
ANKER LIVING WAGE REFERENCE VALUE

**RURAL
CAMEROON
2020**

LIVING WAGE

**CFA 104,623
PER MONTH
(US\$181)**



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.



Anker Living Wage Reference Value¹

Rural Cameroon 2020

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

The Anker Living Wage Reference Value for 2020 for rural Cameroon is CFA 104,623 per month (USD 181)² with a 95% confidence interval around it from CFA 95,534 to CFA 114,530. This is the wage required for rural workers to be able to afford a basic but decent living standard in a typical rural area of Cameroon. The Reference Value is comprised of a net living wage (i.e. take-home pay) of CFA 93,722 (USD 165) per month plus CFA 10,901 (USD 19) which would need to be paid by law in social security (CFA 4,394) and income tax (CFA 6,507) on the living wage³.

“A living wage is the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.” (Global Living Wage Coalition).

2. Anker Reference Value Methodology

Anker Living Wage 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 Wage Reference Values represent a living wage 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 is likely to 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.

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 recent three-month period from January-November 2020.

³ There is a mandatory payroll deduction by law of 4.2% for social security, and a 10% income tax on income below 2,000,000 per year (which includes the Anker Living Wage Reference Value for rural Cameroon).

3. Country context

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 (2018) according to the World Bank, and 42% of its population was below age 15 in 2019 and around 58% of its population resided in an urban area. Cameroon has two official languages – French and English – and an on-going conflict between the French- 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 \$1,140 in USD in 2018. This makes Cameroon 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 GDP per capita grew at 1.5% per year between 2009-2018. Inflation has been low at around 1.4% per year between 2014-2020.

Cameroon is to large extent an agricultural economy with around 43% of its labor force working in agriculture in 2020. A clear minority of its workers (around 23%) were wage or salaried employees in 2019.

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. It was 37.5% in 2014 for Cameroon as a whole at the national poverty line, and 44.7% at the World Bank \$3.20 a day poverty line for lower-middle-income countries such as Cameroon. Its poverty rate is even 26% at the World Bank \$1.90 a day poverty line for low-income countries.

Poverty rates 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%) and relatively low in West (22%), Littoral sans Douala (19%) and Southwest (18%), and in the major cities of Douala (4%) and Yaoundé (5%). Poverty rates are between these extremes in the East (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

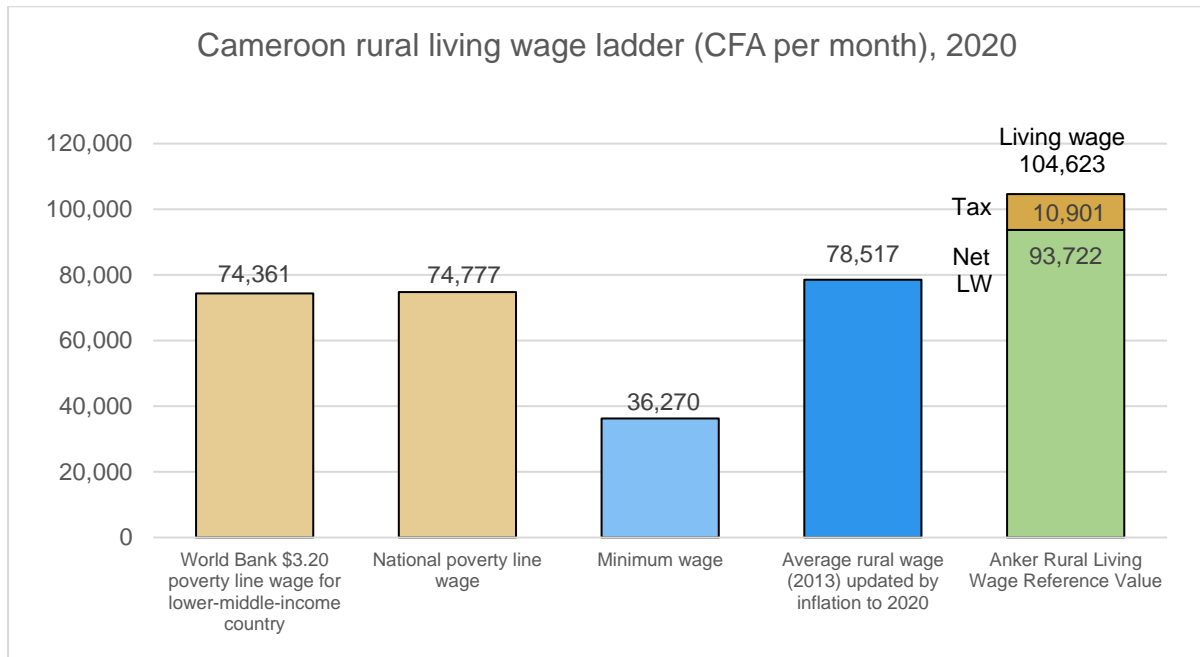
Cameroon has high labor force participation rates. The male labor force participation rate for ages 25+ was 91.4% in 2014 and the female labor force participation rate was 82.0% according to data from the ILO based on the 2014 Cameroon Labor Force Survey. In contrast, reported rural male and female unemployment 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+ were high at 37.2% for males and 31.9% for females according to the ILO model estimates.

4. Wage ladder and gaps to a living wage, rural Cameroon

Figure 1 below provides a wage ladder for rural Cameroon and some context on gaps to a living wage. It compares the Anker Living Wage Reference Value for rural Cameroon to four other wage indicators. The Anker Living Wage Reference Value is much higher than all of these wage comparators. It is around 40% higher than the national poverty line wage and the World Bank poverty line wage for lower-middle-income countries such as Cameroon. It is 74% higher than the average rural wage (which includes occupations that are higher paid than agriculture)⁴ and almost triple the minimum wage which does not appear to be very meaningful. These large gaps to a living wage indicate that there is clearly a long way to go before workers in rural Cameroon earn enough to be able to afford a basic but decent living standard. Given the large variation in incomes and poverty rates across Cameroon (see section on poverty above), it is likely that the Anker Living Wage Reference Value for rural Cameroon is below what a living wage would be for rural areas in the relatively wealthy Southwest and Littoral sans Douala (where banana production is concentrated) and above what a living wage would be in the relatively poor North, Northwest and Far North. For this reason, it is suggested that the upper limit of the margin of error of the Anker rural Reference Value be used as the living wage target (CFA 114,530) for rural Southwest and Littoral sans Douala and that the lower confidence limit Anker rural Reference Value (CFA 95,534) be used as the living wage target for rural North, Northwest and Far North. To better understand and measure location-specific living wages within Cameroon, further analysis and quality-assured Anker methodology studies are required.

⁴ Note that this gap is similar to gaps in the banana sector according to Banana Link that are reported to have ranged from CFA 40,000-60,000 in 2015, depending on the employer.

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 wage for Cameroon was estimated using the World Bank poverty line for lower-middle income countries (3.20 PPP) and updated to 2020 using a formula suggested by the World Bank that uses the latest PPP value (2018) 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 wage and the World Bank poverty line wage. 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 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 mortality-adjusted total fertility rate of 5.4 in 2018 implied by the rural TFR of 6.0 in 2018 according to 2018 DHS data and rural U5MR (99 per 1000 births).

^d Number of full-time equivalent workers per family of 1.71 is used for expositional purposes to estimate poverty line wages. Male and female labor force participation rates as well as unemployment rates for rural Cameroon for ages 25+ were based on tabulations of the Cameroon Labor Force Survey, while part-time employment rates (less than 35 hours per week) were based on ILO modelled estimates for 2018.

^e Anker Living Wage Reference Values are estimated directly based on statistical analysis and therefore does not have an explicit number of full-time workers per family or reference 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 according to IMF data and so minimum wage would be around CFA 40,266 if it had increased along with inflation since 2014.

^g Taxes on the living wage includes a 4.2% income-tax deductible social security tax, and a 10% income tax on annual income above CFA 500,000 (i.e. above CFA 41,667 per month).