

THIRD SURVEY ON EMPLOYMENT AND THE INFORMAL SECTOR IN CAMEROON (EESI3)



Phase 2 : Informal Sector Survey



MAIN REPORT



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ACRONYMS AND ABBREVIATIONS

AFRISTAT	: Economic and Statistical Observatory of Sub-Saharan Africa
BPW	: Building and Public Works
CEMAC	: Central African Economic and Monetary Community
CFA franc	: Franc for Financial Cooperation in Central Africa
CTS	: Economic Programme Monitoring Technical Committee
DHS	: Demographic and Health Survey
EA	: Enumeration Area
ECAM	: Cameroon Household Survey
EESI	: Survey on Employment and the Informal Sector
GESP	: Growth and Employment Strategy Paper
GOS	: Gross Operating Surplus
ICLS	: International Conference of Labour Statisticians
ILO	: International Labour Organization
INSEE	: National Institute of Statistics and Economic Studies
IPU	: Informal Productive Unit
ISIC	: International Standard Classification, by Industry
K	: Capital value at replacement cost
L1	: Number of workers
L2	: Number of working hours per month
LO	: Labour Office
MDGs	: Millennium Development Goals
MINEFOP	: Ministry of Employment and Vocational Training
MINEPAT	: Ministry of Economy, Planning and Regional Development
MINTSS	: Ministry of Labour and Social Security
NDS30	: National Development Strategy for 2030
NEF	: National Employment Fund
NIS	: National Institute of Statistics
NSDS	: National Strategy for the Development of Statistics
NSIF	: National Social Insurance Fund
OHADA	: Organisation for the Harmonisation of Business Law in Africa
ONEFOP	: National Observatory for Employment and Vocational Training
OTPV	: Temporary Occupation of Public Road
PEPS	: Strengthening Public Sector Effectiveness and Statistical Capacity Project
PSM	: Minimum Statistical Programme
RGPH	: General Census of Population and Housing
SCIFE	: Central Enterprise Registration Service
SGE	: Strategy for Growth and Employment
SMEs	: Small and Medium-sized Enterprises
SMIG	: Minimum Guaranteed Interprofessional wages
SIMs	: Small and Medium-sized Industries
SNA	: System of National Accounts
TN	: Taxpayer number
UNDP	: United Nations Development Programme
UNFPA	: United Nations Population Fund

VA : Value Added
WB : World Bank

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The National Institute of Statistics (NIS) is pleased to present the report on the monitoring of trends in the informal sector in Cameroon between 2005 and 2021, in the light of the results drawn from the three editions of the Survey on Employment and the Informal Sector conducted in 2005, 2010 and 2021 (EESI1, 2 and 3). This survey, it should be remembered, is one of the operations earmarked in the National Strategy for the Development of Statistics (NSDS). One of the main objectives of its implementation is to guarantee the timely availability of quantitative and qualitative indicators for the monitoring and evaluation of the impacts relating to the implementation of the actions included in the National Development Strategy 2020-2030 (NDS30), sector strategies and Sustainable Development Goals (SDGs).

The EESI3, like previous editions, is a multi-theme survey that focuses on employment and the informal sector. It allows for the monitoring of employment and the informal sector at the national and regional levels, according to urban and rural areas, and also according to certain socio-economic characteristics. The themes discussed are among others: characteristics of IPUs, activity of IPUs, labour and working conditions, capital, financing and investment, production, integration and competition, relations with the State, mode of insertion, challenges and the informal sector outlook. Results of phase 2 of EESI3 thus make it possible to update the 2010 data and provide the relevant data for calculation of the indicators and analyses of the conditions of activity of the Informal Production Units (UPIs).

We avail ourselves of this opportunity to express our gratitude to all the households, individuals surveyed and promoters of Informal Production Units (UPIs) who were kind enough to receive the interviewer teams and agree to provide sincere answers to all the questions they were asked.

Realisation of EESI3 was made possible thanks to the financial contribution of the Government through the Ministry of Economy, Planning and Regional Development (MINEPAT), the NIS, and the World Bank (WB) through the Project to improve the Efficiency of Public Expenditure and the Statistical System (PEPS). The International Labour Organization (ILO) provided technical support. The United Nations Development Programme (UNDP) provided material support. The system established at the Ministry of Finance for the release of the State contribution made it possible to reduce the difficulties usually encountered in covering expenses, in particular those relating to collection of data in the field.

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Director General

Joseph TEDOU

EXECUTIVE SUMMARY

1. Background

After ten years of implementation of the Growth and Employment Strategy Paper (GESP) adopted in 2009, its evaluation in 2019 made it possible to establish a final situation. Conclusions concerning the Government's evaluation of the employment component of the GESP produced mixed results. The shortcomings observed, particularly with regard to the employment and development component of the informal sector, have been taken into account in the National Development Strategy 2020-2030 (NDS30), which is the second phase of the implementation of vision 2035.

Monitoring-evaluation of the implementation of the National Development Strategy 2020-2030 (NDS30) and sectoral strategies is based on the National Strategy for the Development of Statistics (NSDS). The latter has retained a series of priority statistical operations, including the Survey on Employment and Informal Sector (EESI) to be conducted every 4 years.

The third Survey on Employment and the Informal Sector (EESI3), conducted in 2021, is part of this new situation. Overall, it is aimed at providing users with a series of indicators on (i) the labour market, labour conditions and incomes and (ii) the informal sector and its contribution to the economy, in terms of employments and value added. In addition to the traditional modules, EESI3 addresses the issue of the impact of the COVID-19 pandemic on employment and the informal sector. A module on Governance, Peace and Security (GPS) has also been added to EESI3 to assess the perceptions of the population on governance, peace and security in Cameroon.

2. Scope, purpose and methodology

The third Survey on Employment and the Informal Sector (EESI3) is a two-phase statistical operation, the first of which is aimed at understanding employment (Employment Survey) and the second to assess the economic activities of the non-agricultural informal sector. (Informal Sector Survey). The two phases of EESI3 were conducted simultaneously as with EESI2.

The sampling frame used for the first phase was provided by the updated cartography of the fourth General Census of Population and Housing of 2018. It targeted a sample of 10,788 households, stratified according to the ten regions and the area of residence. The cities of Yaounde and Douala were each considered as survey regions. On the methodological level, the first phase made it possible to identify 4,762 non-agricultural informal production units (IPUs). Among these IPUs, 4,576 were successfully surveyed, i.e. a coverage rate of 96.1%.

3. Conditions of activity in the informal sector

In 2021, the informal sector was characterised by production units with a small number of workers. Nearly nine IPUs out of ten were single-person and the average size was 1.2 person. The distribution of IPUs showed that 36.4% are involved in services, 35.2% in trade and 28.4% in industry. More than half of the IPUs (56.1%) are headed by women. As part of their activities, six IPUs out of ten have no business premises and three of them out of ten do their business from home.

The initiative for the creation of nine IPU out of ten was taken solely by the promoter. IPUs are relatively young, even more so in the trade and service sectors. The average number of years of existence of IPUs is 8.5 years.

Knowledge about social security remains low among IPU promoters. For only 15.1% of the IPUs, promoters reported having already heard of social security. For three IPUs out of ten, promoters claim to know about the NSIF. However, the affiliation of workers to the social security system (NSIF) or the purchase of an insurance policy are almost non-existent.

4. Labour and working conditions in the informal sector

The employee rate is low in the informal sector. In fact, only 6 workers out of 100 are wage earners. This low level of employee rate is more significant in industry (9.6%) than in services (4.7%) and trade (3.3%).

The IPU labour force is mainly comprised of self-employed workers (78.3%). This proportion is higher in the female labour force (85.1%) compared to male labour (70.6%). The service sector (35.0%) is the one with most workers in the informal sector.

A little more than half of workers (52.3%) in the informal sector have an employment contract, i.e. 2.1% who have a written contract and 50.2% who have a verbal contract (membership or mutual agreement).

Distribution of workers in the informal sector by weekly working time shows that a little more than one worker out of five works less than 20 hours per week and almost half (47.2%) more than 40 hours. In addition, these workers work 40.5 hours per week on average. This average time varies according to the area of residence. Workers in urban areas work 44.5 hours per week on average compared to 33.1 hours in rural areas.

The average number of years of education for workers is about 6.6 years, i.e. the equivalent of a first year of secondary education. The average seniority in the production unit is 7.3 years. In addition, three workers out of four learned their trade on their own or through practice.

The average age of workers in the informal sector is 35.7 years. It varies from 37.8 years in the trade sector to 34.4 years in industry, and 35.0 years in services

The average income of workers in the informal sector is 83,409 CFA francs per month. It varies from 96,367 CFA francs for workers in urban areas to 59,520 CFA francs for those in rural areas. One hour of labour in this sector brings in an average of 669 CFA francs as employment income. The average monthly income of employers (181,200 CFA francs) is virtually double that of self-employed workers (93,500 CFA francs).

5. Capital, financing and investment in the informal sector

For a little more than half (55.9%), promoters rely on their own resources to finance the start-up of their business. The use of tontines and donations/inheritances accounts for 12.9% and 16.3% respectively.

A significant part of the IPU capital is financed by savings, donations or inheritance. Tontines finance 12.9% of the capital. Access to the banking system for the financing of the capital of the IPU is almost non-existent.

Three IPU's out of ten have capital in terms of fixed assets for their operation. The average amount of capital is 378,400 CFA francs at the national level meanwhile half of the IPU's have capital less than or equal to 36,000 CFA francs. This reflects striking disparities in the capital of IPU's.

Fixed assets forming part of the IPU capital are comprised of, in order of importance, of land or premises (47.8%), rolling stock/motor pump (36.2%), tools and others (9.2%), machinery (4.8%) and office furniture (2.1%). It should be noted that 41.3% of the capital value of IPU's accounts for goods acquired in new condition. The equipment used by IPU's is 3.7 years old on average.

A significant part of the IPU capital (60.6%) is financed by savings, donations or inheritance. Tontines finance 12.3% of IPU's' capital. Recourse to family loan for financing the capital of the IPU is low (2.9%).

At the national level, the annual investment made is 54 billion CFA francs. IPU's' investment is intended for the purchase of rolling stock/motor pumps (57.2%), acquisition of tools, other small equipment (28.9%), and acquisition of land and premises (9.4%).

6. Production, integration and competition in the informal sector

Structure of production shows that trade, which accounts for 48.8% of informal sector turnover, generates 26.7% of total production. The service sector generates 36.5% of turnover and accounts for half of total production. Finally, industry has both the lowest level of turnover (14.7%) and the lowest share (21.0%) of total production.

The value added of the informal sector is unevenly generated by the three sectors: the service sector accounts for 39.8% of the value added, trade 36.7% and industry 23.5%. Breaking down the value added into its constituent elements shows that 92.9% of overall value added corresponds to Gross Operating Surplus (GOS), 5.9% to wage bill and 1.3% to taxes, duties and finance charges.

The monthly wage bill of the informal sector is 25.6 billion CFA francs. Industry is the sector with the heaviest monthly wage bill. In view of the monthly taxes paid, contribution of the informal sector to the economy is significant. On average, IPU's pay 5.5 billion taxes monthly.

The average monthly turnover per IPU is 328,706 CFA francs in the informal sector. IPU's in the trade sector generate the highest volume of average monthly turnover (453,996 CFA francs). This is far above the national average.

Productivity indicators show that a worker in the informal sector creates on average a monthly value added of 102,200 CFA francs and that one hour of labour done generates an average of 587 CFA francs of value added. Moreover, a thousand of franc invested in capital produces an average of 439 CFA francs of value added. In the light of the level of these performance indicators, the informal sector was more productive in 2021 than in 2010.

Half of IPU's get their supplies from suppliers, who are mainly enterprises operating in the trade sector (76.9%). Activities in the informal sector take place in a highly competitive environment. The main competitors are IPU's/households/individuals (39.8%), small commercial (36.4%) and non-commercial (19.5%) private enterprises. Selling prices are

mainly set by negotiation or after haggling with clients (for 39.5% of IPU), or by setting a constant percentage on the cost price (24.8%).

7. Informal sector - State relations

The level of registration of IPU in administrative registers is low. 95.7% have no taxpayer number, 97.4% are not registered in the trade register, 97.5% have no business card and 99.5% are not affiliated with the NSIF. The main reason for non-registration of IPU relates to the non-compulsory nature of registration.

Few IPU record disputes with the State (9.1%). These disputes mainly concern taxes (34.3%). These disputes with the State usually result in the payment of an average annual fine of 23,200 CFA francs or a provision of gifts of 22,900 CFA francs.

Analysis of the perception of the IPU promoters on the migration towards the formal sector made it possible to note that 12.6% of the promoters are ready to register their IPU and 17.4% of them are ready to pay taxes.

Promoters of 14.9% of IPU agree for the establishment of a single tax for the informal sector. In the opinion of these promoters, priority areas where the taxes collected must be used are, for IPU promoters, employment creation (30.4%), education and health (30.3%) and investment for infrastructure, roads and markets (28.1%).

8. Mode of integration in the informal sector

The reasons for choosing the activity of the IPU mainly depend on the trade learned by the promoter (46.7%) and only 7.9% prefer to practice in the activities which guarantee them the most stable income.

For one IPU out of three, promoters set the production volumes depending on foreseeable demand and for two out of five, depending on their production capacity.

To sell their production, promoters of 63.7% of IPU wait for clients to show up. However, it should be noted that for respectively 23.4% and 11.4% of IPU, promoters seek to make themselves known to clients and adopt customer prospecting marketing strategies.

Two thirds of IPU are faced with challenges in conducting their activity. Of these, 32.2% say they lack clients, 20.0% face excess competition and 19.4% encounter difficulties in sourcing raw materials and products sold. The trade sector is the most affected by the issues of lack of clients or outlets (36.7%), excess competition (26.1%) and supply of raw materials and products sold (25.5%).

Promoters of nine IPU out of ten report having difficulties which could result in the shutting down of their IPU. Difficulties encountered by IPU and that may result in their closure are mainly the lack of clients (44.7%) and excess competition (13.7%).

For nearly half of the IPU, promoters would like to be afforded assistance for supply to face their difficulties of the moment. In case they were afforded a loan to finance their activities, promoters of 31.1% of IPU would devote these funds to the purchase of raw materials.

Despite the difficult economic situation, promoters of three IPUs out of four are optimistic about the future of their production unit. Moreover, for seven IPUs out of ten, promoters want their relatives or acquaintances to continue the activities of the IPU.

9. Changes in the main indicators of the informal sector

Just like in 2010, the informal sector remains dominated by single-person IPUs. The employee rate remains low and unchanged at the national level. While transport (-3.7 percentage points) and agri-food (-2.7 percentage points) are down with regard to the employee rate, repairs (+5.6 percentage points), construction (+4.8 percentage points) and wholesale trade (+1.1 percentage points) are characterised by an upturn in salaried employment. In addition, the informal sector is characterised by an increase in the weekly working time of more than 3 hours between 2010 and 2021.

The average age of workers in the informal sector is up by 2.7 years. Their level of education is down by almost a year, from 7.5 years of education (Form 2/2nd year of the first cycle of secondary education) in 2010 to 6.8 years (Form /1st year of the first cycle of secondary education) in 2021. In addition, the average monthly income of workers has increased by around 37,100 CFA francs over the period. This increase is greater in transport (+45,400 CFA francs) and catering (+46,300 CFA francs).

The average amount (in nominal value¹) of capital invested by IPUs increased by 183,800 CFA francs. Transport (+579,400 CFA francs) and repairs (+251,400 CFA francs) recorded the most significant increases in invested capital. Only catering (-22,600 CFA francs) stands out with a drop in invested capital between 2010 and 2021. The proportion of IPUs that have acquired equipment over the 12 months preceding the survey has varied very little. An investment effort was however noted in the industry sector with an increase of 8.1 percentage points. The average value of the investment made has increased by 26,000 CFA francs between 2010 and 2021.

An upturn seems to be observed in the informal sector in terms of performance. Per capita productivity, which accounts for the value added generated by a worker, was up by 45,576 CFA francs over the period. This increase was more significant in trade, and more so in retail trade and catering.

The proportion of IPU leaders willing to collaborate with the State remained low and constant over the period. This proportion is down sharply in rural areas, in the branches of construction, catering, wholesale trade and agri-food. In contrast, this proportion is on the rise in urban areas (+7.3 percentage points), in transport (+14.0 percentage points) and repairs (+12.6 percentage points).

As in 2010, about three promoters of IPUs out of four remain optimistic about the future of their IPUs. This optimism is added to the fact that they want their children to continue the activities of their IPUs.

¹ The study did not capture the elements making it possible to calculate deflators.

INTRODUCTION

1. Economic and social context

Cameroon has adopted and implemented since 2010, its Development Vision for 2035 (Vision 2035), whose overall objective is to become *an emerging country, democratic and united in its diversity by 2035*. This vision was structured in three phases: the first operationalised by the Growth and Employment Strategy Paper (2010-2019) and the second by the National Development Strategy 2020-2030 (NDS30). The specific objectives pursued by the NDS30 are in particular to reduce the poverty rate from 37.5% in 2014 to less than 25% in 2030, sustainably increase the annual growth rate to 8.1% on average over the period 2020- 2030, and to promote the creation of decent employment measured by a reduction in the overall underemployment rate, from 77% in 2014 to less than 50% by 2030.

In addition to the adverse effects of the COVID-19 pandemic since 2020 on the national economy, security challenges imposed by the Islamist sect Boko-Haram since 2014 and secessionist tendencies in the North-West and South-West regions from 2016 have weighed heavily on employment, the environment and the living conditions of the population, especially in the localities most affected by insecurity.

The completion of the third survey on employment and the informal sector (EESI3) meets the objective of evaluating the level of achievement of the objectives set in the GESP in the area of employment and making indicators available to establish the baseline situation for the monitoring and evaluation of the implementation of pillar 5 of the NDS30 on the promotion of employment and economic integration. Some of these indicators will be used to measure the level of achievement of the Sustainable Development Goals (SDGs) relating to the labour market.

2. Objectives of phase 2 of EESI3

The main objective of phase 2 of EESI3 of 2021 is to monitor the informal sector in Cameroon. EESI3 makes it possible to update the data of 2010 and therefore to assess trends in the non-agricultural informal sector. In addition, it makes it possible to:

- Know about the conditions of activity of informal production units;
- Measure the economic performance of informal production units;
- Provide data for the compilation of national accounts;
- Assess the relevance of the informal sector in the national economy;
- Identify the most promising branches of activity;
- Propose areas for improving working conditions in the informal sector, with a view to its shift towards the formal sector.

3. Drafting plan

This report on the informal sector compared to the previous reports often produced by the NIS is peculiar in that it measures labour according to the new approach for analysing the labour market, resulting from the 19th International Conference of Labour Statisticians which has refined the concept of labour and of which employment is one of its forms. It is structured around eight chapters, the first of which provides a methodological summary of the survey; the second unveils the conditions of activity of informal production units; the third deals with labour force and working conditions in the informal sector. The fourth chapter analyses capital, financing and investment of IPUs, meanwhile the fifth chapter addresses the issues of production, integration and competition. Chapter sixth discusses the informal sector - State relations. Chapter seven deals with the mode of integration in the informal sector, challenges

and prospects. The final chapter highlights changes in the main indicators of the informal sector between 2010 and 2021.

CHAPTER I: SUMMARY OF METHODOLOGY

The Survey on Employment and Informal Sector (EESI) is a statistical operation in two phases: phase 1 concerns employment (persons aged 10 or more living in ordinary households) and phase 2 informal production units (IPUs) of which a member of the household is the promoter.

In the context of this survey, the informal sector is defined as "all production units with no taxpayer number and/or which do not keep formal written accounts within the meaning of the OHADA chart of accounts".

The criterion of written accounting was introduced so as not to exclude from the scope of the survey production units which, for completely contingent reasons, could have a taxpayer number, but which may however not be considered as formal units (from the point of view of their mode of organisation and their production). In addition, it allows for the informal sector to be taken into account in the national accounts.

Among the various administrative registers in force in Cameroon, the taxpayer number (TN)² was chosen because any production activity is legally subject to the possession of such a number. Moreover, it is required for fulfilling a certain number of institutional obligations and determines access to certain benefits (taxation, social security, etc.).

1.1 Sampling design

EESI3 targets the population of individuals residing in ordinary households throughout the country as well as the population of all informal production units. In determining the overall sample size, the most important factors were balancing the requirement to estimate key indicators to characterise labour underutilisation (Phase 1 of EESI3) with acceptable accuracy at the national level, according to the area of residence (urban, rural) and the 12 areas of study (Adamawa, Centre excluding Yaounde, Douala, East, Far-North, Littoral excluding Douala, North, North-West, West, South, South-West and Yaounde), with the requirement to estimate the main indicators on the IPUs (Phase 2 of EESI3) at the national level, by area of residence and by branch/sector of activity.

The household sampling used a two-step procedure that first sampled EAs and subsequently households within the selected EAs.

A national sample of 10,788 households (5,350 households in 429 clusters in urban areas, 1,214 households in 101 clusters in semi-urban areas and 4,224 households in 352 clusters in rural areas) was envisaged for the first phase of the survey. Details of this sample are provided in Table 1.1 below.

² The taxpayer number was instituted in 1996 in Cameroon to replace the statistical number also referred to as SCIFE (Central Service for Registration in the Business Register).

Table 1.1 : Allocation of the sample of clusters and sample of households by area and by area of residence, EESI3 - Phase 2, Cameroon, 2021

Survey region	Number of households				Number of EAs			
	Urban	Semi-urban	Rural	Total	Urban	Semi-urban	Rural	Total
Douala	1,414	///	///	1,414	101	///	///	101
Yaounde	1,224	///	///	1,224	102	///	///	102
Adamawa	204	108	312	624	17	9	26	52
Centre (excluding Yaounde)	144	156	432	732	12	13	36	61
East	168	98	336	602	14	8	28	50
Far-North	276	144	756	1,176	23	12	63	98
Littoral (excluding Douala)	264	180	168	612	22	15	14	51
North	288	84	516	888	24	7	43	74
North-West	324	156	468	948	27	13	39	79
West	420	132	492	1,044	35	11	41	87
South	192	72	312	576	16	6	26	48
South-West	432	84	432	948	36	7	36	79
Total	5,350	1,212	4,224	10,786	429	101	352	882

During the first phase of EESI3, which concerns employment, data were collected from individuals with an individual questionnaire administered to every person aged 10 or more usually living in the household. Among these persons aged 10 or more, any active worker working as a boss or working as a self-employed person in a non-agricultural production unit³ who fulfils well-defined criteria (not keeping formal accounts and/or with no administrative registration) was identified as a promoter of an informal production unit. This information was used to make up a sample of IPU for which a specific questionnaire on the informal sector (phase 2) was administered to promoters. All persons identified as promoters were therefore eligible to be surveyed in phase 2 on the informal sector in order to provide information on these informal production units.

The sample obtained for phase 2 is therefore made up of all the IPU identified during the employment survey. Based on the number of sample households, 5,870 IPU are expected for the second phase of the survey (Table 1.2).

³ The notion of informal sector used will be understood as the non-agricultural informal sector.

Table 1.2 : Allocation of the sample of expected IPU by area and by area of residence, EESI3 - Phase 2, Cameroon, 2021

Region	Number of persons aged 10 or more expected				Number of expected IPUs			
	Urban	Semi-urban	Rural	Total	Urban	Semi-urban	Rural	Total
Douala	3,876	///	///	3,876	892	///	///	892
Yaounde	3,356	///	///	3,356	772	///	///	772
Adamawa	561	301	928	1,790	129	61	134	324
Centre	395	433	1284	2,112	91	88	185	364
East	461	273	996	1,730	106	56	144	306
Far-North	758	400	2244	3,402	174	81	323	578
Littoral	724	501	500	1,725	166	102	72	340
North	790	234	1532	2,556	182	48	221	451
North-West	890	433	1388	2,711	205	88	200	493
West	1,153	366	1460	2,979	265	74	210	549
South	526	200	928	1,654	121	41	134	296
South-West	1,184	234	1284	2,702	272	48	185	505
Total	14,674	3,375	12,544	30,593	3,375	687	1,808	5,870

1.2 Questionnaire

The informal sector questionnaire was used to collect data for this phase. This questionnaire, administered to employers or self-employed workers, made it possible to collect information on the conditions of undertake activities, characteristics of labour force, production, sales, expenses, management of the production unit, relations with the Administration, prospects for their IPUs, etc.

1.3 Pilot survey and training of data collection staff

The data collection procedures for phase 2 were pre-tested at the same time as those for phase 1. To this end, 16 interviewers, 4 controllers and 10 trainers were involved in the pre-test from 14-30 November 2018. Pre-test activities began with 7 days of staff training and ended with 8 days of field practice. Pre-test was conducted in the Centre, Littoral, North and North-West regions. In each region, two (02) Enumeration Areas outside the main survey sample including one in urban areas and the other in rural areas. Except for the North-West region for which the two EAs were urban, one of the EAs was drawn in an urban area and the other in a rural area. The lessons learned from this pre-test were used in the finalisation of the survey instruments and logistics.

Training of interviewers and controllers for the collection of data for phases 1 and 2 was held from Friday 16 April to Thursday 6 May 2021 in four pools based in Yaounde, Douala, Bamenda and Garoua. The NIS previously selected 246 candidates for the positions of interviewers and controllers to participate in the training. Training of these candidates focused on interview techniques, filling out questionnaires and using tablets to conduct computer-assisted interviews (CAPI method: Computer-Assisted Personal Interviewing).

The approach used consisted of i) concurrent reading of instruction manuals and questionnaires, followed by explanations and demonstrations; ii) room role-play between training staff, followed by discussions; and iii) regular organisation of assessments of the knowledge acquired, followed by room discussions. Beyond theoretical training on the

concepts, methodologies and questionnaire filling instructions, these training sessions were marked by field trips to operationalise the theoretical aspects as part of the practical phase.

At the end of training, 222 field staff were selected including 180 interviewers and 42 controllers to form 42 teams of 5 persons each on average. Each team was comprised of one controller and approximately 4 interviewers. Controllers were afforded additional training on technical control, labour organisation and logistics management, contact with the authorities and population.

Each of the 42 teams was placed under the responsibility of supervisors with experience in data collection. In addition, three to eight teams were afforded IT supervision by an expert from the IT department of the NIS for the monitoring of CAPI aspects.

1.4 Data collection

Data collection began on 10 May 2021 with the regional capital cities where each team covered at least 2 clusters before being deployed to the rest of the region. This approach made it possible to ensure close monitoring of the teams before their deployment outside the regional capital city. Deployment of field staff inside each region was made according to their language skills. In most of the survey regions, data collection was completed within the deadline, except for the North-West and South-West regions where the security situation made it difficult, and sometimes even impossible, for teams to access certain survey areas. As a result, collection was extended by a few days in these two regions.

The long period, of nearly two and a half years, between the preliminary work (mapping and pre-testing) and the actual start of data collection resulted from the restrictive measures enacted by the Government and the WHO to deal with the Coronavirus disease (COVID-19) whose first case was diagnosed in Cameroon on 6 March 2020.

Of all the households surveyed in phase 1, a total of 4,762 IPU were identified for the survey in phase 2. Of these IPU, 4,576 were successfully surveyed, i.e. a response rate of 96.1%.

Tables 1.3 and 1.4 below summarise the results relating to the coverage of the informal sector survey.

Table 1.3: Number of IPU by collection result, IPU survey response rate by EESI3 survey region - Phase 2, Cameroon, 2021

Result	Area of residence				Survey region													
	Yaounde/ Douala	Other cities	Total urban	Rural	Adamawa	Centre (excluding Yaounde)	Douala	East	Far -North	Littoral (excluding Douala)	North	North- West	West	South	South- West	Yaounde	Total	
Collection result																		
Completely filled	97.6	99.0	98.4	99.6	100.0	97.0	98.4	99.1	100.0	98.9	100.0	97.3	99.7	98.6	98.5	95.7	98.8	
Partially filled	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Not completed for absence	1.5	0.7	1.0	0.2	0.0	2.0	1.1	0.6	0.0	0.4	0.0	2.7	0.3	1.4	0.4	2.3	0.8	
Not completed for refusal	0.8	0.3	0.5	0.1	0.0	0.5	0.4	0.3	0.0	0.8	0.0	0.0	0.0	0.0	1.1	1.8	0.4	
Not completed for incapacity	0.1	0.0	0.0	0.1	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	
Other	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100.0	100.0	
Household survey																		
Number of identified IPUs	1,372	2,034	3,406	1,356	408	200	976	334	716	266	417	146	363	278	262	396	4762	
Number of IPUs surveyed	1,302	1,953	3,255	1,321	400	193	937	319	708	252	405	136	348	262	251	365	4576	
Response rate - IPU survey¹	94.9	96.0	95.6	97.4	98.0	96.5	96.0	95.5	98.9	94.7	97.1	93.2	95.9	94.2	95.8	92.2	96.1	

(1) IPU surveyed/IPU identified

1.5 Data processing and operation

As for phase 1, data collection for phase 2 of EESI3 was conducted using the CAPI method (Computer Assisted Personal Interviewing) through an application developed under CSPro 7.3. This application included menus for the various actors in the project, namely: interviewers, controllers, supervisors and coordination team. Data transfers were done by Bluetooth between the interviewers and controllers and by ftp (on the NIS server) between the other stakeholders. The application was equipped with a feature called mystic which made it possible to know that such an action was performed by such an actor on such a date and at such a time. Supervisors could therefore know how often field staff edited error listings, checked codes, transferred data to the controller, and so on. This application therefore made it possible to clean up a significant portion of the data meanwhile the interviewers were still in the field. Quality tables were produced by the operating team to detect errors not detectable by an error listing, particularly the age structure.

At the end of collection, data files were processed, merged, and databases were produced and cleared. These clearance operations were conducted in several phases and extrapolation coefficients were subsequently calculated.

Data were analysed using CSPro and SPSS software. The tabulation programmes were written in order to edit the tables whose models were provided by the analysis team. During tabulation, the value of certain indicators made it possible to continue the clearance of some variables and to produce the tables again. A preliminary report was drafted, providing key indicators of EESI3.

CHAPTER II: CONDITIONS OF ACTIVITIES IN INFORMAL PRODUCTION UNITS

This chapter describes the activities of informal production units, conditions under which these activities are conducted, rate of creation of these units and their lifespan. The chapter also discusses the opinion of IPU leaders on social security and social dialogue.

2.1 Characteristics of informal production units (IPUs)

2.1.1 Size of IPUs

The informal sector is usually characterised by production units with small numbers of employees. Table 2.1 illustrates this finding. Indeed, 85.7% of IPUs are single-person. The predominance of single-person IPUs is a widespread phenomenon in industry (78.2%), trade (89.8%) and services (87.5%). This situation could be accounted for by the ease of access and the non-requirement of a large labour in the last two sectors mentioned.

The average IPU size is 1.2 person. It varies from 1.1 in trade to 1.4 in industry. Moreover, this size hardly varies by area of residence.

Table 2.1 : Distribution (%) of IPUs by size according to the promoter's area of residence and sector of activity, EESI3 - Phase 2, Cameroon, 2021

Number of persons	Area of residence of the IPU's promoter				Sector of activity				Total
	Douala	Yaounde	Other urban	Total urban	Rural	Industry	Trade	Services	
1	88.2	87.6	82.5	84.9	87.0	78.2	89.8	87.5	85.7
2	8.3	7.6	10.6	9.5	9.4	12.0	8.1	8.8	9.5
3	1.7	1.8	4.3	3.2	2.2	5.2	1.4	2.3	2.8
4 or more	1.9	3.0	2.6	2.4	1.4	4.7	0.7	1.3	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average IPU size	1.2	1.2	1.3	1.3	1.2	1.4	1.1	1.2	1.2
Average number of employed persons	1.1	1.1	1.2	1.2	1.1	1.3	1.1	1.1	1.2

2.1.2 IPU promoter employment type and informality criteria

Among the IPUs identified during the employment survey, 85.2% are managed as their main employment by their promoters and 14.8% as a secondary employment (Table 2.2). They are relatively more numerous in this situation in urban areas (91.5%) than in rural areas (74.0%) and this regardless of the sector of activity.

Regarding the informality criterion, it appears that most IPUs (96.4%) have no taxpayer number and do not keep formal accounts within the meaning of the OHADA chart of accounts. A very small proportion (3.6%) of IPUs have a taxpayer number, but do not keep formal accounts.

Table 2.2 : Distribution (%) of IPU according to promoter employment type and informality criterion, EESI3 - Phase 2, Cameroon, 2021

	Employment type			Informality criterion			
	Main employment	Secondary employment	Total	Taxpayer number and no accounting	Accounting and no taxpayer number	No taxpayer number and no accounting	Total
Sector of activity							
Industry	85.5	14.5	100.0	2.5	0.0	97.5	100.0
Trade	85.0	15.0	100.0	3.1	0.0	96.9	100.0
Services	85.1	14.9	100.0	4.9	0.0	95.1	100.0
Area of residence							
<i>Douala</i>							
Industry	95.3	4.7	100.0	6.1	0.0	93.9	100.0
Trade	95.9	4.1	100.0	4.5	0.0	95.5	100.0
Services	89.3	10.7	100.0	8.9	0.0	91.1	100.0
<i>Yaounde</i>							
Industry	96.5	3.5	100.0	10.7	0.0	89.3	100.0
Trade	99.3	0.7	100.0	6.9	0.0	93.1	100.0
Services	96.0	4.0	100.0	5.7	0.0	94.3	100.0
<i>Other urban</i>							
Industry	91.4	8.6	100.0	2.8	0.0	97.2	100.0
Trade	87.9	12.1	100.0	3.7	0.0	96.3	100.0
Services	89.3	10.7	100.0	4.8	0.1	95.2	100.0
Total urban	91.5	8.5	100.0	5.2	0.0	94.8	100.0
Rural							
Industry	77.5	22.5	100.0	0.4	0.0	99.6	100.0
Trade	71.1	28.9	100.0	0.3	0.0	99.7	100.0
Services	72.8	27.2	100.0	1.4	0.0	98.6	100.0
Total	85.2	14.8	100.0	3.6	0.0	96.4	100.0

2.1.3 IPU activity sector

The number of IPUs is estimated at a little over 3.4 million throughout the national territory, including 63.7% in urban areas and 36.3% in a rural area.

For the purposes of analysis, three main sectors of activity were established. Processing units were grouped together in Industry, those devoted to purchase and sale as is in Trade and the other units not previously mentioned in Services. The structure of the IPUs by sector of activity shows that 36.4% of the IPUs operate in services, 35.2% in trade and 28.4% in industry (Table 2.3).

IPUs of the retail trade branch of activity are the most numerous (29.0%) in the informal sector. This branch is followed by catering (14.7%), agri-food (14.1%) and transport (10.1%). Each of the other branches accounts for less than 10% of all IPUs.

IPUs headed by men have a structure by sector of activity different from those of women. 44.7% of units headed by men operate in services, 34.3% in trade and 21.0% in industry. Among IPU promoters, 30.0% operate in services, 35.9% in trade and 34.1% in industry.

By the promoter's area of residence, IPUs are mostly involved service activities (39.8%) and trade (37.1%) in urban areas. In rural areas however, they are more focused on processing activities (37.7%).

Table 2.3 : Distribution (%) of IPUs by sector of activity according to promoter's sex and area of residence, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Promoter's sex			Area of residence					Overall
	Male	Female	Total	Douala	Yaounde	Other urban	Overall urban	Rural	
Industry	21.0	34.1	28.4	18.3	18.2	26.7	23.0	37.7	28.4
Agri-food	2.5	23.1	14.1	4.2	7.0	10.9	8.3	24.2	14.1
Clothing	2.5	8.7	6.0	5.6	8.0	7.4	7.0	4.4	6.0
Construction	8.8	0.1	3.9	5.5	1.2	3.8	4.0	3.8	3.9
Other industries	7.1	2.2	4.3	3.1	1.9	4.6	3.8	5.3	4.3
Trade	34.3	35.9	35.2	35.7	36.2	38.1	37.1	31.8	35.2
Wholesale trade	9.9	3.2	6.2	3.4	4.5	7.4	5.8	6.9	6.2
Retail trade	24.4	32.7	29.0	32.3	31.7	30.8	31.4	24.9	29.0
Services	44.7	30.0	36.4	45.9	45.5	35.1	39.8	30.5	36.4
Transport	23.1	0.0	10.1	12.0	10.3	10.2	10.8	9.0	10.1
Catering	4.5	22.7	14.7	15.5	16.0	12.2	13.7	16.5	14.7
Repair	5.1	0.0	2.3	3.0	2.5	2.7	2.7	1.4	2.3
Other services	11.9	7.3	9.4	15.4	16.8	10.1	12.6	3.6	9.4
Total	100	100	100	100	100	100	100	100	100

For more than half of the IPUs (56.1%), promoters are female. The proportion of IPUs headed by women is higher in industry (67.5%) and trade (57.2%). In contrast, service IPUs (53.8%) are mainly held by men. By branch of activity, 92.2% of the IPUs in the food industry, 86.4% of the IPUs in catering, 81.4% of the IPUs in clothing and 63.1% of the IPUs in the retail trade are headed by women. Transport (100.0%), repair (100.0%) and construction (99.0%) IPUs are almost all headed by men. In addition, seven wholesale trade IPUs out of ten are run by men.

Table 2.4 : Distribution (%) of IPUs according to promoter's sex and area of residence, according to sector of activity, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Promoter's sex			Area of residence					Total
	Male	Female	Total	Douala	Yaounde	Other urban	Overall Urban	Rural	
Industry	32.5	67.5	100.0	12.4	5.8	33.5	51.7	48.3	100.0
Agri-food	7.8	92.2	100.0	5.7	4.5	27.5	37.6	62.4	100.0
Clothing	18.6	81.4	100.0	17.7	12.0	43.9	73.5	26.5	100.0
Construction	99.0	1.0	100.0	26.7	2.9	34.8	64.4	35.6	100.0
Other industries	71.6	28.4	100.0	13.8	4.0	37.7	55.5	44.5	100.0
Trade	42.8	57.2	100.0	19.4	9.3	38.5	67.2	32.8	100.0
Wholesale trade	70.6	29.4	100.0	10.6	6.6	42.4	59.6	40.4	100.0
Retail trade	36.9	63.1	100.0	21.3	9.8	37.7	68.8	31.2	100.0
Services	53.8	46.2	100.0	24.1	11.3	34.3	69.7	30.3	100.0
Transport	100.0	0.0	100.0	22.7	9.1	35.8	67.6	32.4	100.0
Catering	13.6	86.4	100.0	20.1	9.8	29.4	59.4	40.6	100.0
Repair	100.0	0.0	100.0	25.2	9.9	42.3	77.4	22.6	100.0
Other services	56.0	44.0	100.0	31.6	16.1	38.4	86.2	13.8	100.0
Total	43.9	56.1	100.0	19.1	9.0	35.6	63.7	36.3	100.0

2.1.4 Type of premises housing the IPU's activity

Most IPUs (59.8%) have no business premises for undertaking their activities (Table 2.5). Less than a tenth (9.2%) of IPUs have specific premises (workshops, shops, offices, stores, fixed counters in market places, etc.) as part of undertaking their activities. Furthermore, 31.0% of IPUs are at home, usually without any particular facility specific to the activity. Locating IPUs at home has the advantage of minimising the cost of production (transport, rental of premises, etc.). IPUs with no premises are more frequent in urban areas than in rural areas.

Table 2.5 : Distribution (%) of IPUs according to the promoter's area of residence and the type of premises, according to the sector of activity, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Urban				Rural				Total			
	Type of premises			Total	Type of premises			Total	Type of premises			Total
	No premises	Home	With premises		No premises	Home	With premises		No premises	Home	With premises	
Industry	43.5	45.4	11.1	100.0	49.8	45.6	4.6	100.0	46.5	45.5	8.0	100.0
Agri-food	45.4	51.9	2.8	100.0	53.1	43.4	3.5	100.0	50.2	46.6	3.2	100.0
Clothing	15.1	67.5	17.4	100.0	12.4	83.4	4.2	100.0	14.4	71.7	13.9	100.0
Construction	92.5	5.2	2.3	100.0	(96.6)	(3.4)	(0.0)	100.0	94.0	4.5	1.5	100.0
Other industries	40.2	32.6	27.3	100.0	31.9	55.2	12.9	100.0	36.5	42.7	20.9	100.0
Trade	63.7	23.4	12.9	100.0	58.6	37.4	4.0	100.0	62.0	28.0	10.0	100.0
Wholesale trade	57.7	19.4	22.9	100.0	(72.2)	(24.3)	(3.5)	100.0	63.6	21.4	15.1	100.0
Retail trade	64.8	24.1	11.1	100.0	54.8	41.0	4.1	100.0	61.7	29.4	8.9	100.0
Services	69.2	18.9	11.9	100.0	64.6	31.5	3.9	100.0	67.8	22.7	9.4	100.0
Transport	99.7	0.3	0.0	100.0	100.0	0.0	0.0	100.0	99.8	0.2	0.0	100.0
Catering	67.9	20.6	11.5	100.0	51.6	44.1	4.3	100.0	61.3	30.1	8.6	100.0
Repair	56.8	13.5	29.7	100.0	(*)	(*)	(*)	100.0	57.9	16.6	25.4	100.0
Other services	47.5	34.0	18.5	100.0	(35.9)	(55.1)	(8.9)	100.0	45.9	36.9	17.2	100.0
Total	61.3	26.7	12.1	100.0	57.1	38.7	4.2	100.0	59.8	31.0	9.2	100.0

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).
- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

The type of premises usually used for the production of goods and services varies according to the sector and branch of activity. Over six IPUs out of ten in the service (67.8%) and trade (62.0%) sectors have no business premises (Table 2.6). This situation obtains for almost all transport IPUs (99.8%). This proportion is 94.0% for the IPUs in the construction branch.

Table 2.6 : Distribution (%) of IPUs according to the promoter's sex and the type of premises, according to the sector of activity, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Male				Female				Overall			
	Type of premises			Total	Type of premises			Total	Type of premises			Total
	No premises	Home	With premises		No premises	Home	With premises		No premises	Home	With premises	
Industry	63.5	23.4	13.1	100.0	38.4	56.2	5.5	100.0	46.5	45.5	8.0	100.0
Agri-food	37.5	44.5	18.0	100.0	51.3	46.8	2.0	100.0	50.2	46.6	3.2	100.0
Clothing	38.0	43.6	18.5	100.0	9.0	78.1	12.9	100.0	14.4	71.7	13.9	100.0
Construction	93.9	4.6	1.5	100.0	(*)	(*)	(*)	100.0	94.0	4.5	1.5	100.0
Other industries	44.0	32.0	23.9	100.0	17.4	69.5	13.2	100.0	36.5	42.7	20.9	100.0
Trade	67.3	17.7	15.0	100.0	58.1	35.7	6.2	100.0	62.0	28.0	10.0	100.0
Wholesale trade	67.0	16.7	16.4	100.0	(55.4)	(32.8)	(11.9)	100.0	63.6	21.4	15.1	100.0
Retail trade	67.5	18.1	14.5	100.0	58.4	36.0	5.6	100.0	61.7	29.4	8.9	100.0
Services	77.4	13.1	9.5	100.0	56.7	34.0	9.3	100.0	67.8	22.7	9.4	100.0
Transport	99.8	0.2	0.0	100.0	(*)	(*)	(*)	100.0	99.8	0.2	0.0	100.0
Catering	65.3	14.2	20.4	100.0	60.7	32.6	6.7	100.0	61.3	30.1	8.6	100.0
Repair	57.9	16.6	25.4	100.0	(*)	(*)	(*)	100.0	57.9	16.6	25.4	100.0
Other services	47.0	35.9	17.0	100.0	44.4	38.2	17.4	100.0	45.9	36.9	17.2	100.0
Total	71.0	16.8	12.2	100.0	50.9	42.2	6.9	100.0	59.8	31.0	9.2	100.0

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

According to the promoter's sex, distribution of IPUs by type of premises also highlights disparities (Table 2.6). Seven IPUs out of ten run by men undertake their activity with no business premises and 16.8% are based at home. In contrast, 42.2% of the IPUs managed by women operate at home and 50.9% have no professional premises.

There are several reasons for not having a business premise. For most IPUs with no business premises, the leaders do not deem it necessary to have them. For 39.1% of IPUs, promoters reported that they do not need it and for 25.8%, they considered conducting their activities with much more ease with no business premises (Table 2.7). It should also be noted that for 27.4% of IPUs, promoters do not have the means to rent or buy premises and for 6.6%, they declare that they have not found any available premises.

Table 2.7 : Main reasons for having no business premises by sector and branch of activity, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Couldn't find an available premise	Cannot afford to rent or buy premises	Do business more easily	Does not need it	Other	Total
Industry	5.6	23.0	25.1	44.8	1.5	100.0
Agri-food	6.0	20.6	26.6	46.1	0.7	100.0
Clothing	9.3	38.9	26.1	24.0	1.7	100.0
Construction	0.9	10.8	16.6	69.0	2.8	100.0
Other industries	3.7	22.5	27.0	43.8	3.1	100.0
Trade	8.0	34.1	26.7	30.4	0.9	100.0
Wholesale trade	8.2	23.8	26.7	40.6	0.7	100.0
Retail trade	8.0	36.1	26.6	28.4	0.9	100.0
Services	6.2	24.5	25.6	42.8	1.0	100.0
Transport	0.4	1.2	19.8	77.7	0.8	100.0
Catering	7.6	31.7	30.1	29.5	1.0	100.0
Repair	16.4	45.7	22.6	15.3	0.0	100.0
Other services	8.9	37.8	25.8	26.2	1.3	100.0
Overall	6.6	27.4	25.8	39.1	1.1	100.0

As in 2010 and 2005, the informal sector is characterised by very precarious working conditions. Most informal production units with business premises do not have access to the main basic services: 89.2% do not have access to water, 83.9% to toilets and 83.4% to the phone (Table 2.8).

By sector of activity, the services that include "personal services" provided to households such as textile cleaning, hairdressing and beauty care, repairs and catering are those relatively more provided with basic services. With the exception of running water, IPUs in urban areas are better off than those in rural areas.

Table 2.8 : Rate of access (%) of IPUs with a business premise to some basic services by area of residence of the IPU promoter and sector of activity, EESI3 - Phase 2, Cameroon, 2021

Sector of activity	Area of residence								Overall			
	Urban				Rural				Running water	Electri-city	Tele-phone	Toilet
	Runnin-g water	Electri-city	Tele-phone	Toilet	Runnin-g water	Electri-city	Tele-phone	Toilet				
Industry	6.6	74.9	6.1	23.0	(14.4)	(31.4)	(0.0)	(0.0)	8.8	62.9	4.4	16.6
Trade	6.3	54.8	15.1	11.1	(*)	(*)	(*)	(*)	5.5	48.7	14.9	9.6
Services	16.8	67.5	28.4	23.8	(*)	(*)	(*)	(*)	17.5	65.1	26.4	22.3
Overall	10.5	64.0	18.4	18.6	12.2	29.0	7.4	3.2	10.8	58.3	16.6	16.1

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

2.1.5 Initiative and reason for creating the IPU

The informal sector is one where the entrepreneurial momentum remains individual or family-based. Most IPUs (92.1%) were created solely by the person who currently runs it (Table 2.9). In addition, 6.1% of the IPUs were born from the partnership between the promoter and other persons. Meanwhile 1.5% of IPUs were created on the initiative of a member of the promoter's family.

Table 2.9 : Distribution (%) of IPUs according to the person having taken the initiative of its creation by sector of activity, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Promoter alone	Promoter with other persons	(A) family member(s) of the promoter	Other persons	Total
Industry	91.3	7.1	1.1	0.5	100.0
Agri-food	92.9	6.3	0.5	0.3	100.0
Clothing	90.2	7.7	1.7	0.4	100.0
Construction	90.7	8.1	0.5	0.6	100.0
Other industries	88.5	7.6	2.7	1.1	100.0
Trade	92.8	5.1	1.9	0.2	100.0
Wholesale trade	93.0	3.9	3.1	0.0	100.0
Retail trade	92.8	5.3	1.6	0.3	100.0
Services	92.0	6.4	1.5	0.1	100.0
Transport	95.1	3.5	1.2	0.1	100.0
Catering	91.3	7.1	1.6	0.0	100.0
Repair	91.0	7.2	1.8	0.0	100.0
Other services	90.0	8.2	1.6	0.2	100.0
Overall	92.1	6.1	1.5	0.3	100.0

Several reasons may account for the creation of an IPU. According to table 2.10, the main reason given most by promoters is the desire for independence (38.4%). The creation of 20.3% of IPUs arises from the desire for a better income. Moreover, the creation of 15.7% of IPUs results from insufficient capital for starting another business.

It was observed that for 16.2% of IPUs, promoters reported having decided to operate their production unit because they could not find paid work in the public or in the private sector.

Finally, the family tradition, through the passing on of a heritage or technical skill accounts for the professional orientation of IPU leaders in 3.7% of cases, mainly in the food industry (6.5%) and catering (5.4%).

Table 2.10 : Distribution (%) of IPUs according to the main reason for creation, by sector of activity, EESI3 - Phase 2, Cameroon, 2021

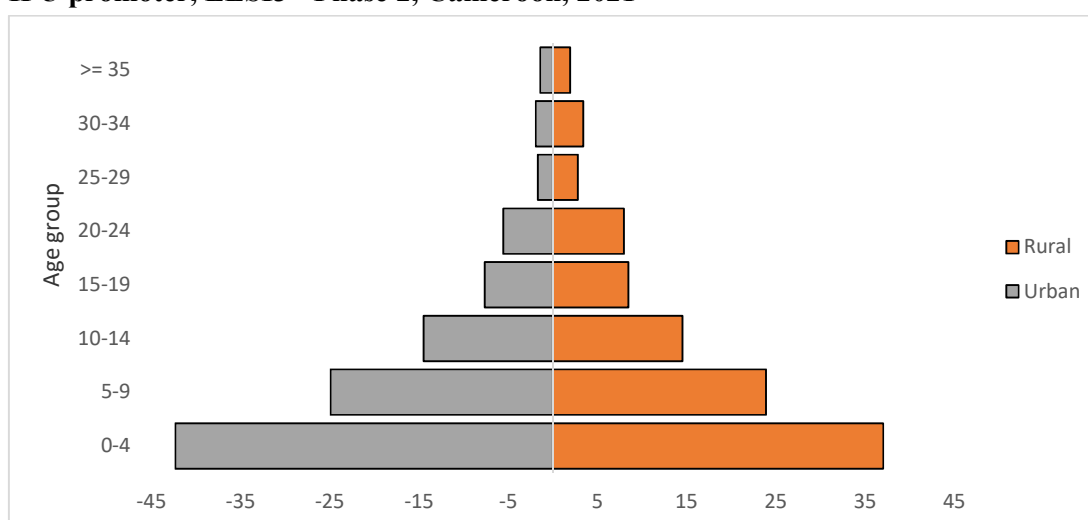
Sector and branch of activity	Did not find paid work (State/public service)	Did not find paid work (NGO/International organisation)	Did not find paid work (large/medium-sized enterprise)	Did not find paid work (small enterprise)	To have a better income	To be independent (one's boss)	By family tradition	Insufficient capital for starting another business	Other	Total
Industry	10.3	0.3	1.6	4.2	18.6	38.0	3.9	17.6	5.3	100.0
Agri-food	7.6	0.4	0.6	4.3	17.1	33.0	6.5	24.6	6.0	100.0
Clothing	11.6	0.4	2.7	3.0	15.1	49.3	2.5	11.3	3.9	100.0
Construction	22.0	0.2	4.0	5.0	19.5	41.6	0.0	3.8	4.0	100.0
Other industries	7.0	0.0	1.3	4.9	27.5	35.5	1.3	16.3	6.3	100.0
Trade	7.4	0.4	1.8	4.9	23.6	36.2	2.8	17.1	5.8	100.0
Wholesale trade	6.8	0.5	1.8	4.3	31.1	39.1	4.1	6.3	5.9	100.0
Retail trade	7.5	0.3	1.9	5.0	22.0	35.6	2.5	19.4	5.7	100.0
Services	10.4	0.2	2.2	4.8	18.5	40.7	4.3	12.9	6.0	100.0
Transport	13.2	0.2	3.6	5.5	21.1	41.3	0.2	11.2	3.8	100.0
Catering	7.7	0.4	1.4	3.3	21.2	35.6	5.4	19.7	5.3	100.0
Repair	11.7	0.0	4.7	6.0	12.8	46.5	1.9	8.5	8.0	100.0
Other services	11.3	0.0	1.2	6.1	12.9	46.8	7.6	5.0	9.1	100.0
Overall	9.3	0.3	1.9	4.7	20.3	38.4	3.7	15.7	5.7	100.0

2.2 Demography of informal production units

The demography of the IPUs makes it possible to understand how they evolve over time. It mainly concerns IPUs in operation at the time of the survey. The idea is to scrutinise the lifespan and pace of creation of these IPUs.

Graph 2.1 shows that most IPUs were created recently. The structure by age and area of residence of these has a pyramidal shape (Graph 2.1) with a widened base which shrinks very rapidly with age, especially for IPUs whose promoter lives in urban areas. This shape shows the youthful nature of most IPUs.

Graph 2.1 : Distribution (%) of IPUs according to their seniority by area of residence of the IPU promoter, EESI3 - Phase 2, Cameroon, 2021



IPUs are relatively young in Cameroon. The average age of IPUs is 8.5 years (Table 2.11). This average age is up by 1.1 years compared to 2010. By the IPU promoter's area of residence, it was observed that the lifespans of IPUs are the highest in rural areas, i.e. 9.4 years on average as against 8.0 years in urban areas. By sector of activity, the longest lifespans are recorded in the industry sector (10.0 years as against 8.0 years for trade and 7.8 years for services). Compared to the branch

of activity, the longest lifespans are registered in construction (11.6 years), repair (11.2 years) and wholesale trade (10.0 years). In contrast, IPU in transport (6.5 years), retail trade (7.5 years) and catering (7.7 years) are younger on average.

Table 2.11 : Average age (in years) of IPU according to the promoter's area of residence and sector of activity, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Area of residence		Overall
	Urban	Rural	
Industry	9.3	10.9	10.0
Agri-food	7.6	11.2	9.8
Clothing	9.6	7.4	9.0
Construction	11.7	(11.2)	11.6
Other industries	9.8	11.9	10.8
Trade	7.8	8.4	8.0
Wholesale trade	9.0	(11.5)	10.0
Retail trade	7.5	7.5	7.5
Services	7.4	8.7	7.8
Transport	6.7	6.0	6.5
Catering	6.7	9.3	7.7
Repair	11.7	(*)	11.2
Other services	7.8	(12.7)	8.5
Overall	8.0	9.4	8.5

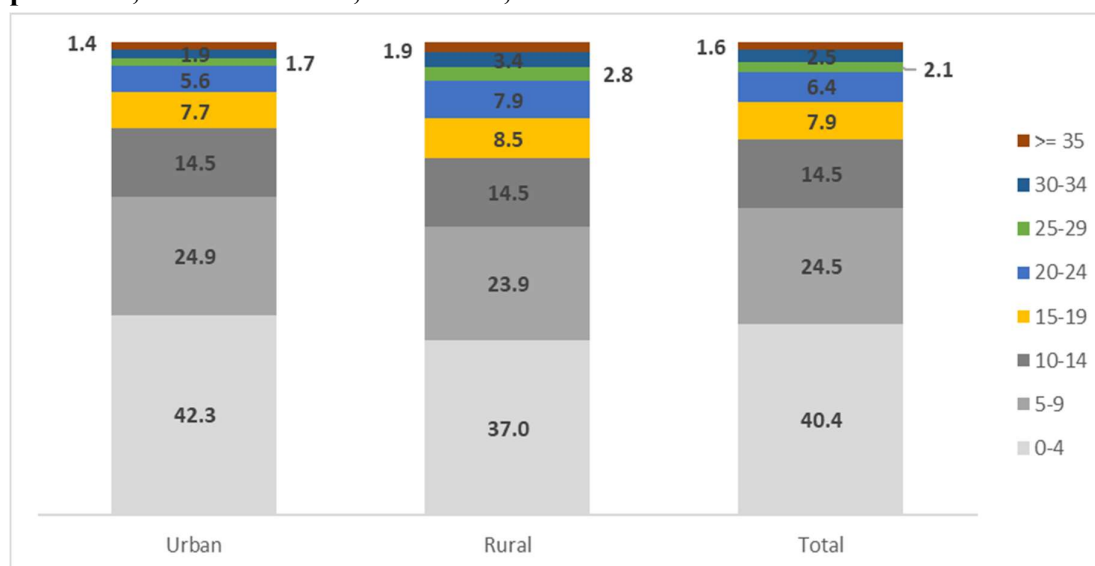
Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

The number of IPU decreases by almost half after 4 years of existence. Graph 2.2 shows that 40.4% of IPU were created after 2016 (less than 5 years old) and 39.0% between 2007-2016 (between 5-14 years old). Furthermore, it should be noted that 4.1% of IPU were at least 30 years old in 2021.

Graph 2.2 : Distribution (%) of IPU according to their age by area of residence of the promoter, EESI3 - Phase 2, Cameroon, 2021



Graph 2.3 shows a predominance of the creation of IPU in the trade sector over the past two years. For previous years and with the exception of the period before 2004, the proportion of IPU created in the services sector is the highest.

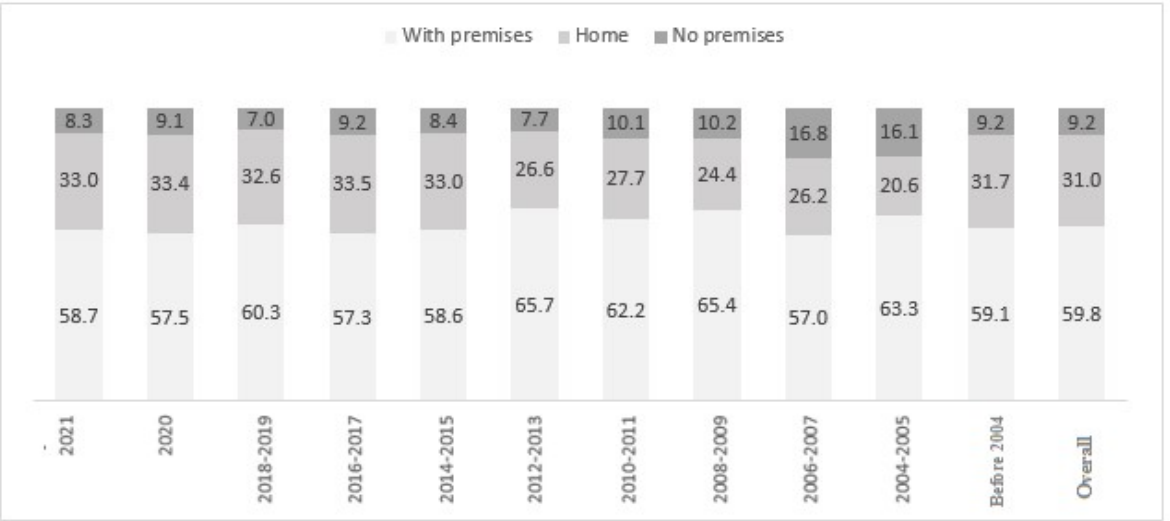
Moreover, as noted in 2010 and 2005, IPU promoters seem to have an increasingly strong propensity to establish themselves in the trade and service sectors to the detriment of the industry sector, because the industry is said to require more labour, and therefore more costs.

Graph 2.3 : Distribution (%) of IPU by sector of activity according to the year of creation, EESI3 - Phase 2, Cameroon, 2021



Graph 2.4 shows that the proportion of IPU with a business premise varies up and down over time. The same obtains for IPU with no professional premises and for those undertaking their activity at home. It should be noted that the proportion of IPU with no professional premise is the highest over the whole period. Those with premises have the lowest proportion.

Graph 2.4 : Distribution (%) of IPU by type of premises according to the year of creation, EESI3 - Phase 2, Cameroon, 2021



2.3 Perception of IPU promoters on social security

According to the ILO, the concept of social security covers all measures providing benefits in cash or in kind, to guarantee protection, inter alia, against: the absence or insufficient income as a result of illness, disability, maternity, occupational accident, unemployment, old age or death of a family member; lack of access to health care or its very expensive nature, insufficient family support, in particular dependent children and adults, general poverty and social exclusion.

EESI3 made it possible to capture IPU promoters' knowledge about social security and their assessment of the quality of service offered therein.

2.3.1 Knowledge about social security

Knowledge about social security remains low among IPU leaders (Table 2.12). Only 15.1% of IPUs, reported to have already heard about social security. This proportion is lower in rural areas and for IPUs whose promoter is female.

Regarding knowledge about the National Social Insurance Fund (NSIF), promoters of 29.2% of IPUs claim to know it. As for social security, there is increased knowledge about the NSIF for IPUs whose promoter lives in urban areas or is male.

By branch of activity, knowledge about social security is higher in the construction industry (25.5%). The lowest proportions are observed in the food industry (5.1%).

Table 2.12 : Proportion (%) of IPUs whose promoter is aware of social security, NSIF by sector of activity, promoter's area of residence and sex, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Social security					NSIF				
	Area of residence		Sex of the IPU's promoter			Area of residence		Sex of the IPU's promoter		
	Urban	Rural	Male	Female	Overall	Urban	Rural	Male	Female	Overall
Industry	18.3	5.6	23.1	6.9	12.1	36.1	8.3	36.2	16.1	22.6
Agri-food	9.2	2.6	12.0	4.5	5.1	27.0	5.6	22.6	12.9	13.7
Clothing	17.7	11.7	31.7	12.5	16.1	33.9	13.6	39.2	26.1	28.5
Construction	28.9	(19.4)	25.8	(*)	25.5	51.4	(20.7)	40.8	(*)	40.5
Other industries	28.1	4.2	20.7	(9.4)	17.5	43.9	6.9	34.2	10.3	27.4
Trade	18.4	7.0	18.9	11.5	14.7	37.6	12.0	29.3	29.2	29.2
Wholesale trade	23.8	(6.3)	17.7	14.3	16.7	34.8	(13.5)	24.6	(29.8)	26.2
Retail trade	17.4	7.2	19.4	11.2	14.2	38.1	11.6	31.2	29.1	29.9
Services	22.3	7.4	22.7	12.0	17.8	42.4	15.4	38.1	29.7	34.2
Transport	23.4	13.4	20.1	(*)	20.1	41.0	23.4	35.3	(*)	35.3
Catering	13.8	4.4	14.2	9.3	10.0	34.9	8.1	28.3	23.4	24.0
Repair	26.1	(*)	21.3	(*)	21.3	41.6	(*)	36.4	(*)	36.4
Other services	29.7	(7.2)	31.5	20.3	26.6	52.0	(27.5)	47.9	49.4	48.6
Overall	19.9	6.6	21.5	10.1	15.1	39.2	11.6	34.7	24.9	29.2

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

IPU promoters who reported having already heard about social security were asked to list the guarantees offered by this social security system. To this concern, promoters of 72.0% of IPUs recognise that social security makes it possible to ensure retirement (Table 2.13). Moreover, those of 51.5% of IPUs reported that it offers family benefits (in the event of illness, occupational accident, death, disability, maternity). For 50.3% of the IPUs, they believe that it is a guarantee for family allowances (support for minor children).

Table 2.13 : Proportion (%) of IPU's whose promoters are aware of the services guaranteed by social security among those with knowledge about social security, by promoter's area of residence and sector of activity, EESI3 - Phase 2, Cameroon, 2021

Area of residence	Industry	Trade	Services	Overall
Urban				
Family allowances (per minor child)	56.9	51.5	45.7	50.1
Family benefits (in the event of illness, occupational accident, death, disability, maternity)	53.2	53.3	49.7	51.7
Retirement pension	74.7	73.5	67.4	71.0
Rural				
Family allowances (per minor child)	(42.7)	(62.8)	(49.3)	51.8
Family benefits (in the event of illness, occupational accident, death, disability, maternity)	(52.1)	(40.0)	(60.0)	50.7
Retirement pension	(72.2)	(74.0)	(84.5)	77.1
Overall				
Family allowances (per minor child)	53.7	53.3	46.2	50.3
Family benefits (in the event of illness, occupational accident, death, disability, maternity)	53.0	51.2	51.0	51.5
Retirement pension	74.2	73.6	69.5	72.0

Note: Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

2.3.2 Mechanism for creating a social contribution and protection system

For a relatively high number of IPU's (40.1%), promoters remained indifferent to the creation of a social contribution and protection system (Table 2.14). Moreover, promoters of 8.8% of IPU's are not in favour of such an initiative. However, for 31.7% of IPU's, they agree with the creation of such a system, including 23.7% of favourable cases and 7.9% of very favourable cases.

Table 2.14: Distribution (%) of IPU's according to the assessment made by the promoter relating to the creation of a social contribution and protection system by sector of activity, EESI3 - Phase 2, Cameroon, 2021

	Sector of activity			Overall
	Industry	Trade	Services	
Very favourable	7.8	7.2	8.8	7.9
Favourable	22.3	22.8	25.7	23.7
Less favourable	19.4	21.8	17.1	19.4
Unfavourable	8.3	8.8	9.2	8.8
Indifferent/no opinion	42.1	39.5	39.2	40.1
Total	100.0	100.0	100.0	100.0

Among IPU's whose promoters are favourable or very favourable to the creation of a system of social contribution and protection, it was observed from table 2.15 that promoters of 78.5% of IPU's are of the opinion that the State should intervene in its management either as the sole stakeholder (41.3%), or with the private sector (37.2%). Moreover, promoters of 21.5% of IPU's think that such a system of social contribution and protection can be entrusted to the private sector only.

Tableau 2.15: Distribution (%) of IPU's according to the promoter's opinion about the status of the social contribution and protection system by sector of activity, EESI3 - Phase 2, Cameroon, 2021

	Sector of activity			Overall
	Industry	Trade	Services	
Parastatal (managed by the State and the a Private body)	34.9	36.0	39.8	37.2
Public (managed by the State)	44.1	41.8	38.9	41.3
Private (managed by a Private body)	21.0	22.2	21.3	21.5
Total	100.0	100.0	100.0	100.0

According to the data in Table 2.16, the main expectations of a social contribution and protection system are, in order of importance: guaranteeing the retirement of beneficiaries (44.6%); insuring beneficiaries in the event of occupational disability (19.6%); granting aid to the unemployed (15.4%), providing health coverage (10.0%); and insuring the family in the event of the premature death of the beneficiary (9.6%).

Table 2.16: Distribution (%) of IPU's according to the promoter's main expectation in relation to the social contribution and protection system by sector of activity, EESI3 - Phase 2, Cameroon, 2021

	Sector of activity			Overall
	Industry	Trade	Services	
Guarantee the retirement of beneficiaries	43.3	46.2	44.0	44.6
Insure beneficiaries in the event of occupational disability	18.9	22.1	18.0	19.6
Insure the family in the event of the premature death of the beneficiary	10.7	9.2	9.2	9.6
Provide health coverage	11.0	9.2	9.9	10.0
Grant aid to the unemployed	16.1	11.8	17.8	15.4
Other	0.0	1.5	1.0	0.9
Total	100.0	100.0	100.0	100.0

Regarding the financing of such a system, for 14.9% of IPU's, promoters are in favour of a monthly contribution of less than 500 CFA francs per employee (Table 2.17). In addition, for 64.3% of IPU's, they opt for an amount not exceeding 2,000 CFA francs per month, including 14.9% for less than 500 CFA francs, 25.7% for a contribution between 500 CFA francs and less than 1,000 CFA francs and 23.7% for a contribution between 1,000 CFA francs and less than 2,000 CFA francs.

Table 2.17: Distribution (%) of IPU's according to the portion of the maximum monthly amount of contribution by sector of activity, EESI3 - Phase 2, Cameroon, 2021

Portion of the maximum monthly contribution amount (CFA francs)	Sector of activity			Overall
	Industry	Trade	Services	
Less than 500	15.3	15.4	14.2	14.9
from 500 to less than 1,000	32.3	24.0	22.8	25.7
from 1,000 to less than 2,000	22.0	24.7	24.1	23.7
from 2,000 to less than 5,000	15.9	23.3	21.4	20.6
from 5,000 to less than 10,000	7.6	6.1	10.1	8.1
10,000 or more	6.9	6.5	7.4	7.0
Total	100.0	100.0	100.0	100.0

2.4 Social security

2.4.1 Registration of employees with the NSIF

Table 2.18 shows that in the informal sector, registration of workers with the social security system, in particular with the NSIF, does not seem to be necessary for IPU promoters. Promoters of 1.1% of IPU's reported having registered at least one of their employees with the NSIF.

The reasons which could account for this lack of enthusiasm of IPU promoters include: excess procedures, legal impediments, costs considered to be high, lack of interest, etc. Furthermore, the fact of registering with the NSIF generates costs that the IPU find it difficult to bear. These costs are sometimes high and the promoter does not directly Graph out the gains resulting from compliance with these aspects of regulations.

Table 2.18: Percentage of IPU's with at least one worker registered with the NSIF, EESI3 - Phase 2, Cameroon, 2021

	Promoter's area of residence		Sex of the IPU's promoter		Overall
	Urban	Rural	Male	Female	
Industry	1.3	0.3	2.1	0.2	0.8
Agri-food	0.4	0.0	0.0	0.2	0.1
Clothing	0.8	0.0	1.1	0.5	0.6
Construction	3.1	(0.0)	2.0	(*)	2.0
Other industries	2.4	2.2	3.2	0.0	2.3
Trade	1.7	0.3	1.5	1.0	1.2
Wholesale trade	1.9	(0.6)	1.9	(0.0)	1.4
Retail trade	1.7	0.2	1.4	1.1	1.2
Services	1.7	0.3	2.2	0.2	1.3
Transport	2.4	0.6	1.8	(*)	1.8
Catering	0.4	0.0	0.0	0.3	0.2
Repair	0.0	(*)	0.0	(*)	0.0
Other services	3.0	(0.7)	4.8	0.0	2.7
Overall	1.6	0.3	2.0	0.5	1.1

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

2.4.2 Purchase of an insurance to cover occupational risks

Regarding the risks incurred by IPUs, overall, the proportion of IPUs for which promoters have purchased an insurance policy with a private company to cover occupational risks is very marginal (1,0%). This absence of security and guarantees reflects the precarious nature of employment in the informal sector. However, it should be noted that for transport IPUs, this proportion is 4.5%.

Table 2.19: Proportion (%) of IPUs that have purchased an insurance policy by sector and branch of activity, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Proportion of IPUs that have purchased an insurance policy
Industry	0.5
Agri-food	0.2
Clothing	0.5
Construction	0.3
Other industries	1.8
Trade	0.7
Wholesale trade	1.8
Retail trade	0.5
Services	1.5
Transport	4.5
Catering	0.1
Repair	0.0
Other services	0.7
Overall	1.0

2.4.3 Compliance with the salary agreement grid

The percentage of IPUs where the salary agreements are complied with is almost zero both according to sector of activity of the IPU or the area of residence of the IPU promoter.

Tableau 2.20: Percentage of IPUs complying with agreements according to the promoter's area of residence, sex and sector of activity, EESI3 - Phase 2, Cameroon, 2021

	Promoter's area of residence		Sex of the IPU's promoter		Overall
	Urban	Rural	Male	Female	
Industry	0.5	0.4	1.1	0.1	0.4
Agri-food	0.0	0.2	1.2	0.0	0.1
Clothing	0.5	0.0	0.0	0.4	0.3
Construction	1.8	(2.6)	2.1	(*)	2.1
Other industries	0.3	0.0	0.2	0.0	0.1
Trade	0.2	0.0	0.3	0.0	0.1
Wholesale trade	1.3	(0.0)	1.1	(0.0)	0.8
Retail trade	0.0	0.0	0.0	0.0	0.0
Services	0.4	0.0	0.1	0.5	0.3
Transport	0.2	0.0	0.2	(*)	0.2
Catering	0.4	0.0	0.0	0.3	0.3
Repair	0.0	(*)	0.0	(*)	0.0
Other services	0.6	(0.0)	0.1	1.0	0.5
Overall	0.3	0.1	0.4	0.2	0.3

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).
 - An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

2.5 Social dialogue

Social dialogue is one of the elements that make work decent. It applies to both formal and informal sector workers. According to the ILO, "*it is not possible to achieve fair conditions of employment, decent working conditions, occupational safety and health and development for the benefit of all without the active involvement of workers, employers and governments through social dialogue*". This concern was taken into account in EESI3 *inter alia* through the existence or not of conflicts within the IPU, the type of these conflicts and their outcomes.

Over the past twelve months preceding the survey, the proportion of IPUs having recorded conflicts between the promoter and their employees is low (0.4%). Promoters in the industry (1.1%) reported the most to have been in conflict with their employees over this reference period.

Table 2.21: Proportion (%) of IPUs whose promoter had conflicts with its employees during the past 12 months, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Sex of the IPU's promoter		Promoter's area of residence		Overall
	Male	Female	Urban	Rural	
Industry	3.3	0.0	1.1	1.1	1.1
Agri-food	(*)	0.0	0.0	0.0	0.0
Clothing	(*)	(0.0)	(0.3)	(*)	(1.4)
Construction	7.5	(*)	5.7	(*)	(13.8)
Other industries	0.0	(*)	(0.0)	(*)	0.0
Trade	0.4	0.0	0.3	(0.0)	0.2
Wholesale trade	(*)	(*)	(1.4)	(*)	(*)
Retail trade	0.1	0.0	0.1	(0.0)	0.5
Services	0.1	0.0	0.1	(0.0)	0.0
Transport	(*)	(*)	(*)	(*)	(*)
Catering	(*)	0.0	0.0	(0.0)	0.0
Repair	0.6	(*)	(0.7)	(*)	(1.6)
Other services	(0.0)	(0.0)	(0.0)	(*)	(0.0)
Overall	0.9	0.0	0.4	0.4	0.4

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).
 - An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

CHAPTER III: LABOUR FORCE AND WORKING CONDITIONS IN THE INFORMAL SECTOR

This chapter reports on the characteristics of workers in the informal sector through the information collected in the Informal Production Units (IPUs). It reports on the level of pay of workers, their premiums and benefits, working time and the capacity for integration of women and young people. It also analyses the dynamics of employment creation in this sector. Here, analysis of labour was made on all workers and not only on employed persons in the light of the new definition (see 19th International Conference of Labour Statisticians). This choice is further accounted for by the composition of labour which participates in the production of the IPU, in particular family helpers and apprentices.

3.1 Employee rate

In the informal sector, a very low proportion of IPUs (2.6%) employs at least one employee (Table 3.1). This proportion is down 3.1 percentage points compared to 2010 (5.7%). It is slightly above the national level in the industry sector (3.3%) and services (2.9%), and below in the trade sector (1.7%). There are disparities by the promoter's area of residence. IPUs which employ at least one employee are proportionally more numerous in urban areas (3.4%) compared to rural areas (1.1%).

As part of this report, the employee rate is calculated by relating the number of employees to all the IPU staff. This rate remains low in the informal sector. Nearly 6 workers out of 100 are salary-earners, as against 9 persons out of 100 in 2010. This result could be accounted for by the strong predominance of single-person IPUs. The employee rate is higher in industry (9.6%) than in services (4.7%) and trade (3.3%). Moreover, it is higher in urban areas (7.0%) than in rural areas (3.7%), in Douala (7.7%) than in Yaounde (4.9%).

Table 3.1: Distribution (%) of IPUs by type, employee rate according to the promoter's area of residence and sector of activity, EESI3 - Phase 2, Cameroon, 2021

	Promoter's area of residence				Sector of activity				Overall
	Douala	Yaounde	Other urban	Total Urban	Rural	Industry	Trade	Services	
Types of IPUs									
Single-person	88.2	87.6	82.5	84.9	87.0	78.2	89.8	87.5	85.7
Non-salary	7.0	8.6	13.2	10.7	11.4	16.5	8.2	9.3	11.0
Salary	4.3	2.5	3.2	3.4	1.1	3.3	1.7	2.9	2.6
Mixed	0.5	1.2	1.1	1.0	0.5	2.0	0.3	0.3	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Percentage of IPUs with at least one employee</i>	4.3	2.5	3.2	3.4	1.1	3.3	1.7	2.9	2.6
<i>Employee rate (%) of IPU labour</i>	7.7	4.9	7.1	7.0	3.7	9.6	3.3	4.7	5.8

3.2 Workers characteristics

Labour includes all activities carried out by persons of any sex and any age to produce goods or provide services intended for consumption by others, or for their personal consumption. In the new labour market analysis approach, there are five (05) forms of labour, namely: production labour for

personal consumption, employment as a form of work performed for third party for pay or profit, unpaid trainee labour, voluntary labour⁴ and unpaid compulsory work performed for others⁵.

This section analyses the status and sector of activity of employed persons in the informal sector on the one hand, and focuses on vulnerable employment in the informal sector on the other.

3.2.1 Status and sector of activity of workers in the informal sector

Distribution of workers in the informal sector according to status shows that self-employed workers (78.3%) top the list (Table 3.2). This proportion was 70.6% in 2010. This proportion is higher among women (85.1%) than among men (70.6%). Bosses account for 2.2% of all workers, i.e. 3.8% among men and almost 1% among women. Employees account for 5.8% of workers. This proportion is higher among men (10.5%) than among women (1.5%). Family workers and apprentices represent respectively 6.7% and 5.6% of the total number of workers. Compared to the sector of activity, it was observed that 32.7% of workers in the informal sector operate in the industry sector, 32.3% in the trade sector and 35% in the service sector.

Table 3.2: Distribution (%) of workers by status, sector of activity and sex, EESI3 - Phase 2, Cameroon, 2021

	Sex		Overall
	Male	Female	
Worker's status			
Boss	3.8	0.8	2.2
Self-employed worker	70.6	85.3	78.3
Salary-earner	10.5	1.5	5.8
Paid apprentice	4.7	1.0	2.8
Unpaid apprentice	3.0	2.5	2.8
Family helper	5.0	8.3	6.7
Partner	2.3	0.5	1.4
Sector of activity			
Industry	29.5	35.6	32.7
Trade	30.5	34.0	32.3
Services	40.0	30.4	35.0
Total	100.0	100.0	100.0

Two self-employed workers out of three (65.8%) reported that their work is permanent (Table 3.3). This proportion is higher in urban areas (68.1%) than in rural areas (60.9%). According to the worker's status, there are relatively most permanent workers among salaried employees (78.4%).

According to the type of employment contract, it turned out that more than half (52.3%) of employees (salary-earners, apprentices and family helpers) have an employment contract, i.e. 2.1% with a written contract and 50.2 % with a verbal contract (Table 3.3). In contrast, a little less than one employee out of two (47.7%) has no contract, including 1.7% on probation. This could be accounted for, *inter alia*, by the predominance of employees with a family relationship with IPU promoters.

Dependent workers are hardly afforded social contributions (0.1%). This could be accounted for by the fact that despite the recent introduction of institutional social security coverage (affiliation with the National Social Insurance Fund-NSIF) taking into account the informal sector's players, this measure is still not popularised.

⁴ This is non-compulsory and unpaid work performed for others.

⁵ These include unpaid community service, unpaid work performed by prisoners when imposed by a court or similar authority, and unpaid military or alternative civilian service.

3.2% of dependent workers are afforded premiums. According to the area of residence, employees that are afforded premiums are proportionally more numerous in Yaounde (7.2%) and Douala (6.7%). As for profit-sharing, it is very low and concerns only 3.7% of dependent workers.

Tableau 3.3: Characteristics of dependent workers according to the promoter's status and area of residence, EESI3 - Phase 2, Cameroon, 2021

	Percentage of dependents reporting that their employment is permanent	Type of contract					Premiums	Paid leave	Profit-sharing	Social contributions	No family relationship with the promoter
		Written contract	Membership/over-the-counter contract/other	On probation	No contract	Total					
Status											
Salary-earner	78.4	4.7	84.9	0.4	10.0	100.0	5.7	2.5	4.0	0.0	88.6
Paid apprentice	52.9	2.3	67.5	2.5	27.6	100.0	0.0	0.8	1.9	0.0	79.4
Unpaid apprentice	70.6	1.5	33.9	6.8	57.9	100.0	0.3	0.0	3.7	0.6	62.1
Family helper	58.3	0.0	19.7	0.4	79.8	100.0	3.6	0.0	4.1	0.0	9.2
Area of residence											
Douala	63.2	4.2	54.5	2.7	38.6	100.0	6.7	4.5	7.0	0.6	75.9
Yaounde	78.6	5.1	34.2	0.0	60.7	100.0	7.2	0.0	9.1	0.0	59.6
Other urban	67.9	2.2	52.0	2.6	43.2	100.0	1.8	0.3	2.6	0.0	57.1
Total urban	68.1	3.0	50.5	2.3	44.2	100.0	3.6	1.2	4.4	0.1	61.7
Rural	60.9	0.1	49.6	0.4	49.9	100.0	2.4	0.4	2.0	0.0	36.1
Overall	65.8	2.1	50.2	1.7	46.0	100.0	3.2	0.9	3.7	0.1	53.6

3.2.2 Labour vulnerability in the informal sector

This sub-section analyses employees and labour vulnerability in IPUs. The employee rate, which is the ratio between the number of salary-earners to all employees in the informal sector is 5.8% (Table 3.4) as against 8.6% in 2010. Target 8.5 of SDG 8 aims by 2030, to achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. The indicator usually used for this purpose is the vulnerable labour rate, which is the share of self-employed workers and unpaid family workers in all workers. In the informal sector, 85% of workers are unpaid family helpers or self-employed workers

Table 3.4: Percentage of salary-earners, bosses and rate of vulnerable labour, EESI3 - Phase 2, Cameroon, 2021

Sector of activity	Percentage of salary-earners	Percentage of bosses	Percentage of self-employed workers (A)	Percentage of unpaid family helpers (B)	Rate of vulnerable labour (A+B)
Industry	9.6	3.2	66.7	8.8	75.5
Agri-food	1.0	1.4	79.7	14.2	93.9
Clothing	2.3	2.4	76.8	4.2	80.9
Construction	32.0	7.4	35.7	6.4	70.1
Other industry	9.4	3.2	63.6	4.0	39.7
Trade	3.3	1.5	86.2	6.9	93.1
Wholesale trade	8.8	2.7	81.2	5.1	86.3
Retail trade	2.0	1.2	87.3	7.3	94.6
Services	4.7	2.1	81.9	4.6	86.5
Transport	3.6	1.0	94.0	0.6	94.6
Catering	2.3	1.1	83.4	8.4	91.8
Repair	6.5	6.3	52.0	2.3	54.3
Other services	8.6	3.1	78.5	3.4	81.9
Area of residence					
Urban	7.0	3.0	76.1	5.8	81.9
Rural	3.7	.8	82.3	8.4	90.8
Overall	5.8	2.2	78.3	6.7	85.0

3.3 Working time in IPU

In IPU in 2021, nearly one person out of two (47.2%) as against 46.1% in 2010 work more than 40 hours, i.e. longer than the time set by the labour code (Table 3.5). Furthermore, 52.8% devote less than 40 hours to their employment, of which 22.6% less than 20 hours and 30.2% between 8 and 40 hours. The proportion of individuals who work more than 40 hours per week is relatively higher in urban areas (55.2%) than in rural areas (32.4%), in Douala (64.5%) than in Yaounde (60.3%) and among men (54.2%) than among women (40.8%).

Table 3.5: Distribution (%) of workers according to weekly working time by promoter's sex and area of residence, EESI3 - Phase 2, Cameroon, 2021

	Sex		Area of residence					Overall
	Male	Female	Douala	Yaounde	Other urban	Total urban	Rural	
Less than 20 hours	21.0	24.0	12.2	14.1	20.5	17.2	32.5	22.6
20 hours - 40 hours	24.7	35.2	23.3	25.5	30.2	27.6	35.1	30.2
More than 40 hours	54.2	40.8	64.5	60.3	49.3	55.2	32.4	47.2
Total	100	100	100	100	100	100	100	100

Workers in the informal sector work an average of 40.5 hours per week as part of their IPU activities (Table 3.6) as against 37.7 hours per week in 2010. This average length varies according to the area of residence. Workers in urban areas devote an average of 44.5 hours per week, particularly in Douala (48.9 hours) and Yaounde (47.5 hours), meanwhile in rural areas, this length is 33.1 hours. Bosses and self-employed workers spend 53.7 hours and 43.9 hours respectively on work. In addition, partners, apprentices and salary-earners devote 27.5 hours, 51.4 hours and 33.9 hours respectively thereon. As for family helpers (16.8 hours), they devote even less time to work than the categories listed above.

The average weekly working time varies according to the sector of activity. Workers in the industry sector (32.7 hours) devote less time to work than those in the services (42.7 hours) and trade (46.0 hours) sectors. By sex, men (43.9 hours) spend on average more time at work than women (37.5 hours). This trend is the same according area of residence.

Tableau 3.6: Average weekly working time (in hours) in the informal sector according to selected characteristics, EESI3 - Phase 2, Cameroon, 2021

	Douala	Yaounde	Other urban	Overall urban	Rural	Overall
Sex						
Male	49.5	50.5	44.8	46.8	37.4	43.9
Female	48.5	45.0	38.2	42.2	30.0	37.5
Employment status						
Boss	(55.7)	(*)	53.6	55.1	(*)	53.7
Self-employed worker	52.5	51.0	45.7	48.5	36.1	43.9
Salary-earner	37.3	(51.2)	36.6	38.3	18.8	33.9
Paid apprentice	(*)	(*)	28.7	28.0	(26.3)	27.4
Unpaid apprentice	(24.5)	(*)	26.3	26.0	(*)	24.0
Family helper	(*)	(25.5)	18.7	19.6	13.3	16.8
Partner	(*)	(*)	(25.6)	25.6	(*)	27.5
Sector of activity						
Industry	44.0	39.3	35.2	37.6	26.9	32.7
Trade	55.5	57.4	44.8	49.5	38.5	46.0
Services	46.6	44.0	44.3	45.0	36.7	42.7
Total	48.9	47.5	41.6	44.5	33.1	40.5

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).
- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

3.4 Workers background characteristics

3.4.1 Level of education and type of apprenticeship

Education of IPU workers was measured through their level of education. The most recurrent level of education is primary education and concerns more than three workers out of ten (31.8%) (Table 3.7). This predominance of the primary education level is relatively more observed among women (34.1%); among family helpers (42.4%) and among workers in rural areas (36.4%). Moreover, the levels of education in the 2nd cycle of secondary and higher education are the least observed among IPU workers. But these workers are relatively more numerous among men (25.6%), in urban areas (25.8%), among bosses (37.5%) and among partners (34.9%).

As for apprenticeship, workers who took an apprenticeship in small enterprises are very low in proportion (11.7%). The same obtains for those who attended technical schools (6.5%), apprenticeship and vocational training centres (4.4%) and large enterprises (0.2%). In contrast, most workers (74.3%) who took an apprenticeship learned their trade on their own or through practice. This proportion is higher among women (80.3%) than among men (67.7%).

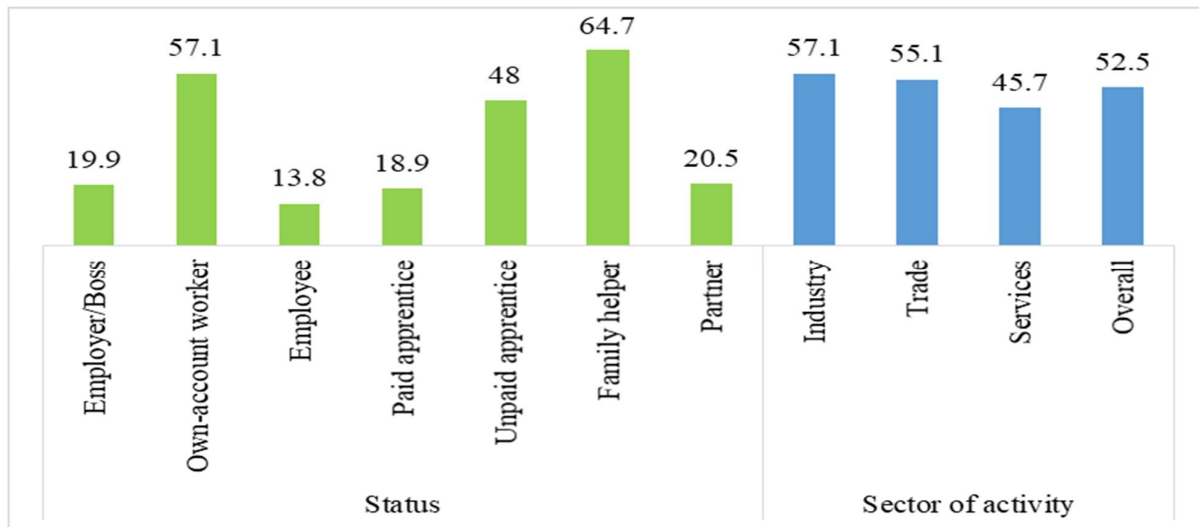
Table 3.7: Distribution (%) of workers by level of education and type of apprenticeship according to selected characteristics, EESI3 - Phase 2, Cameroon, 2021

	Status							Area of residence		Sex		Overall
	Boss	Self-employed worker	Salary-earner	Paid apprentice	Unpaid apprentice	Family helper	Partner	Urban	Rural	Male	Female	
Level of education												
Uneducated	13.8	22.8	10.9	22.3	8.0	13.6	13.1	13.5	34.0	15.8	25.2	20.7
Primary	23.5	32.0	24.7	34.6	23.3	42.4	25.7	29.3	36.4	29.3	34.1	31.8
Secondary 1 st cycle	25.2	26.2	39.7	28.3	50.0	29.4	26.4	31.3	21.6	29.3	26.6	27.9
2 nd cycle secondary, higher	37.5	19.0	24.8	14.7	18.7	14.6	34.9	25.8	8.0	25.6	14.1	19.6
Total	100	100	100	100	100	100	100	100	100	100	100	100
Apprenticeship												
Technical school	16.7	5.3	16.8	13.0	4.4	2.4	22.6	7.4	4.7	10.1	3.2	6.5
Apprenticeship/vocational training centre	8.6	4.4	5.8	5.2	5.1	1.0	5.9	6.1	1.3	4.8	4.1	4.4
Large enterprise	0.8	0.2	0.1	0.0	0.0	0.1	0.0	0.3	0.1	0.4	0.0	0.2
Small enterprise (like this one)	17.5	9.5	27.4	24.5	23.7	9.3	21.2	11.5	12.1	14.2	9.4	11.7
On their own, through practice	53.4	78.4	48.4	53.3	48.2	80.8	50.3	71.5	79.5	67.7	80.3	74.3
Other	3.0	2.2	1.4	4.1	18.5	6.4	0.0	3.2	2.3	2.8	3.0	2.9
Total	100	100	100	100	100	100	100	100	100	100	100	100

3.4.2 Status of women's and young people's work in the informal sector

Graph 3.1 below shows that overall, more than half of workers in the informal sector are women (52.5%). This participation of women is coupled with a desire to set up on their own. They account for 57.1% of self-employed workers. However, they contribute less to the creation of paid employment (13.8%). Among bosses, women account for only 19.9%. Moreover, they account for only 20.5% of the partners. The highest representation of women is among family helpers (64.7%). According to the sector of activity, women are more represented in the industry (57.1%) and trade (55.1%) sectors. In contrast, they account for only 45.7% in the service sector.

Graph 3.1 : Proportion (%) of women by status and sector of activity, EESI3 - Phase 2, Cameroon, 2021



Young people under 25 account for 20.6% of workers in the informal sector (Graph 3.2). They are relatively more represented among unpaid apprentices (73.4%) and family helpers (70.8%). They account for 3.6% of bosses and 12.8% of self-employed workers. They are relatively more represented in industry (25.6%) and services (20.0%) compared to trade (16.3%).

Graph 3.2 : Proportion (%) of young workers under 25 by sector of activity, EESI3 - Phase 2, Cameroon, 2021



3.4.3 Average age, average number of years of study and seniority in IPUs

The average age of workers in the informal sector is around 35.5 years (Table 3.8). This average age varies according to the sector of activity. It is 35.0 years in the service sector, 34.4 years in industry and 37.8 years in trade.

With regard to the average number of years of education, workers have an average of 6.6 years of education. This average number of years of study varies little by sector of activity (6.0 years in industry, 6.5 years in trade and 7.2 years in services). Employed persons in urban areas work for an average of 3 years more than those in rural areas, regardless of the sector of activity.

The average seniority in the IPU is 7.3 years. This seniority is 6.7 years for workers in urban areas and 8.3 years for those in rural areas.

Men have a seniority of 7.3 years in the IPU as against 7.1 years for women. Seniority in the industry sector (7.9 years) is on average higher than in the trade (7.2 years) and services (6.8 years) sectors.

Table 3.8: Background characteristics of workers by sector of activity, EESI3 - Phase 2, Cameroon, 2021

	Sector of activity			Overall
	Industry	Trade	Services	
Average age (years)				
Sex				
Male	33.4	36.4	34.4	34.7
Female	35.2	39.0	35.6	36.6
Area of residence				
Urban	33.7	37.5	35.0	35.5
Rural	35.2	38.5	34.8	36.1
Total	34.4	37.8	35.0	35.7
Average number of years of education				
Sex				
Male	7.4	6.9	7.8	7.4
Female	4.9	6.2	6.5	5.8
Area of residence				
Urban	7.3	7.5	8.2	7.7
Rural	4.4	4.4	4.8	4.5
Total	6.0	6.5	7.2	6.6
Average seniority (years)				
Sex				
Male	7.7	7.9	7.1	7.5
Female	8.0	6.6	6.5	7.1
Area of residence				
Urban	7.0	6.9	6.4	6.7
Rural	8.9	7.8	7.8	8.3
Overall	7.9	7.2	6.8	7.3

3.5 Level of pay and method for setting salaries

3.5.1 Level of pay

The average monthly income from employment in the informal sector is 83,409 CFA francs (Graph 3.3), i.e. an increase compared to 2010 (48,400 CFA francs). It is 96,367 CFA francs in urban areas and 59,520 CFA francs in rural areas. Half of employed persons earn at most 40,000 CFA francs per month. This reflects a high variability in this income. In rural areas, employed persons are relatively less remunerated than in urban areas as 50% of the latter earn at most 25,370 CFA francs per month, unlike in urban areas where this amount is 66,750 CFA francs.

The average hourly income of workers in the informal sector is estimated at 669 CFA francs. This hourly income is higher in urban areas (675 CFA francs) than in rural areas (657 CFA francs).

Table 3.9 : Workers pay by area of residence, EESI3-Phase 2, Cameroon, 2021

Employment income	Area of residence			Area of residence		Overall
	Douala	Yaounde	Other urban	Urban	Rural	
Monthly income from activity	119,852	92,173	85,839	96,367	59,520	83,409
Median income from activity	79,200	60,000	41,250	53,320	23,900	40,000
Average hourly income (in CFA francs)	762	605	649	675	657	669

By sector of activity, the average monthly income is higher in services (97,800 CFA francs), followed by the trade (90,700 CFA francs) and industry (60,800 CFA francs) sectors (Table 3.10). Moreover,

half of the workers earn at most 55,200 CFA francs in services, 41,100 CFA francs in trade and 26,700 CFA francs in industry. The difference between the average monthly income and the median monthly income reflects the high variability in employment income. In addition, the highest proportion of workers earning less than the minimum wage (57.0%), is in the industry sector, particularly in the agri-food sector (73.8%).

The median income among men (56,500 CFA francs) is double that of women (28,300 CFA francs). Furthermore, the proportion of women (55.5%) who earn less than the minimum wage⁶ is higher than that of men (37.6%), i.e. a difference of 18 percentage points. In 2010, this difference was 25 percentage points.

According to employment status, it was observed that the average monthly income of employers (181,200 CFA francs) is substantially double that of self-employed workers (93,500 CFA francs). However, 16.6% of bosses and 42.5% of self-employed workers have an average monthly income below the minimum wage.

Overall, workers pay increases with the level of education. The average monthly income varies from a minimum of 62,600 CFA francs for workers with no education to a maximum of 96,200 CFA francs for workers with a level of education of 2nd cycle of secondary education and higher. Trends are similar when analysing median income. Most workers (74.3%) learned their trade on their own or through practice, and have a lower average income (81,400 CFA francs) compared to workers who learned their trade in an apprenticeship and vocational training centre (113,700 CFA francs).

⁶ The minimum wage was 28,216 CFA francs as from 24 June 2008 and was increased to 36,270 CFA francs on 24 July 2014.

Tableau 3.10: Pay in the informal sector, EESI3 - Phase 2, Cameroon, 2021

	Average monthly income (in thousand CFA francs)	Median monthly income (in thousand CFA francs)	Percentage earning less than the minimum wage	Average hourly income (in CFA francs)
Sector of activity				
Detailed branch of activity				
Industry	60.8	26.7	57.0	559.3
Agri-food	37.7	14.6	73.8	430.9
Clothing	64.3	38.2	49.0	474.0
Construction	86.7	48.3	38.2	752.8
Other industry	81.8	39.3	47.9	731.0
Trade	90.7	41.1	45.9	751.9
Wholesale trade	118.4	59.2	39.7	1,386.2
Retail trade	84.5	40.0	47.4	609.6
Services	97.8	55.2	38.6	694.8
Transport	112.6	76.3	22.1	667.8
Catering	91.7	42.5	45.9	629.9
Repair	74.6	39.7	46.4	543.5
Other services	101.1	50.0	40.2	869.5
Worker's sex				
Male	98.7	56.5	37.6	788.7
Female	69.6	28.3	55.5	560.6
Worker's status				
Boss	181.2	145.0	16.6	1006.3
Self-employed worker	93.5	48.1	42.5	690.1
Salary-earner	53.3	40.0	38.5	768.4
Paid apprentice	47.6	30.0	56.8	923.3
Unpaid apprentice	0.0	0.0	100.0	0.0
Family helper	5.0	1.0	95.9	103.5
Partner	99.3	57.6	25.2	2077.8
Worker's education				
Uneducated	62.6	25.0	60.0	538.8
Primary	73.4	35.8	50.4	581.7
Secondary 1 st cycle	96.0	50.0	40.0	713.3
2 nd cycle secondary, higher	126.1	83.5	30.8	1381.7
Worker's apprenticeship				
Technical school	108.0	57.6	33.3	900.2
Apprenticeship/vocational training centre	113.7	81.0	32.7	1054.0
Large enterprise	(*)	(*)	(*)	(*)
Small enterprise (like this one)	77.0	42.0	45.9	575.3
On their own, through practice	81.4	38.4	48.6	646.2
Other	54.9	25.0	61.8	529.5
Overall	83.4	40.0	47.0	669.0

Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).
- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

3.5.2 Method for setting salaries

Table 3.11 shows that, in the opinion of IPU promoters with at least one employee, the main method for setting salaries is negotiation (58.7% of IPU). Moreover, only 29.4% of IPU leaders reported that they set the salaries of their employees themselves in order to ensure profit. Setting salaries in compliance with the official salary grid and aligning them with competitors' salaries are the setting methods least used by IPU promoters (6.7% and 4.1% respectively).

Tableau 3.11: Distribution (%) of IPUs according to the method for setting salaries adopted by promoters, by sector of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

Method for setting salaries	Sector of activity			Detailed area of residence			Area of residence		
	Industry	Trade	Services	Douala	Yaounde	Other urban	Urban	Rural	Overall
In compliance with the official salary grid	6.8	(6.7)	6.7	(2.8)	(*)	7.3	6.4	(8.4)	6.7
By aligning them with competitors' salaries	8.5	(0.0)	0.9	(5.7)	(*)	2.7	3.4	(7.5)	4.1
By setting them yourself in order to ensure profit	24.3	(38.4)	30.5	(34.2)	(*)	26.7	32.2	(16.3)	29.4
By negotiating with each employee	59.6	(52.6)	61.3	(57.3)	(*)	61.8	57.2	(65.5)	58.7
Other	0.9	(2.3)	0.6	(0.0)	(*)	1.5	0.8	(2.2)	1.1
Total	100	100	100	100	100	100	100	100	100

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

3.6 Dynamics of employment creation by IPUs

Of all the employments observed in the informal sector in 2021, 30.0% were created over the period 2017-2019, 29.0% before the year 2011 and 22.8% over the period 2012-2016 (Table 3.12). Moreover, 18.1% of employments were created no more than one year ago.

Among workers with the status of bosses or self-employed workers, more than half (respectively 70.9% and 57.3%) had their employment created by the UPI at least five years ago. In addition, among salary-earners, family helpers and partners, more than a quarter of their employments were created by the IPU less than one year ago. In contrast, paid and unpaid apprentices (90.2% and 84.4% respectively) had their employments created by the IPU, at most one year ago.

Tableau 3.12: Distribution (%) of workers by status according to their seniority in the IPU, EESI3 - Phase 2, Cameroon, 2021

Seniority in the IPU	Employer/Boss	Self-employed worker	Salary-earner	Paid apprentice	Unpaid apprentice	Family helper	Partner	Overall
Less than 1 year	3.6	5.9	8.0	9.8	15.7	11.1	6.9	6.7
1 year	4.4	9.4	18.1	19.5	26.4	17.7	29.7	11.4
2-4 years	21.2	27.4	37.0	44.0	41.3	46.0	34.7	30.0
5-9 years	26.3	23.7	26.2	21.0	9.8	15.9	16.9	22.8
10 years and more	44.6	33.6	10.6	5.7	6.9	9.3	11.8	29.0
Total	100	100	100	100	100	100	100	100

CHAPTER IV: IPU CAPITAL, FINANCING AND INVESTMENT

In all economies, it is established that enterprises play a key role in the growth process. They have significant potential in terms of wealth creation, employment creation and therefore poverty reduction. For their development or growth, capital and investment, on the one hand, are the two levers on which they can rely, and on the other hand, group together all the interventions in equity⁷. This chapter examines the capital of IPUs, i.e. all the contributions in kind and in cash made available for undertaking their activities (land, premises, vehicles, furniture, machinery, tools, etc.). It is comprised of three large sections relating to the characteristics of the IPU capital, origin and modes of capital financing and finally the investment of the IPUs.

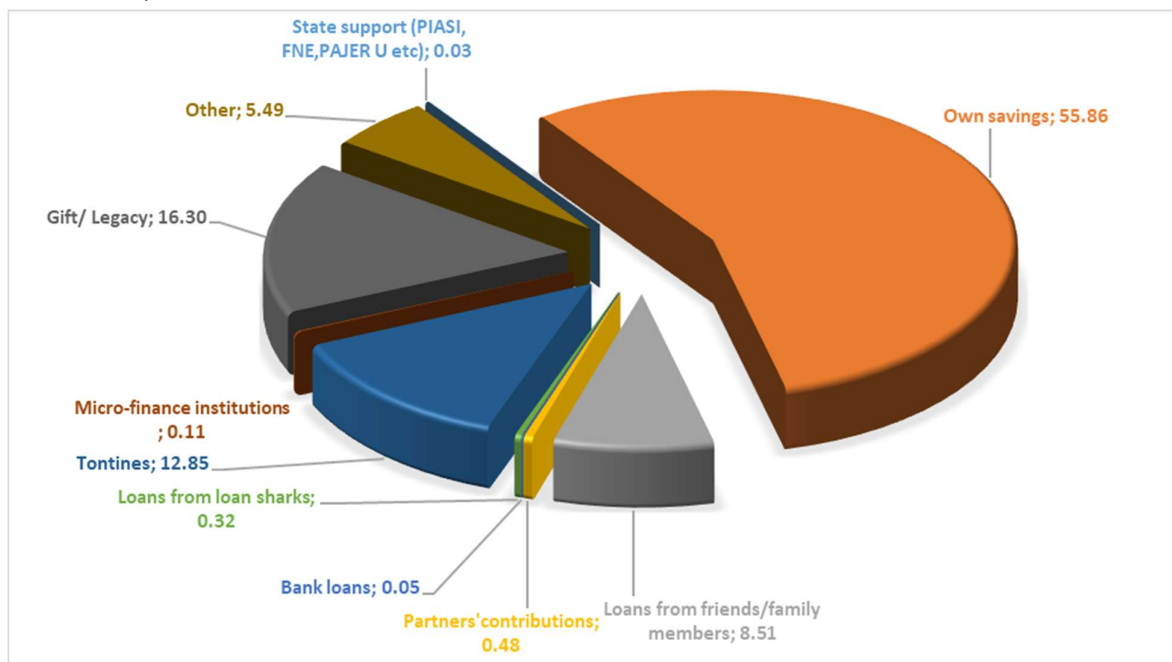
4.1 Characteristics of IPU capital

4.1.1 Source of start-up capital and allocation

➤ *Source of start-up capital*

Most IPU promoters (55.9%) reported having financed their activity at the start by their own savings (Graph 4.1). Donation and inheritance were reported by 16.3% of promoters. Tontines contributed to the start-up of the activities of 12.9% of IPUs and loans from a relative (friend, family member) account for 8.5%. This trend is the same by area of residence and branch of activity. Contribution in external financing (partners, loans from financial institutions and loan sharks) remains very low and overall very little requested by IPU promoters.

Graph 4.1 : Distribution (%) of IPUs by type of initial capital at start-up, EESI3 - Phase 2, Cameroon, 2021



⁷Yves-Alain Pougue and Michel Bernasco. (2013). *Capital-investissement et financement des PME au Cameroun: enjeux et perspectives*. La Revue des Sciences de Gestion 2013/1-2, No. 259-260, pages 69 to 75.

➤ *Capital allocation*

Overall, 69.5% of IPU did not use capital items for undertaking their activities over the past 12 months before the survey⁸ (Table 4.1). This trend is the same regardless of the area of residence and sector of activity.

The amount of IPU capital shows disparities. The average amount of capital is 378,441 CFA francs at the national level meanwhile half of the IPU have a capital less than or equal to 36,000 CFA francs. This disparity is noticeable regardless of the area of residence.

- Considering the (promoter's) area of residence, half of the IPU whose promoter lives in urban areas operate with a capital less than or equal to 65,000 CFA francs. This median value is 17,000 CFA francs in rural areas, i.e. almost four times lower than in urban areas.
- As for the two major cities (Yaounde and Douala), half of the IPU operate respectively with capital less than or equal to 120,000 and 90,000 CFA francs.

Table 4.1 : Proportion of IPU not having used the capital over the past twelve months, average and median amount of IPU capital by sector of activity by area of residence, EESI3 - Phase 2, Cameroon, 2021

		Douala	Yaounde	Other urban	Total urban	Rural	Total
<i>IPUs not having used the capital in the past twelve months preceding the survey (as a %)</i>							
Industry		72.8	69.8	67.7	69.2	61.4	65.4
Trade		87.4	76.7	79.1	81.2	72.1	78.2
Services		71.4	63.6	59.4	64.3	64.0	64.2
Total		77.4	69.5	69.1	71.7	65.6	69.5
<i>Average and median amount of capital per IPU (in thousand CFA francs)</i>							
Industry	Average	(224.2)	(*)	312.4	292.0	108.6	193.1
	Median	(100.0)	(*)	32.0	55.3	9.2	21.0
Trade	Average	(294.0)	(447.6)	313.3	332.5	827.6	540.3
	Median	(60.0)	(60.0)	22.0	30.0	13.5	20.0
Services	Average	390.8	550.5	523.6	491.3	265.5	422.4
	Median	140.0	120.0	124.0	124.0	113.5	120.0
Total	Average	334.7	476.2	410.2	402.1	344.2	378.4
	Median	90.0	120.0	45.0	65.0	17.0	36.0

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

4.1.2 Structure and average age of capital

In order of importance of their value, IPU capital is comprised of land or premises (47.8%), rolling stock/motor pumps⁹ (36.2%), tools and other (9.2%), machinery (4.8%) and office furniture (2.1%) (Table 4.2). In 2010, rolling stock/rolling motor pumps and land accounted for respectively 37.0% and 22.5% of IPU capital.

The structure in value of the capital of the IPU varies according to the area of residence. Even though in urban areas, capital is in value mainly comprised of rolling stock/motor pumps and land/premises (44.5% and 34.3% respectively), it is mainly made up of land/premises (70.6%) in rural areas.

⁸ The past 12 months before the survey covers the period from June 2020 to May 2021.

⁹ The rolling stock is all the means of transport and the rolling machines available to the IPU.

It was observed that in this overall structure of capital in urban areas, IPU capital in the cities of Douala and Yaounde have a slightly different structure. As the most predominant elements of capital in these major cities, rolling stock/motor pumps are followed by tools and other equipment.

Table 4.2: Distribution (%) of capital in value by type according to the promoter's area of residence, EESI3 -Phase 2, Cameroon, 2021

Type of capital	Douala	Yaounde	Other urban	Overall urban	Rural	Overall
Land-premise	19.8	10.5	45.8	34.3	70.6	47.8
Rolling stock/motor pumps	45.7	51.6	42.0	44.5	22.2	36.2
Office furniture	0.7	13.7	0.9	3.2	0.2	2.1
Machinery	11.8	4.4	4.1	5.7	3.3	4.8
Tools and other	21.9	19.7	7.1	12.4	3.8	9.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

The elements that make up the capital of IPUs are mainly acquired in new condition (41.3%). This finding is the same regardless of the type of property, except for premises which are mostly self-produced (52.0%). The percentage of equipment acquired in new condition is even higher for tools and other (91.0%), office furniture (89.0%) and machinery (76.8%). For rolling stock/motor pumps, 42.3% are purchased second-hand.

The equipment that make up the capital of IPUs are at 77.0% of their value the property of the IPUs. Furthermore, the value of leased equipment accounts for 17.6% of the total capital value. However, leased land/premises account for 36.1% of their respective capital in value.

Table 4.3 : Distribution (%) of the value of the capital by type according to condition, distribution (%) of the value of the capital by type according to the status of the capital, EESI3 - Phase 2, Cameroon, 2021

Type of capital	Capital quality				Capital status				
	Purchase d in new condition	Purchased second-hand	Self-produced	Total	Personal property	Lease	Loan or shared property	Lease-sale	Total
Land-premise ¹⁰	11.8	36.3	52.0	100.0	60.6	36.1	2.8	0.5	100.0
Rolling stock/motor pumps	42.0	42.3	15.7	100.0	91.6	0.8	5.2	2.5	100.0
Office furniture	89.0	10.7	0.3	100.0	100.0	0.0	0.0	0.0	100.0
Machinery	76.8	21.1	2.1	100.0	96.6	0.6	0.4	2.4	100.0
Tools and other	91.0	8.4	0.6	100.0	89.1	0.2	10.5	0.2	100.0
Overall	41.3	34.2	24.5	100.0	77.0	17.6	4.2	1.3	100.0

The equipment used is on average 3.7 years old in the IPUs (Table 4.4). The average age of these equipment in the IPUs varies little according to area of residence. In 2010, this average age was 4.5 years. The equipment with the longest durations in IPUs are land/premises (7.4 years), machinery (5.8 years) and office furniture (5.2 years). Conversely, tools and other equipment are the least old (with an average duration of 2.8 years). These trends have been the same since 2005.

¹⁰ Quality of capital refers exclusively to that of the premise.

Table 4.4 : Average age (in years) of capital in the IPU according to the area, EESI3 - Phase 2, Cameroon, 2021

Type of capital	Douala	Yaounde	Other urban	Overall urban	Rural	Overall
Land-premise	7.6	(*)	7.1	7.0	8.1	7.4
Rolling stock/motor pumps	5.9	(*)	3.1	3.9	4.1	4.0
Office furniture	(*)	(2.9)	5.3	5.0	(*)	5.2
Machinery	6.0	(*)	4.8	5.4	7.0	5.8
Tools and other	4.1	3.0	2.8	3.1	2.2	2.8
Total	5.2	3.3	3.6	3.9	3.3	3.7

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

4.2 Origin and mode of capital financing

As part of this analysis, the origin of capital refers to the suppliers from whom the IPUs obtain their supplies of capital elements (land, rolling stock, equipment, etc.). The mode of financing is the source of payment financing used for the acquisition.

4.2.1 Origin of capital

Overall, IPU capital was acquired mainly from small private commercial enterprises (59.2%) and households or individuals (19.4%). The finding is the same by sector and branch of activity.

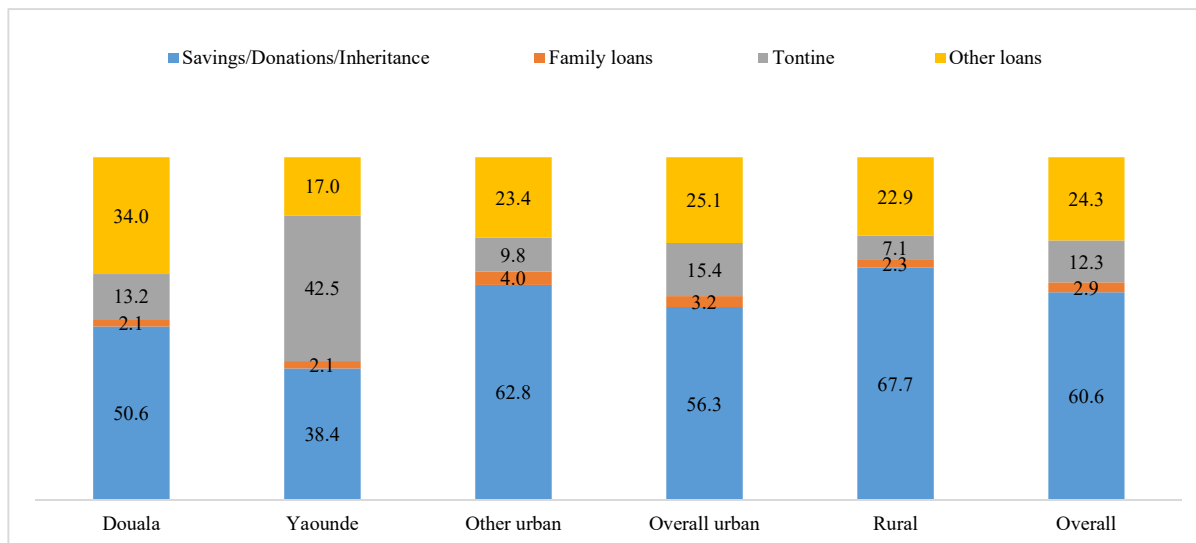
Table 4.5 : Distribution (%) of IPU capital by sector of activity according to origin, EESI3-Phase 2, Cameroon, 2021

Sector and branch of activity	Public or parastatal sector	Large commercial private enterprise	Small commercial private enterprise	Large non-commercial enterprise	Small non-commercial enterprise	Households/individuals	Direct imports	Other	Total
Industry	0.5	8.6	66.5	0.4	7.9	14.3	0.1	1.7	100.0
Agri-food	0.8	1.8	69.7	0.1	14.7	10.9	0.2	1.8	100.0
Clothing	0.6	9.5	61.6	1.1	6.4	19.5	0.0	1.3	100.0
Construction	0.2	18.8	67.0	0.2	3.9	9.1	0.0	0.8	100.0
Other industries	0.1	8.3	65.8	0.1	2.1	20.6	0.2	2.8	100.0
Trade	2.9	5.7	46.8	1.1	10.6	31.2	0.1	1.6	100.0
Wholesale trade	2.0	8.6	32.6	0.0	6.7	46.2	0.0	3.9	100.0
Retail trade	3.1	5.0	49.7	1.3	11.4	28.1	0.2	1.2	100.0
Service	1.0	11.1	58.0	0.4	6.9	19.0	1.6	2.0	100.0
Transport	0.0	31.1	39.6	0.7	7.2	20.0	1.4	0.0	100.0
Catering	1.2	3.2	60.0	0.7	10.7	21.4	0.0	2.8	100.0
Repair	1.6	14.0	56.0	0.7	8.2	18.1	0.0	1.4	100.0
Other services	1.2	8.9	64.4	0.1	3.1	16.8	3.5	2.0	100.0
Overall	1.2	9.2	59.2	0.5	7.9	19.4	0.8	1.8	100.0

4.2.2 Mode of capital financing

A significant part of the IPU capital (60.6%) is financed by savings, donations or inheritance. Tontines finance 12.3% of IPUs' capital (Graph 4.2). Recourse to family loan for financing the capital of the IPU is low (2.9%). These trends are the same regardless of the area of residence.

Graph 4.2 : Distribution (%) of IPUs according to the mode of capital financing according to area of residence, EESI3 - Phase 2, Cameroon, 2021



4.3 IPU investment

4.3.1 Significance of investment

The total amount of IPU investment over the past twelve months was evaluated at 54 billion CFA francs. Among the IPUs which have capital, 37.8% have acquired capital goods during the past twelve months (Table 4.6). This proportion is significantly higher in Yaounde (43.8%) than in Douala (25.8%). There is a higher level of investment in rural areas (42.8%) than in urban areas (34.4%). This result, which seems paradoxical, could be accounted for by the COVID-19 pandemic, which has certainly led to a slowdown in economic activity in the informal sector, especially in urban areas.

The percentage of IPU having invested varies according to the sector of activity. 45.2% of IPU in the industry sector, 29.9% in the trade sector and 36.9% of those in services made an investment over the past twelve months preceding the survey. A lower percentage of investment was observed among transport IPUs (26.5%), and a higher proportion among those involved in catering (47.2%) and agri-food (55.2%).

For the IPU that have invested over the past twelve months preceding the survey, the average amount of the investment was 134,900 CFA francs. The amounts of the investments are very variable because half of the IPUs invested at most 10,000 CFA francs. In addition, significant disparities are also observed according area of residence and sector and branch of activity. The average amount of IPU investments in urban areas (208,400 CFA francs) is higher than in rural areas (51,000 CFA francs). It is higher in services (245,500 CFA francs) than in trade and (79,900 CFA francs) and transport (45,000 CFA francs).

Urban IPUs contribute up to 82.3% of the total amount of investments in the informal sector. By the sector of activity, 75.3% of investment come from services, 12.9% from industry and 11.8% from trade.

Table 4.6: Structure of the investment made during the past twelve months preceding the survey according to area and branch of activity, EESI3 - Phase 2, Cameroon, 2021

	Percentage of IPU's with capital having invested	Investment			Type of equipment					Total
		Average (in thousand CFA francs)	Median (in thousand CFA francs)	Share (%) in total	Land/premises	Machinery	Office furniture	Tools and other	Rolling stock/motor pump	
Area of residence										
Urban	34.4	208.4	20.5	82.3	8.4	1.4	2.9	32.4	54.8	100.0
<i>Douala</i>	25.8	(315.1)	(100.0)	22.4	2.2	0.0	0.1	44.5	53.1	100.0
<i>Yaounde</i>	43.8	(284.3)	(81.0)	21.8	5.8	4.4	6.9	56.1	26.8	100.0
<i>Other urban</i>	35.4	154.2	10.0	38.1	13.5	0.6	2.3	11.7	71.8	100.0
Rural	42.8	51.0	3.7	17.7	13.9	4.8	0.1	12.8	68.4	100.0
Sector and branch of activity										
Industry	45.2	45.0	5.0	12.9	37.2	0.0	0.8	25.9	36.0	100.0
Agri-food	55.2	22.1	3.7	3.2	23.1	0.0	0.8	44.1	32.0	100.0
Clothing	44.7	87.6	6.3	5.8	59.3	0.0	1.4	8.5	30.9	100.0
Construction	35.4	(27.7)	(7.3)	1.1	0.0	0.0	0.0	62.7	37.3	100.0
Other industry	32.3	(81.1)	(19.0)	2.8	22.5	0.0	0.0	26.4	51.1	100.0
Trade	29.9	79.9	10.0	11.8	20.9	9.1	12.6	22.4	35.0	100.0
Wholesale trade	(25.7)	(*)	(*)	(1.6)	(28.0)	(0.0)	(0.0)	(5.1)	(66.8)	100.0
Retail trade	31.1	85.0	10.0	10.2	19.7	10.5	14.7	25.1	29.9	100.0
Services	36.9	245.5	24.0	75.3	2.8	1.3	1.1	30.5	64.3	100.0
Transport	26.5	684.2	350.0	53.0	0.0	1.8	0.0	12.8	85.4	100.0
Catering	47.2	36.5	3.6	4.0	15.5	0.0	1.0	50.9	32.6	100.0
Repair	44.2	(*)	(*)	1.6	2.1	0.0	1.0	50.0	46.8	100.0
Other services	37.5	(189.6)	(35.0)	16.7	8.7	0.0	4.6	79.9	6.9	100.0
Total	37.8	134.9	10.0	100.0	9.4	2.0	2.4	28.9	57.2	100.0

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

4.3.2 Types of investment

Results from Table 4.6 show that IPUs' investment is intended for the purchase of rolling stock/motor pumps (57.2%), acquisition of tools, other small equipment (28.9%), and acquisition of land and premises (9.4%). This trend is the same in urban areas. However, in rural areas, there is a slight prioritisation of investment for the purchase of land and premises (13.9%) compared to tools/other small equipment (12.8%). Moreover, in Douala, investment is mainly intended for the acquisition of rolling stock/motor pumps (53.1%), tools and small equipment (44.5%); meanwhile in Yaounde, it is intended for the acquisition of tools and small equipment (56.1%) and rolling stock/motor pump (26.8%).

In the industry sector, investment priority is given to the acquisition of land and premises (37.2%); followed by the purchase of rolling stock/motor pumps (36.0%) and tools and other equipment (25.9%). This trend is similar for IPU investments operated in trade. In services, the purchase of rolling stock/motor pumps, tools and other equipment constitutes almost all of the investments. The share of these investments stands at 94.8%, including 64.3% for the purchase of rolling stock/motor pumps and 30.5% for the acquisition of tools and other equipment.

By branch of activity, it was observed that IPUs under agri-food, construction, catering and repair invest primarily in the purchase of tools and other equipment. In addition, transport IPUs invest in rolling stock/motor pumps, meanwhile clothing IPUs invest in the acquisition of land and premises.

4.4 Significance and use of IPU loan

A significant part of IPU capital is self-financed. However, some IPUs resort to loans to finance their activities. 5.4% of IPUs were afforded loans to finance their activities over the past twelve months preceding the survey (table 4.7).

Whatever the sector of activity and the area of residence of the promoter, it should be noted that less than 9% of IPUs resorted to loans to finance their activities.

Table 4.7: Proportion (%) of IPUs having borrowed by area of residence of the promoter and sector of activity; average and median amount of IPU loan; distribution (%) of the amount of IPU loans by area and sector of activity according to the use of the loan, EESI3 - Phase 2, Cameroon, 2021

	Significance of investment				Use of investment			Total
	Percentage of IPUs having borrowed	Share of average amount borrowed in total loan (%)	Amount borrowed (thousand CFA francs) Average	Amount borrowed (thousand CFA francs) Median	Purchase of raw materials	Acquisition or maintenance of equipment	Other use	
Area of residence								
Urban	6.7	94.4	281.7	90.0	55.7	2.6	41.7	100.0
<i>Douala</i>	8.2	17.2	139.4	89.0	76.0	1.5	22.5	100.0
<i>Yaounde</i>	5.1	(*)	(*)	(*)	(*)	(*)	(*)	100.0
<i>Other urban</i>	6.3	55.4	315.4	100.0	60.6	3.9	35.4	100.0
Rural	3.0	(5.6)	(64.9)	(20.0)	(58.3)	(8.0)	(33.6)	100.0
Sector of activity								
Industry	3.8	19.4	229.7	55.0	81.4	2.5	16.1	100.0
Trade	6.6	61.3	338.7	100.0	44.2	2.0	53.8	100.0
Services	5.5	19.3	123.6	50.0	67.3	6.1	26.6	100.0
Total	5.4	100.0	237.1	60.0	55.9	2.9	41.2	100.0

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

The amount of loans over the past 12 months preceding the survey is about 43.8 billion CFA francs. The average amount of IPU loans over this period is 237,100 CFA francs. This amount is higher

for the IPU's in Yaounde (609,600 CFA francs) than for those in Douala (139,400 CFA francs) and other urban areas (315,400 CFA francs). IPU's whose promoter is in rural areas borrowed on average 64,900 CFA francs over this period as against 281,700 CFA francs for those in urban areas. More than half (61.3%) of the total amount of the loans was contracted by the IPU's in the trade sector.

Overall, a little over half of the funds borrowed were used to purchase raw materials and goods. A very small part of the loans was intended for the acquisition or maintenance of equipment. This situation is similar depending on whether one is in an urban or rural area.

The structure of the different uses of the loan also varies by sector of activity. Most of the IPU's in the sector of industry (81.4%) and services (67.3%) used the loans to the purchase of raw materials and goods. In contrast, the loans of the IPU's in the sector of the trade are intended for other uses in particular transport, payment of the salaries, payment of the rent, refunding of the previous debt, etc.

CHAPTER V: PRODUCTION, INTEGRATION AND COMPETITION OF IPUS

In an enterprise or a production unit, even informal, the level of production is the most relevant indicator that guarantees its growth and development. Once this production has been completed, the enterprise will develop internal strategies to better fit into the market and face competition to sell its production. This chapter reports on the main economic aggregates of the informal sector, the integration of the IPU in the productive system, competition and pricing method.

5.1 Main economic aggregates

This section reports on the structure of turnover, production and value added on the one hand, and the level of economic performance indicators of the informal sector on the other.

5.1.1 Structure of the main economic aggregates

Table 5.1 shows that the structure of the IPU is dominated by services (36.4%) and trade (35.2%). Industry is home to about three IPUs out of ten. Contribution of these sectors to the economy of the non-agricultural informal sector differs significantly. As for the turnover which accounts for the total sales, a little less than half of this economic aggregate calculated on an annual basis is made by the IPUs in the trade sector (48.8%), i.e. 31.0% in retail trade and 17.9% in wholesale trade. The shares of services and industry are respectively 36.5% and 14.7%.

Scrutiny of production¹¹ of goods and services in the informal sector shows that the service sector contributes to half of said production, followed by trade (26.7%) and industry (22.9%).

Table 5.1 : Structure of annual turnover, production and value added by sector, branch of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Structure of IPUs by Branch (%)	Turnover (%)	Production (%)	Value added (%)
Industry	28.4	14.7	21.0	23.5
Agri-food	14.1	4.6	6.3	5.9
Clothing	6.0	2.8	3.7	4.2
Construction	6.0	2.8	3.7	4.2
Other industries	4.3	3.4	5.1	6.0
Trade	35.2	48.8	26.7	36.7
Wholesale trade	6.2	17.9	7.5	9.3
Retail trade	29.0	31.0	19.2	27.5
Services	36.4	36.5	52.3	39.8
Transport	10.1	6.7	10.1	10.5
Catering	14.7	13.7	19.1	15.1
Repair	2.3	1.6	2.1	2.6
Other services	9.4	14.5	21.0	11.6
Area of residence				
Urban	63.7	80.4	79.9	75.0
Rural	36.3	19.6	20.1	25.0
Total	100	100	100	100

¹¹ Production is defined as the cumulative amount of sales (turnover), cost of finished products consumed by IPU households, change in inventories of finished products, from which is deducted the cost of products purchased and resold as is.

Value added which is defined as the difference between production and intermediate consumption¹² makes it possible to better assess the contribution of this sector to the economy in terms of wealth creation. The service sector accounts for 39.8% of value added, trade 36.7% and industry 23.5%. In the service sector, the "catering" branch is the most buoyant (37.9%), i.e. 15.1% of the value added of the informal sector. Similarly, in the trade sector, retail trade accounts for 74.9% of the value added of this sector, or 27.5% of that of the informal sector.

The urban area is home to more than six IPU's out of ten. In addition, for each of the aggregates, the IPU's of the urban area contribute three times more than those of the rural area to the economy of the informal sector.

5.1.2 Performance of the informal sector

As the enterprise is mainly characterised by its production process, its performance may be assessed from the perspective of efficiency, productivity and general profitability. EESI3 captured some information on the productivity and profitability of IPU's. This section reports on the performance of the informal sector by scrutinising the cost of production and indicators relating to the wealth created.

5.1.2.1 Structure of monthly production costs

Production of goods and services requires the mobilisation of the factors of production (capital and labour). This mobilisation is accompanied by intermediate consumption, which is the value of goods and services processed or entirely consumed during the production process. These last three headings report on, among others, the costs borne by the IPU during production.

More than 312 billion CFA francs is allocated per month to intermediate consumption by the informal sector (Table 5.2). This Graph is up compared to 2010 when it was 260.685 billion CFA francs. About seven tenths of the latter (69.3%) is as a result of the IPU's in the services sector, 17.6% that of industries and 13.1% of trade. In addition, more than a quarter of intermediate consumption is due to catering (25.3%).

By area of residence, the share of intermediate consumption of urban IPU's accounts for 85.6% of the total.

The monthly wage bill paid by IPU bosses to workers during the month of activity preceding the interviewer's visit is approximately 25.6 billion CFA francs.

Industry alone accounts for six-tenths of the total wage bill paid; followed by services (22.8%) and trade (15.8%). The largest share of wage is recorded in the construction industry (41.7%).

Non-agricultural IPU's pay approximately 5.5 billion CFA francs for taxes monthly. It should be noted that this Graph has virtually not changed compared to 2010. Trade (45.0%) and services (38.8%) are mainly the sectors that pay the largest shares of these taxes. In addition, more than one third is paid by the retail trade branch.

IPU's in the urban area are those which pay the highest value of taxes. They pay a little more than four-fifths of the volume of taxes in the informal sector.

¹² Intermediate consumption refers to the value of all goods and services processed or entirely consumed during the production process.

Table 5.2 : Structure of monthly production costs by branch of activity and by area of residence, EESI3 - Phase 2, Cameroon, 2021

	Intermediate consumption		Monthly wage bill of the IPU in thousand CFA francs		Monthly taxes of the IPU in thousand CFA francs		Monthly gross operating surplus of the IPU in thousand CFA francs	
	%	Amount (in billion CFA francs)	%	Amount (in billion CFA francs)	%	Amount (in billion CFA francs)	%	Amount (in billion CFA francs)
Sector and branch of activity								
Industry	17.6	55.0	61.4	15.7	16.2	0.9	21.8	88.5
Agri-food	6.5	20.5	1.9	0.5	3.2	0.2	5.7	23.2
Clothing	3.1	9.7	2.8	0.7	4.8	0.3	4.1	16.7
Construction	4.1	12.8	41.7	10.7	0.2	(*)	5.5	22.3
Other industries	3.9	12.0	15.0	3.8	8.0	(0.4)	6.5	26.3
Trade	13.1	41.1	15.8	4.1	45.0	2.5	37.8	153.2
Wholesale trade	5.3	16.6	5.4	1.4	10.8	0.6	10.0	40.5
Retail trade	7.8	24.5	10.4	2.7	34.2	1.9	27.8	112.7
Services	69.3	216.6	22.8	5.8	38.8	2.1	40.4	163.6
Transport	9.8	30.6	3.3	0.9	16.5	0.9	10.8	43.7
Catering	25.3	79.1	3.8	1.0	13.8	0.8	16.1	65.4
Repair	1.3	4.1	4.8	1.2	2.2	(0.1)	2.4	9.6
Other services	32.9	102.7	10.8	2.8	6.3	0.3	11.1	44.9
Area of residence								
Urban	85.6	267.6	78.0	20.0	82.4	4.5	72.8	294.9
Rural	14.4	45.1	22.0	5.6	17.6	1.0	27.2	110.3
Total	100.0	312.7	100.0	25.6	100.0	5.5	100.0	405.3

Note:

- Values in brackets () should be interpreted with caution due to the low numbers used to estimate them (25-49 cases).
- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

The value added rate, which is the ratio of value added to production, makes it possible to measure the performance of the IPU in terms of wealth creation. Table 5.3 shows that at the national level, this rate is 58.3% for the informal sector. It is up by 9.6 points compared to 2010, thus reflecting an improvement in the performance of IPUs in 2021. The trade sector appears to be the most efficient with a value added rate of 79.5%. It is followed by industry (65.6%) and services (44.2%). Whatever the sector of activity, an increase was observed in the rate of value added compared to 2010.

Analysis by branch of activity shows that retail trade (82.7%) is the most efficient in terms of wealth creation. This branch is followed by repair (72.7%), construction (72.1%) and "other industries" (71.7%). With a rate of value added higher than that of the urban area, IPUs seem to be more efficient in rural areas.

Distribution of value added according to the three items selected below shows that 5.9% of this value is allocated to employee compensation, 1.3% to taxes, duties and financial costs and 92.9% (profits) to gross operating surplus or mixed income.

Table 5.3 : Rate and distribution of value added by branch of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Rate of value added (%)	Breakdown of value added (%)			Total
		Wage bill	Taxes, duties and financial costs	Gross Operating Surplus	
Industry	65.6	14.9	0.8	84.2	100
Agri-food	53.8	2.0	0.7	97.3	100
Clothing	64.4	4.0	1.5	94.4	100
Construction	72.1	32.4	0.0	67.6	100
Other industries	71.7	12.6	1.4	86.0	100
Trade	79.5	2.5	1.5	95.9	100
Wholesale trade	71.9	3.3	1.4	95.3	100
Retail trade	82.7	2.3	1.6	96.1	100
Services	44.2	3.4	1.2	95.3	100
Transport	59.8	1.9	2.0	96.1	100
Catering	45.9	1.5	1.1	97.4	100
Repair	72.7	11.2	1.1	87.7	100
Other services	31.8	5.8	0.7	93.5	100
Area of residence					
Urban	54.4	6.3	1.4	92.3	100
Industry	61.2	16.3	0.9	82.7	100
Trade	76.7	3.2	1.8	94.9	100
Services	41.7	4.0	1.3	94.6	100
Rural	72.2	4.8	0.8	94.4	100
Industry	74.8	12.7	0.7	86.6	100
Trade	88.8	0.6	0.8	98.6	100
Services	57.2	1.0	0.9	98.0	100
Overall	58.3	5.9	1.3	92.9	100

5.1.2.2 IPU economic performance indicators

The performance of the IPU is also assessed from the level of activity and indicators of productivity and profitability. The level of activity is reflected in turnover, production and value added. Productivity indicators relate to the apparent productivity of labour and capital. Those of profitability measure performance in the implementation of capital or labour.

Overall, the average monthly turnover is 328,706 CFA francs in the informal sector (Table 5.4). It is up compared to 2010 when it was 316,800 CFA francs. The trade sector is the one with the highest average monthly turnover (453,996 CFA francs). This far above the global average. It is followed by the services sector (327,071 CFA francs). The industry sector has an average monthly turnover well below the global average, i.e. 175,296 CFA francs.

The average monthly production per IPU is 217,764 CFA francs. The highest level of this production is observed among IPUs in the services sector (309,603 CFA francs). It is respectively 165,875 CFA francs and 164,159 CFA francs in trade and industry.

The average monthly value added per IPU is 126,872 CFA francs. IPUs in the services sector are those that create most wealth, with a monthly average of 136,856 CFA francs. However, analysis by branch of activity shows that IPUs in construction are those that generate the greatest monthly average value added (244,815 CFA francs). They are followed by those in the wholesale trade (200,179 CFA francs). Branches where IPUs have the lowest average monthly values added are agri-food and clothing.

Table 5.4 : Indicators of the level of activity and productivity of IPUs by branch of activity and area of residence, EESI3-Phase 2, Cameroon, 2021

Sector and branch of activity	Average monthly turnover per IPU (CFA francs)	Average monthly turnover By IPU (CFA francs)	Average monthly added value per IPU (CFA francs)	Monthly Gross Operating Surplus by IPU (CFA francs)	Apparent productivity		
					VA/L1	VA/L2	VA/K
Industry	175,296	164,159	107,742	90,704	75,308	535	790
Agri-food	101,197	91,601	49,307	47,961	39,974	339	841
Clothing	161,085	132,203	85,172	80,376	67,423	409	437
Construction	339,527	339,527	244,815	165,493	105,441	714	2 224
Other industries	286,864	285,295	204,661	176,025	136,678	835	594
Trade	453,996	165,875	131,948	126,520	115,622	584	381
Wholesale trade	994,739	278,436	200,179	190,726	167,921	973	766
Retail trade	338,933	141,923	117,429	112,857	103,886	510	311
Services	327,071	309,603	136,856	130,485	114,919	627	362
Transport	218,150	218,137	130,420	125,316	123,889	562	219
Catering	312,894	289,076	132,698	129,254	112,028	674	1 268
Repair	226,393	194,949	141,724	124,322	82,656	448	284
Other services	491,634	468,602	149,195	139,505	121,839	698	407
Area of residence							
Urban	408,754	267,928	145,821	134,599	115,409	603	454
Industry	227,746	212,975	130,234	107,752	86,647	536	623
Trade	541,087	188,674	144,690	137,358	124,741	586	622
Services	389,949	373,539	155,878	147,534	127,586	659	349
Rural	188,245	129,742	93,621	88,342	77,849	547	413
Industry	119,173	111,925	83,675	72,461	61,831	534	1 175
Trade	275,479	119,141	105,829	104,303	95,962	580	247
Services	182,770	162,874	93,200	91,358	83,211	527	417
Total	328,706	217,764	126,872	117,807	102,200	587	439

Note: VA: Value Added. L1: Number of workers. L2: Number of working hours per month. K: Capital value at replacement cost. VA/L1 VA/L1 is expressed in CFA francs/worker. VA/L2 is expressed in CFA francs/hour. VA/K is expressed in CFA francs/unit of capital.

The gross operating surplus/mixed income, which measures the profit generated, averages 117,807 CFA francs per month, i.e. increase of approximately 40% compared to the level of 2010 (Table 5.4). IPUs in the services sector (130,485 CFA francs) with the highest level of production, also have the highest average monthly profit. Moreover, the trade and industry sectors, which had almost the same production, record significant differences in terms of profits in favour of the trade sector (126,520 CFA francs as against 90,704 CFA francs for industry).

Compared to indicators of apparent productivity¹³, overall, the work performed by an employee in the informal sector generates 102,200 CFA francs per month to the IPU (Table 5.4). This value is up compared to 2010 (73,959 CFA francs). By sector of activity, the work of an employee generates more income in the trade sector (115,622 CFA francs) and services (114,919 CFA francs) compared to industry (75,308 CFA francs). The highest apparent productivity is recorded (167,921 CFA francs)

¹³ Apparent productivity (of labour or of capital) is measured by relating the value added to the factor of production (which is respectively labour or capital).

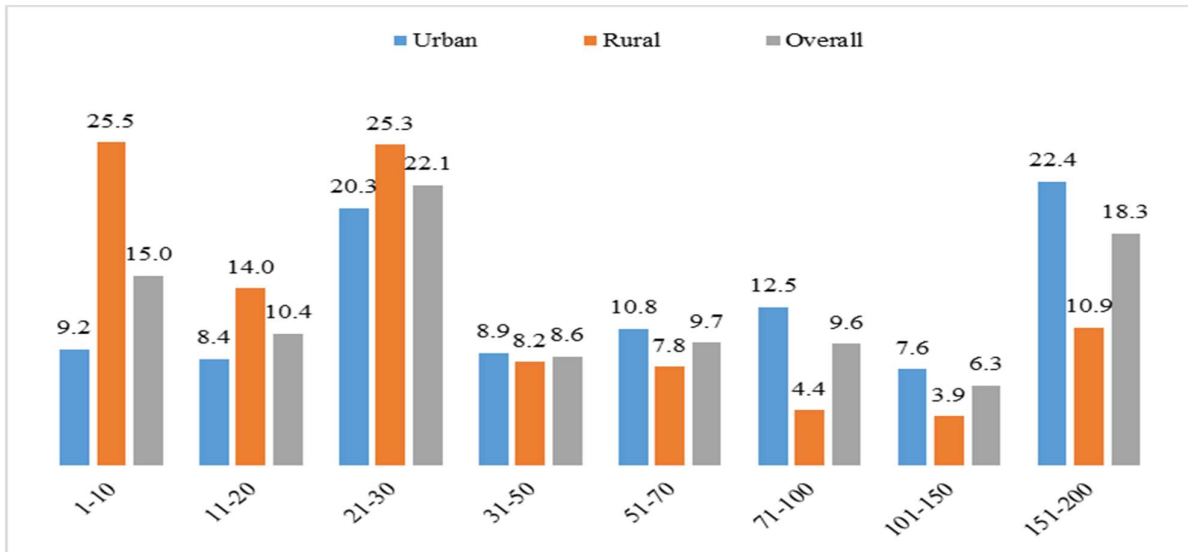
in the branch of wholesale trade. By area of residence, the apparent labour productivity in urban areas is 1.5 times higher than that in rural areas.

As for apparent labour productivity, in terms of hours, one working hour performed by an employee in the informal sector generates 587 CFA francs of value added. The working hour performed creates more wealth (627 CFA francs) in the service sector. This apparent productivity is respectively 584 CFA francs and 535 CFA francs in trade and industry. Overall, compared to 2010, there is an improvement in the level of these indicators in all sectors and branches of activity. In rural areas, one working hour performed generates 547 CFA francs of value added as against 603 CFA francs in urban areas.

A thousand of franc invested as capital produces 439 CFA francs of value added. The industry sector, boosted by construction (2,224 CFA francs) creates more value added per unit of franc invested as capital (790 CFA francs). The trade and services sectors create respectively 381 CFA francs and 362 CFA francs of value added per unit of franc invested as capital.

By area of residence, the informal sector is heterogeneous in terms of wealth creation. Graph 5.1 shows that compared to urban areas (17.6%), there are relatively more IPUs in rural areas for which the value added does not exceed 20,000 CFA francs per month (39.5%). In addition, 30.0% of IPUs in urban areas have a value added of at least 100,000 CFA francs as against only 14.8% in rural areas.

Graph 5.1 : Distribution (%) of IPUs by amount of monthly value added and area of residence, EESI3 - Phase 2, Cameroon, 2021



Overall, by type of workers, IPUs with employees have the highest levels of performance indicators (Table 5.5). For each of the performance indicators, the significant differences observed between the average and the median reflect significant disparities in terms of performance between IPUs of the same type.

Table 5.5: Comparative performances of IPUs according to the type of IPU by environment (monthly values in thousand CFA francs), EESI3 - Phase 2, Cameroon, 2021

	Turnover (in thousand CFA francs)		Monthly production of the IPU (in thousand CFA francs)		Monthly value added of the IPU (in thousand CFA francs)		Monthly Gross Operating Surplus of the IPU (in thousand CFA francs)	
	Average	Median	Average	Median	Average	Median	Average	Median
Type of IPU								
Single-person	273.5	113.3	170.2	86.0	105.4	49.5	103.8	48.0
Non-salary	433.8	150.0	337.2	120.0	189.6	66.9	164.0	49.4
Salary	1461.1	600.0	1088.2	345.0	444.2	258.0	336.7	173.3
Mixed	(1130.7)	(590.0)	(859.5)	(500.0)	(544.1)	(290.0)	(274.1)	(157.2)
Area of residence								
Urban	408.8	178.5	267.9	135.0	145.8	75.8	134.6	70.9
Rural	188.2	61.9	129.7	50.0	93.6	28.8	88.3	27.8
Total	328.7	123.5	217.8	90.0	126.9	54.0	117.8	49.9

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

Table 5.6 shows that work performed by an employee in the informal sector yields a monthly profit of 94,899 CFA francs per month. This has obviously increased compared to 2010 (65,197 CFA francs per month). The trade (110,866 CFA francs) and services (109,570 CFA francs) sectors have the highest monthly per capita profits. Wholesale trade, transport, other industries and catering are the branches of activity with the highest per capita profit, with predominance in the wholesale trade branch. By area of residence of IPU promoters, profit per capita is higher in urban areas (106,527 CFA francs per month) than in rural areas (73,460 CFA francs per month).

The Gross Operating Surplus/Average Income reported to the capital invested makes it possible to measure the economic profitability of the IPU. A unit of francs invested as capital yields 1.02 CFA francs of monthly profit. The industry sector has better economic profitability, compared to the other sectors. This performance is mainly driven by agri-food (3.68 CFA francs) and construction (2.67 CFA francs) where profit per unit of capital is approximately 3 times that of the other branches of activity in this sector. However, the branch of activity relating to catering is the most efficient in terms of profit per unit of capital invested. A unit of francs invested as capital yields 4.18 CFA francs of monthly profit. Moreover, the return on capital invested in urban areas is nearly double that of rural areas.

Table 5.6: Profitability indicators by branch of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

	Profit per capita (CFA francs)	Profit per unit of capital (CFA francs)
Sector and branch of activity		
Industry	63,398	1.36
Agri-food	38,882	3.68
Clothing	63,626	1.09
Construction	71,278	2.67
Other industries	117,554	0.75
Trade	110,866	1.07
Wholesale trade	159,991	1.86
Retail trade	99,841	0.93
Services	109,570	0.86
Transport	119,040	0.41
Catering	109,120	4.18
Repair	72,507	0.61
Other services	113,926	0.87
Area of residence		
Urban	106,527	1.18
Industry	71,689	1.20
Trade	118,420	2.19
Services	120,756	0.84
Rural	73,460	0.75
Industry	53,545	1.73
Trade	94,578	0.45
Services	81,566	0.96
Overall	94,899	1.02

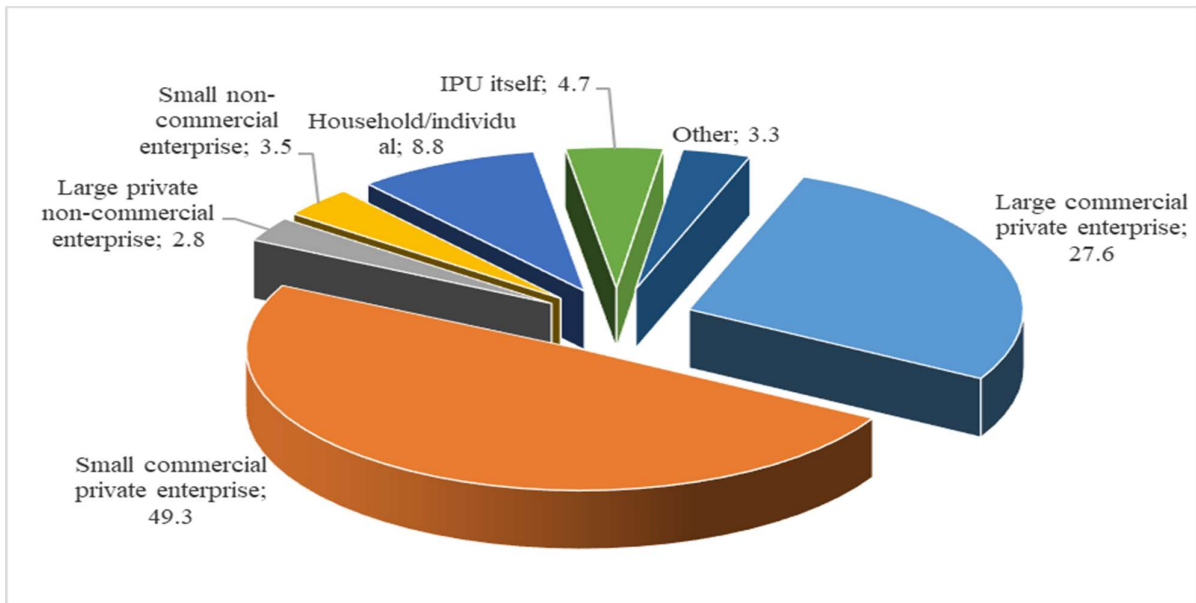
5.2 Integration of the informal sector into the productive system

This section identifies IPU suppliers and clients, which could provide some indications on the relations of the informal sector both within it and with other sectors of economic activity in general.

5.2.1 IPU suppliers

Graph 5.2 shows that in the production process, a little more than three IPUs out of four get their supplies of goods and services from enterprises operating in the trade sector. Indeed, 49.9% and 27.6% get their supplies respectively from small private commercial enterprises and large private commercial enterprises.

Graph 5.2 : Distribution (%) of IPU by their main suppliers, EESI3 - Phase 2, Cameroon, 2021



In the industry sector, nearly six IPU out of ten get their raw materials from small private commercial enterprises (Table 5.7). Apart from construction, this percentage is higher in the other branches of the industry sector.

As regards the services sector, nearly eight IPU out of ten get their supplies from private commercial enterprises, i.e. 33.5% from large private commercial enterprises and 47.5% from small private commercial enterprises.

Most commercial IPU also get their supplies (55.2%) from private commercial enterprises.

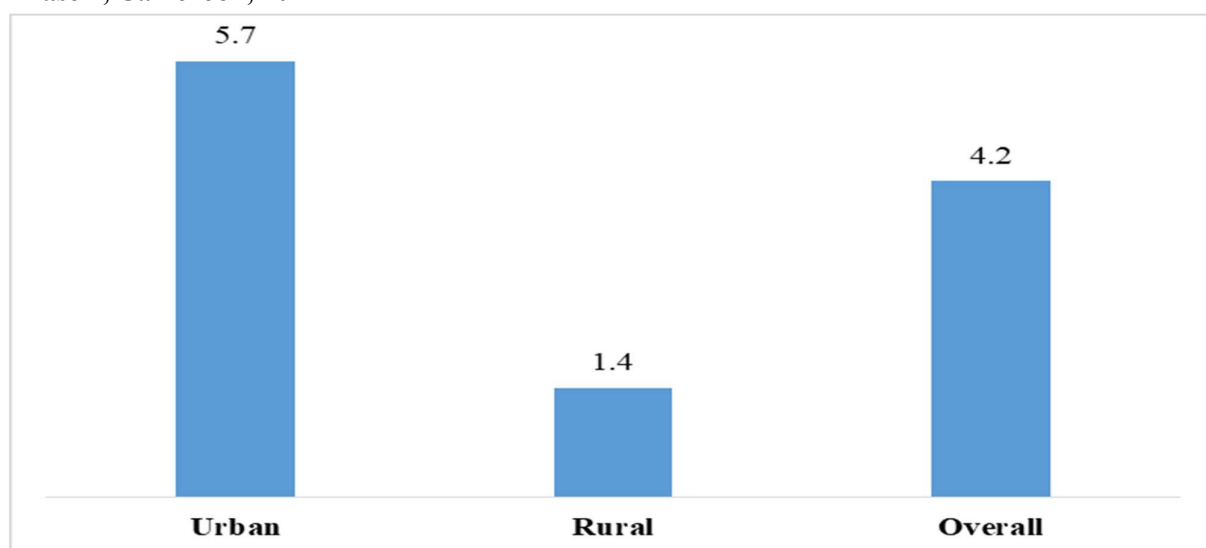
Regardless of the area of residence and branch of activity, the trends are the same.

Table 5.7: Distribution (%) of the amount of purchases according to the origin of the purchase by branch of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

	Large commercial private enterprise	Small commercial private enterprise	Large private commercial enterprise	Small non-commercial enterprise	Household/ individual	IPU itself	Other	Total
Sector and branch of activity								
Industry	4.4	59.1	6.3	7.1	9.5	5.9	7.7	100.0
Agri-food	1.3	60.0	5.2	9.7	14.1	7.3	2.4	100.0
Clothing	3.4	61.6	22.3	2.9	7.2	2.7	0.0	100.0
Construction	5.2	49.2	0.0	2.0	1.4	10.7	31.5	100.0
Other industries	11.1	64.5	0.7	10.3	9.7	1.1	2.6	100.0
Trade	14.0	41.2	0.0	18.2	12.5	6.6	7.5	100.0
Wholesale trade	19.2	46.4	0.0	25.1	1.7	7.6	0.0	100.0
Retail trade	11.4	38.6	0.0	14.7	18.0	6.0	11.3	100.0
Services	33.5	47.5	2.2	1.9	8.5	4.3	2.1	100.0
Transport	39.0	27.7	4.6	2.6	5.8	18.0	2.4	100.0
Catering	9.3	56.5	1.6	4.1	19.3	4.9	4.3	100.0
Repair	7.2	69.1	11.4	1.1	5.9	5.2	0.0	100.0
Other services	51.1	43.9	2.1	0.1	0.8	1.6	0.4	100.0
Area of residence								
Urban	31.1	48.7	3.1	3.3	7.1	4.0	2.7	100.0
Industry	5.1	59.3	8.3	6.1	7.1	5.4	8.6	100.0
Trade	12.1	41.3	0.0	20.1	10.7	7.2	8.6	100.0
Services	37.0	47.0	2.3	1.9	6.9	3.6	1.3	100.0
Rural	6.3	53.0	1.0	4.5	19.4	8.9	6.8	100.0
Industry	2.4	58.4	0.3	10.0	16.5	7.2	5.2	100.0
Trade	27.1	40.5	0.0	5.4	24.6	2.4	0.0	100.0
Services	7.2	51.0	1.4	1.7	20.6	10.1	8.0	100.0
Total	27.6	49.3	2.8	3.5	8.8	4.7	3.3	100.0

Graph 5.3 shows that 4.2% of IPU's sell products from abroad. This proportion is down compared to 2010. This proportion is higher in urban areas (5.7%) than in rural areas (1.4%).

Graph 5.3 : Proportion (%) of IPU's selling products from abroad by area of residence, EESI3 - Phase 2, Cameroon, 2021



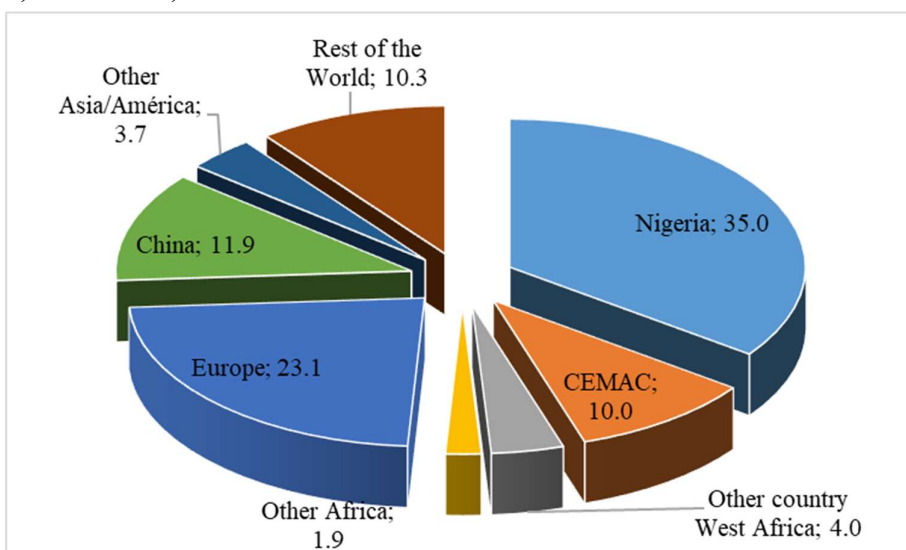
Retail trade (10.4%) and wholesale trade (5.2%) branches have the highest proportions of informal sector enterprises that sell products from abroad (Table 5.8). All these proportions are down compared to 2010. This could be explained by the adverse effects of COVID-19 on global economy and international trade.

Table 5.8 : Country of origin of foreign products sold by IPU, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Proportion of IPU selling products from abroad
Industry	0.7
Agri-food	0.3
Clothing	0.8
Construction	0.5
Other industries	1.7
Trade	9.5
Wholesale trade	5.3
Retail trade	10.4
Services	1.8
Catering	1.8
Repair	1.5
Other services	3.7
Area of residence	
Urban	5.7
Rural	1.4
Overall	4.2

Products from Nigeria, Europe zone and China are sold by 35.0%, 23.1% and 11.9% of IPU respectively (Graph 5.4). Only 10.0% of IPU sell products from other CEMAC countries.

Graph 5.4 : Distribution (%) of IPU by country of origin of the products sold, EESI3 - Phase 2, Cameroon, 2021



5.2.2 IPU clients

The study was also interested in the main IPU clients. Table 5.9, it shows that overall, IPU production is mainly intended for households. Indeed, 87.5% of IPU turnover results from household purchases. This percentage is higher in the service sectors (95.3%). It is respectively 87.0% in industry and 82.0% in trade. This trend to greater contribution of households to the turnover of IPUs is noticeable regardless of the branch of activity. However, it should be noted that nearly a quarter of the turnover of the wholesale trade branch results from purchases by small commercial enterprises.

Table 5.9 : Distribution (%) of the value of turnover according to the destination of sales, by branch of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

	Large commercial private enterprise	Small commercial enterprise	Large private non-commercial enterprise	Small non-commercial enterprise	Household/ Individual	IPU itself	Other	Total
Sector and branch of activity								
<i>Industry</i>	1.4	5.4	1.9	1.8	87.0	0.8	1.7	100
Agri-food	0.2	10.2	0.0	0.5	88.2	0.0	0.9	100
Clothing	0.0	1.8	0.5	2.1	90.9	4.2	0.5	100
Construction	0.7	3.2	4.3	1.3	86.7	0.0	3.7	100
Other industries	4.5	5.0	2.7	3.5	82.7	0.0	1.6	100
<i>Trade</i>	0.4	12.9	0.2	2.0	82.0	0.0	2.6	100
Wholesale trade	0.0	26.0	0.4	3.0	65.8	0.0	4.8	100
Retail trade	0.6	4.7	0.0	1.3	92.1	0.0	1.3	100
<i>Services</i>	0.9	1.6	0.2	0.8	95.3	0.0	1.1	100
Transport	1.7	1.1	0.1	0.3	94.8	0.0	2.1	100
Catering	0.4	2.6	0.0	0.2	95.7	0.0	1.1	100
Repair	0.0	4.5	1.5	4.9	88.8	0.0	0.4	100
Other services	1.1	0.6	0.4	1.3	96.0	0.0	0.6	100
Area of residence								
<i>Urban</i>	0.6	8.0	0.6	1.6	86.8	0.2	2.2	100
Industry	0.0	4.2	2.9	2.1	87.6	1.2	2.0	100
Trade	0.4	14.1	0.2	2.1	80.0	0.0	3.2	100
Services	1.0	1.5	0.3	0.8	95.4	0.0	1.0	100
<i>Rural</i>	1.3	6.3	0.0	1.2	90.3	0.0	0.7	100
Industry	4.1	7.7	0.0	1.2	85.7	0.0	1.2	100
Trade	0.4	8.2	0.0	1.3	90.0	0.1	0.1	100
Services	0.5	2.1	0.1	1.1	94.7	0.0	1.4	100
Overall	0.7	7.7	0.5	1.5	87.5	0.1	1.9	100

5.3 Competition and pricing

As part of undertaking their activities, IPUs are faced with enterprises which produce or sell the same goods or services on the market. This situation results in a kind of competition between IPUs in the various sectors which may play on prices to impose themselves. This section reports on the main competitors of IPUs and pricing method.

5.3.1 Main competitors

Table 5.10 shows that, in general, IPU main competitors include households/individuals (39.8%), small commercial (36.4%) and non-commercial (19.5%) enterprises. By sector of activity, meanwhile the main competitors of trade IPUs are small commercial enterprises (51.7%),

households/individuals are the main competitors in industry and services. The trend observed by sector of activity is reproduced by branch of activity.

Regardless of the area of residence, competition is more fuelled by small commercial enterprises (39.0% in urban areas and 29.9% in rural areas) and households/individuals (38.0% in urban areas and 44.6% in rural areas). It should also be noted that one IPU in rural areas out of four has small non-commercial enterprises as its main competitor.

Table 5.10 : Distribution (%) of IPUs according to the origin of the competition suffered by the informal sector by branch of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

	Public and parastatal sector	Large commercial private enterprise	Small commercial enterprise	Large private non-commercial enterprise	Small non-commercial enterprise	IPU/Household/Individual	Total
Sector and branch of activity							
Industry	0.5	1.9	27.5	2.1	26.1	41.9	100
Agri-food	0.0	1.2	31.5	1.1	23.5	42.6	100
Clothing	0.0	2.0	29.6	1.4	31.0	36.1	100
Construction	3.8	2.4	9.0	4.4	35.4	45.0	100
Other industries	0.0	3.3	26.5	4.5	20.4	45.2	100
Trade	0.1	3.8	51.7	0.2	6.7	37.4	100
Wholesale trade	0.0	4.1	43.0	0.0	10.7	42.1	100
Retail trade	0.1	3.7	53.8	0.3	5.7	36.3	100
Services	0.3	1.6	26.2	2.3	28.7	41.0	100
Transport	0.0	0.6	14.8	0.9	36.0	47.7	100
Catering	0.1	0.6	36.1	0.9	19.5	42.9	100
Repair	0.0	0.0	22.0	10.6	40.0	27.3	100
Other services	1.0	4.3	26.0	4.0	31.0	33.7	100
Area of residence							
Urban	0.3	3.2	39.0	1.7	17.8	38.0	100
Rural	0.0	0.7	29.9	0.8	24.0	44.6	100
Overall	0.3	2.5	36.4	1.5	19.5	39.8	100

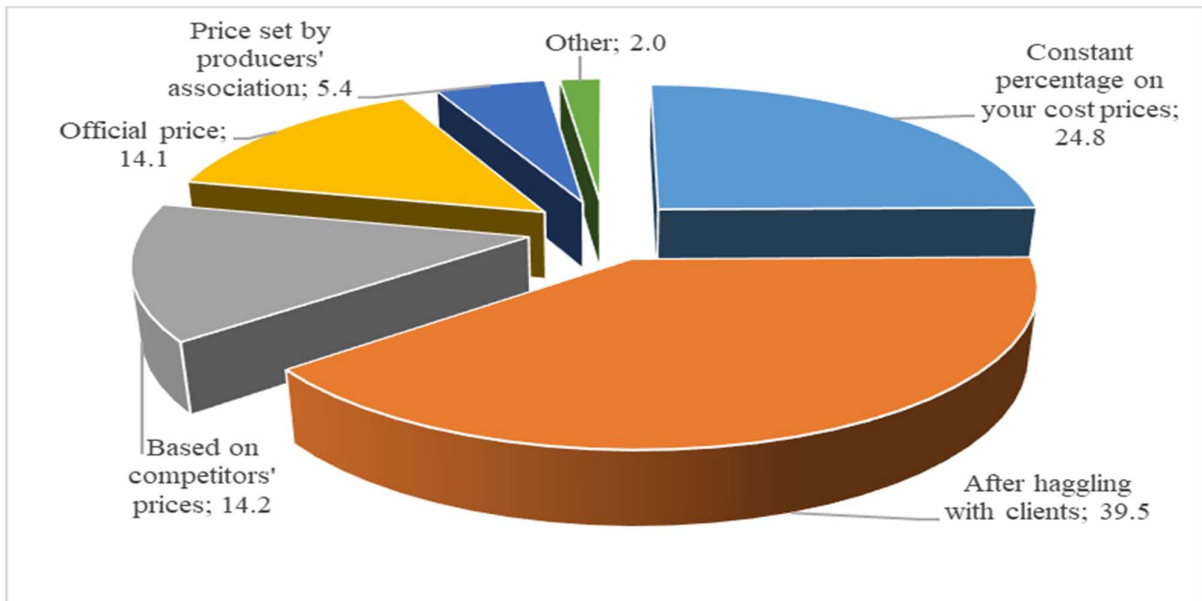
5.3.2 Pricing method

This section reports on the method for setting the prices of the main products sold and services offered by IPUs.

Most IPUs set their prices themselves ("Price makers¹⁴"). For more than half of these, pricing in the informal sector is mainly done either by negotiation or haggling with clients (for 39.5% of IPUs), or by percentage on cost prices (24.8%). However, a significant proportion sets prices according to those of other competitors (14.2%), according to prices set by the State (14.1%). Prices set by producer associations are only applied by 5.4% of IPUs.

¹⁴ In economics, the expression "price makers", which means that an enterprise sets its own price, is opposed to "price takers", which means that the enterprise is a price taker or suffers prices.

Graph 5.5 : Distribution (%) of IPUs according to the pricing method in the informal sector, EESI3 - Phase 2, Cameroon, 2021



Haggling with clients is the widespread pricing method in the sectors of industry (42.3%), services (43.9%) and trade (32.7%). For the latter, setting by constant percentage on the cost prices should be added (30.4%) (Table 5.11). Moreover, application of official prices is more observed in trade (17.9%) and services (14.4%).

Apart from agri-food, retail and catering, the main pricing method is based on haggling with customers in all other branches of activity. Application of official prices, although less recurrent, is observed a little more in wholesale trade (21.2%), retail trade (17.2%), catering (17.0%), transport (16.1%) and agri-food (13.1%).

Table 5.11 : Distribution (%) by pricing method by sector and branch of activity, and area of residence, EESI3 - Phase 2, Cameroon, 2021

	Constant percentage on your cost prices	After haggling with clients	Based on competitors' prices	Official price	Price set by producers' association	Other	Total
Detailed branch of activity							
<i>Industry</i>	22.0	42.3	17.9	9.0	7.1	1.7	100
Agri-food	31.7	17.6	25.0	13.1	11.4	1.1	100
Clothing	15.7	64.6	11.2	4.5	1.6	2.5	100
Construction	6.0	81.1	4.5	3.2	1.3	4.0	100
Other industries	13.7	56.2	16.6	7.4	5.6	0.4	100
<i>Trade</i>	30.4	32.7	13.6	17.9	4.6	0.9	100
Wholesale trade	20.9	38.1	13.4	21.2	4.5	1.9	100
Retail trade	32.4	31.5	13.6	17.2	4.6	0.7	100
<i>Services</i>	21.7	43.9	11.9	14.4	4.8	3.3	100
Transport	2.9	65.4	8.2	16.1	6.1	1.4	100
Catering	41.9	16.0	17.4	17.0	5.4	2.2	100
Repair	4.1	81.2	6.5	4.1	3.1	1.0	100
Other services	14.6	55.5	8.7	11.0	2.8	7.4	100
Area of residence							
<i>Urban</i>	25.4	41.9	12.9	13.2	4.3	2.3	100
Industry	22.1	50.0	14.0	5.9	5.3	2.6	100
Trade	32.7	31.5	13.1	17.2	4.4	1.0	100
Services	20.5	46.7	12.2	13.8	3.5	3.4	100
<i>Rural</i>	23.9	35.3	16.4	15.7	7.3	1.3	100
Industry	22.0	34.0	22.1	12.4	8.9	0.7	100
Trade	25.7	34.9	14.6	19.3	5.0	0.6	100
Services	24.5	37.4	11.4	16.0	7.8	3.0	100
Overall	24.8	39.5	14.2	14.1	5.4	2.0	100

CHAPTER VI: INFORMAL SECTOR AND STATE

In any State the economic fabric should ideally be represented mainly by formal enterprises. In Cameroon, the informal sector continues to occupy an important place in the economy, despite the efforts made by the Government to facilitate the migration of IPU to the formal sector. Since 2010 with the creation of the Small and Medium-sized Enterprises Promotion Agency whose orientations are updated in the National Development Strategy 2020-2030 (NDS30), the Government has been willing to strengthen the institutional mechanism for steering the national policy for the promotion of SMEs.

In this chapter, relations between IPU promoters and the State are analysed. The chapter reports on the following points: declaration of IPU activity to the administration, disputes with the State and perception of IPU promoters on migration to the formal sector.

6.1 Declaration of activity

Setting up business in Cameroon is governed by rules, in particular registration in the administrative registers. This part reports on the registration of IPU and the main reasons for non-registration.

6.1.1 Registration in administrative registers

Registration of a production unit is for the promoter, recognition by the State as an institutional partner. The level of IPU registration in the administrative registers was measured by: registration in the trade register, registration of the taxpayer (taxpayer card), registration with the NSIF or possession of a professional card.

Graph 6.1 shows that registration of IPU with the administration is very marginal. More specifically, 95.7% do not have any taxpayer number, 97.4% are not registered in the trade register, 97.5% have no professional card and 99.5% are not affiliated with the NSIF. These indicators have virtually the same values as in 2010, i.e. after nearly 11 years. Attitudes of IPU promoters remain unchanged regarding registration.

Graph 6.1 : Rate (%) of non-registration of IPU by type of registration, EESI3 - Phase 2, Cameroon, 2021



6.1.2 Reasons for non-registration

For each type of registration, promoters of unregistered IPUs were asked to specify the main reason why their structure was not registered. Several reasons were given as shown in Table 6.1.

The main reason most put forward is that registration is not mandatory to undertake the activity. Regardless of the type of registration, this reason is put forward by promoters of at least 40% of unregistered IPUs.

The second reason comes from ignorance because for nearly one IPU out of four, the promoter says they do not know that they must register.

The third reason is the high cost: promoters of 20.5% of IPUs mentioned this reason to justify the non-possession of a taxpayer number and 17.2% for the commercial register. This is an opportunity to recall that at the Centre for Business Setting up Procedures (CFCE), the duration of formalities is set at 72 hours. The cost is 41,500 CFA francs for a sole proprietorship and 51,500 CFA francs for a Limited Liability Company. At the end of these 72 hours, the promoter receives the taxpayer's card, registration in the trade register, a business license exempt from tax for one year and which may continue for two years.

It was also observed that promoters of 61% of non-registered IPUs do not want to collaborate with the State.

Table 6.1 : Distribution (%) of unregistered IPUs by main reason for non-registration according to the type of registration, EESI3 - Phase 2, Cameroon, 2021

Type of registration	Reason for non-registration							Total
	Procedures too complicated	Too expensive	Registration in progress	Non-compulsory	Does not know whether to register	Does not want to collaborate with the State	Other	
Taxpayer number	8.1	20.5	1.2	39.4	23.4	5.6	1.7	100.0
Trade register	8.0	17.2	1.4	41.4	24.3	6.6	1.3	100.0
Professional card	8.2	13.2	1.5	45.7	24.6	5.8	1.1	100.0
NSIF	8.7	11.7	1.0	46.5	24.5	6.3	1.3	100.0
Overall	8.2	15.9	1.1	42.8	24.5	6.1	1.3	100.0

6.2 Disputes with the State and methods of settlement

IPUs interact with the State. This interaction sometimes gives rise to disputes resulting from the IPU's reluctance to comply with the regulations in force. In this section, disputes between the State and IPUs as well as their methods and costs of settlement are discussed.

6.2.1 Disputes

According to the data in table 6.2, disputes between the State and IPU promoters are of low magnitude. Disputes were registered with the State in only 9.1% of IPUs. This Graph is down compared to 2010 (13%). Services (11.7%) and trade (11%) sectors are those where most disputes are recorded compared to the industry sector (3.5%). The phenomenon is more significant for IPUs whose promoters reside in urban areas (11.0%) than in rural areas (5.9%).

Overall, the three main reasons for disputes are related to taxes (34.3%), offences (17.2%) and premises (14.4%).

In the trade sector, for 13.5% of IPU, disputes are related to products sold or used.

Table 6.2 : Proportion (%) of IPU having had a dispute with the State and their distribution (%) by type of dispute according to the sector of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

	Proportion of IPU having had a dispute with the State	Type of dispute						Other	Total
		Relating to premise	Relating to taxes	Relating to products sold/used	Relating to prices	Relating to hygiene	Relating to offences		
Sector of activity									
Industry	3.5	11.7	35.8	8.6	5.6	7.4	5.3	25.6	100.0
Trade	11.0	18.3	28.9	13.5	6.6	9.8	9.6	13.3	100.0
Services	11.7	11.5	38.7	1.3	7.2	4.1	26.3	10.8	100.0
Area of residence									
Urban	11.0	14.8	34.8	7.2	5.7	8.2	17.6	11.7	100.0
Rural	5.9	13.2	32.9	7.0	10.3	2.3	15.8	18.6	100.0
Overall	9.1	14.4	34.3	7.1	6.8	6.8	17.2	13.3	100.0

6.2.2 Dispute settlement method

Overall, Table 6.3 shows that among the IPU having had a dispute with the State, the preferred mode of settlement is that of providing a gift (in kind or in cash) or an amicable settlement (37.3%), followed by the payment of a fine with no receipt (31.7%). Payment of a fine with receipt is made only by 13.2% of IPU in dispute. Regardless of the sector of activity and area of residence, paying a fine with no receipt is two to three times greater than paying with receipt. The mode of payment shows aspects of corruption between promoters of IPU and State employees. Promoters of seven IPU out of ten in dispute are said to be involved in acts of corruption to resolve them. This is virtually the same trend that was observed in 2010.

Table 6.3 : Distribution (%) of IPU having had a dispute with the State by mode of payment according to the sector of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

	Method of dispute settlement					Total
	Payment of a fine with receipt	Payment (provision) of a gift or amicable settlement	Payment of a fine with receipt and gift	Payment of a fine with no receipt	Other	
Sector of activity						
Industry	10.3	44.5	0.0	23.5	21.7	100.0
Trade	15.8	35.9	2.2	28.7	17.4	100.0
Services	11.6	37.0	2.1	36.0	13.3	100.0
Area of residence						
Urban	13.8	35.1	2.3	31.8	17.0	100.0
Rural	11.3	44.2	0.8	31.5	12.2	100.0
Overall	13.2	37.3	2.0	31.7	15.8	100.0

6.2.3 Cost of dispute settlement

Disputes with the State are generally settled by paying fines or offering gifts. Promoters of IPUs in dispute offered 22,900 CFA francs on average as gifts and 23,200 CFA francs as fines to State employees over the past 12 months (Table 6.4). These sums did not vary significantly compared to 2010. There is no great difference between the average value of the gifts offered in rural areas (21,900 CFA francs), and that offered in urban areas (23,300 CFA francs) for the settlement of disputes. In contrast, the average fines paid are much higher in rural areas (40,900 CFA francs) than in urban areas (17,800 CFA francs).

By sector of activity, a clear demarcation is made between the average amount of fines paid in industry (60,800 CFA francs), services (23,300 CFA francs) and trade (13,400 CFA francs). As for the gifts offered, they amount to an average of twenty thousand, regardless of the sector of activity.

The ratio of the value of the gifts offered by IPUs to State employees on their value added is 1.5% on average, i.e. a slight decrease of 0.6 percentage point compared to 2010. This ratio varies slightly according to the promoter's area of residence and sector of activity.

Regarding the fines paid, they account for 1.7% on average of the added value of the IPUs. This ratio is higher in rural areas (2.5%) than in urban areas (1.3%).

Table 6.4 : Average amounts of gifts offered and fines paid by IPUs by sector of activity and area of residence of the promoter, EESI3 - Phase 2, Cameroon, 2021

	Gifts offered		Fines paid	
	Average value (in thousand CFA francs)	Ratio (%) of the value of the gift on the value added	Average amount (thousand CFA francs)	Ratio (%) of the amount of fines to the value added
Sector of activity				
Industry	22.0	1.8	60.8	4.8
Trade	26.0	1.4	13.4	0.9
Services	20.5	1.5	23.3	1.8
Area of residence				
Urban	23.3	1.6	17.8	1.3
Rural	21.9	1.2	40.9	2.5
Overall	22.9	1.5	23.2	1.7

6.3 Perception of IPU promoters on migration to the formal sector

One of the Government's objectives is to supervise the IPU with a view to their migration towards the formal sector and to make them more productive. This governmental will requires that of the main actors who are IPU promoters. EESI3 was interested in the opinion of the latter on migration from the informal sector to official channels, their perception about taxation specific to their sector, pricing and access to social security.

6.3.1 Integration into official channels

One of the characteristics of IPUs is non-registration with the administration; which excludes them from the official channel. One of the concerns of the survey was to understand the reasons for this exclusion and their willingness to integrate the official channel. During the survey, promoters of unregistered IPUs were asked if they are ready to register their

production unit with the administration, and those who do not pay taxes if they are ready to pay taxes on their activities.

Results show that for the most IPU (54.4%), promoters are neither ready to register their enterprise with the administration nor ready to pay taxes on their activity (Table 6.5). This percentage is up by 8.1 percentage points compared to 2010. However, for 12.6% of IPUs, promoters are ready to register their IPU and for 17.4%, their promoters are ready to pay taxes on the activity. This trend towards a little more tax payment than registration, already observed since previous editions, could be accounted for by the repressive nature in the event of non-payment of tax. Moreover, for 7.5% of IPUs, their promoters are ready to register their IPU with the administration and ready to pay taxes on their activity. Compared to 2010, the proportion of IPUs for which promoters pay taxes fell by 5.4 percentage points (from 17.9% in 2010 to 12.5% in 2021). Similarly, the proportion of registered IPUs experienced the same trend, decreasing from 8.0% in 2010 to 4.1% in 2021. Thus, just as in previous editions, the data seem to reflect the will of actors in the informal sector to do business illegally.

Table 6.5 : Distribution (%) of IPUs according to the promoter's desire to integrate them into official channels, EESI3 - Phase 2, Cameroon, 2021

	Would you be willing to pay taxes on your activity?			Total
	I already pay	Yes	No	
Are you ready to register your production unit with the administration?				
Yes	2.5	7.5	2.6	12.6
No	3.9	5.9	54.4	64.2
Does not know	2.7	3.7	12.8	19.1
The production unit is already registered	3.4	0.3	0.4	4.1
Total	12.5	17.4	70.1	100

As noted previously, analysis of the willingness of promoters to register their IPU with the administration or to pay taxes on their activities enables us to note that overall, IPU leaders seem to prefer to stay away from the administration. This global analysis hides some disparities by sectors and branches of activity.

An analysis by sector of activity shows that IPUs in services (5.4%) are relatively more numerous to be registered with the administration than those in other sectors (Table 6.6). By branch of activity, those in repairs (7.3%) have the highest proportions to be registered with the administration. As noted above, IPUs are generally more inclined to pay tax than to register. Whatever the sector or the branch of activity considered, the percentage of IPUs which pay the taxes is largely above that of registered IPUs.

Table 6.6 : Percentage of IPUs by promoters' opinion about their integration into formal channels, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Integration of the UPI into the official channel			Willingness of IPU leaders to integrate the official channel		
	IPU already registered	Already pays taxes	Already pays business tax and is already registered	IPU ready to be registered	IPU ready to pay taxes	Ready to pay business tax and is ready to be registered
Industry	2.8	7.9	2.2	12.5	16.0	7.7
Agri-food	0.6	3.3	0.1	9.9	13.1	5.2
Clothing	4.5	15.1	3.9	15.7	20.3	9.9
Construction	2.5	3.0	1.4	12.6	13.8	8.3
Other industry	7.6	17.3	7.2	16.3	21.7	12.2
Trade	3.7	11.4	2.9	10.1	17.9	6.5
Wholesale trade	3.0	17.9	3.0	12.5	21.5	9.4
Retail trade	3.8	10.0	2.9	9.5	17.1	5.9
Services	5.4	17.0	4.9	15.2	18.0	8.3
Transport	5.5	25.7	4.9	16.6	21.5	8.7
Catering	4.3	9.4	3.5	11.1	14.9	6.4
Repair	7.3	20.6	7.3	23.4	21.9	12.7
Other services	6.8	18.9	6.5	18.3	18.2	9.8
Overall	4.1	12.5	3.4	12.6	17.4	7.5

A detailed analysis based on aspects of integration into the official channel shows that transport, repair and wholesale trade IPUs are relatively more numerous not only to pay taxes (respectively 25.7%, 20.6% and 17, 9%), but willing to pay taxes for those that do not yet pay them (respectively 21.5%, 21.9% and 21.5%).

As for registration, IPUs in repair, transport, and clothing are relatively more numerous to be registered (respectively 7.3%, 5.5% and 4.5%). IPUs willing to register (respectively 23.4%, 16.6% and 15.7%) are also observed in these branches of activity. Agri-food IPUs are lagging behind with regard to integration into the official channel.

6.3.2 Taxation of the informal sector

As part of EESI3, the opinion of IPU promoters was requested about the introduction of a single tax for the informal sector. Results show that promoters of 14.9% of IPUs agree to the introduction of such a tax (Table 6.7). For 69.2% of IPUs, they totally disagree. Compared to 2010, disagreement with such a tax by IPU leaders has become significant. The percentage of IPUs whose leaders are against the introduction of a single tax on the activities of the informal sector was 38.8% in 2010.

This tendency for most of IPU leaders to reject the idea of introducing a single tax on their activities is virtually the same by sector and the branch of activity.

For nearly one third of IPUs whose promoters agree with the introduction of a single tax, the preferred frequency of payment is annual.

Table 6.7 : Distribution (%) of IPUs according to promoters opinion about the introduction of a single tax; frequency of payment of this tax, by sector of activity, EESI3 - Phase 2, Cameroon, 2021

	Would you be in favour of the introduction of a single tax on your activity?				According to you this tax must be paid by						
	Yes	No	Does not know	Total	Day	Week	Month	Quarter	Semester	Year	Total
Sector and branch of activity											
Industry	12.3	73.3	14.5	100.0	1.8	1.8	28.8	19.8	11.2	36.7	100.0
Agri-food	8.0	79.8	12.2	100.0	4.0	4.5	38.9	15.6	0.0	37.0	100.0
Clothing	18.0	64.4	17.6	100.0	0.9	0.0	24.6	33.9	9.2	31.4	100.0
Construction	8.9	75.0	16.1	100.0	(*)	(*)	(*)	(*)	(*)	(*)	100.0
Other industry	21.3	62.6	16.1	100.0	(0.9)	(0.0)	(27.0)	(11.7)	(22.5)	(37.9)	100.0
Trade	14.0	70.0	16.0	100.0	2.6	3.0	22.0	28.9	9.0	34.5	100.0
Wholesale trade	17.8	72.4	9.8	100.0	(6.9)	(0.0)	(24.8)	(26.9)	(7.1)	(34.3)	100.0
Retail trade	13.1	69.5	17.3	100.0	1.3	3.9	21.2	29.5	9.5	34.6	100.0
Services	17.9	65.1	17.0	100.0	1.7	0.8	17.5	37.5	8.4	34.2	100.0
Transport	24.0	59.2	16.8	100.0	1.3	0.5	19.1	36.3	11.2	31.5	100.0
Catering	11.0	72.3	16.7	100.0	4.7	0.4	24.6	33.9	2.7	33.7	100.0
Repair	24.3	57.4	18.4	100.0	(0.0)	(0.0)	(7.0)	(38.7)	(1.1)	(53.2)	100.0
Other services	20.5	62.2	17.3	100.0	0.0	1.7	12.3	41.6	11.7	32.7	100.0
Overall	14.9	69.2	15.9	100.0	2.0	1.8	21.6	30.5	9.2	34.9	100.0

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).
- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

With regard to the institution to which the single tax should go, for more than 7 IPUs out of 10, the leaders decided in favour of the council (Table 6.8). There is an increase of 30.6 percentage points in IPUs whose leaders wish to see the single tax allocated to the councils compared to 2010 when this indicator was at 42.6%.

As for priority areas where the collected taxes should be used, leaders of 30.4% of IPUs want this to be used primarily for employment creation, 30.3% for education and health expenses, 28.1% for construction of infrastructure (roads, markets, etc.). The idea of using the single tax to create employments is relatively more widespread in service IPUs (35.1%) and in clothing (33.9%).

Table 6.8 : Distribution (%) of IPU promoters opinion about the use and destination of a single tax by sector of activity, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Institution to whom the tax should go				Priority area where the taxes collected should be used								
	Central administration	Council	Does not know	Total	Education, health	Infrastructure (roads, markets, etc.)	Operation (office supplies, maintenance)	Civil servants salary	Supply a support fund for micro-enterprises	Employment creation	Subsidise consumer goods	Other	Total
Industry	23.7	67.7	8.7	100.0	29.6	27.0	1.0	1.9	5.6	29.9	2.3	2.7	100.0
Agri-food	32.8	61.9	5.3	100.0	32.7	27.6	0.0	1.4	9.8	24.5	0.8	3.2	100.0
Clothing	24.0	67.9	8.1	100.0	26.4	23.0	0.9	2.4	4.2	33.9	3.8	5.4	100.0
Construction	(*)	(*)	(*)	100.0	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	100.0
Other industry	(12.9)	(72.5)	(14.6)	100.0	(27.6)	(29.4)	(2.8)	(1.1)	(2.3)	(33.6)	(3.2)	(0.0)	100.0
Trade	17.1	76.2	6.7	100.0	35.3	28.9	0.0	1.1	4.4	24.7	4.9	0.7	100.0
Wholesale trade	(18.5)	(78.9)	(2.6)	100.0	(46.3)	(21.8)	(0.0)	(3.3)	(6.5)	(15.2)	(5.6)	(1.3)	100.0
Retail trade	16.6	75.4	7.9	100.0	32.1	31.0	0.0	0.4	3.8	27.4	4.7	0.5	100.0
Services	16.7	73.9	9.4	100.0	26.8	28.2	0.0	2.2	5.5	35.1	2.2	0.0	100.0
Transport	17.7	77.1	5.2	100.0	25.2	33.5	0.0	1.9	3.4	33.5	2.6	0.0	100.0
Catering	15.9	70.9	13.2	100.0	21.5	29.8	0.0	3.5	7.0	33.2	5.1	0.0	100.0
Repair	(22.8)	(74.1)	(3.2)	100.0	(28.7)	(25.2)	(0.0)	(0.0)	(6.4)	(39.6)	(0.0)	(0.0)	100.0
Other services	14.4	72.2	13.4	100.0	32.9	20.9	0.0	2.1	6.5	37.5	0.0	0.0	100.0
Overall	18.4	73.2	8.4	100.0	30.3	28.1	0.2	1.7	5.2	30.4	3.1	0.9	100.0

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

6.3.3 Opinions of IPU promoters on the State's pricing method

Opinions of IPU promoters about the pricing method for informal sector activities were also discussed. Table 6.9 shows that for most IPU promoters (59.4%), promoters reported that the informal sector should operate according to the rule of the market economy according to which, the price of the products sold is set according to the law of supply and demand. In contrast, promoters of 10.5% of IPU promoters would like to see the State set the prices of the products sold and for 30.1% of IPU promoters they prefer that the prices be set by associations of producers.

Table 6.9 : Distribution (%) of IPU's according to promoters opinion about the best pricing methods by sector of activity, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	In your opinion, best pricing method for your products and services			Total
	Pricing by the State	Pricing by producer associations	Pricing by the law of supply and demand	
Industry	8.6	35.1	56.3	100.0
Agri-food	10.6	41.0	48.4	100.0
Clothing	8.5	24.5	67.1	100.0
Construction	6.4	24.7	68.9	100.0
Other industry	4.3	40.1	55.6	100.0
Trade	10.9	27.8	61.3	100.0
Wholesale trade	9.7	26.8	63.5	100.0
Retail trade	11.2	28.0	60.8	100.0
Services	11.7	28.4	59.9	100.0
Transport	16.9	27.9	55.3	100.0
Catering	9.6	28.2	62.2	100.0
Repair	9.2	22.6	68.2	100.0
Other services	9.9	30.6	59.5	100.0
Overall	10.5	30.1	59.4	100.0

CHAPTER VII: MODE OF INTEGRATION IN THE INFORMAL SECTOR, CHALLENGES AND PROSPECTS

This chapter reports on four main points: methods for integrating IPU promoters, problems encountered, aid desired and prospects in the informal sector.

7.1 Mode of integration of IPU promoters in the informal sector

The mode of integration of IPU promoters in the informal sector will be scrutinised through the reasons for choosing their activities, method for setting the volume of services and method for approaching clients.

7.1.1 Reasons for choosing activity in the informal sector

IPU promoters were asked to state their main reason for choosing their activity.

To this question, promoters of 46.7% of IPUs reported undertaking the trade that they learned (Table 7.1). For 17.2% of IPUs, they were afforded an opportunity and for 14.7% of IPUs, they undertake the trade which gives them the best profit compared to other products or services. Promoters of only 7.9% of IPUs prefer to undertake activities which guarantee them the most stable revenue. These trends are almost similar by sector of activity and promoter's area of residence.

Table 7.1 : Distribution (%) of IPUs according to the main reason for choosing the activity by promoters by sector of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

Reason for choosing the activity	Sector of activity			Area of residence		
	Industry	Trade	Services	Urban	Rural	Total
Family tradition	7.8	4.8	4.1	4.1	7.6	5.4
Trade learned	58.4	35.5	48.4	47.2	45.8	46.7
Best profit	8.4	20.3	14.2	14.3	15.4	14.7
More stable revenue	5.6	9.8	7.7	8.1	7.4	7.9
Opportunity	13.4	22.0	15.6	17.1	17.5	17.2
Other	6.3	7.5	10.1	9.2	6.2	8.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

7.1.2 Method for setting the volume of services

Overall, promoters of 38.8% of IPUs set the volumes of services according to their production capacity (Table 7.2). For 34.0% of IPUs, they set it based on predictable demand.

According to the sector of activity, promoters of four IPUs out of ten in the trade sector set the volume of services based on foreseeable demand. In contrast, setting according to production capacity is more practised in the industry (42.0%) and services (40.9%) sectors. This trend is also observed in urban (36.5%) and rural (42.6%) areas for this type of method compared to the others.

Table 7.2 : Distribution (%) of IPU's according to the main methods for setting the volumes of services by promoters by sector of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

Method for setting	Sector of activity			Area of residence		Total
	Industry	Trade	Services	Urban	Rural	
Orders	31.6	20.3	20.8	26.4	19.0	23.7
Demand prediction	24.9	43.2	32.2	33.6	34.7	34.0
Production capacity	42.0	33.9	40.9	36.5	42.6	38.8
Other	1.6	2.5	6.1	3.5	3.6	3.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

7.1.3 Method for approaching clients

To sell their production, IPU's use various commercial techniques (Table 7.3). For a little more than six IPU's out of ten, promoters wait for clients to show up. Promoters of 23.4% of IPU's seek to make themselves known through certain networks, including family, neighbours and friends in order to have clients. For only 11.4% of IPU's, promoters adopt client prospecting marketing strategies. These trends are the same regardless of the sector of activity and area of residence.

Table 7.3 : Distribution (%) of IPU's according to the main method for approaching clients by promoters by sector of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

Marketing strategy	Sector of activity			Area of residence		Overall
	Industry	Trade	Services	Urban	Rural	
Wait for clients	63.1	62.7	65.2	59.1	71.8	63.7
Make themselves known	26.7	22.5	21.7	25.8	19.2	23.4
Prospect clients	8.5	13.5	11.7	13.5	7.8	11.4
Other	1.6	1.3	1.5	1.6	1.2	1.5
Total	100	100	100	100	100	100

7.2 Difficulties encountered by IPU's

Actors in the informal sector face several difficulties that overshadow the influence of their activities. These difficulties relate to the nature of their activities, labour, and survival of the IPU.

7.2.1 Difficulties relating to the performance of the activity

IPU operating difficulties are mainly as a result of lack of clients or issue of outlets to sell products (32.2%), excess competition (20.0%) and difficulties in supplying raw materials and products sold (19.4%) (Table 7.4). These three main problems are the most experienced by IPU's regardless the sector of activity and area of residence of the IPU promoter. To these are added other issues, in particular the lack of space or suitable premises (14.4%), lack of machinery and equipment (9.7%) and cash flow issues (8.8%).

The trade sector is the most affected by problems of lack of outlets (36.7%), excess competition (26.1%) and supply of raw materials (25.5%).

Issues relating to the manufacturing technique and recruitment of skilled staff are reported less by IPU leaders (1.9%). This result is said to result, *inter alia*, from the fact that, as a general rule, activities in the informal sector do not require specific technical skills and qualifications.

Table 7.4 : Percentage of IPU's by difficulties encountered by sector of activity, area of residence, EESI3 - Phase 2, Cameroon, 2021

Type of difficulty	Sector of activity			Area of residence		
	Industry	Trade	Services	Urban	Rural	Overall
Excess competition	18.9	26.1	15.1	22.1	16.5	20.0
Lack of clients/Problem of outlet	32.8	36.7	27.4	31.9	32.8	32.2
Difficulties in supplying raw materials and products sold	21.5	25.5	12.0	18.4	21.2	19.4
Cash flow problem/Lack of liquidity	8.1	10.9	7.3	8.5	9.4	8.8
Lack of space/Suitable premises	12.4	17.8	12.5	16.4	10.7	14.4
Lack of machinery, equipment	17.0	3.0	10.4	10.5	8.3	9.7
Too many regulations, taxes and duties	2.4	5.2	8.3	6.5	3.9	5.5
Organisation, management difficulty	2.6	2.8	2.4	2.7	2.5	2.6
Technical manufacturing difficulties	4.5	0.5	0.7	1.5	2.2	1.7
Recruitment of skilled staff	3.4	0.8	1.8	1.9	1.8	1.9
Other problems	2.7	3.1	3.7	3.8	2.1	3.2
Percentage of IPU's having encountered at least one problem	66.5	70.8	60.6	67.4	63.3	65.9

For IPU's carrying out their activities in a "Pond/river/sea" and those working in a "Hangar", promoters reported relatively more to have had at least one difficulty in performing their activities (86.2% and 84.6% respectively) (Table 7.5). Next are those carrying out their activities in fixed premises within a public market (77.3%).

In contrast, for those working in clients homes (55.4%) on the one hand, and on the other hand in a "Vehicle/motorcycle/bicycle/wheelbarrow/carrier" (57.7%), promoters relatively less reported having had at least one difficulty in carrying out their activities. Lack of clients or outlet problems (36.1%), and strong competition (28.9%) are more reported as problems for IPU's carrying out their activities in fixed premises within a public market.

For IPU's with no premises, the absence of premises is also an impediment to the performance of their activities. Indeed, 17.5% of IPU's who perform as itinerant/nomadic and 24.5% of those who undertake their activities on an improvised station on the public road mentioned the absence of a room as an operating problem.

In addition, excess regulations/taxes/duties was relatively more reported in IPU's which use a vehicle/motorcycle/bicycle/wheelbarrow/carrier (22.8%) as a working tool or fixed premises (22.0%) in a market (shop, counter).

Table 7.5 : Percentage of IPU's encountering difficulties according to the type of premises by type of problem, EESI3 - Phase 2, Cameroon, 2021

Type of problem	Type of premises/place where activity is carried out														Overall
	Itinerant/nomadic	Improvised station on the public highway	Fixed station on the public highway	Vehicle/motorcycle/bicycle/wheelbarrow/carrier	Clients home	At home without special facility	At home with special facility	Improvised station in a market	Other (with no business premise)	Fixed premise within a market (shop, counter)	Workshop, shop, restaurant, hotel, etc.	Pond/river/sea	Hangar	Other (with business premise)	
Excess competition	20.9	23.4	24.1	15.1	10.0	13.6	15.9	28.5	(14.6)	28.9	24.4	(*)	(37.6)	(15.7)	20.0
Lack of clients/Problem of outlet	28.3	36.0	34.3	21.1	23.1	31.4	35.5	37.7	(23.7)	36.1	34.8	(*)	(22.5)	30.5	32.2
Difficulties in supplying raw materials and products sold	14.7	19.5	17.3	3.5	10.7	20.6	24.8	26.5	(6.2)	23.2	21.2	(*)	(42.2)	22.8	19.4
Cash flow problem/Lack of liquidity	8.2	6.8	10.2	6.3	4.7	7.7	11.3	10.0	(16.5)	10.7	10.9	(*)	(18.8)	13.3	8.8
Lack of space/Suitable premises	17.5	24.5	19.8	1.3	14.5	15.1	9.8	15.2	(2.7)	10.3	9.3	(*)	(20.4)	9.6	14.4
Lack of machinery, equipment	7.7	6.0	8.6	3.8	22.7	10.3	13.5	5.0	(19.8)	13.8	21.3	(*)	(14.6)	9.6	9.7
Too many regulations, taxes and duties	3.9	3.7	3.8	22.8	4.5	1.0	1.6	3.8	(0.0)	22.0	11.6	(*)	(10.0)	12.5	5.5
Organisation, management difficulty	2.0	3.0	0.7	2.0	2.2	1.8	3.8	4.1	(15.8)	1.4	2.3	(*)	(3.0)	3.6	2.6
Technical manufacturing difficulties	1.2	1.8	1.5	0.0	4.9	2.8	1.5	1.0	(0.0)	0.7	1.9	(*)	(4.5)	0.3	1.7
Recruitment of skilled staff	1.4	1.0	3.2	0.5	7.7	1.4	1.3	0.9	(0.0)	3.5	5.0	(*)	(3.0)	1.8	1.9
Other problems	4.6	4.2	2.4	5.3	3.2	2.7	2.8	2.7	(3.9)	2.5	2.1	(*)	(0.0)	2.1	3.2
Percentage of IPU's with at least one problem	61.4	70.8	67.8	57.7	55.4	60.7	70.7	71.6	73.5	77.3	68.9	86.2	84.6	64.4	65.9

Note:

- Values in brackets () should be interpreted with caution due to the low unweighted numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

7.2.2 Difficulties relating to labour

Analysis of difficulties relating to labour is restricted to IPUs with at least one employee, either of size greater than or equal to 2. For 16.5% of these IPUs, promoters reported having encountered at least one difficulty relating to labour (Table 7.6). This proportion is higher in services (20.4%) and industry (19.2%). Problems of lack of discipline or lack of seriousness (7.1%), employee instability (4.5%) and lack of skilled labour (4.9%) are the most frequent in IPUs.

Table 7.6 : Percentage of IPUs by type of problem relating to labour, according to the sector of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

Type of labour problem	Sector of activity			Area of residence		Overall
	Industry	Trade	Services	Urban	Rural	
Lack of skilled labour	6.8	1.8	4.8	4.4	5.9	4.9
Lack of labour	5.2	1.7	5.2	3.1	6.8	4.3
Employee instability	6.4	1.4	4.5	5.0	3.7	4.5
Salary too high	0.8	0.2	0.4	0.5	0.6	0.5
Issue with unions	0.6	0.0	1.4	0.6	0.9	0.7
Problem of lack of discipline or lack of seriousness	7.6	2.4	10.1	8.0	5.2	7.1
Other	1.1	1.4	2.7	2.2	0.6	1.7
Percentage of IPUs encountering at least one labour-related difficulty	19.2	6.8	20.4	17.8	13.8	16.5

7.2.3 Difficulties that may impede the survival of the IPU

Overall, for eight IPUs out of a hundred, promoters reported that they have no difficulties that could lead to the closure of their IPU (Graph 7.1). To better assess the difficulties relating to the survival of IPUs, the following analysis is restricted to promoters who encounter at least one.

Graph 7.1 : Proportion (%) of IPUs whose promoters reported having no difficulties that could lead to the extinction of their IPU, EESI3 - Phase 2, Cameroon, 2021



Table 7.7 shows that the main most reported difficulties which can cause the extinction of IPUs are, lack of customers (44.7%) and in a much lower proportion, excess competition (13.7%). Lack of liquidity (12.3%) and of raw materials or goods (11.2%) are also significant problems that can result in the extinction of IPUs. Excess regulations/taxes/duties does not in itself constitute a threat to the survival of IPUs (1.3%).

Regardless of the area of residence, the lack of customers remains the main difficulty which threatens the survival of IPUs. This difficulty is reported more in rural areas (48.7%) than in urban areas (42.5%). This reason is also the most frequent in industry sector (49.1%).

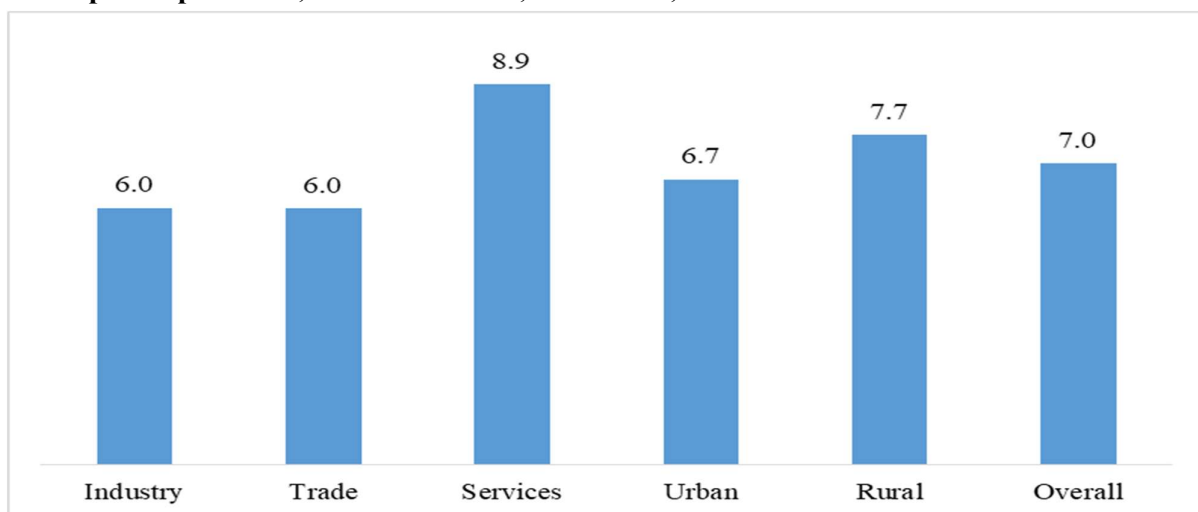
Table 7.7 : Distribution (%) of IPUs according to the main difficulty that could lead to their extinction by sector of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

Main difficulty	Sector of activity			Area of residence		Overall
	Industry	Trade	Services	Urban	Rural	
Lack of raw materials/goods	11.5	15.1	7.0	9.6	13.9	11.2
Lack of clients	49.1	40.4	45.5	42.5	48.7	44.7
Excess competition	11.4	13.3	15.9	15.3	10.9	13.7
Lack of liquidity	9.7	16.5	10.4	12.8	11.5	12.3
Lack of skilled staff	0.5	0.0	0.2	0.2	0.3	0.2
Problems of premises, space	1.5	2.8	1.9	2.8	0.9	2.1
Problems of machinery, equipment	5.3	0.6	2.9	3.0	2.4	2.8
Problems of technical manufacturing	1.2	0.1	0.2	0.3	0.7	0.5
Organisation, management problems	0.3	0.5	0.7	0.6	0.4	0.5
Too many regulations, taxes, duties	0.3	1.5	1.9	1.7	0.7	1.3
Other	1.9	2.5	3.2	3.3	1.4	2.6
No risk of extinction	7.2	6.7	10.1	8.0	8.2	8.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

7.2.4 Difficulties relating to the development of the IPU

Overall, 7.0% of IPUs have no development problems (Graph 7.2). However, for those who encounter development problems, the lack of customers (32.2%), lack of liquidity (26.3%), excess competition (14.9%) and to a lesser extent the lack of raw materials (7.2%) are in order of importance the main difficulties that impede their development (Table 7.8).

Graph 7.2 : Proportion (%) of IPU whose promoters reported not having had any development problems, EESI3 - Phase 2, Cameroon, 2021



Technical and organisational problems or lack of skilled staff are almost non-existent (less than 1%). As for difficulties relating to excess regulation/taxes and duties, they are very marginal as they are reported in only 1.1% of IPUs.

Table 7.8 : Distribution (%) of IPUs according to the main difficulty impeding their development by sector of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

Main difficulty	Sector of activity			Area of residence		Overall
	Industry	Trade	Services	Urban	Rural	
Lack of raw materials	8.5	8.5	4.9	6.9	7.7	7.2
Lack of clients	37.3	30.3	30.2	28.5	38.9	32.2
Excess competition	13.1	14.9	16.4	16.1	12.9	14.9
Lack of liquidity	19.7	31.9	26.0	28.3	22.8	26.3
Lack of skilled staff	0.4	0.0	0.6	0.3	0.3	0.3
Problems of premises, space	0.4	3.7	4.1	4.6	2.2	3.7
Problems of machinery, equipment	7.6	0.9	3.4	3.7	3.8	3.7
Problems of technical manufacturing	1.0	0.0	0.0	0.1	0.6	0.3
Organisation, management problems	0.5	0.7	0.9	0.9	0.4	0.7
Too many regulations, taxes, duties	0.1	1.1	1.9	1.5	0.4	1.1
Seasonality of the activity	1.1	1.1	0.8	0.9	1.2	1.0
Other	1.3	1.0	1.9	1.5	1.3	1.4
No development problem	6.0	6.0	8.9	6.7	7.7	7.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

7.3 Desiderata of IPU promoters

Aspects discussed here relate the various supports wished by IPU promoters to face the difficulties they encounter and how they would use the loan if they were afforded.

7.3.1 Desired support

To cope with their current difficulties, promoters of almost half of the IPUs (45.9%) need assistance for supply (Table 7.9). This type of support is even more desired in the trade sector (47.4%) and in

rural areas (47.9%). Technical training (23.8%), access to loan (23.2%) as well as access to large orders (21.0%) are also support needed by IPU promoters.

Table 7.9 : Proportion (%) of IPUs by type of support needed by promoters, according to the sector of activity, area of residence and promoter's sex, EESI3 - Phase 2, Cameroon, 2021

Types of support	Sector of activity			Area of residence		Sex		Overall
	Industry	Trade	Services	Urban	Rural	Male	Female	
Access to large orders	25.2	24.5	14.5	20.7	21.6	19.0	22.6	21.0
Access to loans	22.0	27.0	20.4	23.4	22.7	23.0	23.3	23.2
Assistance for supply	42.5	47.4	47.0	44.7	47.9	46.2	45.6	45.9
Access to market information	8.2	12.9	6.5	9.7	8.4	8.7	9.6	9.2
Access to modern machinery	21.7	3.1	10.5	11.8	9.9	12.2	10.3	11.1
Advertising for new products	5.9	6.0	4.6	6.7	3.2	5.4	5.5	5.4
Training in the organisation of accounts	7.1	6.7	4.6	6.3	5.7	4.6	7.2	6.1
Technical training	26.4	23.7	22.0	24.9	22.0	23.4	24.2	23.8
Activity registration	3.5	3.1	4.3	3.9	3.2	4.9	2.7	3.6
Limit State control in our activities	4.9	4.5	7.3	6.6	4.0	5.2	6.0	5.6
Other	2.6	5.5	7.4	6.0	4.4	8.0	3.3	5.4

7.3.2 Use of loans

If they could be afforded a loan to finance their activities, promoters of 31.1% of IPUs would firstly devote the funds granted to increasing the stock of raw materials (Table 7.10). For one IPU out of four, they would use the loan to open another establishment, i.e. 16.9% to open another establishment in the same activity and 8.5% to open another establishment in another activity. In addition, for 15.9% of IPUs, promoters would use the loan granted to improve their premises, as against 11.5% whose promoters would like to improve their machines, furniture and tools. For only 3.5% of IPUs, promoters would use the loan to recruit staff.

In the trade sector, for two IPUs out of five, promoters would use the loan to increase their stocks of goods. In the industry and services sector, this proportion is 30.0% and 19.7% respectively.

Table 7.10 : Proportion (%) of IPUs according to the priority use that would be made of the loan granted, by sector of activity, area of residence and promoter's sex, EESI3-Phase 2, Cameroon, 2021

Possible use of loan	Sector of activity			Area of residence		Sex		Total
	Industry	Trade	Services	Urban	Rural	Male	Female	
Increase one's stock of raw materials	30.0	42.9	19.7	28.8	36.6	20.2	38.9	31.1
Improve one's premise, one's location	11.5	17.3	18.4	17.8	11.2	12.8	18.2	15.9
Improve one's machinery, furniture, tools	20.8	2.4	12.7	12.0	10.2	16.8	7.6	11.5
Hire	5.3	2.1	3.5	3.4	3.8	4.7	2.7	3.5
Open another establishment in the same activity	12.3	16.5	21.4	17.7	15.0	21.0	13.9	16.9
Open another establishment in a different activity	7.4	6.8	11.3	8.6	8.4	10.1	7.3	8.5
Incur expenses out of the establishment	7.6	6.1	7.4	6.4	8.7	8.4	6.1	7.0
Other	5.1	5.8	5.6	5.3	6.1	5.9	5.2	5.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

7.4 Informal sector prospects

This section reports on the one hand, the strategies implemented by promoters of IPUs in the event of reduction in demand and on the other hand, IPU prospects.

7.4.1 Strategy in the event of reduction in demand

In the event of reduction in demand (Table 7.11), the main strategies envisaged in IPUs are diversification of activities (36.3%), abandonment of activity (17.1%) and improvement of product quality (15.5%). With a few exceptions, these trends are virtually the same regardless of the sector of activity and area of residence.

Contraction of the wage bill (either by reducing salaries or by reducing the number of employees) only constitutes a possible solution for a marginal proportion of IPUs. This could be accounted for by the low salary rate in the informal sector.

Table 7.11 : Distribution (%) of IPUs according to the main strategy envisaged in the event of reduction in demand by sector of activity and area of residence, EESI3 - Phase 2, Cameroon, 2021

Main strategy envisaged	Sector of activity			Area of residence		Total
	Industry	Trade	Services	Urban	Rural	
Reduce the number of employees	5.2	4.3	4.0	5.1	3.2	4.4
Reduce salaries	4.2	2.6	3.4	3.8	2.5	3.3
Reduce one's profit	8.2	9.5	10.3	9.2	9.7	9.4
Diversify one's activities	32.6	40.0	35.7	38.3	32.9	36.3
Look for another employment	9.0	11.4	12.5	10.6	11.9	11.1
Improve the quality of one's products	18.3	14.1	14.6	15.6	15.3	15.5
Abandon the activity	19.5	15.5	16.9	14.7	21.5	17.1
Other	3.1	2.7	2.6	2.6	3.0	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

7.4.2 IPU future

Despite the difficult economic situation, for three IPUs out of ten, promoters are optimistic about the future of their production unit (Table 7.12). This proportion is a little higher in the clothing IPUs (88.3%) and repair services (88.9%). However, in agri-food (71.1%) and transport (71.8%), promoters are the least optimistic about the future of their IPUs. IPUs run by men are proportionally more numerous (77.5%) than those run by women (74.8%) to be optimistic about their future.

For seven IPUs out of ten, promoters want their relatives or acquaintances to continue the activities of the IPU. This will from promoters is more significant for IPUs in clothing (86.4%), repairs (84.6%) and construction (80.2%).

Table 7.12 : Proportion (%) of IPU's whose promoters are optimistic about the future of their IPU; Proportion (%) of IPU's whose promoters wish that activities be continued by their relatives or acquaintances, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Optimistic about the future of the IPU	Wish that the activity be continued by their relatives or acquaintances
Industry	77.0	74.1
Agri-food	71.1	68.4
Clothing	88.3	86.4
Construction	84.2	80.2
Other industries	73.7	70.2
Trade	74.4	69.2
Wholesale trade	74.5	72.8
Retail trade	74.4	68.4
Services	76.8	70.1
Transport	71.8	60.2
Catering	75.3	70.1
Repair	88.9	84.6
Other services	81.6	77.4
Area of residence		
Urban	78.0	70.6
Rural	72.5	71.5
Promoter's sex		
Male	77.5	72.2
Female	74.8	69.9
Overall	76.0	70.9

CHAPTER VIII: TRENDS IN THE MAIN INDICATORS OF THE INFORMAL SECTOR BETWEEN 2005 AND 2021

This chapter reports on trends, between 2005 and 2021, of the main indicators that characterise the informal sector, in particular those relating to the conditions of activity, capital, financing, investment, production, integration and competition.

8.1 Conceptual change resulting from transition from SNA1993 to SNA2008

The definition of enterprises in the informal sector has been included in the System of National Accounts (SNA) since the SNA 1993. However, the SNA 2008, in chapter 25, provides more details on the informal aspects of the economy.

In the past, there were suggestions to remove from the informal sector, enterprises that produce professional services or self-employed workers who render technical services such as doctors, lawyers, architects, engineers. The reason given was the high level of their skills and other characteristics specific to these activities. However, the SNA 2008 recommended that there should be no special treatment for these enterprises. Thus, they are included or excluded from the informal sector on the basis of the criteria that define the enterprises of this sector.

The SNA 2008 recommends that activities of households as employers of domestic workers (division 97 of ISIC), where households are producers for own final use, be excluded from the scope of the informal sector.

In accordance with ISIC rev4, tolling¹⁵ was reduced to the level of the goods they produce, unlike the other editions of EESI which classified them in services.

8.2 Changes in indicators of activity, labour and employment conditions in the informal sector

Changes in indicators of activity, labour and employment conditions are assessed through variations observed between 2010 and 2021 in the average size of IPUs, employee rate, average working time, average age, level of education, level of pay and seniority of workers.

The informal sector remained dominated by single-person IPUs (85.7%) in 2021 and the average size of IPUs remained almost stable between 2010 (1.3 person) and 2021 (1.2 person). Apart from construction (+0.5 person) and clothing (-0.5 person) where an increase and a decrease in the average size of IPUs were respectively observed, stability was observed in the other branches activity (Table 8.1).

As a result of the predominance of single-person IPUs both in 2010 and in 2021, the employee rate at the national level remains low in the informal sector. Over this period, this rate did not change at the national level and remained almost stable regardless of the area of residence of the IPU promoter.

¹⁵ Tolling is when a person provides the labour but not the raw material needed for the job. Example: The neighbourhood seamstress used to do tolling. This is work done at home by the worker while their employer provides them with the raw material.

By branch of activity, a fall in the employee rate was recorded in transport (-3.7 percentage points) and agri-food (-2.7 percentage points). In contrast, repairs (+5.6 percentage points), construction (+4.8 percentage points) and wholesale trade (+1.1 percentage points) are those which record an increase in the employee rate.

Overall, the average working time per week increased by more than 3 hours between 2010 and 2021, up from 37.7 to 41.2 hours.

The average working time per week remains higher among IPUs whose promoter resides in urban areas, than among those whose promoter resides in rural areas. Moreover, compared to 2010, this time has increased by 3.8 hours among IPU workers whose promoter resides in urban areas, and by 2.2 hours among those whose promoter resides in rural areas.

Compared to 2010, workers work for more hours per week in trade (+6.3 hours), and more particularly in retail trade (+7.4 hours). This increase is 1.9 hours in services, despite a drop of 4.0 hours in the repair branch. This time has remained stable in industry with, however, disparities by its branches of activity. While there is a weekly increase in the number of working hours in agri-food (+3.2 hours), construction (-3.7 hours) and clothing (-1.6 hours) record a reduction in the weekly working time.

Table 8.1: Average size of IPUs, employee rate in IPUs and average working time per week (hours) in 2005, 2010 and 2021, EESI3 - Phase 2, Cameroon, 2021

	Average size				Employee rate				Average working time per week (in hours)			
	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010
Sector and branch of activity												
<i>Industry</i>	<i>1.6</i>	<i>1.5</i>	<i>1.4</i>	<i>-0.1</i>	<i>10.2</i>	<i>13.3</i>	<i>15.1</i>	<i>1.8</i>	<i>26.4</i>	<i>33.0</i>	<i>33.5</i>	<i>0.5</i>
Agri-food	1.5	1.2	1.2	0.0	3.0	5.0	2.3	-2.7	19.9	24.6	27.8	3.2
Clothing	1.4	1.8	1.3	-0.5	3.4	4.5	4.6	0.1	36.1	40.6	39.0	-1.6
Construction	2.2	1.8	2.3	0.5	47.2	39.8	44.6	4.8	40.7	38.8	35.1	-3.7
Other industries	1.6	1.7	1.5	-0.2	12.6	24.9	18.0	-6.9	32.2	41.9	38.8	-3.1
<i>Trade</i>	<i>1.3</i>	<i>1.2</i>	<i>1.1</i>	<i>-0.1</i>	<i>2.9</i>	<i>4.3</i>	<i>4.4</i>	<i>0.1</i>	<i>41.6</i>	<i>40.4</i>	<i>46.7</i>	<i>6.3</i>
Wholesale trade	1.4	1.2	1.2	0.0	13.7	8.6	9.7	1.1	36.9	38.6	40.8	2.2
Retail trade	1.3	1.2	1.1	-0.1	2.2	3.8	3.2	-0.6	41.9	40.6	48.0	7.4
<i>Services</i>	<i>1.5</i>	<i>1.2</i>	<i>1.2</i>	<i>0.0</i>	<i>8.4</i>	<i>7.0</i>	<i>7.0</i>	<i>0.0</i>	<i>40.1</i>	<i>41.0</i>	<i>42.9</i>	<i>1.9</i>
Transport	1.3	1.1	1.1	0.0	17.2	8.1	4.4	-3.7	55.1	52.5	51.6	-0.9
Catering	1.6	1.3	1.2	-0.1	4.8	3.7	4.2	0.5	36.3	36.4	39.3	2.9
Repair	1.6	1.6	1.7	0.1	7.2	11.3	16.9	5.6	46.5	46.7	42.7	-4.0
Other services	1.4	1.2	1.2	0.0	11.5	7.7	10.2	2.5	37.3	37.3	40.6	3.3
Area of residence												
Urban	1.5	1.3	1.3	0.0	11.8	10.6	9.9	-0.7	43.1	42.1	45.9	3.8
Rural	1.5	1.3	1.2	-0.1	5.1	6.6	7.3	0.7	27.4	33.3	35.5	2.2
Total	1.5	1.3	1.2	-0.1	7.9	8.6	8.7	0.1	33.8	37.7	41.2	3.5

Overall, between 2010 and 2021, the average age of workers in the informal sector increased by 2.7 years (Table 8.2). The increase was recorded regardless of the area of residence of the IPU promoter. Moreover, the increase in the average age of workers concerns all branches of activity with the exception of construction (-2.9 years) where there is workers rejuvenation.

Table 8.2: Background characteristics of workers in the informal sector by status and sector of activity in 2005, 2010 and 2021, EESI3 - Phase 2, Cameroon, 2021

	Average age (years)				Level of education (years)				Seniority (years)			
	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010
Sector and branch of activity												
Industry	31.9	33.1	34.3	1.2	5.0	7.2	6.2	-1.0	6.8	6.9	7.8	0.9
Agri-food	31.6	34.5	36.1	1.6	4.2	6.3	4.4	-1.9	7.3	7.4	8.3	0.9
Clothing	29.4	28.0	33.1	5.1	6.5	7.3	7.5	0.2	4.9	5.2	7.2	2.0
Construction	31.3	34.5	31.6	-2.9	7.7	8.5	8.2	-0.3	5.4	7.9	7.2	-0.7
Other industries	34.5	34.4	35.5	1.1	5.1	7.9	6.0	-1.9	7.0	7.0	7.9	0.9
Trade	33.2	35.0	37.8	2.8	5.3	7.3	6.7	-0.6	4.7	5.5	7.1	1.6
Wholesale trade	33.6	35.6	40.5	4.9	6.4	7.0	6.3	-0.7	4.8	7.3	8.7	1.4
Retail trade	33.2	34.9	37.2	2.3	5.3	7.4	6.8	-0.6	4.7	5.2	6.7	1.5
Services	30.7	31.0	35.0	4.0	6.6	7.9	7.4	-0.5	4.5	4.8	6.7	1.9
Transport	31.3	31.2	33.7	2.5	7.8	7.6	7.5	-0.1	2.7	3.8	6.1	2.3
Catering	31.5	30.9	36.2	5.3	5.9	7.0	5.9	-1.1	4.2	4.5	6.7	2.2
Repair	29.2	29.4	33.0	3.6	6.2	6.8	8.0	1.2	6.3	5.5	7.3	1.8
Other services	29.6	31.3	35.2	3.9	7.6	9.2	9.3	0.1	5.3	5.3	7.1	1.8
Area of residence												
Urban	31.3	32.9	35.7	2.8	7.0	8.4	8.3	-0.1	4.3	4.9	6.5	1.6
Rural	32.3	33.2	35.8	2.6	4.4	6.4	4.9	-1.5	6.6	6.8	8.0	1.2
Total	31.9	33.0	35.7	2.7	5.5	7.5	6.8	-0.7	5.7	5.8	7.2	1.4

Regarding the level of education, it was down by almost a year between 2010 and 2021, from 7.5 years of education (Form 2/2nd year of the first cycle of secondary education) in 2010 to 6.8 years (Form 1/1st year of the first cycle of secondary education) in 2021.

Informal sector workers had been working for an average of seven years in their IPU in 2021 (7.2 years), i.e. a little more than in 2010 (5.8 years). This increase is also observed by sector of activity and area of residence. However, the construction branch of activity recorded a slight drop in the average workers seniority in IPUs.

Pay level

The average monthly income from the activity rose from 48,400 CFA francs in 2010 to 85,500 CFA francs in 2021, i.e. an increase of 37,100 CFA francs (Table 8.3). The highest increase in average monthly income is recorded for IPUs whose promoters reside in an urban environment (+41,400 CFA francs as against +29,600 CFA francs for IPUs whose promoters reside in a rural environment).

By IPU sector of activity, the average monthly income recorded its largest increase in services (+46,400 CFA francs), followed by trade (+39,800 CFA francs), and industry (+21,300 CFA francs). In addition, IPUs in the transport (+45,400 CFA francs) and catering (+46,300 CFA francs) branches recorded the most significant increases.

Table 8.3: Changes in the level of pay in 2005, 2010 and 2021, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Average monthly income (in thousand CFA francs)				Median monthly income (in thousand CFA francs)				Average hourly income (in CFA francs)			
	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010
Industry	22.1	41.8	63.1	21.3	8.0	15.0	28.5	13.5	194.7	294.2	562.8	268.6
Agri-food	12.0	22.0	38.8	16.8	4.0	10.0	14.7	4.7	139.4	207.9	434.7	226.8
Clothing	27.6	29.7	66.0	36.3	13.0	6.0	38.9	32.9	177.9	170.3	471.1	300.8
Construction	50.1	77.8	89.2	11.4	39.0	60.0	50.0	-10.0	285.7	466.4	758.1	291.7
Other industries	32.8	80.2	84.1	3.9	12.0	35.0	40.0	5.0	236.9	445.6	720.8	275.2
Trade	34.9	52.1	91.9	39.8	14.0	26.0	43.0	17.0	195.2	299.8	739.6	439.8
Wholesale trade	66.9	109.7	120.4	10.7	41.0	96.0	60.0	-36.0	421.1	661.6	1379.9	718.3
Retail trade	32.8	45.8	85.8	40.0	13.0	23.0	40.7	17.7	182.3	262.3	602.5	340.2
Services	38.4	53.1	99.5	46.4	20.0	31.0	56.4	25.4	222.6	301.4	705.0	403.6
Transport	63.8	68.8	114.2	45.4	51.0	60.0	78.3	18.3	269.6	304.7	677.7	373.0
Catering	31.8	48.0	94.3	46.3	11.0	27.0	45.0	18.0	203.5	306.3	639.9	333.6
Repair	32.5	41.2	74.6	33.4	17.0	22.0	42.6	20.6	162.4	205.0	546.7	341.7
Other services	41.4	53.1	102.2	49.1	21.0	29.0	50.0	21.0	258.2	331.3	872.8	541.5
Area of residence												
Urban	41.9	58.6	100.0	41.4	22.0	34.0	58.9	24.9	226.3	323.6	685.2	361.6
Rural	21.0	38.2	67.8	29.6	7.0	15.0	28.3	13.3	178.6	266.8	653.8	387.0
Total	29.6	48.4	85.5	37.1	11.0	24.0	41.7	17.7	203.5	298.4	671.0	372.6

Over this period, the median monthly income almost doubled, from 24,000 CFA francs in 2010 to 41,700 CFA francs in 2021. This change could reflect an improvement in pay among informal sector workers, but also the effects of inflation on the economy. Overall, the trends observed with average income are also observed here. However, the strongest increase in median income was recorded in the clothing industry (+32,900 CFA francs).

The average hourly income meanwhile is up by 372.6 CFA francs. This increase is more significant in trade (439.8 CFA francs), and much more in wholesale trade (718.3 CFA francs).

8.3 Changes in indicators of capital, financing and investment of the informal sector

Changes in capital, financing and investment indicators is assessed through the variations observed between 2010 and 2021 in the average and median values of IPU capital, amounts of investments made and loans contracted.

The average amount (in nominal value¹⁶) of capital invested by IPUs increased by 183,800 CFA francs between 2010 and 2021 (Table 8.4). This increase is more significant in the trade (+305,100 CFA francs) and services (+201,700 CFA francs) sectors, as well as transport (+579,400 CFA francs) and repairs (+251,400 CFA francs) sectors. In contrast, in the catering branch of activity (-22,600 CFA francs), there is a drop in the average amount of capital invested by IPUs.

The median amount of invested capital has more than doubled between 2010 and 2021, rising from 17,000 CFA francs to 40,000 CFA francs.

Table 8.4: Average and median amount of capital per IPU by sector of activity and area in 2005, 2010 and 2021, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Average amount of capital per IPU (in thousand CFA francs)				Median amount of capital per IPU (in thousand CFA francs)			
	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010
Industry	164.5	156.1	206.4	50.3	11.0	13.0	22.5	9.5
Agri-food	86.5	44.3	47.4	3.1	9.0	8.0	8.3	0.3
Clothing	242.0	195.2	201.4	6.2	96.0	71.0	75.0	4.0
Construction	142.5	41.9	141.6	99.7	16.0	17.0	38.0	21.0
Other industries	379.8	596.5	659.2	62.7	14.0	21.0	32.0	11.0
Trade	140.4	215.3	520.4	305.1	10.0	9.0	21.5	12.5
Wholesale trade	541.1	127.9	(394.2)	(266.3)	31.0	27.0	(30.0)	(3.0)
Retail trade	117.9	486.9	555.4	68.5	9.0	8.0	20.0	12.0
Services	287.5	226.9	428.6	201.7	43.0	44.0	120.0	76.0
Transport	449.8	110.1	689.5	579.4	242.0	250.0	350.0	100.0
Catering	233.5	151.3	128.7	-22.6	25.0	17.0	20.0	3.0
Repair	314.2	193.4	444.8	251.4	56.0	53.0	40.0	-13.0
Other services	287.2	44.3	395.6	351.3	32.0	35.0	120.0	85.0
Area of residence								
Urban	298.4	298.7	416.6	117.9	30.0	35.0	75.0	40.0
Rural	116.8	94.2	344.6	250.4	10.0	10.0	20.0	10.0
Total	190.2	197.8	381.6	183.8	15.0	17.0	40.0	23.0

Note: Values in brackets () should be interpreted with caution due to the low numbers used to estimate them (25-49 cases).

Table 8.5 shows that the proportion of IPUs that have acquired equipment over the 12 months preceding the survey has varied very little between 2010 and 2021. An investment effort was however noted in the industry sector with an increase of 8.1 percentage points. Conversely, this proportion is down in the trade (-5.1 percentage points) and services (-2.1 percentage points) sectors. At the level of the branch of activity, it is observed that the growth recorded in the industry sector is attributable to the agri-food industry (+17.5 percentage points). Transport (-8.8 percentage points) experiences the greatest drop in the percentage of IPUs that invested during the past 12 months preceding the survey.

¹⁶ The study did not capture the elements making it possible to calculate deflators.

The average value of the investment made has increased by 26,000 CFA francs between 2010 and 2021 (Table 8.5). This change is less significant in urban areas (+17,600 CFA francs) than in rural areas (+53,500 CFA francs). In the trade sector, there was a drop of 172,000 CFA francs, meanwhile the average value of the investment made increased by 150,300 CFA francs in services and 30,600 CFA francs in industry.

Table 8.5: Percentage of IPUs having invested, Average amount invested by IPU having invested, by sector of activity and area in 2005, 2010 and 2021, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Investment							
	Proportion (%) of IPUs with capital having invested				Average amount of investment (in thousand CFA francs) for those that invested			
	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010
Industry	37.3	36.5	44.6	8.1	39.4	20.0	50.6	30.6
Agri-food	35.0	37.3	54.8	17.5	11.6	10.2	24.8	14.6
Clothing	51.7	38.2	44.5	6.3	102.6	26.8	96.2	69.4
Construction	38.1	36.6	34.3	-2.3	10.6	13.7	(30.9)	(17.2)
Other industries	35.5	31.4	32.6	1.2	87.7	58.1	(83.7)	(25.6)
Trade	30.8	34.5	29.4	-5.1	49.8	256.7	84.7	-172.0
Wholesale trade	25.0	38.4	(25.8)	(-12.6)	732.0	1757.0	(*)	(*)
Retail trade	31.2	34.1	30.5	-3.6	16.0	69.7	89.5	19.8
Services	35.7	38.8	36.7	-2.1	77.8	100.9	251.2	150.3
Transport	43.4	35.4	26.6	-8.8	211.5	300.2	686.0	385.8
Catering	33.1	38.0	45.7	7.7	47.7	41.4	41.5	0.1
Repair	28.2	32.3	44.1	11.8	38.3	74.1	(*)	(*)
Other services	39.3	43.2	38.0	-5.2	54.6	55.0	(196.6)	(141.6)
Area of residence								
Urban	36.9	38.9	34.0	-4.9	83.5	188.6	206.2	17.6
Rural	33.8	34.3	40.9	6.6	28.8	34.5	88.0	53.5
Total	35.1	36.6	37.4	0.8	52.2	117.4	143.4	26.0

Note:

- Values in brackets () should be interpreted with caution due to the low numbers used to estimate them (25-49 cases).

- An asterisk (*) indicates that a value is based on less than 25 unweighted cases and has been deleted.

8.4 Changes in indicators of production, integration and competition in the informal sector

8.4.1 Changes in economic performance indicators

Economic performance indicators, which are: turnover, production, value added and gross operating surplus, were globally on the rise over the period.

The average monthly turnover, which represents all IPU sales, increased by 24,600 CFA francs on average between 2010 and 2021 (Table 8.6). Meanwhile it has been on the rise for IPUs whose promoter resides in urban areas (+ 71,100 CFA francs), it has dropped for IPUs whose promoter resides in rural areas (-35,800 CFA francs). Moreover, it was in services (-127,600 CFA francs) and down in industry (-77,200 CFA francs) and trade (-7,800 CFA francs). It should be noted that the decline recorded in these last two sectors is particularly attributable respectively to construction (-377,300 CFA francs) and wholesale trade (-721,000 CFA francs).

The value added was up by 31,600 on average between 2010 and 2021. This increase was more significant in services (+49,800 CFA francs) and in trade (35,600 CFA francs). It was only 11,300 CFA francs in industry. This slight increase in industry was driven by the drop in value added in construction (-15,300 CFA francs) and clothing (-14,000 CFA francs).

By area of residence, IPUs of promoters residing in urban areas have more improved their economic performance compared to those whose promoter resides in rural areas. The value-added value increased by 38,900 CFA francs for the former and by 25,400 CFA francs for the latter.

Overall, the gross operating surplus shows the same trends as the value added.

Table 8.6: Turnover, production and added value in 2005, 2010 and 2021, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Average monthly turnover (in thousand CFA francs)				Average monthly production (in thousand CFA francs)				Average monthly value added (in thousand CFA francs)				Gross operating surplus/Average monthly mixed income (in thousand CFA francs)			
	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010
Industry	88.1	261.8	184.6	-77.2	87.6	260.0	172.5	-87.5	48.9	100.7	112.0	11.3	42.0	80.7	93.9	13.2
Agri-food	59.0	124.5	104.6	-19.9	58.7	123.6	94.8	-28.8	21.3	36.5	50.8	14.3	20.1	34.3	49.4	15.1
Clothing	78.3	206.1	170.5	-35.6	76.8	199.2	138.4	-60.8	44.3	102.5	88.5	-14.0	42.1	96.6	83.4	-13.2
Construction	152.9	732.4	355.1	-377.3	152.6	732.2	355.1	-377.1	124.1	267.4	252.1	-15.3	83.3	200.8	170.3	-30.5
Other industries	158.7	463.0	293.0	-170.0	157.9	462.6	291.4	-171.2	106.7	202.6	204.1	1.5	94.0	139.7	175.6	35.9
Trade	292.4	472.9	465.1	-7.8	86.3	133.6	167.1	33.5	68.3	96.9	132.5	35.6	65.3	89.7	126.8	37.1
Wholesale trade	1288.2	1770.1	1049.1	-721.0	340.7	475.7	279.4	-196.3	276.0	44.5	199.9	155.4	264.3	312.5	189.7	-122.8
Retail trade	230.7	334.3	346.4	12.1	70.6	97.0	144.3	47.3	55.5	70.5	118.8	48.3	53.0	66.0	114.0	48.0
Services	196.9	212.1	339.7	127.6	175.4	200.3	322.5	122.2	79.8	89.9	139.7	49.8	74.6	83.2	133.0	49.8
Transport	207.1	247.1	221.6	-25.5	207.1	238.4	221.6	-16.8	111.5	137.0	131.6	-5.4	100.9	125.9	126.3	0.4
Catering	216.7	262.9	322.8	59.9	201.2	244.6	299.5	54.9	60.6	70.7	136.9	66.2	58.4	67.0	133.2	66.2
Repair	100.1	132.2	224.4	92.2	96.7	119.4	197.6	78.2	69.6	74.8	143.6	68.8	63.8	67.9	125.2	57.3
Other services	196.8	174.4	512.5	338.1	146.3	166.1	488.8	322.7	100.1	83.5	151.4	67.9	92.6	76.7	141.4	64.7
Area of residence																
Urban	275.2	362.6	433.7	71.1	168.3	235.4	288.4	53.0	95.5	109.9	148.8	38.9	86.5	97.2	136.5	39.3
Rural	104.6	270.2	234.4	-35.8	70.5	160.5	154.3	-6.2	39.8	81.7	107.1	25.4	36.9	71.6	101.1	29.5
Overall	173.8	316.8	341.4	24.6	110.2	198.3	226.3	28.0	62.4	95.9	129.5	33.6	57.0	84.5	120.1	35.6

8.4.2 Changes in apparent productivity indicators

Value added measures the wealth created by the enterprise. Changes in IPU apparent productivity is examined from the ratios value added on labour and value added on capital.

The ratio of value added to the number of workers in the informal sector, which represents "productivity per capita", rose sharply by 45,576 CFA francs over the period (Table 8.7). This increase was also recorded in urban areas, and more so in rural areas.

Per capita productivity is on the rise in the trade sector compared to other sectors. In this sector, it increased from 82,340 CFA francs in 2010 to 145,900 CFA francs in 2021. IPU's in the retail trade and catering branch that have experienced the most significant increase in productivity per capita. Productivity per capita rather fell in the construction branch (-12,204 CFA francs).

Tableau 8.7: Per capita productivity and apparent labour productivity (in thousand CFA francs) in 2005, 2010 and 2021, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	VA/L1				VA/L2				VA/K			
	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010
Industry	30.800	68.070	94.937	26.867	0.272	0.487	0.657	0.170	0.302	0.594	0.758	0.164
Agri-food	13.900	29.430	34.224	4.794	0.162	0.278	0.291	0.013	0.25	0.638	0.814	0.176
Clothing	31.700	55.830	69.931	14.101	0.204	0.322	0.404	0.082	0.186	0.539	0.434	-0.105
Construction	56.600	146.050	133.846	-12.204	0.326	0.898	0.911	0.013	0.874	6.534	2.239	-4.295
Other industries	65.700	120.580	175.365	54.785	0.476	0.704	1.088	0.384	0.283	0.32	0.541	0.221
Trade	50.700	82.340	145.900	63.560	0.284	0.479	0.714	0.235	0.52	0.261	0.386	0.125
Wholesale trade	196.300	287.860	(192.982)	(-94.878)	1.237	1.750	(1.184)	(-0.566)	0.596	0.109	(0.694)	(0.585)
Retail trade	41.300	59.960	135.154	75.194	0.229	0.347	0.632	0.285	0.501	0.504	0.325	-0.179
Services	53.000	73.100	122.362	49.262	0.307	0.421	0.661	0.240	0.286	0.298	0.363	0.065
Transport	85.800	122.470	132.631	10.161	0.363	0.549	0.602	0.053	0.264	0.282	0.216	-0.066
Catering	38.000	56.060	132.137	76.077	0.244	0.359	0.799	0.440	0.264	0.492	1.290	0.798
Repair	44.200	47.280	74.812	27.532	0.221	0.246	0.386	0.140	0.225	0.119	0.267	0.148
Other services	69.500	70.660	119.744	49.084	0.434	0.447	0.715	0.268	0.362	0.341	0.417	0.076
Area of residence												
Urban	62.900	84.420	124.858	40.438	0.340	0.477	0.636	0.159	0.332	0.257	0.450	0.193
Rural	26.800	63.220	112.746	49.526	0.228	0.444	0.745	0.301	0.352	0.784	0.413	-0.371
Overall	41.600	73.960	119.536	45.576	0.287	0.462	0.677	0.215	0.339	0.353	0.438	0.085

The second indicator for measuring apparent productivity is obtained by relating the value added to the total number of hours of activity performed by employees. This apparent labour productivity also increased over the period from 462 CFA francs per hour to 677 CFA francs per hour. This change is more significant for IPU's whose promoter lives in rural areas where the hourly value added increased from 444 CFA francs per hour to 745 CFA francs per hour.

The increase in the hourly value added of IPUs was greater in services and less in industries. By branch of activity, catering (440 CFA francs per hour) recorded the most significant increase in hourly value added.

The value added to capital ratio rose slightly. The value added produced by a unit of invested capital increased from 353 CFA francs in 2010 to 438 CFA francs in 2021. For IPUs whose promoter lives in rural areas, the value added produced by a unit of capital decreased from 784 CFA francs to 413 CFA francs. In contrast, it increased for IPUs whose promoter lives in urban areas, from 257 CFA francs in 2010 to 450 CFA francs in 2021. The most significant increases were recorded in industry and trade, and more so in catering. In contrast, the most significant fall in the productivity of a unit of capital invested was recorded in the construction branch.

8.4.3 Changes in profit level indicators

The Gross Operating Surplus (GOS) is the part of the value added which is considered as a mixed income in the informal sector in the sense that it pays both the effective work of the IPU leader and the capital invested by IPU. It makes it possible to have an idea about the profitability of the IPU. To assess this profitability over the period, GOS was related either to capital or to labour (number of employed persons).

Table 8.8 : Changes in the average profit level indicators in 2005, 2010 and 2021, EESI3 - Phase 2, Cameroon, 2021

	GOS/L1				GOS/K			
	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010
Sector and branch of activity								
Industry	26.40	54.55	77.04	22.49	0.26	0.48	0.61	0.13
Agri-food	13.10	27.63	33.30	5.67	0.24	0.60	0.78	0.18
Clothing	30.10	52.60	65.69	13.09	0.18	0.51	0.40	-0.11
Construction	38.00	109.69	91.94	-17.75	0.59	4.91	1.53	-3.38
Other industries	57.80	83.17	145.38	62.21	0.25	0.22	0.45	0.23
Trade	48.50	76.26	139.93	63.67	0.50	0.24	0.37	0.13
Wholesale trade	188.00	261.12	(181.91)	(-79.21)	0.57	0.10	(0.65)	(0.55)
Retail trade	39.40	56.17	130.35	74.18	0.48	0.47	0.31	-0.16
Services	49.50	67.70	115.03	47.33	0.27	0.28	0.34	0.06
Transport	77.70	112.63	127.22	14.59	0.24	0.26	0.21	-0.05
Catering	36.60	53.18	127.88	74.70	0.26	0.47	1.24	0.77
Repair	40.60	42.90	64.69	21.79	0.21	0.11	0.23	0.12
Other services	64.20	64.99	108.84	43.85	0.34	0.31	0.38	0.07
Area of residence								
Urban	57.00	74.70	111.42	36.72	0.30	0.23	0.38	0.15
Rural	24.80	55.43	105.90	50.47	0.33	0.68	0.42	-0.26
Overall	38.00	65.20	108.99	43.79	0.31	0.31	0.40	0.09

Profit per capita is up sharply overall, by area of residence and sector of activity (Table 8.8). The construction industry (-17,750 CFA francs) is the only branch with a per capita profit that is down compared to 2010.

GOS per unit of capital invested in 2021 remained almost unchanged over the period. This quasi-global stability masks contrasting changes according to certain characteristics retained. Thus, the construction, retail trade, clothing and transport branches of activity are those for which one unit of capital invested in 2010 yielded less than one unit of capital invested in 2021.

The catering, agri-food and repair IPUs experienced an improvement in their economic profitability between 2010 and 2021. The GOS per unit of capital invested in 2021 increased compared to 2010 among IPUs whose promoter resides in urban areas and declined among those whose promoter resides in rural areas.

8.4.4 Changes in prospects in the informal sector

Recognition of the State as a preferred institutional partner by actors in the informal sector could foster their migration to the formal sector.

Available statistics show a clear desire of actors in the informal sector not to collaborate with the State as for registration of their activities and payment of related taxes (Table 8.9). Despite this, the proportion of IPU leaders who wish to collaborate with the State is almost constant. However, the proportion of IPU leaders who wish to collaborate with the State is down sharply in rural areas (-5.2 percentage points), in the branches of construction (-16.8 percentage points), catering (-4.5 percentage points), wholesale trade (-2.6 percentage points) and agri-food (-2.0 percentage points). This proportion is up sharply in urban areas (+7.3 percentage points), in the transport (+14.0 percentage points) and repair (+12.6 percentage points) branches.

UPI promoters remain optimistic about the future of their IPU even though most of them do not wish to collaborate with the State. The proportion of IPU leaders who reported that the future of their IPU is bright is slightly down compared to 2010, especially in rural areas (-6.2 percentage points) and in the wholesale trade branch (-13.3 percentage points). In contrast, optimism is more noticeable for IPU leaders of the branches of repair activity (+9.9 percentage points).

Tableau 8.9: Prospects for the non-agricultural informal sector in 2005, 2010 and 2021, EESI3 - Phase 2, Cameroon, 2021

Sector and branch of activity	Proportion (%) of IPU leaders wishing to collaborate (willing to pay taxes and register)				Proportion (%) of IPU leaders who reported that the future of their IPU is bright				Proportion (%) of IPU leaders wishing to see their child work in the IPU			
	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010	2005	2010	2021	Difference 2021-2010
Industry	14.5	14.0	12.2	-1.8	74.1	79.0	77.7	-1.3	47.2	72.1	74.3	2.2
Agri-food	10.8	8.8	6.8	-2.0	72.0	73.0	71.2	-1.8	44.4	66.7	67.5	0.8
Clothing	14.6	17.7	17.7	0.0	85.5	90.8	88.9	-1.9	53.5	81.7	86.5	4.8
Construction	28.5	28.0	11.2	-16.8	85.3	85.8	85.1	-0.7	52.7	73.7	81.3	7.6
Other industries	20.0	17.8	21.9	4.1	68.9	82.7	74.9	-7.8	50.2	79.6	71.3	-8.3
Trade	11.7	11.9	12.0	0.1	70.8	78.9	75.2	-3.7	45.5	71.1	69.2	-1.9
Wholesale trade	18.3	18.7	16.1	-2.6	79.4	88.5	75.2	-13.3	56.2	86.6	72.9	-13.7
Retail trade	11.3	11.1	11.2	0.1	70.3	77.9	75.2	-2.7	44.8	69.4	68.5	-0.9
Services	13.4	12.8	18.1	5.3	70.8	74.9	77.3	2.4	42.6	65.6	70.1	4.5
Transport	11.7	6.3	20.3	14.0	66.7	70.4	71.8	1.4	30.6	57.3	59.5	2.2
Catering	11.6	17.1	12.6	-4.5	73.2	78.1	76.0	-2.1	40.0	70.4	70.0	-0.4
Repair	15.7	13.0	25.6	12.6	74.8	80.8	90.0	9.2	57.7	72.7	84.9	12.2
Other services	16.5	12.8	21.9	9.1	67.3	73.4	81.8	8.4	47.4	64.5	77.6	13.1
Area of residence												
Urban	10.8	11.3	18.6	7.3	68.2	78.0	81.5	3.5	42.5	68.8	71.1	2.3
Rural	15.2	14.5	9.3	-5.2	75.2	77.3	71.1	-6.2	47.6	70.5	70.7	0.2
a	13.4	12.9	14.3	1.4	72.3	77.7	76.7	-1.0	45.5	69.6	70.9	1.3

Optimism about the best prospects for the future of the IPU seems to be accompanied by the desire of IPU leaders to see their children continue the activities of their IPU. The proportion of IPU leaders who want their children to work in the IPU has increased slightly between 2010 and 2021. This proportion increased more so in the repair branch (+12.2 percentage points), and fell more so among wholesale promoters (-13.7 percentage points).

CONCLUSION AND RECOMMENDATIONS

1. Conclusion

The objective of this survey is to follow the changes the informal sector in 2021 by highlighting the conditions of activities in IPU and their economic performance.

Despite the significance of this sector, which employs over three million people, conditions of activity in this sector have not changed fundamentally since 2010 and remain very precarious. The reasons for this precariousness include low productivity, mode of management and organisation of IPU.

Most IPU are single-person and run by women. IPU are relatively young small. IPU mostly operate in the trade sector. There is some kind of specialisation of IPU activities by the promoter's area of residence. IPU held by promoters in rural areas mostly operate in processing activities. Those in urban areas are more so in trade and services.

Knowledge about social security remains low. The informal labour force has virtually no social security coverage. However, the Government through the NDS30 intends to increase the rate of social coverage from 22% in 2020 to 50% by 2030, by diversifying the social security systems through, *inter alia*, its promotion and its extension to persons currently not covered such as workers in the informal sector.

The highest employee rates are recorded in urban areas and more so in Douala and in the industry sector, particularly in the clothing branch.

Women, although more represented in the informal sector than men, are paid less. They also have a relatively low level of education. Workers pay in the informal sector has increased compared to 2010. The rate of vulnerable work remains high and records its highest level in agri-food.

Nearly half of informal sector workers work over 40 hours per week. In general, most workers were trained through practice.

More than two thirds of IPU used no elements of the capital over the past twelve months of activity preceding the survey. Half of IPU have mobilised relatively low capital (36,000 CFA francs). IPU whose promoters live in urban areas have more capital than those whose promoters are in rural areas. IPU capital is mainly comprised of land or premises and rolling stock or motor pumps acquired mainly from small private commercial enterprises and households or individuals.

The COVID-19 pandemic-related health crisis has led the public authorities to adopt response measures and has resulted in a slowdown in economic activity in Cameroon. It also significantly reduced the investment capacity of IPU, especially in urban areas. Investments were mostly recorded in industry and services (excluding trade) and only reached 10,000 CFA francs on average for half of IPU. These investments are mainly intended for the purchase of rolling stock/motor pumps, acquisition of tools and other small equipment.

Recourse to borrowing is very marginal for IPU which mainly finance their activities with their own funds.

The State has implemented facilities for registration of enterprises in the trade register and in the taxpayer's register. Despite this, UPI promoters are largely unregistered and have no intention of doing so.

The average monthly income from activity has tripled between 2010 and 2021. This increase in income was also coupled with an increase in the per capita and hourly productivity of IPU over the same period.

2. Recommendations

These results lead to the following recommendations:

- Strengthen the legal framework to facilitate access of IPU promoters to loans;
- The Government, through the NSIF, should focus on raising awareness among actors in the informal sector so that they join voluntary insurance;
- The Government should foster and facilitate the organization of actors in the informal sector into groups or federations;
- The State and RLAs should fast-track the establishment of specific taxation for the benefit of actors in the informal sector, as provided for in the NDS30;
- Define conditions to foster migration of IPU working at home to a fixed or professional premises;
- Continue incentives allowing for migration of actors from the informal sector to the formal sector, as provided for in the NDS30;
- Continue the promotion of Very Small Enterprises (VSEs) among IPU promoters, as planned in the NDS30.

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APPENDICES

Appendix 1: Definition of concepts and indicators

Definition of concepts

Amortisation - also called consumption of fixed capital is defined as the decrease, during the accounting period, in the current value of the stock of fixed assets held and used by a producer, as a result of physical deterioration, foreseeable obsolescence or accidental damage which may be considered normal.

Apprentice: A person admitted into an enterprise to acquire vocational training. They are not paid in the enterprise but can from time to time be afforded some benefits (meals, taxi fares and others).

Employer (or boss): A self-employed worker or person working with one or more partners, and who employs one or more salary-earners in their production unit.

Employment: It is work performed for third parties for pay or profit. It virtually takes into account all persons of working age who, during a short reference period, were engaged in any activity aimed at producing goods or providing services for pay or profit. There are five forms of labour of which employment¹⁷.

Family helper: Person involved in the production of an enterprise (shop, small home business, crafts, agriculture, etc.) operated by a relative usually living in the same household, but who cannot be considered as a partner, and not receiving any pay.

Goods are produced physical objects for which there is demand, over which ownership rights may be established, and whose ownership may be transferred from one institutional unit to another through a market transaction.

Informal sector: All production units with no taxpayer number and/or that do not keep formal accounts.

Intermediate consumption corresponds to the value of goods and services consumed as input to a production process, excluding fixed assets whose consumption is recorded as consumption of fixed capital.

Labour: It includes all activities carried out by persons of any sex and any age to produce goods or provide services intended for consumption by others, or for their personal consumption.

Production is an activity carried out under the responsibility, control and management of an institutional unit, which implements inputs (labour, capital, goods and services) with the aim of producing outputs (goods and services).

Production unit: elementary unit, mobilising factors of production (labour, capital) to generate production and value added within the meaning of national accounts. The production unit merges with the establishment when the activity is carried out in a physical premise specifically designed for this purpose (shop, workshop, and stall). It may be considered a "pseudo-

¹⁷ These five forms are discussed in the employment report of EESI3.

establishment" when there is no premise (home activity, itinerant activity). For example, a seamstress working alone at home and making clothes for her clients is related to a production unit in the "clothing" branch. Similarly, a street cigarette retailer is associated with a commercial activity.

Products are goods and services (including products based on capturing knowledge) resulting from a production process.

Purchase price is defined as the amount paid by the purchaser, excluding any deductible VAT or any similar tax deductible by the purchaser to take delivery of a unit of goods or services at the time and place chosen by them. The purchase price of a good includes all transport costs paid separately by the purchaser to take delivery at the time and place required.

Rent is the amount that the user of a fixed asset must pay to its owner, under an operating lease or similar contract, for the right to use that asset in production for a given period of time.

Salary-earner: Individual with an employment paid in cash and/or in kind on a regular basis and according to a defined periodicity, with an employment contract or not, with the same employer continuously.

Self-employed worker: A person who is self-employed but does not employ anyone and may nevertheless work with family helpers and/or apprentices.

Value added is defined as the value of output minus the value of intermediate consumption.

Definition of indicators

Employee rate: Ratio of the number of salary-earners to the total number of workers.

Self-employed: All bosses or employers and self-employed workers.

Selected national accounts formulas used in the report (SNA 2008):

Capital ratio = Capital/Production.

Gross operating surplus (GOS)/Mixed income = Value added – Staff costs (wage bill + social contribution) - Taxes net of subsidies on production.

In the case of the informal sector, GOS is a mixed income which pays both the individual entrepreneur's labour and capital invested.

Investment = Value of equipment or materials acquired during the twelve months preceding the survey.

Investment rate = Investment/Value added.

Margin rate = GOS/VA. *However, in the case of commercial activities, margins may be defined as the difference between the turnover and cost of the products purchased and resold as is. A commercial margin rate may therefore be calculated [margin/cost of products purchased as is for resale], different from the margin rate within the meaning of the national accounts.*

Production = Production sold P + capitalised production + cost of finished products consumed by IPU households + change in stocks of finished products.

Value added (VA) = Production - intermediate consumption.

Wage bill = Salaries + staff premiums + social security contributions.

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