

POLICY BRIEF

TOWARDS GREATER EMERGENCE OF CAMEROON'S INFORMAL SECTOR LABOR MARKET

**Policy Recommendations from 2 years of Informal Sector
Advanced Business Management and Public Service
Integrity Skill Enhancement [BMF] Program**

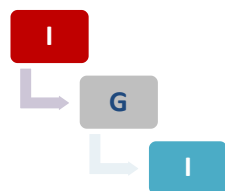
Executive Summary

Despite the global collapse of commodity prices, the Cameroonian economy has been very resilient. The Growth and Employment Strategy Paper [GESP] which constitutes the reference framework of government's policy and actions up to 2035, continues to drive investment efforts, attracting increased public financing from the European Union, World Bank, African Development Bank and others.

Overlooked in the GESP implementation processes are youth-informal labor market skills constrain, that may lower their response to employment opportunities in spite of an industrial growth achievable by 2035.

The discussions emerging from findings by the International Governance Institute put forward in this brief, generates crucial insights and results to inform the strengthening and elaboration of an informal sector youth capital strategic-skills enhancement program- achievable through the decentralized framework of municipal-councils in Cameroon.

The Municipal Councils Business Management and Public Service Integrity partnership program [BMF] piloted by Buea Council for informal sector actors in the South West Region, provides viable insights on the relevance, viability and effectiveness of such a program nationally.



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Cameroon's Strategy Focus for the Long Term

Cameroon holds the seventh largest economy in sub-Saharan Africa and is rich in natural resources and minerals. Despite numerous conflicts, past and present, Cameroon is still regarded as an anchor of stability in a crisis-torn region.

Cameroon's donors have acknowledged the country's economic resilience, most essentially in how it weathered and absorbed the shocks of the global collapse of commodity prices including, the recent domestic unrest in the Northwest and Southwest Anglophone regions.

In spite of its deteriorating public finances, Cameroon is still able to secure financing for major programs outlined in the Growth and Employment Strategic Paper [GESP] and long term vision 2035.

Since its adoption in 2009 [and in conformity with the Paris Declaration] the GESP constitute the reference framework of government policy and actions for generation of wealth and employment including a meeting point for cooperation with its development partners.¹

In this connection the overarching thrust of the GESP is driven by the following policies and actions:

I. Acceleration of economic growth, by increasing the average growth rate to 5.5% per annum

- *The increase of energy supply through; the construction of hydroelectric dams and thermal plants which should increase the power installed from 1 274 MW in 2013 to 1 631 MW in 2017 ;*
Strengthening of transport network. Actions include; development of transport infrastructures through;
- *the rehabilitation of the road network by increasing tarred roads from 5 000 km in 2010 to 8500 km in 2020-notably;*
- *The tarring of new road networks including the construction of highways (Yaoundé-Douala, Yaoundé- Nsimalen);*
- *The construction of a new bridge over the Wouri River*
- *The construction of new railways;*
- *The construction of port infrastructures (Kribi deep sea port, Limbé port);*
- *The construction of new airports (New Douala airport, Tiko and Limbé);*
The modernization of the production capacity through:
- *The construction of a tractor manufacturing plant in Ebolowa;*
- *The construction in the upcoming years of a plant for chemical fertilizers;*

- *The upgrading and the strengthening of competitiveness between enterprises through a continuous reduction of production cost factors.*

II. Promote job creation by acting on jobs offers and efficiency of the job market

- The 2013 ambition for example was to reach a near target of 200 000 jobs through projects in the sector of agriculture and public works. [Ibid].

Issues and Implications

While the government through the GESP attaches great importance to the modernization of Cameroon's industrial capacity, it does not elaborate a similar broader road map or policy framework through which major human capital challenges in the formal and informal sector labor market can be addressed.

These include for instance, skills mismatch in the current formal sector labor market, poor integrity, anti-corruption, transparency and accountability ratings including a shortfall of professional skills in Cameroon's informal sector labor market.

Despite its enormous natural resources, Cameroon's youth demographic dividend which represents more than 50% of its overall demographic growth is an unavoidable determinant as to how economic investment will be made and sustained. Unfortunately, the current policy framework within the GESP does not provide clarity as to how this enormous and growing demographic potential can be unlocked and harnessed to generate economic wealth and sustained fiscal growth locally.

Without an elaborate framework to close the troubling gap in 'skill needs' plaguing Cameroon's vast informal sector human capital, it is difficult to argue how after its finalization in 2020, emergence through the GESP can be consolidated and sustained.

The gains of modernizing Cameroon's production capacity could be wind-off easily, if the country's growth and emergence framework falls short of tagging along with a well-grounded educational system, which responds to the demands of the labor market and equips its human resources to compete meaningfully and exercise probity.

Looking at the country's National Education Profile Update (2014) Cameroon has a total of 5,562,000 pupils enrolled in primary and secondary education. Of these cluster only 1,713,000 (31%) are enrolled in secondary education.²

¹ Ministry of Economy, Planning and Regional Development [2009] Cameroon Vision 2035 [Online] Available from: http://www.cameroon-embassy.nl/wp-content/uploads/2016/04/Cameroon_VISION_2035_English_Version.pdf

² World Bank (2014) Cameroon National Education Profile 2014 Update p.1-2 [Online] Education Policy and Data Center. Available from: http://www.epdc.org/sites/default/files/documents/EPDC%20NEP_Cameroon.pdf [Accessed 7th March, 2016]

This suggests that more than 60% of the overall eligible population to enroll in secondary education for instance is being left out of the education process. Current statistics on the percentage of children of secondary school age (ages 12-18) in Cameroon who are out of school attest that, only 1% of youths ages 15-24 complete secondary education, while just 5% of the same age group continue with post-secondary education.

According to the NEP update, up to 55% of this group in 2011 could not complete secondary education upon enrollment and approximately 10% of youth have no formal education and at most 20%, have attained incomplete primary education. [Ibid]

With many youths left out of the education process, and others lacking in basic skill development at the beginning of their literacy career, local economies and society in Cameroon are cheated of fiscal earnings and economy growth which, redound with quality of education and skills. The quality of education delivered via the formal systems of education currently, does not sufficiently prepare Cameroon's human capital for existing jobs in the labor market.

Although the socio-economic environment in Cameroon is characterized by a strong employment demand on the labor market, the second national survey on employment and the informal sector [EESI 2] carried out by the National Institute of Statistics [NIS] notes that, the supply side of the employment burden lies not with the modern sector of the economy [which currently accounts for less than 11% of the overall labor market] but with informal sector.³

Still the informal sector does not have a solid “*skill knowledge base foundation*” that will improve the quality of growth anticipated in terms of employment and wealth redistribution.

If this situation is allowed to persist, the likely outcome is that, poor quality human resources in the informal sector, matched with failing exercise of probity in other sectors of the modern economy, risk diverting the local economy from its structural transformation path of economic development, national integration and emergence.

With more young people graduating from secondary, high schools and universities; whilst failing to find jobs matching their skills, the local economy is likely to continue suffering from unproductive employment and integration of youth capital.

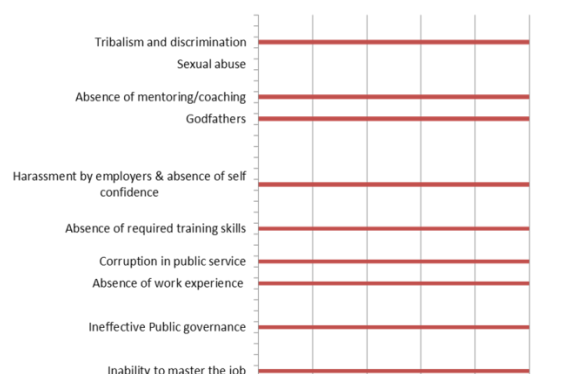
This is already true with the public service which accounts for a huge volume of the country's sterile labor force, yet exercises enormous red tapes and other administrative bureaucracy which further frustrates youth integration into the socio-economic and political life of the country.

Policy Significance for the Informal Sector

A recent study by the International Governance Institute on job seekers and the employed, *has observed a weak public private sector human capital base.*

The human capital base in public private sectors locally, most essentially the informal sector where there is a regular upsurge of new entrants into the labor market; signals a noticeable number of pertinent setbacks to gainful and productive employment for the local economy notably; *inability to master the job, absence of probity in public service, lack of work experience, public service corruption, nonexistence of required job market training skills for informal sector actors, harassment by employers, absence of self-confidence, god-fathers, lack of mentoring and coaching, sexual abuse, tribalism and discrimination.*⁴

Most important challenges experienced by new entrants into the job market. Fig.1



Source: International Governance Institute [2017]

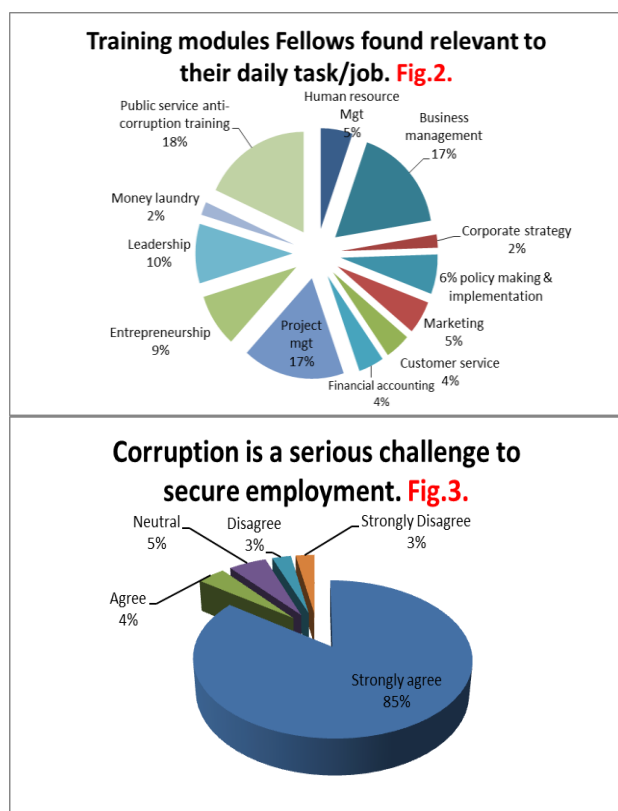
Going further, the study finds that within a distribution of 13 professional disciplines, young entrepreneurs and new entrants into the job market in the informal sector, ranked the following education and training as the top 6 skill needs relevant to boosting the productive employment of young people in their daily task as informal sector operators:

- Training in public service anti-corruption 18%
- Training in project management 17%
- Training in business management 17%
- Training in leadership 10%

³ National Institute of Statistics [2010] *Youths and Labor Market in Cameroon* [Online] Available from http://www.statistics-cameroon.org/downloads/EESI2/Situation_marche_travail_en.pdf [Accessed 13th June, 2017]

⁴ Stephen N. Asek. Hoffman Betika et al [2017] *Business Management and Public Service Governance Fellowship Survey: What Opportunities to Professionalize Cameroon's Informal Sector Youth Capital*. Cameroon: International Governance Institute.

- *Training in entrepreneurship* 9%
- *Training in policy making& implementation* 6%. [Ibid]



Source: International Governance Institute [2017]

Prevailing Gaps in present informal sector policy Approach

In another study conducted by IGI, new entrants of young people into the labor market underscore corruption as a serious challenge to employability in public service and continuity to doing business in the informal sector. More than 85% of actors agree to corruption being a serious challenge, when it comes to doing business and navigating the socio-economic and political system with their integrity intact. [Ibid]

This is disturbing because maintaining a culture of integrity and an environment of probity is essential for a sustained moral discipline and long term foreign investment. As anticipated in the GESp, 2035 will constitute a major turning point for Cameroon with the realization of its emergence aspiration.

Yet considering that by 2035 Cameroon's youthful population which is now engulfed by graft, will constitute key drivers of the country's economic and political life, government's fight for probity in public life needs to be more penetrating, structural and robust.

Embedding integrity within the backbone of its youth constituency which, will constitute Cameroon's socio-economic and political leadership in the future, is key to the

sustainability of government's investment actions and agenda with its bilateral and multilateral partners.

A starting point is to introduce a wide prospectus of ethics and value-based programs that prepares young people for ethical leadership in public service. This is crucial if improvement in the state of governance and sustained fight for accountability and transparency in public private sectors are to be maintained beyond 2035.

Another aspect of interest is a common concern about the growth quality in the country in terms of employment and inequality. The GESp admits that if growth however strong and stable does not generate productive and gainful employment, it will not be of satisfactory quality as it might induce wage inequality and social strife.

As noted by the National Institute for Statistics, the situation of the labour market in Cameroon weighs heavily on the informal sector, which is by far the greatest supplier of jobs [employing 90.5% of the overall labor force]. But with its current precarious state the informal sector's rate of activity continues to fluctuate on a downward spiral.

This down turn can be traced to a number of critical factors; 1. *The quality of skills and education* 2. *Public service skills mismatch* 3. *Insufficient technical support to improve informal actors' knowledge base on accountability, transparency and anti-corruption.* 4. *Absence of mentoring, that could help young entrepreneurs and local actors, tag along in their activities with the current policy roadmap for economic growth and development as set forth in the GESp [that is connecting youth human capital in the informal sector with national policy framework for growth and emergence].*

These setbacks mentioned above hinder the productive gain of many new entrants and youths involved in the informal sector; consequently many young startups are forced to wind down after a few years of take-off, or fail to grow and open new employment opportunities for others. The gradual slowing down of the rate of informal sector activities locally, sends a telling signal that the sector is gradually closing to job creation.

The NSI in its 2010 youth and labor market review in Cameroon confirms, a fall in the rate of informal sector activity by 2.5 points (69.0%) when compared with its previous activity rating in 2005 (71.5%). In terms of population size this fall can be seen among the population aged between 15 and 64. Compared in terms of rural-urban activity rates, rural areas remain the most

affected as it provides far higher labor market participation when compared with urban areas.⁵

Arguably the informal sector has not been able to contribute significantly as expected, with respect to improving the quality of growth anticipated in terms of gainful employment and sustained wealth redistribution locally. This should call for serious concern considering that the informal economy remains by far the greatest supplier of jobs.

Actually IGI finds through its BMF review that, “quality education” and “follow-on skill training” for youth informal sector actors, [on public service integrity and anti-corruption; project and business management; ethical leadership, entrepreneurship, policy making and implementation] have a causal impact on economic growth locally.

While majority of Cameroon’s young people continue to graduate from high school and university, their employability in the modern economy remains very low. The fundamental impediment lies with the breakdown of integrity practice in public service and the upsetting mismatch between the skills many young Cameroonians are taught and those that are actually needed by the modern labour market.

Indeed as noted by NIS, unemployment is under 9% for individuals with at most the secondary education level and 13% for individuals with as most the higher education level.[Ibid] This reverse brings to notice, the question of relevance, quality and market coverage of the knowledge and learning young people are receiving from education establishments throughout the country.

Certainly there is a crucial skill gap and skill need problem which cannot be overlooked in the informal sector where many young Cameroonians do work and are hoping to be productively employed beyond 2035.

Referring to the PASEC 2014 survey covering 10 Francophone countries, on average only 60% of pupils starting primary education complete the cycle and where they are able to complete education, basic literacy and numeracy remain very low.⁶

What this represents in fact is a massive failure in basic skill development for most young people who are likely to end up with employment in the informal sector. The absence of a strong and sustainable informal sector economy visible by

job creation, ethical and living standards of quality locally, reflects a multi-sectorial failure wherein the education sector plays a crucial role.

Although the policy action of investing more in education to promote economic growth and wellbeing is not new, it is insufficient in its current context in Cameroon. For instance, in a view to address gaps in tertiary education for national development and local labor market demands, the Cameroonian government has instituted policies establishing technical and vocational learning centers.

However these policies have failed to take into account two major aspects crucial to a successful GESP and Vision 2035 outcome; 1. *Addressing within the learning curriculum, “neglected skill needs of the informal sector; including provision of tertiary education which supports national development agenda (GESP/Vision 2035) and prepares young Cameroonians for modern sector jobs.*

2.a, addressing within the framework of formal and informal learning platforms and curriculum, the concerns of a growing moral decadence in public administration, including strict adherence to probity without prejudice.

2.b, introducing programs and role models for young entrepreneurs and public servants that will induce in them skills and patterns which demonstrate compliance, ethics and values-based leadership.

It is important to maintain that the process to achieving Cameroon’s growth and emergence is not predominantly political; neither should it be centered basically on digits in the modern sector measured by growth levels of industrial transformation.

The human capital skill upgrade of the informal sector which, currently supports local economy and poverty alleviation efforts in Cameroon, holds a level of labor market participation and employability as high as 90.5%.

This is an important economic sector deserving of urgent policy responses and fixes tailored to the sector’s “skills need upgrade” requirements. This will mean looking beyond the current learning traditions and formal systems of learning by public and private sector training providers. Hence augmenting and fine-tuning current policy frameworks that fail to address informal sector skills needs and concerns of probity.

Actionable Policy Recommendations

While the challenge of young people’s employability remains multi-sectorial, undercutting constrains to young people’s gainful employment and productivity as informal

⁵ National Institute of Statistics [2010] *Youths and Labor Market in Cameroon* [Online] Available from http://www.statistics.cameroon.org/downloads/EESI2/Situation_marche_travail_en.pdf [Accessed 13th June, 2017]

⁶ Education System Performance in Francophone Sub Saharan Africa [2014] PASEC [Online] Available from http://192.168.8.1/html/redirect.html?updatadirect=www.pasec.confemen.org/wp-content/uploads/2015/12/Rapport_Pasec2014_GB_webv2.pdf [Accessed July 18, 2017]

sector actors, will mean improving the ability of education to facilitate young people's employability and competitiveness locally and by extension globally.

General recommendations and actions

- For a country like Cameroon where the informal sector remains the greatest supplier of jobs, yet neglected in terms of its 'skills need', understanding what the required skill needs of young people in the sector are, and then translate such into actionable prospectus for training constitutes a viable option.
- The GESP provides a solid focus and road map for Cameroon's industrial transformation. However an informal sector human capital emergence and skills upgrade strategic framework, which prepares those who will enter the labor market by 2035 [following emergence], needs to be elaborated to complement the current Strategic Document for the Education Sector of 2013-2020.⁷

Specific recommendations and actions

- To boost informal sector productivity locally in the immediate short term, the government through municipal councils should introduce and encourage Mayors to institute bi-annual informal sector actors' skill enhancement programs-such as the like of the Municipal Councils Fellowship on Business Management and Public Service Integrity piloted by Buea Council.⁸
- Under this "skill enhancement program" package, the decentralized council structures are expected to mobilize young informal sector entrepreneurs within their municipalities, and provide practical labor market skills upgrade support.

While the informal sector actors' skill upgrade curriculum could be extensive to accommodate various informal sector skill gaps identified within respective local municipalities, focus should be given to some of the 6 training requirements which new entrants and entrepreneurs in the job market found relevant to their jobs and daily task [highlighted on pg.6 in this policy brief].^[ibid]

- Likewise, within the mainstream of actions that led to the integration of

entrepreneurship as a sub-course in certain economic fields in state universities; the government [via municipal councils] should design and introduce *within the framework of an informal sector skills upgrade and transformation program*; a prospectus and course curriculum on anti-corruption, business compliance and integrity, to boost business ethics and integrity ratings locally. Such a move is vital in ensuring that new entrants into public-private sector services, start their careers with examples of excellence and integrity in the face of challenging moral decadence and corruption in public service.

- Equally a course on anti-corruption, integrity and social accountability should be introduced as an immediate first step [for young people who are currently in school] and made compulsory learning for primary, high school and university students in both the public and private sectors of education establishments.
- Such an action is crucial to induce and ensure continuous ethics and value-based human resource capital development and leadership, beyond the 2035 emergence timeline for the country.
- The National Anti-corruption Commission on its part should ensure the necessary political will to introduce regional learning platforms, with which it engages directly with new entrants into the job market and young job seekers, to understand and provide answers to public service corruption related setbacks to job seekers employability locally.

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