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**Entrepreneurship and informality in
Cameroon**

Presented by :

**- Anaclet Désiré DZOSSA
Demographer & Statistician
Employment and Poverty Analyst
INS-Cameroon**

Outline

- **Socio-economic and institutional context;**
- **Main sources of data and operational definitions of self-employment and the informal sector in Cameroon;**
- **Scope of self-employment, informality and characteristics of the informal sector in Cameroon;**
- **Some problems related to monitoring and interventioning for the informal sector in Cameroon;**
- **Conclusion and recommendations**

1- Socio-economic and institutional context (5)

- ✓ A socio-economic and institutional environment favorable to informal employment and sector
- ✓ **1.1- In socio-economic and demographic (1/3)**
 - As effects of the **economic crisis since the mid-1980s**, and subsequent **macroeconomic reforms**, there is wild economic growth since 1995, but growth rates of gross domestic product (GDP) hovering around 2 to 5% 4% since then ;
 - A **rapid population growth** (2.7-2.9% per year), particularly in urban areas (sometimes > 5% per year);
 - A **relatively young population**: the < 15 years represent 45% and youth of 15-24 years approximately 21% in 2005.

- **1.1- In socio-economic and demographic (2/3)**
- A rapid increase in **urbanization** rate: 30.0% in 1987; 48.8% in 2005 ;
- Net primary enrollment ratio (NER) (6-11 years) of about 80% and secondary NER (12-18) of approximately 50% in 2010/2011 ;
- The labour force **participation rate** (as defined in ILO) is high, 70%, and the employment /population ratio 66 % in 2010;
- An economy characterized by the **predominance of the agricultural sector, mainly artisanal**, which employs nearly 70% of the labor force and contributes nearly 30% of the GDP; the service sector and the industrial sector being underdeveloped.
- A huge rate of overall **underemployment**, averaging 70-75% in 2005 and 2010, though slightly decreasing, that reflects job insecurity especially in terms of low income.

✓ 1.2- In the institutional and regulatory area (1/2)

An unfavorable institutional and regulatory framework for the emergence and development of the formal private initiative

- ✓ Multiplicity of stakeholders sometimes with intermingled / confused roles, that business holders (head of production units) have to work with: councils, public administration (Ministries of Trade, Employment, Finance, SMEs and Crafts, urban Development, etc.), public enterprises (e. g. National Employment Fund -. FNE, etc), private employment agencies, etc.

1.2- In the institutional and regulatory area (2/2)

- **Various constraints** that do not favor the creation of formal enterprises and business development : complex procedures, multiple registers, high costs and long duration of business creation procedures;
- **Several isolated projects /programs for supporting SME promotion and self-employment** but that are limited in scope and are lacking general coordination of their objectives and actions: NEF, PIASI, PAJER-U, PIFMAS, etc.
- **Lack of specific and functional banks** for SMEs and for agricultural business.

Consequence: The predominance of the informal sector and jobs, related to the resourcefulness of actors, coexisting with a small formal sector dominated by public services.

2- Sources of data and operational definition of the informal sector in Cameroon (2)

2.1- Main sources of data on employment and the informal sector in Cameroon (1/1)

- **In addition to some censuses** e.g. Population Censuses (last RGPH in 2005), General Business Censuses (RGE, the last one in 2009), Industrial Censuses (RI, the last one in 1983) and Agricultural Censuses (RA-most recent one in 1984) that could serve as data framing for overall estimates, though sometimes out-of- date, there are:

Data from specific surveys on employment and the informal

sector: 1-2-3 Survey, 1993 Yaoundé [about 2000 households and 1300 non-farm Informal Production Units -IPU), two national 1-2 Surveys (EESI1 in 2005, classical) and EESI2 in 2010, combined, about 8000 households and 5000 non-farm IPU each)

- **And other survey data** comprising modules on these topics. National **Poverty and living standards households surveys** : mainly ECAM2, 2001 and ECAM3, 2007, about 12 000 households)

2.2- Operational definitions of the informal sector in Cameroon (1/1)

Informal Sector

Based on the definitions and classifications used by the SNA and the resolutions of the International Conference of Labour Statisticians (ICLS),

the informal sector includes all units informal productions, that is to say, persons who exercise their main or secondary activity, as the boss or for their own account, unregistered and / or without formal written accounting activity. These informal production units (IPU) are part of the household sector as individual companies.

Thus, the two criteria for the operational definition of an IPU are:

- The non-administrative record;
- Failure to hold a formal written accounts.

Note : A check is still done on the size and the name of the UP to confirm the informality of the business.

3.1- Magnitude of self-employment in Cameroon (1/2)

- EESI data provide the distribution of the main jobs in the following occupational categories:
 - Employees (managers, skilled workers, laborers);
 - Non-employees whose independent (employers, own-account workers), Family helps/ apprentices
- It shows that in Cameroon, the waged-employee rate is low: 20.2% in 2010 (urban: rural 41% and 9%) against 18.0% in 2005.
- In contrast, around 80% of workers are not wage earners. In 2010, half of people having a job was on own account (47%) or as an employer (3%).

3.1- Magnitude of self-employment in Cameroon (2/2)

Table 1: Rate (in %) of self-employment in Cameroon in 2010

Variables	Boss or employer	Working for his own account	Total independants
<i>Milieu of residence</i>			
Urban	4.6	39.6	44.3
Rural	2.6	50.8	53.4
<i>Institutional Sector</i>			
Public	0	0	0
Private formal	5.1	1.5	6.6
Informal non agricultural	5.5	50.8	56.2
Informal agricultural	1.9	52.7	54.6
<i>Sex of the worker</i>			
Male	4.8	44.3	49.1
Female	1.6	50.0	51.6
<i>Age of the worker</i>			
10-14 years	0.0	3.3	3.3
15-24 years	0.6	28.9	29.5
25-54 years	4.7	55.8	60.5
55 years or more	4.3	79.1	83.4

3.2- Magnitude of informality in Cameroon (1/3)

Table 2: Distribution of the working population per activity branch, of youth, and urban milieu working population by basic institutional sector of the main jobs . 2005

Institutional Sector	Primary Sector	Industry	Trade	Services	Total employed 10 years and more	Youth 15-24 years	Urban Milieu
Public	0,1	3,5	0,0	21,7	4,9	0,9	10,5
Formal Private	0,7	11,7	4,6	11,1	4,8	2,3	11,8
Sub-total formal	0,8	15,2	4,6	32,8	9,8	3,1	22,3
Non -agricultural Informal	0,0	84,8	95,4	67,2	35,2	42,2	67,4
Agricultural Informal	99,1	0,0	0,0	0,0	55,2	54,7	10,3
Sub total informal	99,1	84,8	95,4	67,2	90,4	96,9	77,7
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0

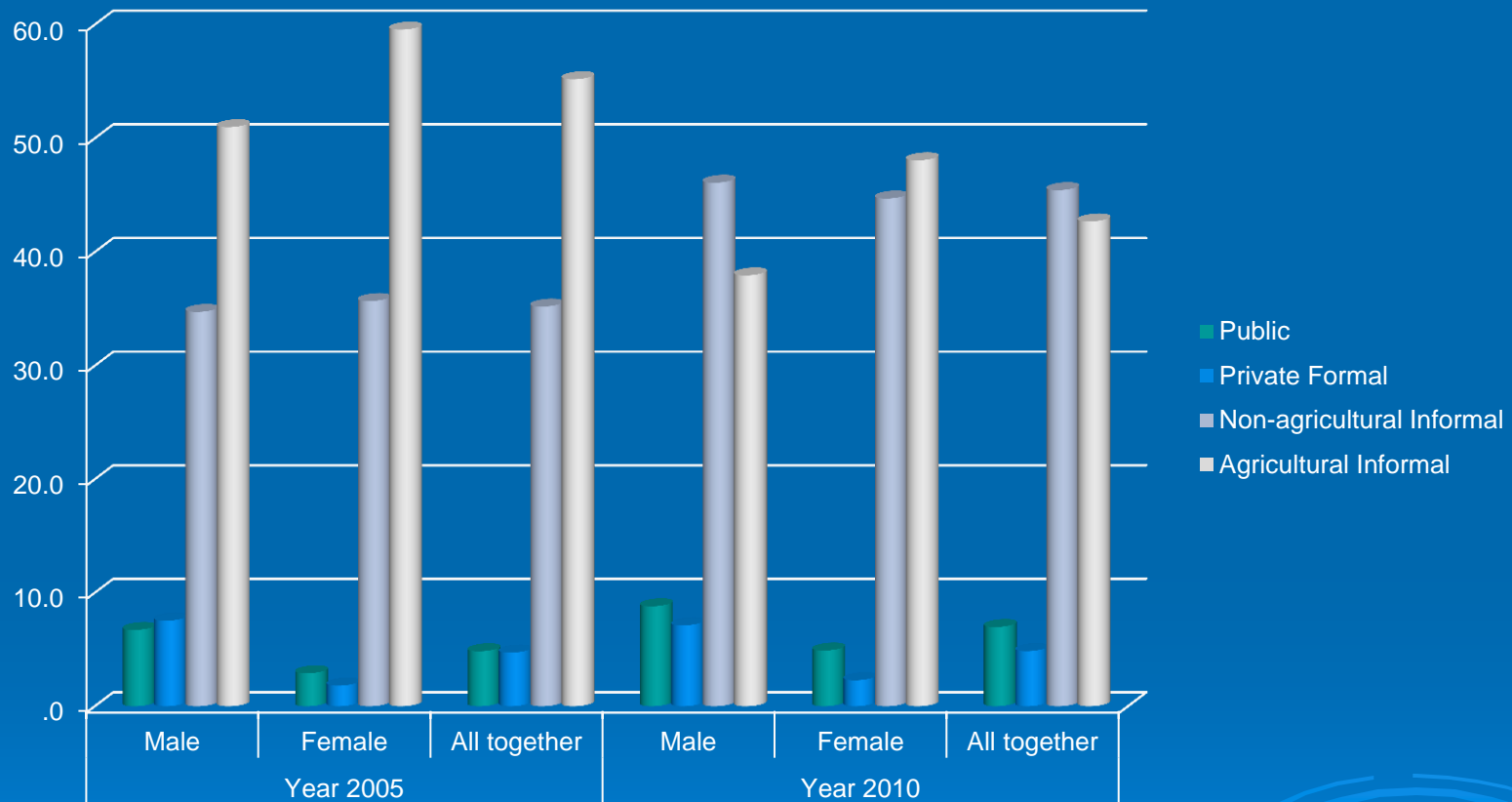
3.2- Magnitude of informality in Cameroon (1/3)

Table 3: Distribution of the working population per activity branch, of youth, and urban milieu working population by basic institutional sector of the main jobs . 2010

Institutional Sector	Primary Sector	Industry	Trade	Services	Total employed 10 years and more	Youth 15-24 years	Urban Milieu
Public	0,1	2,9	0,4	23,4	5,8	1,0	11,4
Formal Private	0,3	9,5	5,5	7,5	3,7	2,4	8,3
Sub-total formal	0,4	12,3	5,9	30,9	9,5	3,4	19,7
Non -agricultural Informal	0,2	87,7	94,1	69,1	37,5	42,3	69,9
Agricultural Informal	99,5	0,0	0,0	0,0	53,0	54,3	10,4
Sub total informal	99,6	87,7	94,1	69,1	90,5	96,6	80,3
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0

➤ 3.2- Magnitude of informality in Cameroon (2/3)

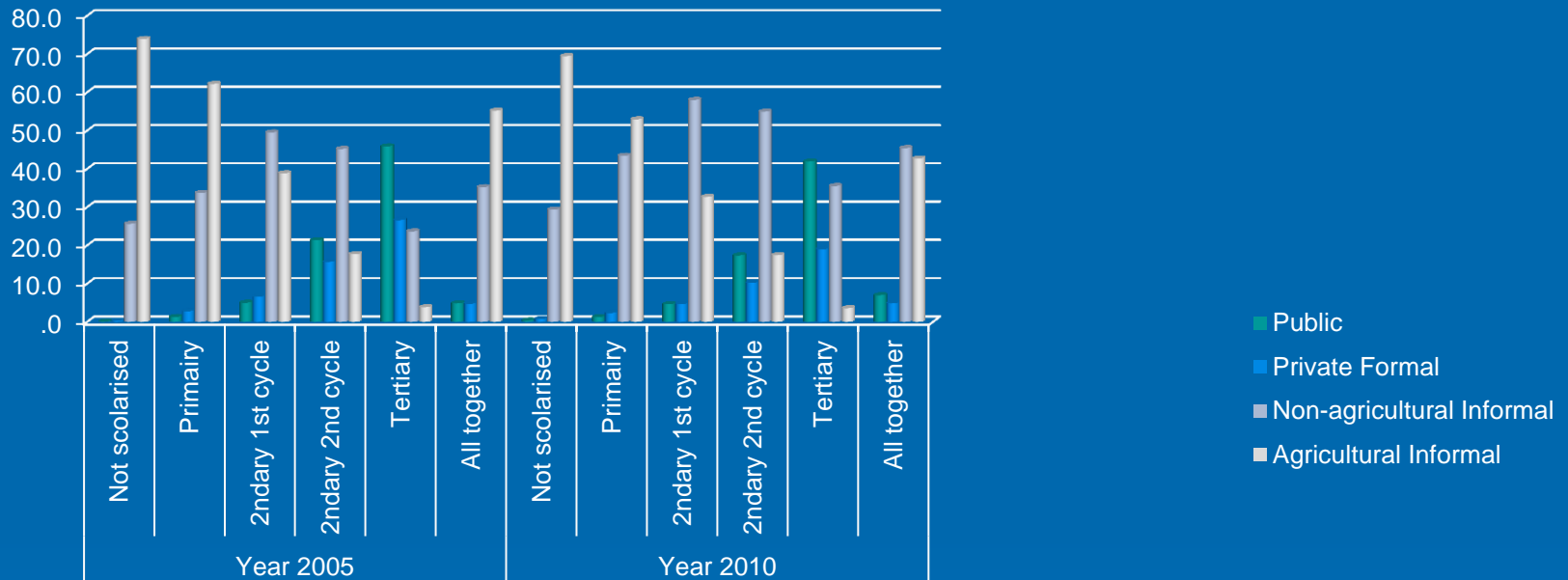
➤ Figure 1 : Distribution (in %) of main jobs for male and for female workers by institutional sector in 2005 and in 2010



Sources: INS/EESI1, 2005, phase 1 et EESI2, 2010, phase 1

➤ 3.2- Magnitude of informality in Cameroon (3/3)

➤ Figure 2 : Distribution (in %) of main jobs per level of education by institutional sector in 2005 and in 2010



Sources: INS/EESI1, 2005, phase 1 et EESI2, 2010, phase 1

3.3- Main characteristics of informal employment and informal sector in Cameroon: the precariousness and poverty (1/2)

Table 4: Some characteristics of dependent workers (main job) and their earned income by sector in 2010

Institutional Sector	% with a pay slip	% having a written contract of employment (permanent or temporary)	% having a social Security protection	% permanent workers	Mean monthly income (thousand CFA)	Median monthly income (thousand CFA)
Public	87,2	88,9	38,7	97,5	143,8	125,0
Private formal	67,6	64,1	36,9	93,0	129,3	80,0
Non- agricultural Informal	11,7	14,0	4,5	87,8	50,5	30,0
Agricultural Informal	0,6	1,4	0,1	44,0	13,8	0,6
Total Employed	19,1	20,3	5,3	68,3	39,4	15,0

3.3- Main characteristics of informal employment and informal sector in Cameroon: the precariousness and poverty (2/2)

Table 5: Some characteristics of non-farm IPU

Characteristics	2005	2010
Average size (number of workers)	1,5	1,3
Weekly mean duration of work (hours)	33,8	37,7
Mean of workers' ages (years)	31,9	33,0
Mean duration since starting this business (years)	5,7	5,8
Mean level of education (years)	5,5	7,5
Mean monthly income (thousands of CFAF)	29,6	48,4
Median monthly income (thousands of CFAF)	11,0	24,0
% UPI without accounts	99,2	97,4
% UPI without fiscal registration	93,5	94,5
% of UPI without premises	37,9	42,6
% of UPI working at home	44,9	33,7
% of UPI with at least one investment during the past 12 month	35,1	36,6
Mean amount of capital invested per UPI (CFAF)	190,2	197,8
Median amount of capital invested per UPI (CFAF)	15,0	17,0
% of UPI's head expecting good future for their business	72,3	77,7
% of UPI's head wishing their children to continue their business	45,5	69,6

3.3- Main characteristics of informal employment and informal sector in Cameroon: the precariousness and poverty (2/2)

Table 6: Incidence of monetary poverty (%) in 2001 and 2007 by socio-economic group of head of household

Groupe socioéconomique	Year 2001	Year 2007
Public	16,7	10,0
Private formal	14,1	9,6
Agricultural Informal	56,9	59,6
Non-Agricultural Informal	31,7	23,0
Unemployed	25,0	11,9
Retired	18,4	13,5
Other unemployed	43,9	34,2
Total Economically Active	40,2	39,9

4- Some problems related to monitoring and interventions for the informal sector in Cameroon (2)

- 4- Some problems related to monitoring and interventions for the informal sector in Cameroon (1/2)
- Lack of genuine single register of enterprises (units of production of goods and / or services). In principle, the taxpayer number established since 1997 by the Ministry of Finance (Taxation Department) to replace the former Statistics No. is compulsory to any person or entity engaged in an economic activity in Cameroon and should serve as single register. However, many informal enterprises (those working at home or without business premises) do not register in. Meanwhile, there is also a commercial register, a register of social security, municipal records, etc..
- Problem of standardization of operationalized concepts of employment and informal sector, defined differently depending on the administration (criteria are : administrative registration, no formal accounting, fiscal criterion, illegal underground / activities, etc..)

- 4- Some problems related to monitoring and interventions for the informal sector in Cameroon (2/2)
- Lack of integrated databases, preliminary studies on promising sectors, job opportunities, job profiles and job seekers ;
- Lack of coordination of programs / projects supporting the informal sector and promoters of SMEs ;
- Limited and sometimes misused Funding: partial selection of the beneficiaries of loans and other support, low recovery rates, reduced amounts of credit, short term of reimbursement, etc.

5- Conclusion and recommendations (2)

- In the context of Cameroon where people get most of their income from jobs they perform, and where the employee rate and income activities remain low, the promotion of entrepreneurship and formal employment, coaching and support to informal sector jobs and possibly their migration to the formal sector should be included among the priorities of the government and development partners.
- Especially, following the review and the adoption in 2009 of the old poverty reduction strategy (2003-2006) renamed Growth and Employment Strategy (2010-2020), Cameroon shall now highlight the key role of the creation of decent jobs for economic growth and development in general to achieve the desired vision of national long-term development (Vision 2035). The current promotion of agropoles is a good example.

For recommendations :

Beyond direct and multifaceted support to self-employment initiatives and their promoters, it is necessary, among other things:

- to seek positive and well documented experiments on site or in similar contexts, and to draw lessons learned,
- promote a synergy of actions between stakeholders for employment and the informal sector,
- to improve the institutional and regulatory framework to make it more favorable to job creation

Thank you for your kind
attention!