

MACROECONOMIC AND SECTOR ANALYSIS

REPORT: CAMEROON



The African Union Development Agency (AUDA-NEPAD) through the Skills Initiative for Africa (SIFA) commissioned a study to prioritise three economic sectors in Cameroon which- based on forecasts, and controlling for the impact of COVID-19- would lay the groundwork for targeted activities aimed at improving skills in the country. In order to do this, a mixed methods (quantitative and qualitative) analysis was undertaken to understand labour demand and labour supply in the country. These findings were then verified and discussed by professional representatives in the skills planning space from Cameroon, who assisted in the completion of a widely validated report.

Labour Demand is defined as **the amount of labour that employers need to hire in a given time period.**



Labour Supply is defined as **the amount of labour that households can provide employers in a given time period.**

In most cases, it is not possible to measure labour demand and labour supply directly. Because of this, an analysis of labour supply and demand has to rely on deep understanding of all relevant quantitative and qualitative evidence at one's disposal.

Labour Demand in Cameroon

Quantitative evidence and evidence based in the literature were used to rank economic sub-sectors in Cameroon based on whether those sub-sectors were expected to demand more labourers in the next 3-5 years. The following signals (indirect measures) were used to assess labour demand in each sub-sector:

The sub-sector is gender equitable as an employer

The sub-sector is identified as being a strategic priority for the government

The sub-sector shows evidence of relatively strong GDP growth and employment growth/employment absorption

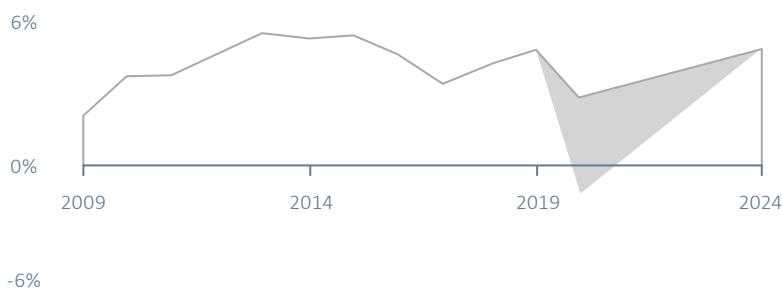
The sub-sector is going to be impacted by COVID-19

The sub-sector contributes largely to national GDP and employment

These factors were combined together into an index using Principal Components Analysis. This index measures labour demand between now until 2024 in Cameroon at a sub-sectoral level. **If GDP growth was not forecasted to be the highest for a given sub-sector rank, it might still place in the top 3 sub-sectors due to that sector exhibiting other signals. The evidence is all reviewed simultaneously, and not in isolation.**

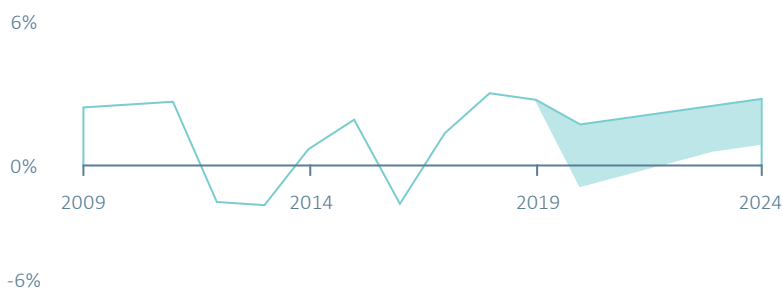
At a national level, COVID-19 is expected to have a large impact on the Cameroonian economy:

National Real GDP Growth

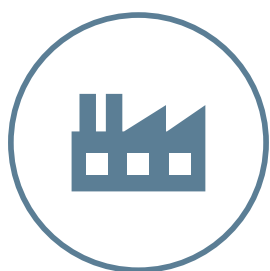


A slowdown in real GDP of the Cameroonian economy could cause the loss of as many as 86 000 jobs in the worst case forecast scenario in 2020. This has the impact of denting growth, and is expected to decrease labour demand in the country dramatically over 2020/2021.

National Employment Growth Rate



Based on this index ranking system, the three sectors exhibiting the strongest signals of labour demand are:



Manufacturing



Wholesale and Retail; Accommodation and Food Services

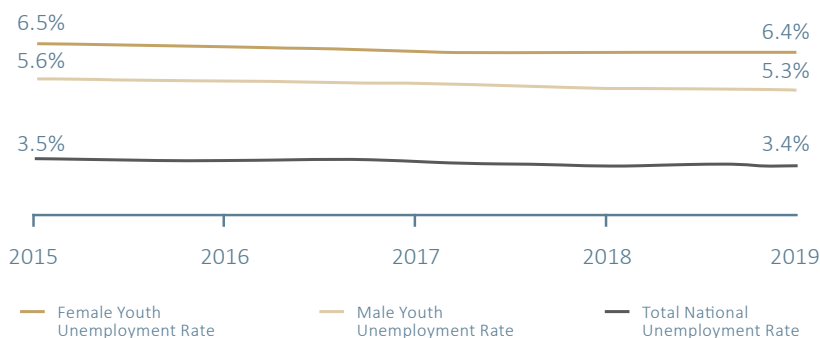


Other Services (Education, Health and Finance)

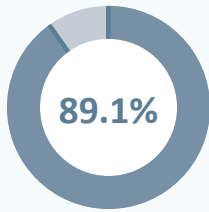
These sub-sectors all contribute greatly to the Cameroonian economy, whilst also being strategic priority sub-sectors to the government.

Cameroon Labour Supply Analysis

National unemployment is hovering around the 3.4% mark as of 2019 (and is forecast to increase due to COVID-19). Youth unemployment for males and females respectively is more than 1.5 times the national level (at 5.3-6.4%).



This signals that the economy, which has employed approximately 11 million people, is struggling to absorb its male and female youth into the labour force, with female youth unemployment being higher than both the male youth or older generations.



Estimate of the proportion of Cameroonians employed in the informal sector



This translates to the informal sector employing as many as 9.2 million Cameroonians out of its 11 million employees



Informal employment levels in Cameroon are extremely high in absolute terms and in comparison to other African countries. The proportion of workers self-employed is moderate to high in Cameroon as well. Because of this:

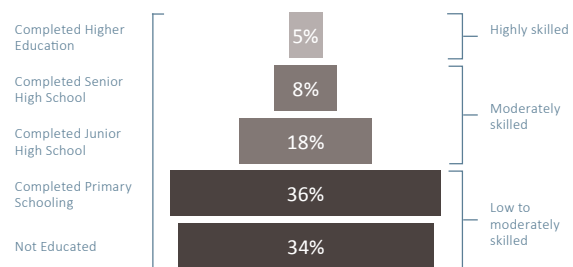
1. Job security is potentially low in the economy, and
2. Skills levels are potentially low to moderate as well, given the extremely high informal employment rate, and relatively moderate/high levels of vulnerable self-employment.

In Cameroon, as of 2012, our estimates suggest 34% of the population had not completed any form of education or were not categorised. Roughly 30% of the working population is moderately to highly skilled, with the remaining 70% possessing lower skills bases.

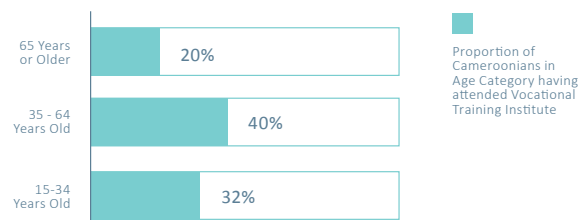
This study demonstrated that various moderate to high-level skills are lacking in Cameroon. This extends most prominently towards various social services (health and education skills specifically) and financial services.

More recently, the study done by the ILO (2020) suggests that the Cameroonian economy is facing harsh economic conditions as a result of the COVID-19 pandemic which has created some skills gaps within the country. These skills gaps relate to:

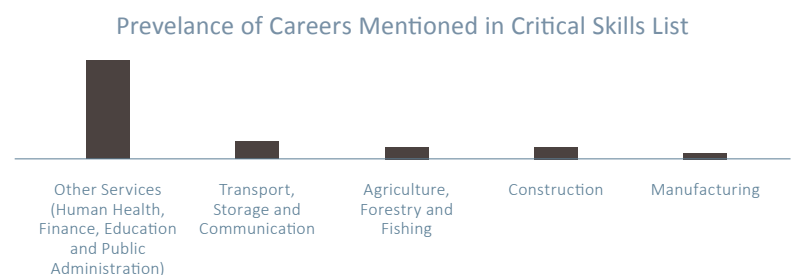
1. The production and manufacturing of masks, goggles (Personal Protective Equipment or PPE) and hand sanitisers. Manufacturers in the textiles, plastics and alcohol industries need to use their knowledge to adapt production to assist in producing critical items for recovery and prevention, not only in terms of the COVID-19 pandemic, but also in terms of other health pandemics which might plague Cameroon (and the rest of Africa) in the future.
2. Improved technological skills associated with the finance sector (specifically, skills gaps may exist in the finance, financial management and accounting spaces) which can be solved by targeted TVET interventions.
3. Healthcare services related to the treatment of both those infected by COVID-19, but also those individuals who would need to be treated for other communicable diseases going forward.



Our own estimates suggest that most Cameroonians tend to have little to no skills, with only 18% of the population having completed secondary schooling as of 2012. Given that TVET can be broken down into high school and tertiary education phases, it was estimated that 1 in 4 Cameroonians above the age of 15 had some level of TVET qualification:



A 2009 study of skills gaps in Cameroon suggested that the following economic sub-sectors experienced some level of skills deficiency:



Validation Discussion Points

The validation workshop conducted in July of 2020 revealed extremely valuable insight regarding the Cameroonian economy:

- Stakeholders agreed with the sub-sector selection for SIFA.
- These stakeholders believed that this report was critical for the development of skills in the Cameroonian economy going forward.
- Stakeholders did, however, note that they were unsure whether the TVET system itself could provide an adequate boost to the supply of labour in the country.
- The stakeholders also wanted to understand the role of the TVET system in formalising the Wholesale and Retail sector in the country going forward.

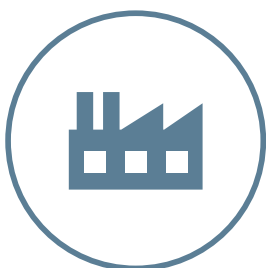
Conclusions and Recommendations

Based on the discussions and a balanced view of quantitative and qualitative evidence, the three sectors that should be focused on are indeed the:

1. Manufacturing sub-sector,

2. Social and Financial (Other) Services sub-sectors, and

3. Wholesale and Retail; Accommodation and Food Services sub-sector.



- The manufacturing sector in Cameroon shows skills gaps present in the production of Personal Protective Equipment (PPE) and alcohol-based cleaning products. For those already working in the manufacturing sector, gap training should be provided to re-skill individuals in the textile, plastics and alcohol industries to manufacture PPE and sanitisers.
- Because of other communicable disease pandemics across Africa, long-term interventions aimed at wide-scale PPE and sanitiser production should also be considered.



- Healthcare sector skills in primary healthcare provision, nursing and pharmacy/pharmaceuticals remain in shortage in the country. These skills are easily developed by the TVET system.
- The finance sector and its relationship with IT infrastructure are integral. The re-skilling and up-skilling of individuals in the accounting, finance and financial management fields to be better equipped to use computer programmes should be considered in this space in Cameroon.



- E-Commerce is an ever-expanding innovation in the African informal wholesale and retail market. Occupations in app development and wholesale/retail logistics would prove useful inlets into this market in Cameroon.
- The Accommodation and Food Services sector in Cameroon is set to be hugely impacted by the COVID-19 pandemic. Interventions to improve resilience to the pandemic (i.e., business management training) are currently proving difficult to come by in the country. Beyond the pandemic, however, a strong tourism offering with inviting soft and technical skills capacity (i.e. training in hospitality management and chef training) should both be considered going forward.

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