

The challenges of redistributing forest-related monetary benefits to local governments: a decade of logging area fees in Cameroon

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SUMMARY

The Cameroonian regulatory framework on forest, wildlife and fisheries requires logging companies to pay an Area Fee (AF), half of which must be redistributed to rural councils (40%) and villages (10%) neighbouring the logging concessions. The AF had the main objectives to provide a consistent contribution to the State budget and to improve rural livelihoods through an equitable and effective redistribution of forest-related benefits. After a decade of implementation, and about €85 million redistributed to about 50 councils, the literature unanimously evaluates the livelihood impacts of the distribution of the AF to communities as weak. Less comprehensive assessments have been carried out on the impacts of distribution of the AF to local governments. This paper discusses the potential of the AF as a tool for local development through local councils, with particular attention to the economic, equity and governance issues. One of the most significant findings is that mayors, although elected and unanimously blamed for embezzlements and mismanagement of the AF, are often only scapegoats in a complex political system that does not allow the rural population to directly sanction the misuse of the AF *via* the current electoral system.

Keywords: Area Fee, Cameroon, rural councils, rural development, regulatory framework

Défis de la redistribution des bénéfices monétaires tirés de l'exploitation forestière aux conseils municipaux: une décennie de versement de la redevance forestière annuelle au Cameroun

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Le cadre réglementaire camerounais sur les forêts, faune et la pêche requiert que les compagnies forestières paient une redevance forestière annuelle (RFA), dont 40% doit être redistribuée aux communes, et 10% aux villages riverains des concessions. La RFA avait pour objectifs principaux de fournir une contribution régulière au budget de l'Etat, et d'améliorer le niveau de vie rural grâce à une redistribution efficace et équitable des bénéfices financiers liés à la forêt. Après une décennie de mise en pratique, et environ 85 millions d'euros redistribués à environ 50 communes, les rapports évaluent d'une façon unanime que les impacts socio-économiques de la distribution de la RFA aux communautés ont été faibles. Des études moins poussées ont été lancées sur les impacts de la distribution de la RFA sur les communes rurales. Cet article examine le potentiel de la RFA en tant qu'outil du développement local au travers des conseils municipaux, avec une attention particulière donnée aux questions d'efficacité économique, d'équité et de gouvernance. L'un des résultats les plus importants est que certains maires, bien que blâmés à l'unanimité pour fraude et mauvaise gestion de la RFA, ne sont souvent que des boucs émissaires dans un système politique complexe qui ne permet pas à la population rurale de sanctionner directement la mauvaise utilisation de la RFA.

Desafíos de la redistribución de beneficios financieros forestales a las administraciones locales: una década de cargas fiscales para el uso de áreas de producción maderera en Camerún

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El marco regulador camerunés sobre los bosques, la fauna y la pesca requiere que las empresas de tala de árboles paguen un impuesto local (Area Fee, o AF), la mitad del cual debe ser redistribuido a los municipios rurales (un 40%) y los pueblos (un 10%) vecinos de las concesiones de tala. El AF tenía como objetivos principales hacer una contribución constante al presupuesto estatal y mejorar los medios de vida de las comunidades locales a través de una redistribución equitativa y eficaz de beneficios de carácter forestal. Una década después de la implementación de la política, y con una suma aproximada de 85 millones de euros ya redistribuida entre unos 50 municipios, el veredicto unánime de los analistas es que el impacto sobre el terreno de la distribución del AF entre las comunidades locales ha sido más bien débil. Se han llevado a cabo también evaluaciones menos exhaustivas sobre el impacto de la distribución del AF en la administración local. Este estudio examina el potencial del AF como instrumento para facilitar el desarrollo local a través de los municipios, y se enfoca en particular sobre temas económicos, administrativo

de equidad. Entre las conclusiones más significativas se encuentra el hecho de que a menudo los alcaldes, aunque sean elegidos y culpados de forma unánime de malversación de fondos y mala administración del AF, no son más que chivos expiatorios en un sistema político complejo que no permite a la población rural imponer sanciones directas por la malversación del AF a través del sistema electoral actual.

INTRODUCTION

In Cameroon, forest logging concessions, composed of one or more Forest Management Units (FMU), and Sale of Standing Volume (SSV) provide the bulk of the annual timber production – about 91% in 2007 (MINFOF 2008). Both logging titles were introduced by the forest law of 1994. The most important difference between the two titles is that, contrary to FMUs, SSVs are short-term logging titles (maximum 3 years) and do not require the preparation and implementation of a forest management plan. The forest law introduced an auction system for the attribution of FMUs and SSVs (Republic of Cameroon 1994, 1995). The bids of logging companies are ranked against a set of technical and financial criteria – including a per hectare payment for the complete forest surface – and the winning bid is then multiplied by the surface of the logging title auctioned. The resulting amount, which must be paid annually by the logging company, constitutes the Area Fee (AF).

Although the AF already existed in the previous forestry code, one major innovation of the 1994 forest law and its implementing decrees is the distribution of the AF between the State treasury, which keeps 50% of the total, and the rural councils and the villages where logging titles are located, which respectively receive 40% and 10% of the total amount.

In line with the forest policy developed by the Ministry of Forests and Wildlife (hereafter the ministry) in the first half of the 1990s, two general objectives were assigned to the AF. First, it is designed to maintain the substantial contribution that forestry taxes make to the State budget and, second, to improve rural livelihoods through a decentralised, direct and equitable redistribution of forest revenues.

After more than a decade of implementation, the AF has provided a significant contribution to the State's budget (e.g. MINEFI 2006). We also know that the direct impact on community livelihoods has been modest (Nzoyem *et al.* 2003, Bigombe Logo 2004, Ndjanyou and Majerowicz 2004b, Oyono 2004, 2006, Morrison *et al.* 2009, Oyono *et al.* 2009). Much less is known on the use and impact of the 40% of the AF accruing to rural councils, mainly for two reasons. First, contrary to the 10% share, no specific regulation for the use of the 40% share has been issued: the AF is considered a municipal revenue and is combined with other revenues to finance councils. Hence, the use made of this particular revenue is not easily traceable. Second, surveying and assessing how public revenues are managed at the council level is often not an easy task, as the issue is charged with political sensitivity.

This article focuses therefore on the use of the councils' 40% share of the AF because, if managed appropriately, these revenues could contribute to local development and the

fight against rural poverty. The paper uses quantitative data kindly provided by the Ministries of Forests and Wildlife, Finance, and Territorial Administration and quantitative and qualitative data collected in 2008 and 2009 in eight councils selected among those receiving high levels of AF over the past decade. Interviews were carried out with concerned mayors, other members of the municipal councils, and grassroots organisations.

The case of Cameroon, and notably the redistribution of tax revenues from natural resources has general relevance. Several other countries in the Congo Basin adopted similar legal frameworks, and can thus learn lessons from the Cameroonian case. Moreover, there is an international debate on potential future redistribution schemes in the framework of REDD strategies. Their design may be improved, if some of the governance constraints discussed in this paper were tackled beforehand.

The first section focuses on a brief history of the AF in the Cameroonian context and discusses its contribution to the State budget over the past decade. The second section deals with the distribution of the AF at the council level by considering the present scheme at work as well as potential scenarios to achieve a more equitable redistribution among councils. Finally, the effectiveness of the use of the AF at the council level and its influence on local governance are analysed for the eight sampled councils. The last section concludes.

The AF contribution to the State budget

During the 1990s, the new forest law and especially its provisions on the auction system to be used for the allocation of FMUs and SSVs were not effectively implemented. Only few FMUs were attributed, and the auctions were marred by irregularities and discretionary attributions which granted logging titles neither to the more competent companies nor to the highest bidders (Global Forest Watch 2000, Cerutti and Tacconi 2008). As a result, auctions were halted from 1997 to 2000, and the log-export tax and surtaxes, which were volume-based taxes, constituted the main sources of forestry revenues. They contributed an annual average of about €31 million over the period 1994-1999.

In 1999, the ministry implemented a partial log-export ban which decreased log-export taxes by about 82% from 1999 to 2000, and stabilised at an annual average of about €6 million over the period 2000-2008. The introduction of the ban, a long-term planned provision of the 1994 law, was a negative development from the Treasury's viewpoint because it was starting the implementation of the third Structural Adjustment Plan (SAP), and although a sawmill-entry tax was introduced in 2000, its implementation proved difficult (MINEFI 2006), while the AF had not yet started

delivering the expected increase in revenues.

In 2000, the ministry started auctioning FMUs and SSVs again, and the amounts collected through the AF increased. Over the period 2000-2008, it provided an annual average of about €20 million to Treasury's coffers; less than log-export taxes in the 1990s, especially if inflation is factored in, but broadly fulfilling its role of contributing to the Treasury's much needed revenues. Other taxes introduced by the fiscal and custom reforms of 1994 and 2002, and notably those related to the industrialisation boosted by the log-export ban, such as the VAT, helped filling the gap, though they are not generally considered forestry taxes *per se*.

Two parts make up the AF's bidding price for FMUs and SSVs; a minimum price set by the ministry and the companies' bid on a per hectare basis. The minimum bidding price is set at €3.8/ha for SSVs, and €1.5/ha for FMUs. SSVs have higher minimum prices because they are short-term titles and do not require the preparation of a management plan. The law provides for the ministry to periodically adjust the rates, especially in response to inflation or to particular economic conditions, but they have never been changed.

The total AF due annually by each company is thus the bidding price times the entire surface (in hectares) of the allocated FMU or SSV. Historically, SSVs obtain higher bidding prices than FMUs, the average price paid for 169 SSVs attributed between 2000 and 2008 is about €21.3/ha, while the average price of the 93 FMUs currently attributed is about €3.8/ha. At least a couple of reasons could explain the difference. First, FMUs are attributed for a period of 15 years renewable once and can have surfaces of up to 200,000 ha, while SSVs have a maximum surface of 2,500 ha and must be harvested within three years (Republic of Cameroon 1994, 1995). Second, FMUs require companies to make further investments to guarantee that their harvesting operations are sustainable (e.g. prepare a management plan with annual logging surfaces or engage in forest certification schemes).

In 2008, the AF collected totalled about €19.5 million for an area of about six million ha, including FMUs and SSVs. This makes the AF the most important forestry tax, followed by Stumpage Fees (SF) (Figure 1).

By the end of 2006, all available FMUs had been

attributed at least once (MINFOF 2008) and, according to their bidding prices and surfaces, the annual AF collected should be about €22.8 million. However, that amount has never been reached because each year some companies default and some abandon their FMUs. In the short-term, it is likely that the general income accruing from the AF paid by FMUs will decrease because several FMUs were attributed to the highest bidders that were not necessarily those ready to engage in long-term sustainable forest management (SFM). In those cases, the winner exploits the FMU for a few years paying a relative large annual amount of AF, then abandons the concession. As a result, the expected AF will need to be reconsidered in light of the number of FMUs which are abandoned after few years. For instance, the average price paid for six FMUs, which were abandoned in 2007 and later re-attributed, decreased from about €9.6/ha to about €2.9/ha, resulting in a decrease in the projected AF of about €2.7 million per year. In 2008 and 2009, about eight more FMUs were abandoned, and their AF will likely decrease when the ministry reallocates them.

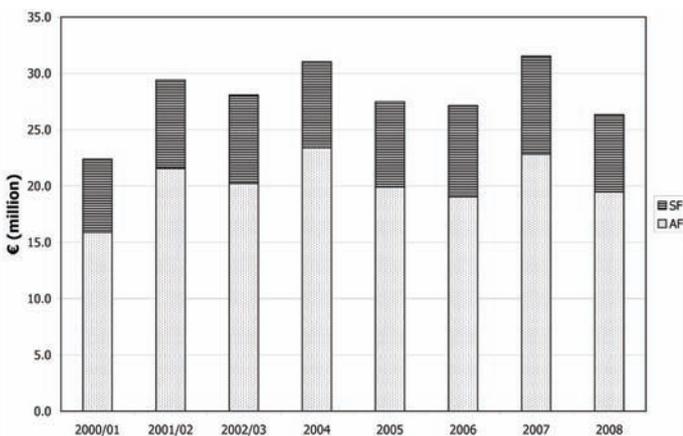
Over the longer term, variations of revenues from the AF may depend on the ministry's policy for SSVs. For more than a decade after the adoption of the 1994 forest law, the policy was to grant SSVs until all FMUs had been auctioned in order to maintain a fairly regular timber production and tax income over the years (through the AF) while progressively moving the production away from titles that did not have sustainable forest management requirements (MINEF 1999, 2004). Starting in 2004, the ministry was planning to completely wind down timber production from SSVs by 2007 (MINEF 2004). However, although SSVs decreased from about 130 in 1997/1998 to about 15-20 in 2007/2008 (MINEF 1999, MINFOF 2008), the policy was never fully implemented, and by 2009 it had actually been reversed, with the ministry granting about 40 SSVs.

Future ministerial decisions notwithstanding, it can be stated that the AF has become the main forestry tax providing a major contribution to the State budget, thus accomplishing one of its main objectives. Whether the other main objective – contributing to rural livelihoods and to the enhancement of equity in the redistribution of forest-related benefits – has been achieved is discussed in the following sections.

Equity in redistributing the AF

Since the AF inception, its redistribution among all councils over the national territory has been on the agenda of the national policy discourse as an issue of equity. Such a concern is a long standing issue between the central administration and decentralised councils and villages, especially those that do not border FMUs and SSVs but are nonetheless located in forested areas, such as councils bordering protected areas and which do not receive the AF. Also, several disputes occurred between councils that obtain only very limited amounts of AF (or that have hundreds of villages) and councils that (because of their territorial extension and their location in remote regions) receive large amounts of AF to be redistributed among a small number of villages.

FIGURE 1 Area and stumpage fees collected (2000-2008)



The AF collection from logging companies and redistribution to concerned councils and villages has undergone several changes during the past decade. For a few years after the 1994 law, the AF was redistributed in cash to rural communities, with no clear rules established for its use. Then, the government approved a decree in 1998 mandating that 10% of the total AF revenue should be allocated to village development (MINEFI and MINAT 1998). In 2000, the increased allocation of FMUs and SSVs by the ministry received so much political attention that the following year's fiscal law included provisions for an equalisation fund to redistribute of the AF across a larger number of councils, including non-forested ones. However, there was no political consensus built around the fund after the adoption of the fiscal law and the fund was never established. Between 1998 and April 2007, logging companies paid the AF to the Ministry of Finance with quarterly cheques, separated for the 10% and the 40% amounts, which were then transferred to the concerned councils and villages. Since April 2007, logging companies deposit the AF payments directly into two dedicated bank accounts held by the councils, one for the council part (40%) and another for the village part (10%). A notification of the transfer is also delivered to the Ministry of Finance, which has lost its role of collector while maintaining that of controller.

Two issues are often raised in terms of equity. One issue is largely technical and concerns the transparency of the procedure adopted to calculate the AF. The other issue is more political and focuses on the redistribution of the AF over the entire national territory.

Transparency

The AF is based on the surface of FMUs and SSVs pertaining to a given council (Republic of Cameroon 1994, 1995) and requires concerned ministries to establish a common set of baseline data. The Ministry of Territorial Administration and Decentralisation establishes the official boundaries of the councils. The Ministry of Forests locates the boundaries and establishes the surfaces of logging titles. The Ministry of Finance controls that each council gets the AF due by logging companies. In theory, different responsibilities should produce a transparent set of data with annual expected amounts by each council. In practice, the ministries do not consult each other and data from one ministry are not updated with those from another ministry. This makes it difficult for mayors, council members and the local population to know whether they are receiving the due amounts of AF, and evidences abound of councils that did not receive what was expected (e.g. Nzoyem *et al.* 2003, Ndjanyou and Majerowicz 2004a, Morrison *et al.* 2009, Oyono *et al.* 2009).

For a couple of years (until 2005), the cheques paid by logging companies were given to mayors during public meetings held in Yaoundé, with extensive press and media coverage. The meetings were initially requested, and later acknowledged, by donors as a sign of transparent management, because everyone could check the amounts

expected by each council in the country. Since 2005, the amounts due and actually disbursed per council and per logging title have not been released, even though several more FMUs and SSVs have been attributed, some have been abandoned, and some have seen their initial surface changed.

The lack of clarity about data and responsibilities among several ministries fifteen years after the adoption of the law can be ascribed more to a political choice than to technical deficiencies. Lack of transparency leaves the door open for alleged mismanagements and for conflicts at the local level between council members and the local population over the distribution of the AF. It is extremely complicated for mayors and villagers in rural Cameroon to get access to baseline data (surfaces and bidding prices), monitor the taxes paid by logging companies, and assess the share that should be paid to them every year. Before the current direct bank transfer system, that is before 2007, the literature reports many cases in which the due AF amounts had never been budgeted by councils, or where there existed discrepancies between the amounts paid by companies to the Ministry of Finance and the amounts eventually received by some rural councils (e.g. Nzoyem *et al.* 2003, Ndjanyou and Majerowicz 2004b, Morrison *et al.* 2009, Oyono *et al.* 2009).

Lack of transparency also affects the relationships between mayors, the members of the elected council committee voting the annual budget, and the local population. It often happens that mayors and local elites are suspected of using only part of the AF for the council's development activities, while reportedly keeping a substantial part for personal or political purposes. This type of conflict could be avoided with a common and widely disseminated set of baseline data. Instead, they often require the political intervention of one ministry or another to be settled by *fiat*.

Equity over the national territory

Over the past decade, the equity of the redistribution of the AF over a larger number of councils than those receiving it has been a recurrent theme in the Cameroonian political arena. As noted above, an equalisation fund was proposed but never implemented. Finally, at the end of 2009, the law on decentralisation established that half of the 40% received by each council must be recentralised into an equalisation fund and redistributed to all councils over the national territory (Republic of Cameroon 2009). The fund has also been introduced in the 2010 fiscal law (Republic of Cameroon 2010), but before the practical modalities of redistribution are clarified, including which councils would be eligible, and the fund becomes fully functional, an implementing decree is needed.

Technical solutions may be easy to devise, but what will be needed for the new fund to be implemented is political consensus over its supposed benefits. The reasons raised in favour of the fund are that the number of villages bordering the FMUs and the total population concerned are not taken into consideration by the existing redistributive procedure. If a council has a large territory and a small number of villages on which FMUs and SSVs are allocated, as it often

is the case in the East Region of Cameroon which produces the largest amount of timber, it receives larger amounts of AF than a council with a smaller territory or a larger number of villages, as in the South Region. This may seem logical, as the council that produces more gets more, but it is not perceived as such by the majority of Cameroonian councils, especially those currently excluded by the redistributive system. Several reasons may explain the current positions.

Half the AF collected over the period 2000-2008 (about €85 million) has been redistributed to about 90 different councils, with a maximum of 63 rural councils in 2006. However, since all available FMUs have been allocated, and with the expected reduction in the number of SSVs, an average of about 51 councils will be concerned by the redistribution process on a regular basis.

The 2007 AF data (Table 1) show that: a) the population concerned by the AF redistribution in the 51 councils amounts to 6.2% of Cameroonians; b) the councils concerned cover about 35% of the national land area; and c) there are large differences in the amounts received by the 51 councils, not only in absolute terms but also in the annual amounts received per person.

TABLE 1 AF redistributed per classes of value in 2007

A. Redistributed AF/ yr	B. No of councils	C. Population as percentage of total population	D. €/ person/ yr (average per class)
> € 450,000	5	0.6	49.9
300,000 < € < 450,000	7	0.8	23.5
150,000 < € < 300,000	12	1.8	11.5
75,000 < € < 150,000	6	0.6	11.7
< € 75,000	21	2.5	2.9
Total	51	6.2	19.9

On average, the population of the 51 councils received about €20 per person per year. The average income per capita in Cameroon in 2007 was about €733, but average rural income levels are usually much lower, less than €100. Therefore, the largest amounts redistributed per person per year, that is €49.9 and €23.5 (column D, Table 1), are not a trivial contribution to income in rural areas. The lowest amounts of redistribution per capita, however, which are more common in the majority of councils and include the majority of the population, are less significant. Concerns about the overall equity of the redistributive system are likely to be raised in such councils.

Issues about equitable redistribution have also been raised in relation to the lack of redistribution to all Cameroonian councils (about 370) and to the councils bordering protection forests. Protected areas in forested landscapes cover about 3.9 million ha, with a total of 93 councils concerned out of about 170 councils located in forested areas. Of the 93 councils with protected areas, 37 (which account for about 70% of the surface of protected areas) already receive the AF from existing FMUs, but the remaining 56 councils do not. The latter councils perceive protected areas as monetary

losses in terms of the potential AF that the forest could have generated if it were auctioned for logging. Both the latter group of councils and those without forests perceive the redistributive process as inequitable. Both groups complain that Cameroonian forests belong to all Cameroonians and everyone should benefit from them.

Politically, socially and financially these issues merit attention because people perceiving the forest law as unjust may tend to solve the injustice through illegal behaviour if a concerted solution is not found. For instance, the rural population living around protected areas might increase illegal logging and poaching to compensate for their perceived losses of AF. The sense of inequity is certainly not the primary cause of illegal logging, which remains primarily driven by its economic viability and lack of sanctions, but it is nonetheless one of the contributing factors.

If the political pressure exerted by unsatisfied councils and the population might justify the adoption of a different redistributive system, other reasons explain resistance to change. Some may likely be political in nature. Both the East and the South Regions, for instance, which are the ruling party historical strongholds, have about 15% of their

surfaces covered by protected areas (gazetted or planned) and 32% covered by FMUs, while the ratios are inverted for the South-West and Littoral Regions, which have about 25% of their surface covered by protected areas and only 10% and 6% respectively covered by FMUs. Financially, that means that the former two regions receive an AF of about €9.8 million, while the latter regions get €0.5 million. Thus, an equalisation fund which considers redistributing the AF would transfer funds from the ruling party's historical strongholds to the regions where the opposition has more power, and as such it is against the interest of the ruling party.

Effectiveness of the AF

The AF has become a major source of revenue for many rural councils. The dominance of the AF in the councils' budgets is obviously more pronounced for councils that have not developed alternative economic activities other than those related to timber exploitation. In a sample of eight councils located in the East Region of Cameroon, the 2008 AF ranged between 52% and 95% of total annual revenue (Table 2). The AF constitutes a very significant means for

TABLE 2 AF share of annual council budget

Council	Total of council revenue (in K€)	AF (in K€)	Share of AF in the council budget (%)
1	1,250	1,183	95
2	663	545	82
3	839	629	75
4	698	479	69
5	482	333	69
6	353	214	61
7	2,202	1,221	55
8	278	147	52

many councils to promote socio-economic development, although the effectiveness of its use has been questioned (e.g. Bigombe Logo 2004, Oyono 2004, 2006, Lescuyer *et al.* 2008, Morrison *et al.* 2009). As discussed below, our findings in sampled councils corroborate past doubts about the effective use of the AF.

It is difficult to estimate how the AF amount is used at the council level for two main reasons. First, a council's elected members are usually very reluctant to provide the council's accounts, even if they are public documents. Second, even when accounts are made available, part of the funds is budgeted for intangible expenditures that cannot be easily assessed. In the eight sampled councils, only four categories represent material investments (Table 3): purchase of land plots (budget code 2.10), other tangible assets (2.20), layout and construction building (2.21), and equipment and movables (2.22). On average, these budget lines account for about 41% of total expenditure.

Three budget categories cover the kind of expenditure previously covered by the State, that is subsidies and transfers granted for school and social infrastructures which are not always traceable (budget codes 6.50 and 6.60), as well as other tangible assets (2.20) used for the construction of national or regional roads. Since other tangible assets (2.20) have already been accounted for, the two remaining expenditure amounts to about 6% of total expenses. Materials and supplies (6.10) and staff costs (6.20), although often clearly over-budgeted, or difficult to locate or justify, cover about 23% of expenditure, thus raising tangible expenditure to about 70% of total expenditure.

Several other budget categories cover a large spectrum of intangible expenditure which is hardly traceable and seems to depend on the discretionary power of the mayors. This is the case, for instance, of transport (budget code 6.11) and other services (6.12) used by many people for disparate reasons, and other expenses (6.70) that is used for many and often unclear reasons. These various costs amount to about 22% of the total council budget, while the remaining 8% is mostly covered by the repayment of councils' debts. Thus, a significant part of the AF is used for expenses, both tangible

TABLE 3 Councils' expenditure (percentage of total expenditure, sample of 8 councils)

Budget code	Recurrent expenses	Average 8 councils (%)
6.10	Materials and supplies used	11.1
6.11	Transport used	2.1
6.12	Other services used	6.6
6.20	Staff costs	12.1
6.30	Taxes and duties	0.5
6.40	Financial cost	0.5
6.50	Subsidies granted	3.7
6.60	Transfers granted	1.8
6.70	Other expenses	13.2
	Total	51.7
	Equipment and investment expenses	
1.50	Repayment of long- and medium-term debts	3.8
1.60 & 1.70	Repayment of other LMT debts	3.6
2.10	Purchase of land plots	1.5
2.20	Other tangible assets	23.0
2.21	Layout and construction of building	4.7
2.22	Equipment and movables	11.2
2.50	Other long- and medium-term loans	0.2
2.60	Holdings and appropriations	0.3
	Total	48.3

and intangible, which are often not traceable.

Overall, after more than a decade of AF redistribution, several problems remain in the basic management of the councils' budgets, with direct impacts on the effectiveness of expenditures. Often, there are compelling reasons for the persisting problems. Since the AF started pouring into the councils' coffers, several expenses that were previously covered by the budgets of concerned ministries, such as health, education, and infrastructures, had to be covered by the councils' budget because of faltering State's investment (Oyono *et al.* 2009). Also, the lack of the appropriate technical skills needed by the councils' personnel to manage a budget, which increased in some cases by two orders of magnitude with the arrival of the AF, negatively affects the AF effectiveness.

In other cases, mayors and council committees bear part of the responsibility for the lack of effectiveness. For instance, only very rarely investments are made into growth stimulating activities, such as micro-credit and financial grants. Interviewed mayors maintain that the law is not clear whether these activities can be funded from the AF, but rural councils often also lack the long-term vision needed

for those investments to be made, especially because not necessarily compatible with the five year mandate of the mayors and the committees. Strategic development plans are still missing in about 70% of councils in Cameroon, and councils have a dependency towards external sources of revenue, which may weaken the councils' capacity to diversify the means of development over the longer term. In 2009, for instance, the government halved the AF level to smooth the negative impacts the financial crisis was having on the timber industry. This resulted in a significant decrease of the revenues of many councils, with negative impacts on basic public services such as education and health, which were almost entirely funded through the AF.

The lack of effective and independent control of the AF use, as well as the adoption of sanctions for mismanagement, also remain unresolved issues affecting the management of the AF. The tools to discover bad financial management practices and to impose effective sanctions are not lacking, but the political will to enforce them is missing. The Ministry of Finance, for instance, is supposed to organise regular audits of the management of the AF at the council level. However, these controls are rare and when sanctions are imposed they often remain unenforced. Often, administrative controls are not well designed, as the controller is also the one with some management responsibilities in the use of public funds. For instance, it is true that councils receive the AF and elected mayors must manage it, but mayors rarely authorise a large expenditure or sign a cheque without the tacit approval (or, sometimes, counter-signature) of a higher appointed official, be it the Divisional Officer or the Governor. But since part of the councils' expenditures are often used to pay such officers (in the form of daily allowances for various expenses they incur), they are then hardly in a position to exert an independent and objective control over the way public expenditures are made.

Controls are also difficult within the councils' committees, which are composed of a dozen elected members who commit themselves to jointly manage the council under the leadership of the mayor. All the elected members are, in theory, accountable to the council's inhabitants. In practice, however, since most of the members are elected on the mayor's list, once elected they are not well positioned to question a mayor's decision about how to spend public revenues, especially because all their personal expenditures (tangible and intangible) are often covered by the council's budget and must be authorised by the mayor. This theoretical accountability to the people but practical dependence on the mayor often explains why there is little room left to properly discuss, modify and control the management of the budget during council meetings, as reported by several interviewees.

Every five years of course the mayor is ultimately accountable to the people who elected him, and the use of the AF can become an issue very high on the electoral campaign, as it happened during the most recent elections in 2007. In principle, the mayor can be sanctioned for the management of the AF when election time comes. In practice though, since eligible candidates are selected at the

central level by the party, the AF can also become a means to negotiate one's way to the candidature and to power, thus disconnecting the mayor from the people, as indicated by the results of interviews held with local grassroots organisations and NGOs in the five councils receiving more than €450,000 per year (Table 1).

All mayors of sampled councils had been in office during the 2002-2007 mandate. In one council, peoples' perception about the use of the AF was very negative, as the mayor used the AF for private interest. In this case, the mayor was not selected to run for office in 2007 by the central committee of the party, but interviewees said they would have not voted for him in any case. In two councils, the perception was one of fair use of the AF, and although it is reportedly believed that both mayors had used part of the money for private purposes, they were re-elected in 2007. In the remaining two councils, the perception of the mayors' use of the AF was again very negative, but both mayors were re-elected. In one case, the mayor was the only candidate appointed by the dominant party, and in the other case, people believe the mayor was able to use the AF as a tool to negotiate his candidature at the party level and election at the council level.

CONCLUSION

Over the period 2000-2008, the AF accounted for an average of about €20 millions entering the State's coffers annually. A comparison with forestry taxes paid in the 1990s, mostly based on the volume of exported logs, shows that AF provides substantial public revenues. However, the AF's impact on the equitable redistribution of forest-related benefits and its effectiveness on rural poverty is still modest. First, the transparency of the distribution process of the AF is still limited. The ministries of forests, finance, and territorial administration have not yet been able to produce a homogeneous, public, and widely disseminated set of basic data in terms of the councils' surfaces and the annual amounts due to each council by each logging title. On the other hand, only a minority of rural councils and villages received the approximately €10 million of AF redistributed annually over the past decade, with wide differences among them. As a consequence, issues about the AF's redistributive equity have often been high on the political agenda, with two proposals for an equalisation fund presented in 2001 and in 2009 still not yet implemented.

Greater transparency of basic data may improve the effectiveness of the AF by fostering the development of longer term strategies in concerned councils and villages, while a negotiated political consensus on the equity of the redistributive mechanism may improve peoples' perceptions about the AF.

Both improved transparency and a consensus on the redistribution mechanism will fall short, however, of their potential impacts on rural livelihoods if not coupled with the enforcement of sanctions for the embezzlement or mismanagement of the AF. An assessment of the budgets

of eight councils receiving large amounts of AF shows that hardly traceable intangible expenses, which seem to depend on the discretionary power of the mayors, account on average for about 22% of annual expenditure. Moreover, expenses for tangible assets are often very difficult to justify or trace. Several tools for the adoption of sanctions already exist. But there needs to be a clarification of roles and responsibilities in the control chain to guarantee that effective and objective sanctions are issued and implemented.

Mayors are often blamed when mismanagement occurs or the expected impacts on rural poverty do not eventuate. Indeed, they are assigned by the current legal framework the most prominent role in the management of the AF and should be held accountable for their decisions, but a deeper analysis of the redistributive and sanctioning mechanisms shows that they are often only political scapegoats. For instance, in 2009 the central administration unilaterally decided to halve the AF paid by logging companies as a way to soften the impact of the global financial crisis on companies, and the new equalisation fund proposes to further halve the AF currently received in absolute terms by councils. Both measures will greatly impact the councils' budgets, but they have been taken without consultation with concerned mayors. Mayors will still be held accountable, however, for the impact of the AF on their citizens' livelihoods.

As the democratically elected representatives of the people, mayors are expected to be sanctioned by them for mismanagement of the AF when election time comes. In some cases, that may happen. But an analysis of the 2007 elections in the five councils that received the largest amounts of AF in the last decade shows that, out of the three mayors that were perceived by the local population as having badly managed the AF, and even used it for personal purposes, only one was not re-elected. In the other two cases, although the grassroots organisations and NGOs interviewed for this study expressed very negative assessments of the use of the AF over the 2002-2007 mandate, the same mayors were re-elected in 2007 because selected as running candidates by the ruling party.

Lastly, it must be noted that, even when the mayors' management of the AF is assessed as fair by the people and conflicts do not arise, investments into growth generating activities are only rarely undertaken. Investments in public infrastructure are certainly needed and often justified, especially in area such as health, education, and road-construction where the role of the central administration falters. But such investments promote the idea of the AF as a substitutive revenue for rural councils, which certainly risks making the AF falling short of its original targets.

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