
ANKER LIVING INCOME REFERENCE VALUE

**RURAL
CAMEROON
2020**



LIVING INCOME

**CFA 155,746
PER MONTH
(US\$269)**

Anker 
Research
Network

GLOBAL 
LIVING WAGE
COALITION

The Anker Reference Values are endorsed by the Global Living Wage Coalition (Fairtrade International, Rainforest Alliance, Social Accountability International and ISEAL Alliance). Development of the methodology was initiated and supported by Fairtrade International and German Federal Ministry for Economic Cooperation and Development (BMZ). Further support was received from Rainforest Alliance, Social Accountability International and Clif Bar & Company.



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Anker Living Income Reference Value¹

Rural Cameroon 2020

1. Anker Living Income Reference Value for Rural Cameroon in 2020

The Anker Living Income Reference Value for 2020 for rural Cameroon is CFA 155,746 per month (USD 269)² with a 95% confidence interval around it from CFA 142,551 to CFA 170,163. This is the income required for rural families to be able to afford a basic but decent living standard in a typical rural area of Cameroon.

*“A living income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household.”
(Living Income Community of Practice)*

2. Anker Reference Value Methodology

Anker Living Income Reference Values are based on a new methodology developed by Richard Anker, Martha Anker and Ian Prates. This methodology is based on a statistical analysis of 40 internationally comparable, quality-assured Anker methodology studies spread across low-income and middle-income countries carried out primarily under the auspices of the Global Living Wage Coalition. Anker Reference Values are internationally comparable, consistent with results from existing Anker living wage and living income benchmark studies and easy to update every year, and so are especially valuable for countries where it has not yet been possible to organize and fund a full quality-assured Anker methodology living wage or living income study.

Anker Living Income Reference Values represent a living income for typical families in rural (urban) areas of low-income and middle-income countries. Since they are based on a statistical analysis, they have a margin of error for typical rural (urban) areas of a country which is generally around +/- 10% using a 95% confidence interval. Since Reference Values are not location-specific within countries and represent the situation in typical rural (urban) locations, the margin of error may be larger for unusual locations with atypical living costs within a country such as large cities with high living costs, or poorer (richer) areas with relatively low (high) living costs and norms.

3. Country context: Cameroon

Geography and demographics

Cameroon is a country at the crossroad of West and Central Africa with a population of around 26 million people. Its climate varies from tropical in coastal areas to semiarid in the north.

Cameroon's population is growing rapidly with an annual growth rate of around 2.6% in 2018. Cameroon has a total fertility rate of 4.6 births per woman in 2018 according to the World Bank.

¹ Prepared by: Sally Smith, Ian Prates, Martha Anker, and Richard Anker.

² Exchange rate used to convert to US dollars is 578.91 according to IMF data. This is the average exchange rate for the January-November 2020 period.

42% of its population was below age 15 in 2019 and around 57% of its population resided in an urban area. Cameroon has two official languages – French and English – and an on-going conflict between the French-speaking and English-speaking areas.

Economy

Cameroon is a lower-middle-income country with a gross national income per capita of \$3,620 in international dollars (PPP) and \$1,450 in USD in 2018 according to World Bank. Cameroon is the 37th poorest country in the world out of 189 countries according to the Human Development Index. Cameroon has been experiencing slow but steady economic growth in recent years as real GNI per capita grew at 1.4% per year between 2015-2019 according to the World Bank. Inflation has been low at around 1.5% per year between 2015-2019.

Cameroon is, to a large extent, an agricultural economy with around 43% of its labor force working in agriculture in 2020 according to the ILO. A clear minority of its workers (around 23%) were wage or salaried employees in 2020.

Exports represented 20.2% of GDP in 2019. Cocoa coffee and cotton are major agricultural exports, although oil and gas are Cameroon's main exports.

Poverty

Cameroon has a high poverty rate. This was 37.5% in 2014 at the national poverty line and is 47.0% at the World Bank \$3.20 a day poverty line for lower-middle-income countries, such as Cameroon. Its poverty rate is even 26.0% at the World Bank \$1.90 a day poverty line for low-income countries.

Poverty rates at the national poverty line vary greatly across Cameroon and are much lower in urban areas (8.9%) than in rural areas (56.8%) according to 2014 estimates. Poverty rates are especially high in the Far North (66%), North (68%), and Northwest (55%) regions and relatively low in the West (22%), Littoral sans Douala (19%), and Southwest (18%) regions as well as the major cities of Douala (4%) and Yaoundé (5%). Poverty rates are between these extremes in the East (30%), Center sans Yaoundé (30%), and South (34%) regions.

Standard of living

Living conditions in rural Cameroon are poor for a lower-middle-income country. According to the World Bank, 77.0% (2018) of the rural population did not have access to electricity; 61.0% (2017) did not have access to basic safe drinking water services within a 30-minute round trip of their house; and 82.2% (2017) did not have access to basic sanitary services. This contrasts to the situation in urban areas where 6.7% (2018) of people did not have access to electricity, 22.7% (2017) did not have access to safe water, and 44.1% (2017) did not have access to basic sanitation services. 28.9% of children in Cameroon under age 5 were stunted in 2018, and 6.3% of the population was undernourished in 2018.

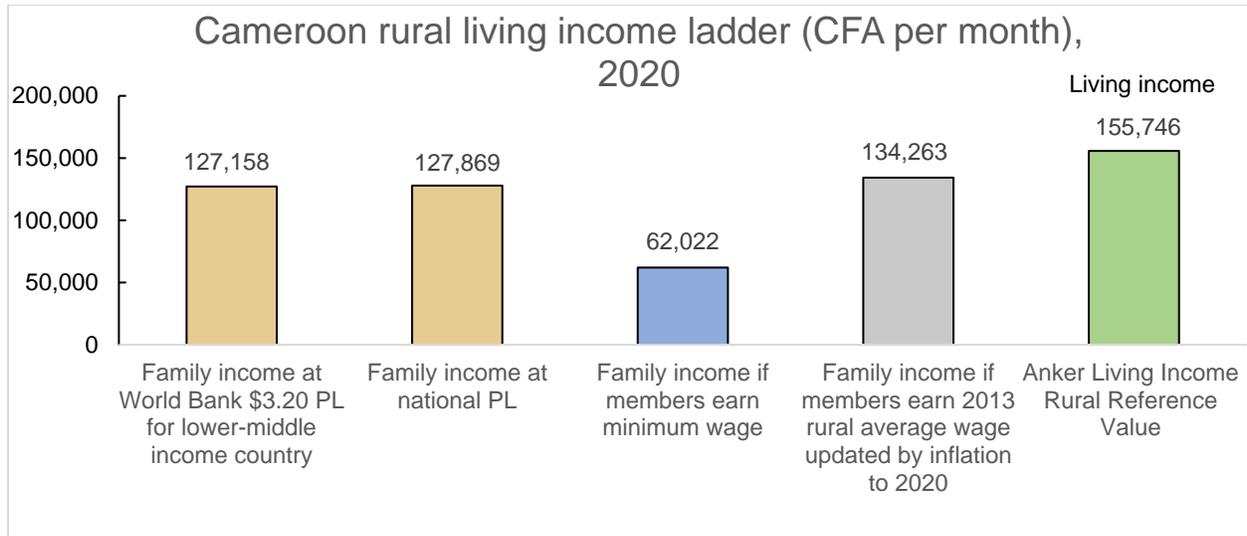
Labor market

Cameroon has very high labor force participation rates. The male labor force participation rate for ages 25+ was 91.4% in 2014 and the female labor force participation rate was 82.0% according to data from ILO that are based on the 2014 Cameroon Labor Force Survey. In contrast, reported rural male and female unemployment rates in 2014 were very low at 0.5% and 0.6% respectively. Time-related part-time employment rate (less than 35 hours per week) in 2018 in Cameroon for ages 15+, however, were high at 37.2% for males and 31.9% for females according to the ILO model estimates.

4. Income ladder and gaps to a living income, rural Cameroon

Figure 1 below provides an income ladder for rural Cameroon and some context on gaps to a living income. It compares the Anker Living Income Reference Value for rural Cameroon to other family income indicators. The Anker Living Income Reference Value for rural Cameroon is higher than all of these comparators. It is 22% higher than family income at the World Bank poverty line for lower-middle-income countries such as Cameroon and the national poverty line updated by inflation to 2020. It is only 16% higher than family income if family members earned the average rural wage in 2013 updated to 2020 by inflation. But it is important to keep in mind that typical rural wages are undoubtedly considerably smaller than the average rural wage (and so the gap to living income considerably larger), because the average wage is based in part on wages of professional, skilled and higher paid employees. The Anker Living Income Reference Value for rural Cameroon is 2.5 times higher than family income if family members earned the minimum wage. It is clear that the minimum wage, which was last increased in 2014, is much too low.

These gaps to living income indicate that there is a ways to go before rural Cameroon families earn enough to have a basic but decent living standard. Given the large variation in incomes and poverty rates across Cameroon (see above), however, it is likely that the Anker Living Income Reference Value for rural Cameroon is too low for the relatively wealthier West, Southwest, and Littoral sans Douala regions (where banana production is concentrated) and too high for the relatively poorer North, Northwest, and Far North regions. For this reason, it is suggested that the upper limit of the confidence interval of the Anker rural Living Income Reference Value (CFA 170,163) be used for rural West, Southwest, and Littoral sans Douala regions and that the lower confidence limit (CFA 142,551) be used for rural North, Northwest, and Far North regions. To better understand and measure location-specific living incomes within Cameroon, however, further analysis and quality-assured Anker methodology studies are required.

Figure 1**Notes:**

^a Poverty line for Cameroon, which is expressed in adult equivalence units, was converted into a per person poverty line using the government's adult equivalence scale. The national poverty line was set in 2014. We updated this for inflation to 2020 using IMF annual inflation rate data.

^b The World Bank poverty line income for Cameroon was estimated using the World Bank poverty line for lower-middle income countries (3.20 PPP) updated to 2020 using a formula suggested by the World Bank that uses the latest PPP value from the World Bank and inflation rate data for Cameroon and the United States from the IMF.

^c Family size of 5.5 (2 adults and 3.5 children) was used for expositional purposes to estimate the national poverty line income and the World Bank poverty line income. This family size is in between: (i) the average rural household size of 4.8 when single-person households (that do not have children) and very large households (with 9+ members) are excluded, especially given that observed average rural household size is biased downward by a relatively high percentage of female-headed households (26.0% in 2018 according to the World Bank) that are generally smaller in size, and (ii) family size of 7.4 implied by the rural child mortality-adjusted total fertility rate of 5.4 in 2018 based on 2018 DHS data for rural TFR (6.0) and rural U5MR (99 per 1,000 births).

^d Number of full-time equivalent workers per family of 1.71 was used for expositional purposes to estimate poverty line income and family income at the minimum wage. This was estimated using ILOSTAT data for males and females ages 25+ for rural Cameroon. Labor force participation rates and unemployment rates were based on data from the 2014 Cameroon Labor Force Survey, while part-time employment rates (less than 35 hour per week) are ILO modelled estimates for 2018.

^e Anker Living Income Reference Values are estimated directly based on statistical analysis and therefore do not have an explicit family size (although rural reference family size falls from 6 to 4 with development in Anker living wage benchmark studies).

^f Minimum wage was last increased in 2014. There has been around 11% inflation since then to 2020 according to IMF data and so minimum wage would be around CFA 40,266 if it had increased along with inflation since 2014.