

Living Wage Update Report Rural Cameroon, 2022

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Net Living Wage per
month

CFA 101,024
(USD 163)



Gross Living wage
per month

CFA 115,084
(USD 186)



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Living Wage Update Report Rural Cameroon, 2022

By:

*Lykke E. Andersen**

*Agnes Medinaceli***

*Richard Anker****

*Martha Anker****

Abstract:

This report provides updated estimates of living wage for rural Cameroon. The update for 2022 takes into account inflation since 2020 (Smith, Prates, Anker & Anker, 2020).

Keywords: Living costs, living wages, Anker Methodology, Cameroon

JEL classifications: J30, J50, J80.

* SDSN Bolivia, E-mail: Lykke.E.Andersen@gmail.com

** SDSN Bolivia, E-mail: agnes.medinaceli@gmail.com

*** Anker Research Institute, E-mail: marthaandrichard@gmail.com

1. BACKGROUND

This report updates the Anker living wage Reference Value to 2022 for rural Cameroon. The update takes into account the amount of inflation since the original Reference Value in 2020. This is done by updating the 2020 net living wage and living expenses to June 2022 by inflation. Without accounting for inflation, the net living wage estimated in 2020 would not be sufficient for workers to have a basic but decent standard of living in 2022 because the purchasing power of the living wage would have decreased compared to what it was in 2020.

The gross living wage (aka living wage) is updated to 2022 by taking into consideration income taxes and mandatory deductions from pay that workers would need to pay on the updated June 2022 living wage using the laws in effect by June 2022.

2. LIVING WAGE ESTIMATE IN REFERENCE VALUE FROM 2020

The original living wage Reference Value estimated the net living wage as CFA 93,722 (USD 162) in 2020. This was the required take-home pay for workers for decency. The gross living wage, which also takes into account income taxes and mandatory deductions from pay for social security, was estimated as CFA 104,623 (USD 181) in 2020.

3. INFLATION RATE USED FOR UPDATE

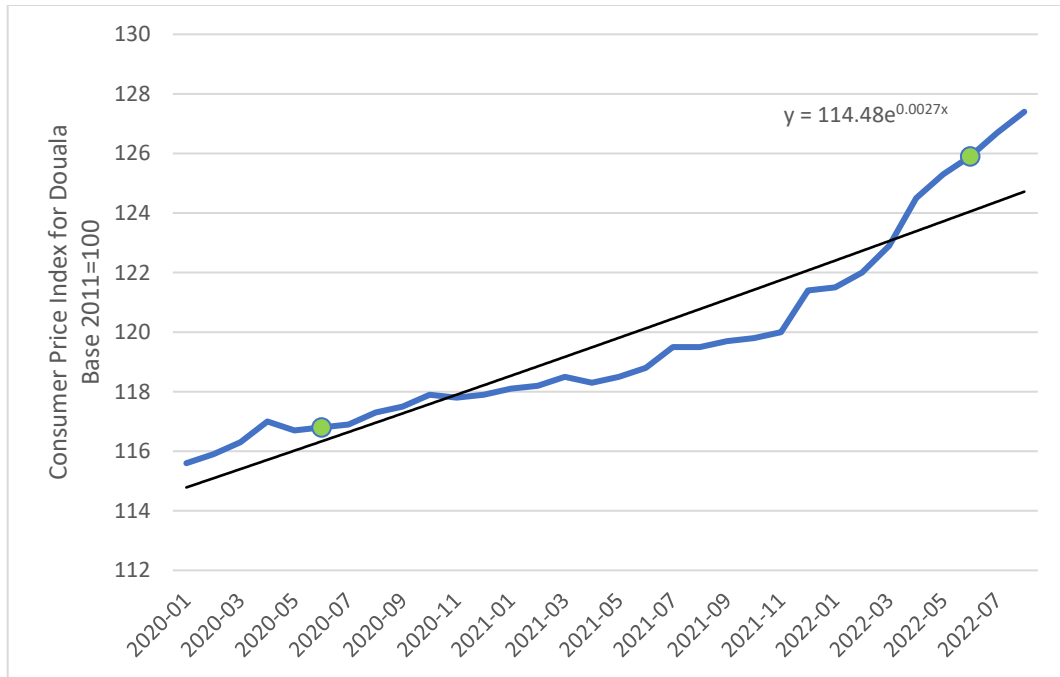
The National Statistics Institute of Cameroon (Institut National de la Statistique, INS) is the government body responsible for computing and reporting price indices in Cameroon.¹ It reports consumer price indexes for two cities: Yaounde (capital city of Cameroon) and Douala. This report uses the consumer price index for Douala as it is slightly more representative for workers in the rural area. The CPI for Douala uses the year 2011 = 100 as its base.

4. RECENT LEVEL OF INFLATION

Between June 2020 and June 2022, prices in Cameroon increased steadily. The total increase in prices during this period was 7.8% (see Figure 1).

¹ See <https://ins-cameroun.cm/en/type-de-statistique/inflation/>

Figure 1: Consumer Price Index for Douala, Cameroon, January 2020 – August 2022



Notes: Green circles indicate the months of the original study and update. The black line is the fitted exponential trendline.
 Source: Authors' calculations based on CPI data from INS.

5. MANDATORY DEDUCTIONS

In 2020, workers paid a mandatory 4.2% social security contribution and a 1% housing fund. In June 2022, the same contributions applied.² Additionally, a progressive personal income tax (PIT) of 11% is applied, with an annual deduction of CFA 500,000.³

6. UPDATED LIVING WAGES AND FAMILY EXPENSES FOR JUNE 2022

The updated net living wage, or take-home pay, for June 2022 is CFA 101,024 (USD 163) per month. The gross living wage (aka living wage), which also takes into account income taxes and mandatory payroll deductions, is CFA 115,084 (USD 186) per month for June 2022.

Table 1 provides details of the original and the updated living wages in CFA and USD.

² See <https://taxsummaries.pwc.com/republic-of-cameroon/individual/other-taxes>

³ See <https://taxsummaries.pwc.com/republic-of-cameroon/individual/taxes-on-personal-income>

Table 1: Living wage for rural Cameroon (in CFA Francs and US Dollars per month)

	2020 Reference Value		June 2022 Update Report	
	CFA	USD	CFA	USD
Net Living Wage per Month	93,722	162	101,024	163
Income Taxes and Payroll Deductions per Month on Living Wage	10,901	19	14,060	23
Gross Living Wage per Month	104,623	181	115,084	186
Exchange Rate to USD	578.91		618.35*	

Note: *Average exchange rate for June 2022. Source of exchange rate: XE. USD amounts are indicative only as exchange rates are volatile.

Source: Authors' calculations.

7. REFERENCES

Smith, S., Prates, I., Anker, M. & Anker, R. (2020) *Anker Living Wage Reference Value: Rural Cameroon*. Anker Research Institute & Global Living Wage Coalition. Available online: <https://globallivingwage.org/wp-content/uploads/2021/01/Rural-Cameroon-LW-Reference-value.pdf>