as the salaries of council staff, infrastructure in the council headquarters, functioning of the council, equipment, village development projects, etc. The conclusion, therefore, is that the 40 percent allocated to councils is often used in part to support the 10 percent allotted to villages.
- 78. Documents of the Mindourou Rural Council show that the 40 percent of the AFF was also used in villages for the maintenance and construction of wells, the construction of classrooms, the purchase of drugs, the payment of temporary teachers’ salaries, financial assistance to pupils and students, etc. The following example allows us to assess the contribution of the 40 percent to village development: documents belonging to the Gari-Gombo Rural Council indicate that 0.4 percent of the 40 percent of the AFF was used to finance village projects in 2000/2001, 7.2 percent during the transitional period (2001/2002), 6.6 percent in 2003 and 8 percent in 2004.
- 79. However, it is not easy to establish accurately that the works and expenditure indicated were *actually* financed by the 40 percent. In numerous cases, there is duplication between funding allocation emanating from the council and information obtained from villages and field observation. The works declared as having been financed by the 10 percent allocated to villages are also declared as having been financed by the 40 percent. This suggests two things: (i) either the list of works/expenditure alleged to have been borne by the 40 percent in councils was exaggerated, or (ii) the 10 percent apportioned to villages is, in most cases, used up by council budgets.

- 80. In addition, the separation between council budgets and their 40 percent is not clear. However, the AFF is the primary source of budget revenue in the Councils targeted by the case study. For example, the AFF accounted for 80 percent of the budget of the Mindourou Rural Council in 2004. In the Gari-Gombo Rural Council, this percentage varied between 72 percent and 90 percent in 2001/2002. Finally, the AFF made up about 90 percent of the Bibey Rural Council’s annual budget in 2004.
- 81. The 40 percent of the AFF distributed to the Rural Councils covered by this case study are generally used to finance investments in the town where the council administration is located (construction of town halls, classrooms, and dispensaries, payment of salaries of temporary teachers, purchase of transportation vehicles, construction of wells/water points, etc.). For example, projects financed by the 40 percent allocated to the Bibey Rural Council in the council headquarters (Bibey town) during the last five last years include: five classrooms (12 million FCFA); nine wells/water points (17 million FCFA); a community inn (25 million FCFA); a ceremonial ground (4 million FCFA); a market (3 million FCFA); a town hall (60 million FCFA); three transportation vehicles (21 million FCFA); a motor bike for the Gendarmerie Brigade (500,000 FCFA); and a motor bike for the Council Services (500,000 FCFA). Obviously, the projects financed by the 40 percent contribute to the development of headquarters of the councils. The growth of localities like Mindourou, Gari-Gombo and Bibey depends in no small part on forest-based revenue. This recognition is important insofar as the State rarely invests in local development.
- 82. The Mindourou Rural Council financed the preparation of application dossiers for community forests in some villages within its council area. The 40 percent allocated to the Gari-Gombo Rural Council contributed also to the design of simple management plans of community forests in seven villages of the Gari-Gombo Subdivision. The cost of these operations is estimated at 5 million FCFA per village.
- 83. It is apparent from the above that the 40 percent of the AFF disbursed to councils does not contribute significantly to development and poverty reduction in rural areas. The various uses made of this portion of the AFF rather confirm that it is sometimes used for the ‘development’ of council headquarters, and that, additionally, much expenditure occurs without adequate accounting.

Other arrangements

- 84. FEICOM is a semi-public body that provides support to councils. This fund, which was set up in 1974, is financed through the State budget. The support that FEICOM provides to councils includes the construction of council prem-



ises, purchase of equipment and machines, organization of meetings and seminars, eFEICOM therefore serves as a public instrument for local development support. In spite of serious internal management and control problems faced in the last few years⁵, FEICOM has continued to provide support to councils. In 2004/2005, it granted credit (short term loans) to the Mindourou Rural Council which enabled it to finance 3/4 of the construction cost of the town hall and to purchase a pick-up truck. In 1998/1999, the Mindourou Rural Council obtained credits in cash amounting to 31,961,446 FCFA from FEICOM. Details about the use of these funds were not available.

85. In 1998/1999, FEICOM granted credits in cash to the Gari-Gombo Rural Council amounting to 1,560,000 FCFA and financed the participation of its council officials in the AF-RICITES Symposium held in Yaoundé. In 1998/1999, FEICOM granted a loan to the Bibey Rural Council for the purchase of a dump truck, and total credits in cash received amounted to 10,890,700 FCFA.
86. The poor track record of the short-term loans granted to councils for local development and the lack of knowledge about the use of cash loans suggests that there is inadequate transparency and verification of proper expenditure of these funds and that, as a result, FEICOM's mission may remain unfulfilled.
87. The mission of the PNDP is to promote solutions and implementation of concrete actions for local development through sustainable local community centered development, council capacity-building, and participation of local communities and councils in the identification of their priority needs (RdC 2003).
88. One of the principle objectives of the PNDP is to support Rural Councils and local communities in the decentralization process and the fight against poverty. In this respect, 'local development plans' have been created. The 40 percent of the AFF and added PNDP funds could contribute to the financing of these development plans (see Box 7). However, it is not easy in the present circumstances to determine precisely the synergy that exists between the plans worked out by the PNDP and the 40 percent of the AFF.

9. PROSPECTS ON THE GROUND

89. As indicated earlier, one of the policy objectives of forest taxation is to reduce poverty. However, the perception of — and discourse on — forest taxation, as well as the distribution and management of forest-based revenue, varies

5. The former General Director of FEICOM was at the time of this writing (June 2008) in prison for mismanagement and fund embezzlement.

BOX 7 | The PNDP and forest-based revenue

'The PNDP came to Bibey in 2005. Its team set up committees in eleven villages in our district. They told us that we had to work with them to achieve local development, that they would provide us resources to which we must add ours from, for example, revenue from the AFF. The committees set up by the PNDP in the eleven villages are responsible for determining local projects. Projects have thus been identified (construction of wells, schools, acquisition of electric generators, construction of bridges, community halls, etc.). The local community contributes a certain percentage to certain projects, and nothing to others.'

Source: Denis Ndjang, Deputy Mayor of the Bibey Rural Council, 24 February 2006.

according to stakeholders. The section below highlights the existing variations in perception and stance:

Policy and decision-makers

90. For policy-makers, decision-makers and officials of MIN-FOE, MINEFI, and the Ministry of Territorial Administration and Decentralization (MINATD), the current decentralized taxation system is an effective local development and poverty reduction mechanism. It emerges from their viewpoint that the government is concerned about social and environmental justice and equity in the distribution of revenue derived from forest taxation.
91. Policy makers and decision-makers are unanimous in thinking that the percentage of distribution (50 percent for the State, 40 percent for Rural Councils and 10 percent for village communities) confirms the Government's political will. This, according to the aforementioned stakeholders, is a good policy of natural resource-based revenue redistribution. If results relating to poverty reduction and human well-being are weak and poor, mayors and local communities themselves, and not the State, are to be blamed.

Council authorities

92. By and large, mayors feel that the redistribution of proceeds from forest taxation is an appropriate local development policy. They even cite positive outcomes from the allocation of additional financial resources (via the AFF) to many villages in forested Cameroon. According to them, the redistribution of forestry revenue right down to the local level is fair because those forests 'belong' to local communities.
93. However, mayors made a certain number of less complimentary remarks about the mechanisms for distribution and flow of the AFF: (i) there is much delay in handing over checks to Rural Councils, which are regularly kept in the Director-



ate General of Taxation for six months; (ii) there are disparities between the publicly claimed level of disbursement at the central level and the amounts actually received by mayors; and (iii) the procedure for disbursing the AFF is lengthy. According to mayors, timber companies should pay this money directly to councils following its calculation by the SIGIF.

94. All mayors of councils in forested Cameroon are unanimous in their rejection of the principle of equalization of national revenue, according to which proceeds from forest taxes are redistributed equally to all councils in Cameroon. The reason put forward for this equalization principle is that the State should use the 50 percent of the AFF and other forest taxes to finance local development projects in councils of non-forested Cameroon, thus contributing to the fight against poverty on a national scale.
95. Mayors of forested Cameroon feel that the AFF funds are not redistributed equitably. Some mayors think that the State ought to receive only 10 to 20 percent, while others feel that the State ought to receive between 30 and 40 percent. Such views are based on the fact that the overall burden of local development has fallen on Rural Councils following the withdrawal of the State from rural development. Therefore it is believed that Rural Councils should receive a higher percentage of AFF funds (see Box 8).

Local/regional administrative authorities

96. Local and regional administrative authorities — that is, district heads, sub-divisional officers, and senior divisional officers — are involved in the AFF distribution and management procedures. In the Cameroonian administrative system, councils are placed under the authority and supervision of administrative authorities. In a given subdivision (such as Gari-Gombo), the mayor is under the supervisory authority of the sub-divisional officer. The former signs the AFF management committee budgets and the latter signs the council budget. Finally, the governor approves it.
97. Local administrative authorities feel that the redistribution of the AFF fulfills the Government's concern to decentralize the management of public resources and to promote local development. This perception is similar to that of policy-makers and decision-makers at the central level. However, in spite of their significant involvement — notably in the approval of budgets — the position of local administrative authorities on the management of the AFF by mayors is ambiguous. As a whole, they assess neither positively or negatively the management of the AFF by mayors or the quality of AFF-funded infrastructure constructed in villages.
98. This lack of precision and clarity in the stance of local administrative authorities concerning AFF can be interpreted from two standpoints: (i) the 40 percent and 10 percent

BOX 8 | Excerpts of statements made by mayors on the AFF distribution percentages

“AFF is the Achilles tendon of the construction of infrastructure in council headquarters. Without AFF, many towns of the forested area would be nothing. However, there are problems related to the flow of these funds, and sharing between the State and councils is poor.”

“The 50 percent by 50 percent distribution ratio is not fair to me, particularly as we are talking of decentralization in Cameroon. We need financial resources. Councils and local communities should receive 70 percent and the State 30 percent.”

“When the State laid the groundwork for the distribution of the AFF, nobody at the council level was consulted. They decided alone. This is an unfair distribution. The State has all the money: all forest-based revenue ought to be paid to us.”

Sources: The Mayors of Mindourou and Gari-Gombo, the Deputy Mayor of Bibey and a Councillor.

of the AFF are managed without their direct involvement, meaning that their responsibility ends at the level of budget approval and thus they are able to retain a more objective viewpoint of its disbursement; or (ii) their involvement in the management of the AFF is direct, and they consequently share the responsibility for the poor results at the local level and thus are unable to provide an objective analysis of its disbursement. Our study suggests that the second scenario is a more prevalent occurrence (see also Bigombé Logo 2003; Nzoyem *et al.* 2003; Oyono 2004; Etémé 2007).

The private sector

99. From the timber companies' perspective, timber extraction is a commercial activity like all other commercial activities. The forest industry derives huge profits from the extraction and processing of wood, and the State, for its part, derives huge annual tax revenue from this activity. Moreover, the forest industry provides jobs and means of livelihood to thousands of households.
100. Managers of logging companies refuse to make any value judgment on the practices of disbursing and distributing the AFF (especially the percentage allocation). However, some forest operators interviewed feel that mayors and local administrative authorities make inappropriate use of the 40 percent and 10 percent of the AFF. To provide proof, they cite the very low contribution of the AFF to local development, as well as unorthodox practices relating to the contracting of enterprises for executing community projects. In this respect, forest operators acknowledge that they would have preferred to pay the full 50 percent of the AFF directly to village communities.

Communities bordering logging communities

101. The relationship between local communities and industrial forest exploitation is usually conflicted. Forest exploitation, like all activities related to industrial and technological expansion, carries with it an attraction for local communities, due to the prospective for jobs and financial benefits, while its destructive potential has simultaneously given it negative attributes amongst local communities, including the Pygmies (Ngoun 1999).
102. In addition to the supposed or real damage to ‘their’ forest, local communities also claim that industrial forest exploitation is profitable only to logging companies and the State. For several decades, timber extraction has not brought them much benefit. This view has led them to adopt an attitude of rejection, hence the many situations that have often brought timber companies into conflict with local communities in forested Cameroon (Verhagen and Enthoven 1993; Dabiré and Bigombé Logo 1999; Mimbimi Essono 2004).
103. Nevertheless, the decentralized forestry taxation system introduced in Cameroon’s forestry sector in 1994 has reduced some of these tensions. The transfer of 10 percent of the AFF to village communities is perceived as a step towards the recognition of their customary rights over forest and the benefits generated from its commercial exploitation. However, although local communities recognize that the distribution of the AFF is a step towards greater environmental and social justice, they believe that the State and Rural Councils remain the biggest beneficiaries of this compensation. In other words, the 10 percent of the AFF does not meet the expectations of the local population and cannot improve the quality of life in rural areas.
104. In addition to the unfair distribution of the AFF, local communities believe that mayors and administrative authorities embezzle the 10 percent earmarked for them (see Box 9), with the complicity of VDC officials. To support this argument, the most informed and radical fractions of local communities (primarily youths) often produce documents containing sums that were intended for their villages, but for which there is no outcome with regards to community infrastructure.
105. In view of methods for the management of the AFF at the local level, the local communities believe it would be desirable to have forest companies transfer sums in cash directly to local communities, once the calculation is done (see also the Recommendations section). Furthermore, the percentages of distribution, including the 40 percent for local communities and 10 percent for Rural Councils, must be reviewed.

BOX 9 | The management of the 10 percent in villages

“There is a village management committee for all our villages. But, we know that the mayor and the administrative authority have a strong influence over this committee.

Villagers have not derived any benefit from the distribution of the AFF for many years. Some people grow rich while others remain poor. Why are ghost contracts awarded behind our back and on our forest! We would have already burnt down all this forest if that was possible, so that there is no more AFF.”

Source: a group of young people at Ndoumba (Bibey Council), 25 February 2006.

“The mayor is everything: he is the manager, president, treasurer... We think that for the local population to benefit from forest exploitation, they must fully assume all responsibilities related to that activity. The mayor already manages the 40 percent allocated to the council by law; now he takes our place by managing the 10 percent allocated to local communities... We do not want this policy any more.”

Source: Efoou 2000 (5-6).

Local actors in non-forested Cameroon

106. Local communities in non-forested Cameroon view the distribution of the AFF as the outcome of a good resource distribution policy. However, they would also like to be included in the ‘forestry game’, by receiving a share of this compensation. They argue that ‘*wood belongs to all and not only to some Cameroonians.*’
107. Mayors of councils in non-forested Cameroon that hold the belief that the forests (and, subsequently, the AFF) are a national and public asset share this opinion. This view of the AFF also concerns other natural resources of the country, whose revenue is not redistributed in such a way. The following statement is representative of this view: ‘*We don’t understand why the AFF should not be redistributed everywhere, nation-wide. This is geographical and social injustice. I heard someone talk about an equalization fund that never saw the light of day. It is not our fault that we don’t have a forest. But, we all are Cameroonians and it is our timber.*’ (Mayor of Njinikom, North West Province, per. comm; May 12, 2006).

10. THE POLITICS OF FOREST-BASED REVENUE DISTRIBUTION AND MANAGEMENT

108. Data and information presented in the preceding sections of this document show that the allocation of the AFF is more or less implemented in forested Cameroon. The amounts and statistics produced at the national, regional — and local



level — attest to this fact (see Figures 1, 2, 3, 4, 5, and 6 and Tables 1 and 2).

109. At the same time, the outcome is that timber companies – whose profits are not made public – coupled with the State, get the ‘lion’s share’ of revenue derived from the exploitation of Cameroon’s timber. The disproportion between what the State and timber companies derive from the forest and the nominal share that reaches villages is considerable.
110. Overall, information on amounts of the AFF embezzled in the Rural Councils of forested Cameroon does not exist. Nevertheless, in this funnel-type redistribution mechanism (from the State to the village), the role of the grassroots rural citizen (for example, the farmer) is not noticeable (see Table 1). At the level of rural households, the increase of forest-based revenue (the AFF, in particular) does not lead to a measurable improvement in farmers’ income or quality of life. Figure 12 even shows that, on the contrary, well-being in villages in the councils visited within the scope of this case study had degraded over last ten years.
111. However, without making a definitive judgment, these case studies show that the forest does not — or is not yet able to — serve as a lever for poverty alleviation in rural areas, despite the huge sums generated from its exploitation. In several villages in forested Cameroon, the contribution of the forest to rural infrastructure and basic services ranges between 25 and 30 percent. In many others, the estimates are much lower.
112. A qualitative economic appreciation of the contribution of forest-based revenue to local development highlights the emergence of what can be termed ‘the urbanization of the AFF’. In other words, there is a strong trend for the use of the AFF for the development of small regional towns, and not for the fight against poverty at the village level - as mandated by the forestry reform.
113. The consideration of forest minorities like Pygmies is not guaranteed in the current methods of the AFF redistribution. In areas where Pygmies and Bantus coexist — in the East Province, for example — in most cases little attention is paid to the Pygmy community. This asymmetrical treatment highlights the different levels of citizenship awarded to Bantu versus Pygmy peoples. The category-specific exclusion of Pygmies from access to the AFF adds to other forms of exclusion they suffer from within the local socio-political space (see also Bigombé Logo 2002 ; Messe 2005; Oyono *et al.* 2006).
114. Areas of concentrated Cameroonian timber extraction are generally isolated. The absence of well-maintained roads is regularly accompanied by the absence of basic facilities and very low purchasing power (see Box 1). In other words, areas where timber is extracted are ‘enclaves of poverty’. This paradox, which has been imposed on local communities for

a long time, is increasingly being challenged by demands for equity in the distribution of forest-based revenue and improvement of well-being in the wake of democratization of the public sphere in the early 90s. These zones are also often transformed into ‘enclaves of violence’, when youths often take their frustrations out on timber companies by barring roads or attacking worker camps.

115. The social management of the AFF is presented in terms of access, yet access is a right. Although the AFF – at least the 50 percent allocated to rural councils and local communities – is officially defined as a local development and poverty reduction tool, the configuration of rights of access in AFF redistribution channels is an obstacle. Stakeholders with confirmed ‘rights of access,’ notably mayors, also tend to attribute to themselves the most tangible ‘rights to use’. This has led to the birth of a forestry elite that permanently devises strategies to get hold of the AFF.

11. EFFECTS ON SUSTAINABLE FOREST MANAGEMENT

116. The forest taxation systems of countries in the Congo Basin are surrounded by controversies – both in their structure as well as in their functioning. On the whole, forestry sector operators feel that the tax burdens imposed by the governments of the sub-region are high (see Karsenty 2006), yet these States insist on the potential of the forestry sector to generate significant public revenue and contribute towards local poverty alleviation. Thus many countries in the region have continued to increase the obligations of commercial actors to address these expectations. If area tax burdens are high and governments use them as an instrument for national and regional development, logging companies will be tempted to do everything possible to increase their profit margin and therefore to increase timber production. Increasing production in the forestry sector may lead to abuses such as illegal exploitation, especially into areas located outside official limits of concessions (see also Cerutti and Tacconi 2006), with uncertain consequences on biodiversity.
117. Furthermore, local communities believe that the revenue and benefits derived from commercial forest exploitation are mainly enjoyed by the State and foreign companies, as noted earlier. This case study presents elements that may reinforce this conviction, as it shows that despite regular allocation of (relatively) large sums to Rural Councils, positive socio-economic outcomes hardly take place. In response to the ‘log and evacuate’ focus of timber companies (and the resulting economic marginalization of local communities) – a form of *eco-violence* (Watts 1999) has emerged amongst some of the local population in which certain communities prefer to see ‘the end of forests’ and call for an ‘eco-apocalypse’ in order to prevent the State and commercial operators from having continued access to ‘their’ forest resources

(see Box 10). This ‘ecological nationalism’ and rejection of ‘eco-centralism’ (the primacy of the State regarding natural resources) is the negative outcome of what local communities consider to be unfair distribution, and it poses a potential threat to the sustainability of forest management.

12. POLICY OPTIONS AND RECOMMENDATIONS

The current redistribution system of the AFF continues to leave forest adjacent communities with few tangible benefits from the harvesting of what they consider their forests. The findings from this study suggest a variety of areas where changes in the policy framework and the implementation of existing mechanisms could: 1) improve distributional equity, 2) increase the impact on poverty, 3) increase local participation and engagement in the decision-making process and control of AFF revenues, and 4) provide incentives for more sustainable management of Cameroon’s primary tropical forests. To achieve these objectives, the decentralization of decision-making and the management of 50 percent of the AFF revenues must be supported by increased awareness, improved monitoring and transparency, increased management capacity and improved accountability.

Increase Awareness

Forest-adjacent communities are often unaware of the existence of AFF revenues, uninformed about their rights to engage in the decision-making process, unable to engage in the process because of lack of effective participatory mechanisms, and unsure of the difference between various funding sources. Several immediate measures could increase awareness about the distribution and use of AFF revenues, including:

- Provide more public information on the forest taxation system operating in Cameroon as well as on geographic redistribution mechanisms. This should include:
 - information campaigns through the media on the decentralized taxation system (the AFF and other forestry compensation);
 - dissemination of posters and documents (in French, English, and local languages) on the AFF at the local level by local/national/international NGOs, civil society organizations and community networks; and
 - civic education meetings on the amounts of AFF redistributed at the council and village levels involving local/national/international NGOs, mayors, concessionaries, PNNDP, administrative authorities, and village communities.
- Provide local-level public information on the use of the 10 percent of the AFF for poverty reduction purposes through:

- the compilation and dissemination of information on the contribution of forest-based revenue to poverty reduction and its achievements; and
- the promotion of pressure groups aimed at holding VDCs accountable and responsive.
- Support civic and citizen engagement at the local level on equitable redistribution of AFF and its transparent utilization for local development purposes, by:
 - publishing manuals (in French, English and local languages) on local communities’ rights and the obligations of local governments (elected Rural Councils) to the said communities; and
 - supporting social mobilisation around the redistribution of the AFF as well as its utilization for poverty reduction purposes.

Promote Monitoring and Transparency

While there is relative transparency at the national level, there are many discrepancies and a general lack of information about the distribution and use of the funds at the council and village levels. Without consistent information collection and dissemination, determining the use and impact of AFF funds continues to be nearly impossible. Efforts should be made by the Cameroonian government to:

- Monitor correlations between the PSRF/DGE records and the Rural Council records;
- Monitor correlations between Rural Council records and VDC records;
- Create an AFF oversight management body at the provincial level (with representatives from NGOs, PNNDP, the provincial administration, parliamentarians and local timber companies);
- In order to avoid discrepancies stated between amounts declared at the central level and those declared at the council level and between amounts declared at the council level and those declared at the village level, set up interactive mechanisms for a proper release and effective transfer of the 40 percent intended for Rural Council to bank accounts, as well as a proper release and effective transfer of the 10 percent intended for village communities to their postal/bank account. This can be done by:
 - creating a commission within the DGE with the mandate to monitor various operations at the central level;
 - awarding official powers to local/regional staff of the Ministry to Finance or PNNDP to monitor various operations at that level; and



- involving concessionaries in this process of transparent redistribution.
- Develop indicators for monitoring the redistribution of forest-based revenue (AFF as well as other types of compensation) and its outcomes; and
- Require that meetings take place at least every 3 months as stipulated by law and that an annual work plan is developed which lays out spending priorities for a given year (legally funds cannot be disbursed before this plan is adopted and cannot be disbursed for unlisted projects). This annual work plan would then be posted in public venues.

Improve AFF management systems and capacity

The ability of villages and councils to effectively monitor and manage the distribution and use of AFF revenues is severely hampered by a lack of resources and capacity. Villages often lack the technical capacity to manage and plan for development and management at the council level often depends on the skills and scruples of the Mayor. Government ministries and departments often lack the manpower and finances to manage the disbursement and monitoring of funds effectively. Suggested actions include:

- Publish a ministerial order fixing appropriate deadlines for the release of checks to Rural Councils and village communities;
- Create local networks aimed at planning the use of the 10 percent of AFF for local development and its full instrumentation in poverty reduction local efforts, through:
 - the involvement of local/national/international NGOs and/or PNDP in the design of village development and poverty reduction triennial plans;
 - the negotiation and validation of these plans by various stakeholders (village communities, municipal authorities, concessionaires, etc.);
 - the implementation and the monitoring/evaluation of the implementation of the development and poverty reduction plans;
 - the promotion of income generating activities in the use of the 10 percent of AFF (e.g. village micro-savings & credit systems); and
 - the promotion of local civic education on the potential of forest-based revenue over poverty reduction and well-being.
- Build and strengthen Rural Councils and communities' capacities for the management of AFF for local development purposes, by:

- organizing workshops related to fiscal decentralization and local development; and
- organizing workshops on the role of Rural Councils in poverty alleviation.

Promote Accountability

To be effective, fiscal decentralization must be accompanied by effective mechanisms for upward and downward accountability. In the case of the AFF redistribution, system accountability to the ministry of finance and national government is not systematic and accountability to the constituents living in and around timber extraction titles is virtually non-existent. Accountability could be enhanced through:

- the design of upward accountability indicators (village level to council level and council level to central level);
- the design of downward accountability mechanisms (council level to village level); and
- the application of sanctions for cases of misappropriation of funds and bad management practices along the chain of [re-]distribution and management of forest-based revenue.

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