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**NATIONAL INSTITUTE OF
STATISTICS**

**SECOND SURVEY ON EMPLOYMENT AND THE
INFORMAL SECTOR IN CAMEROON (EESI 2)**

Phase 2: Informal Sector Survey

Main report

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LIST OF ABBREVIATIONS

AFRISTAT	:	Sub Saharan Africa Economic and Statistical
AV	:	Monthly added value
BPW	:	Building and Public Works
CEMAC	:	Central African Economic and Monetary Community
CTS	:	Technical Committee for the Follow-up of Economic Programs
DHS	:	Demographic Health Survey
DIAL	:	Development, Institutions and Long Term Analysis
EA	:	Enumeration Area
GOS	:	Gross Operating Surplus
ECAM	:	Cameroon Household Survey
EESI	:	Survey on Employment and the Informal Sector
GES	:	Growth and Employment Strategy
GESP	:	Growth and Employment Strategy Paper
GCPH	:	General Census of Population and Housing
ILO	:	International Labour Office
INSEE	:	National Institute of Statistics and Economic Studies
IPU	:	Informal Production Unit
K	:	Value of Capital at the replacement cost
L1	:	Number of workers
L2	:	Number working hours per month
MDG	:	Millennium Development Goals
MINEFOP	:	Ministry of Employment and Vocational Training
MINEPAT	:	Ministry of Economy, Planning and Regional Development
MINFOPRA	:	Ministry of Public Service and Administrative Reform
MINPMEESA	:	Ministry of Small and Medium size Enterprises, of Social Economy and Handicraft

MINTSS	:	Ministry of Labour and Social Security
NC	:	Tax payer number
NEF	:	National Employment Fund
NIS	:	National Institute of Statistics
N° SCIFE	:	Number of Central Service for Registration to the Enterprise Data files
NSDS	:	National Strategy for the Development of Statistics
NSIF	:	National Social Insurance Fund
NSIS	:	National Statistical Information System
OHADA	:	Organization for the Harmonization of Business Law in Africa
ONEFOP	:	National Observatory for Employment and for Vocational Training
OTPV	:	Temporary Occupation of the Public Way
PAGT/FP	:	Programme for the Improvement of Governance and Transparency in Public Finances
PRS	:	Poverty Reduction Strategy
SMSE	:	Small and Medium Size Enterprises
SMSI	:	Small and Medium Size Industries

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FOREWORD

The National Institute of Statistics (NIS) is pleased to present to you the main report of phase 2 concerning the informal sector of the second Survey on Employment and the Informal Sector (EESI 2) carried out in 2010. This report comes after that of phase 1 which presents the situation of employment in Cameroon in 2010. The EESI 2 is part of the operations retained in the National Strategy for the Development of Statistics (NSDS) which the realization will guarantee the availability in regular frequency, of the quantitative and qualitative indicators for the follow-up and the evaluation of the employment strategy of the Gross and Employment Strategy Paper (GESP) and the measurement of the progress in view of the achievement of the Millennium Development Goals (MDG).

This report presents the main results of the analysis of non agricultural informal sector. The so calculated indicators concern the conditions of activity of the informal production units (IPU), the characteristics of employment in the informal sector, its capital, its investment, its financing, its production and the wealth that it creates. Besides, they enable to appreciate the relationship between the informal sector and the State, its needs, its problems and its prospects.

Besides the financial support of the Government, the survey benefited from the financing of the European Union through the fund of Programme for the Improvement of Governance and Transparency in Public Finances (PAGT/FP) and of the International Labour Office (ILO). The National Institute of Statistics is grateful to these two partners of the government.

In its realization, the survey benefited from the technical support of the National Institute of statistics and Economical Studies (INSEE) of France and of the Sub-Saharan Africa Economic and Statistical Observatory (AFRISTAT) of Mali. The NIS is sincerely grateful to all these experts for the quality of their supports. Likewise, the NIS addresses its warm congratulations to its permanent staff posted in this task as well as to the temporary personnel recruited, for their devotion and the quality of work achieved. The acknowledgement of the NIS is equally directed towards the populations for their participation, notably their availability to give sincere answers to the questions that were asked to them.

The NIS hopes that these results will meet the expectations of the users and remains available for any additional information.

The General Manager of the NIS

Joseph TEDOU

EXECUTIVE SUMMARY

1- Context

The distortions or shortcomings noticed during the evaluation of the implementation of the Poverty Reduction Strategy (PRS) lead the Government to elaborate a vision of development for Cameroon, having as objective to become an emergent country at horizon 2035 and to review to this effect its strategy for poverty reduction by putting henceforth the challenges of the creation of wealth and employments at the centre of its actions in favour of poverty reduction. It is in that sense that the Growth and Employment Strategy Paper (GESP) has been adopted in 2009.

The follow-up/evaluation of the implementation of the Growth and Employment Strategy (GES) and of the sectorial strategies is based on the National Strategy for the Development of Statistics (NSDS). This strategy has retained series of major data collection operations among which the survey on employment and the informal sector (EESI) to be carried out after every 5 years.

The second edition of the Survey on Employment and the Informal Sector (EESI 2), carried out in 2010, is in that new deal. It globally aims at providing to the users a set of indicators on (i) the labour market, the conditions and the income of activities and (ii) the informal sector and its contribution to the economy, in terms of employments and added value. Besides the modules tackled in 2005, EESI 2 examines the issue of social dialogue.

The results obtained will serve as a guide to the Government in the implementation of the Employment Strategy of the GESP. They will also enable the follow-up and the evaluation of the on-going programmes.

2- Scope, goal and methodology

The second survey on employment and the Informal sector (EESI 2) is a statistical survey with two phases, the first phase aiming at laying hold on the employment (Employment Survey) and the second at evaluating the economic activities of the non agricultural informal sector (Informal Sector Survey). The two phases of EESI 2 took place at the same moment whereas in EESI 1, they took place in different moments.

The sampling base used for the first phase is from the updated mapping works of the third General Population and Housing Census (GPHC) of 2005. It enabled to randomly select a sample of 8 160 stratified according to the 10 regions and the area of residence. The Yaoundé and Douala cities were each taken as survey region. Methodologically, the first phase enabled to identify 4 705 non agricultural informal production units (IPU). Among these IPU, 4 592 were interviewed among which 4 538 with success, that is to say a coverage rate of 97.6%.

3- Conditions of activity in the informal sector

The total number of non agricultural IPU in activity in 2010 on the national territory is estimated at about 2.5 millions. These IPU are almost equally distributed in the industry (34.1%), commerce (33.6%) and services (32.2%) sectors. More than half (54.4%) of IPU promoters are female. The most representative branches of activity are those of retail sale trade, food industry, catering, transport and manufacturing. As in 2005, the conditions of activity of the IPU are precarious. For instance, less than one IPU out of four (23.6%) have a specific professional

premises; 6.1% are connected to the water conveyance network; 41.2% to the electricity network and only 29.3% have a specific phone line (fixed or mobile). Besides these precarious conditions of activity, the entrepreneurship dynamics remains individual or familial.

The main reason of the choice of the economic activity mentioned by the promoters are the desire to be independent (25.0%), the quest of a better income (22.4%), the constraint linked to the availability of a sufficient capital in order to undertake something else (23.7%).

The average age of IPU is 7.4 years and 50.9% of the units are less than 5 years old. The knowledge of social security remains low among the IPU heads. Only 20.4% of them say they have ever heard of social security. It is likewise for the knowledge of the institution in charge of the management of social security and the services offered.

About the eventuality of the putting in place of a new system of social security, 37.2% of the promoters are in favour of it and 41.1% among them would have confidence in a public management of this system, whereas 35.4% would be favourable to a public/private partnership. The main expectations from such a system are the guarantee retirement, the coverage in case of invalidity and in case of death. Despite these expectations, the availability to pay remains a major difficulty. Hardly 14.0% of promoters say they are ready to pay a monthly contribution superior to 5 000 CFAF per worker. About social dialogue, the issue is less relevant given the predominance of unipersonal IPU, but it should be noticed that in case of conflict, the majority of employees (44.5%) have recourse to individual negotiations. Yet, a desire to constitute groups (CIG, trade union, cooperative) for a better defense of the interests is expressed by the employees according to 12.0% of the IPU promoters.

4- Labour force and employments in the informal sector

The informal sector is made up essentially of production units of small size; 86.0% of them are unipersonal and only 3.6% employ more than 3 persons. The average size of the IPU is 1.3 person.

The rate of salarization is low in the informal sector, less than 9 occupied active persons out of 100 are wage earners. This low salarization is more pronounced in the sector of commerce (4.3%) compared to the service sector (7.0%) and the industry sector (13.3%).

The labour force of the IPU is made up in majority of own account workers (70.6%). This proportion is higher among women (75.9%) than among men (64.6%). The industry sector takes 38.9% of the informal sector employments.

Excluding the promoters who have a factual contract with their unit, nearly half of employees have no formal contract (48.7%). Only 12.1% have a written contract and 38.8% have a verbal contract.

The distribution of occupied active persons of the informal sector by weekly hour group shows that nearly one quarter works less than 20 hours per week and 46.1% more than 40 hours. Besides, these occupied active persons work averagely 37.7 hours per week. This average duration differs according to the area of residence.

The average level of studies of the occupied active persons is 7.5 years. This corresponds to the first year of the secondary cycle. The average longevity in the production unit is 5.8 years for all the occupied active persons of this sector.

Most of the occupied active persons (66.9%) of the informal sector learned their trade alone or on-the-job.

The average age of the active occupied persons of the informal sector is 33.0 years. It goes from 35.0 years in the commerce sector to 31.0 years in the services via 33.1 years in the industries.

The youths of 10 to 24 years represent 26.2% of the occupied active persons of the informal sector. They are mostly found among apprentices (88.6%) and family aids (68.8%).

The average income of the occupied active persons of the informal sector is 48 400 CFAF per month. It varies from 58 600 CFAF among the occupied active persons of the urban area to 38 200 CFAF among those of the rural area. One worked hour in this sector bears averagely 297.9 CFAF as income to the occupied active person. The average monthly income of bosses/employers (105 100 CFAF) is practically the double of that of the wage earners (56 000 CFAF).

According to the promoters having at least one wage earner, the principal mode of determination of salaries is negotiation (36.4%). Otherwise, a bit more than one quarter (25.8%) of the IPU heads say they themselves set the salaries of their employees in order to insure a benefit. The determination of salaries according to the official salary schedule (1.4%) and the alignment to salary of competitors (4.3%) constitute the less used modes of determination of salaries.

From all the employments observed in the informal sector in 2010, 34.1% have been created between 2006 and 2008, 21.7% before the year 2000, 18.0% between 2001 and 2005. Otherwise, 26.2% of employments were created one year or less than one year ago.

5- Capital, financing and investment of IPU

The majority of IPU (91.4%) have a capital for their functioning. The average amount of the capital is found at 197 800 CFAF at the national level whereas half of IPU has a capital inferior or equal to 17 000 CFAF. This disparity of the capital seems to be more pronounced in the metropolises of Douala and Yaoundé: half of the IPU functions there respectively with a capital inferior or equal to 81 000 CFAF and 17 000 CFAF whereas the average capital in those two towns is situated at 400 800 CFAF and 330 700 CFAF respectively.

The capital of the IPU is made up in order of importance of the rolling stock/motor-pump, land/premises, tools and others, machines and in a less measure, of the office furniture. However, it is convenient to note that nearly half of the value of the capital of the IPU represents the good acquired in a new state.

The equipment used by the IPU is averagely 4.5 years old in those IPU. This average age was 6.2 years in 2005.

An important part of the capital (92.2%) of IPU is financed by savings, gifts or inheritance. The njangi/tontines hardly finance 1.4% of the capital of IPU. About the access to the bank system for the financing of the IPU capital, it is almost inexistent.

At the national level, the total investment realized during the last twelve months preceding the survey is 100 billions CFAF. This is seen through an investment rate of 3.7% which represent the share of the capital acquired over a period divided by the added value obtained during the very period.

The investment of the IPU is mainly orientated towards the purchase of the rolling stock/motor-pump (65.4%), the acquisition of lands and premises (16.3%) and the acquisition of tools and other little materials (10.3%).

Whatever the sector of activity and the place of implantation of the IPU, it should be noted that less than 10% of these take loans. For the IPU that take loans, more than half of the total volume of the loans was taken to finance the IPU of the industry sector and the loans taken are essentially consecrated to the purchase of raw materials or goods.

6- Production, insertion and competition

The structure of production shows that the commerce sector that performs 51.0% of the turnover of the informal sector, accounts for 33.7% of the total production. The industry sector in its turn performs 27.5% of the turnover and accounts for the most important proportion (34.1% of the total production). At last, the service sector with 21.4% presents the lowest level of turnover, while accounting for 32.3% of the total production.

The added value of the informal sector is unequally generated by the three sectors: the industry (71.6%), the services (17.2%) and the commerce (11.1%). The decomposition of the added value into its various constituents reveals that 91.4% of the global added value correspond to the Gross Operating Surplus (GOS), 7% to the remuneration and 1.6 to taxes.

With its monthly payroll estimated at 6 billions in urban area and at more than 9 billions in rural area, the industry is the sector having the most important monthly payroll. Considering the taxes paid, the contribution of the informal sector to the economy is appreciable, averagely, the IPU pay monthly a little more than 5 billions for taxes.

About the creation of wealth, it is the IPU of the commerce sector that performs the highest average monthly turnover (472 900 CFAF), which is clearly above the global average (316 800 CFAF). The IPU of the industry and of services respectively performs only 261 800 CFAF and 212 100 CFAF.

The indicators of productivity show that one worker of the informal sector creates averagely a monthly added value of about 74 000 CFAF and that one hour of work done bears averagely 462 CFAF of added value. Otherwise, one franc invested in the capital averagely produces 471 CFAF of added value.

About the supply of goods and services, the main suppliers of the IPU are the enterprises of the commerce sector whereas the households constitute their main customers. The activities of the commerce sector are carried out in a very competitive environment. The main competitors are the small trade and non-trade enterprises. The method of setting the sale price is greatly determined by the law of supply and demand, either after bargaining with the customers (36.6% of IPU), or depending of the competitors price (22.9% of IPU) and by setting the price according to the margin rate (22.9% of IPU).

7- Informal sector and the State

On the whole, nearly 9 IPU out of 10 have no tax payer number, are not register in the trade registry, do have a professional card and are not affiliated to the NSIF. Most of the promoters who do not register their IPU give as reason the non compulsory nature of the registration (45.0%).

Conflicts between the State and the informal sector actors concern the taxes (37.6%), the premises/place where the activity is exercised (24.1%), the quality of products sold/used (14.9%) and the price setting (5.0%). The phenomenon is more pronounced in urban area (15.9%) than in rural area (9.6%). It is more of the branch of activity of services (17.5%) and of Commerce (15.3%).

A relative majority of IPU promoters (46.3%) are neither ready to pay any tax on the activity carried out nor ready to register their production unit with the administration. Yet, respectively 18.5% and 24.5% of IPU promoters say they are ready to register their IPU with the administration and to pay taxes.

8- Mode of insertion, problems and prospects

The choice of activity among IPU promoters is lead in majority by the knowledge of the trade (34.5%), followed by the exploitation of an opportunity (16.3%) and lastly the assurance of more stable returns (10.2%).

The method of setting the volume of production of the IPU is estimated from the demands (42.8%). For 35.5% of cases, it is the production capacity that determines the volume of production; the firm commands represent only 19.5%.

More than half (57.8%) of the IPU heads do not set any strategy of approaching the customers. On the other hand, 24.4% seek to make themselves known through some networks notably the family, the neighbours and the friends in order to get the customers and only 15.0% adopt prospection strategies among customers.

Within the framework of exercising their activity, the IPU face difficulties for which some can lead them to disappearance. Among the IPU that employ at least one person apart from the promoter, 30.3% face problems related to the labour force. Among problems related to the labour force, 17.6% concern the discipline or the lack of seriousness of the labour force, 13.5% the instability of the employees and 12.8% the lack of skilled workers.

About the difficulties related to the exercise of the activity, IPU promoters generally face the problem of selling the production. As a matter of fact, 51% of the IPU lack markets, 52% face excessive competition, 51% face the problem of supply in raw material and 25% face the problem of funding.

Among the difficulties faced by the heads of the informal production units, the lack of customers (36.0%) and the excessive competition (15.9%) can even lead to disappearance. After these main difficulties, the lack of funding (12.3%) and raw material (9.8%) come respectively in the third and fourth positions.

The support most solicited by the IPU promoters is the access to big orders (54.4%). The access to loans (35.0%) is the second solicited support. The access to information about the markets (33.8%) and the technical training (33.6%) are also the domains in which a contribution/support would enable the rapid growth of the IPU.

About the IPU promoters who would get a loan, 87.5% would consecrate the funds obtained to various actions aiming at increasing the level of their activities. A bit more than half (52.5%) would use that loan to develop the same activity in the same establishment, notably for the increase of stocks (28.6%), for the improvement of the premises (10.8%), for the improvement of machines (10.5%) and for the recruitment of the personnel (2.6%). Otherwise, 35.0% would

invest in extending their activity; either by opening another establishment in another activity (18.9%), or in the same activity (16.1%).

In the case of the decrease of the demand, the abandonment of the activity (22.0%) and the search of another employment (15.5%) represent in total 37.5% of the potential solutions privileged by the IPU promoters in order to face the crisis.

Concerning the future of the IPU, practically 8 IPU promoters out of 10 are optimistic. The IPU of the branches of "transport" (70.4%), "food industry" (73.0%) and "other services" (73.4%) are the most pessimistic. On the other hand, those of the "BPW", "wholesale trade", "Manufacturing/manufacturing", "industry and repairs" are the most optimistic (more than 85.0% think that their IPU has a future). Majority of IPU promoters desire that their children continue their activities.

Introduction

1. Context and objectives

The implementation of the Poverty Reduction Strategy (PRS), adopted in 2003, enabled the Cameroon authorities to maintain stability of the macroeconomic framework and to sustain positive growth rates till 2008. However, during this period of implementation of the PRS, the annual growth rates (less than 4%) remained below those expected by the public authorities in order to substantially reduce the poverty, and the monetary rate of poverty has remained quasi stable over the 2001-2007 period, going from 40.2% in 2001 to 39.9% in 2007 (respectively ECAM 2 and ECAM 3).

Considering the distortions or shortcomings noticed during the evaluation of the implementation of the PRS, the Cameroon Government undertook to review its development strategy by placing the economic growth and the creation of employments at the centre of its actions of fight against poverty. In this perspective, the Government elaborated the Growth and Employment Strategy Paper (GESP) which constitute the reference framework of the economic policy and of the governmental action for a harmonious, sustainable and equitable development of the country.

Within the framework of the follow up/ evaluation of the implementation of the Growth and Employment Strategy (GES) and of other strategies for the development of the country, (sectorial strategies, etc.), the National Statistical Information System (NSIS) elaborated the National Strategy for the Development of Statistics (NSDS). This strategy aims at putting at the disposal of public authorities, development partners and other users (private sector, civil society, etc.), a set of quantitative and qualitative indicators useful for the measure of the progress accomplished in the realization of the Millennium Development Goals (MDG) and for the follow up and evaluation of programs to be implemented in the country.

The Survey on Employment and the Informal Sector (EESI), which is an operation found in the NSDS, is nationwide. The results of phase1, that concerns the employment, revealed that 90.5% of occupied active persons exercise their main employment in the informal sector (agricultural and non agricultural). The latter is therefore the greatest employment provider.

The present survey enables to update the 2005 data and consequently to appreciate the evolution of the non agricultural informal sector. Besides, it enables to:

- know the activity conditions of the informal production units;
- measure the economic performances of the informal production units;
- provide data for the elaboration of the national accounts;
- evaluate the importance of the informal sector in the national economy;
- identify the most promising branches;
- propose axes for the improvement of the activity conditions in the informal sector, in the prospect of its migration towards the formal sector.

2. Methodological Synthesis

The Survey on Employment and the Informal Sector is a two phases statistical operation. During the first phase concerning employment, the data are collected from the households. In these households, an individual questionnaire is administered to all persons aged 10 years or more. Among these persons, any occupied active one exercising as boss or own account worker in a production unit that meet well define criteria (not holding formal accounts and/or no administrative registration) was considered as informal production unit promoter. All persons identified were therefore eligible for interview during the phase 2 on the informal sector.

Within the framework of this survey, the informal sector is defined as "all the production units not having a tax payer number and/or not keeping formal written accounts in the sense of the OHADA accounting plan".

The criterion of written accounts was introduced in order not to exclude from the scope of investigation the production units that, for reason totally contingent, might have a tax payer number, without yet be assimilated to formal production units (from the point of view of their mode of organization and of their production). Besides, it enables to consider the informal sector in the national accounts.

Among the various administrative registries in force in Cameroon, the tax payer number (NC)² was chosen based on the fact that any production activity is legally submitted to the holding of such a number. Otherwise, it is demanded to fulfill a number of institutional obligations and it conditions the access to some services (taxes, social security, etc.).

Scope of the survey

Phase 2 of the survey concerns the non agricultural **informal production units**³. A non agricultural informal production unit is any production unit of the informal sector and does not belong to the primary sector excluding the branch of sylviculture and forestry exploitation of this sector as well as the extraction/mining of the resources of the soil and subsoil and craft service. In the continuation of the report, this branch is classified in the post "Other industries". The survey is carried out in the non agricultural informal units.

Geographical coverage

The coverage of the informal sector survey, as well as the first phase is the national territory.

Sampling and extrapolation of results

The sample obtained for this phase is made up of all the non agricultural informal production units identified during the employment survey. In total 4 705 non agricultural production units (IPU) have been identified in phase 1. Among these IPU, 4 592 were interviewed of which 4538 successfully, that is to say a coverage rate of 97.6%. However, the analysis concerned 4 486 non agricultural IPU.

In order to have robust estimates at the national level and according to some characteristics, (branch of activities, area of residence, etc.), the coefficient of extrapolation for phase 2 was

² The tax payer number was instituted in 1996 in Cameroon in replacement of the statistical number called in other words N° SCIFE (Central Service for Registration to the Enterprise Data files).

³ The notion of informal sector used will be understood as non agricultural informal sector.

calculated. It is got by multiplying the coefficient of extrapolation of phase1 (employment survey) by a corrective coefficient obtained in phase 2. This last coefficient is calculated while considering the status in the employment of the occupied active persons (boss, own account worker) and the branch of activities (12 in total).

Data collection and data entry

Phase 2 involves 3 questionnaires. The household form enables to identify persons of 10 years or more eligible for the employment survey. The individual questionnaire of the employment survey collects information on the eligibility to the informal sector survey. The third questionnaire devoted to the IPU, collects information on the conditions of exercising the activities, the characteristics of the labour force, the production, the sales, the charges, the management of the production unit, the relationship with the Administration, the prospects, etc.

The nationwide data collection took place from the 16th May to the 17th July 2010. It mobilized on the field 235 interviewers, 60 controllers and 27 supervisors.

The data entry started on the 14th June and ended on the 14th September 2010. In order to reduce in maximum the data entry errors, all the questionnaires of phase 2 of EESI 2 passed through the double data entry thanks to the CSPro software version 4.0. In total, 4 supervisors, 4 controllers and 40 data entry temporary agents were employed for the work.

Plan of the report

The report has seven chapters. The first tackles the activity conditions of the IPU. The second deals with the characteristics of employments in the informal sector. The third evaluates the capital and the investment of the informal units as well as their mode of financing. The fourth estimates the various aggregates, notably the production, the added value, the gross operating surplus and it analyses the insertion of actors of the informal sector in the national productive system. The fifth chapter examines the relationship between the informal sector and the State. The sixth presents its problems and prospects. Lastly, the seventh chapter analyses the evolution of the main indicators of the informal sector between 2005 and 2010.

Chapter 1: Conditions of activity of the Informal Production Units

This chapter describes the informal production units in terms of activities, of the condition of exercising the activities, the rhythm of creation and the lifespan. It also considers the opinion of the IPU heads on the social security and social dialogue.

1.1 Characteristics of IPU

1.1.1 Type of employment of the IPU promoter and criterion of informality

The number of Informal Production Unit (IPU) is estimated at a bit more than 2.5 millions over the national territory, among which nearly half (49.5%) is found in rural area, 33.3% in the cities of Yaoundé and Douala. Otherwise, women head 54.4% of the IPU against 45.6% among men.

Among the informal production unit promoters identified during the first phase, 73.8% head their IPU as main employment (Table 1.1). They are relatively more numerous in this situation in urban area (88.0%) than in the rural area (59.3%) and this, regardless of their activity.

About the criterion of informality, it comes out that the majority of the IPU (91.9%) does not have a tax payer number and does not keep formal accounts in the sense of the OHADA accounting plan. These ones are in a way "the core" of the informal sector. A very low proportion (2.6%) of the IPU keeps formal accounts without having a tax payer number. This result, apparently paradoxical might be due to a problem of answers during the survey. As a matter of fact, it is difficult that an enterprise holds formal accounts without having a tax payer number.

Table 1.1: Distribution (%) of IPU according to the type of employment of the head and the criterion of informality

	Type of employment			Criterion of informality			Total
	Main employment	Secondary employment	Total	Tax payer N° and no accounts	Accounts and no tax payer N°	No tax payer N° and no accounts	
Sector of activity							
Industry	65.1	34.9	100.0	3.3	3.2	93.5	100.0
Commerce	78.9	21.1	100.0	5.2	2.5	92.2	100.0
Services	77.5	22.5	100.0	8.2	2.0	89.8	100.0
Area of residence							
Urban	88.0	12.0	100.0	6.8	2.8	90.4	100.0
Industry	84.4	15.6	100.0	5.6	2.7	91.7	100.0
Commerce	92.8	7.2	100.0	4.1	3.3	92.6	100.0
Services	86.3	13.7	100.0	9.8	2.5	87.7	100.0
Rural	59.3	40.7	100.0	4.3	2.3	93.4	100.0
Industry	52.5	47.5	100.0	1.7	3.6	94.7	100.0
Commerce	64.9	35.1	100.0	6.4	1.7	91.9	100.0
Services	63.1	36.9	100.0	5.7	1.1	93.2	100.0
Overall	73.8	26.2	100.0	5.5	2.6	91.9	100.0

Source : EESI 2, Phase 2, NIS

1.1.2 Sector of activity of UPI

For the needs of analysis, three big sectors of activity were constituted. The transformation units have been grouped in the industry, those consecrated to the purchase and the sale in the state in the Commerce and the other units not mentioned in the Services.

The structure of IPU by branch of activity shows that 34.1% of IPU are in the industry sector, 33.6% in the commerce and 32.2% in the services (Table 1.2). This structure has slightly changed compared to 2005, where 45.8% of IPU were turned towards the activities of transformation.

The informal production units of the commerce sector are concentrated in the "retail sale trade"⁴. This branch comprises 90.4% of the IPU of the commerce sector, which is 30.4% of the IPU of all the sectors. The wholesale trade which is practiced only by 3.2% of the IPU of the commerce sector is distributed between the wholesale trade of raw agricultural products and life animals, and other wholesale trades of food products.

In the sector of industry, the "food industry" branch is the most important, because it comprises the majority of IPU (55.7%) of that sector representing 19.0% of all the IPU. The various activities exercised therein concern essentially the manufacturing of food products and the drinks (cassava based products, pastry, fruit based drinks, etc.) or the first transformation of these products for conservation. The activities of manufacturing represent 5.7% of IPU. These activities concern essentially the manufacturing of textiles and articles for dressing (shoes, travelling articles, etc.). Otherwise, the BPW activities concern less than 4.0% of IPU. The rest of IPU from the industry, which represents less than 6.0% of all the IPU, exercise essentially the activities of transformation (wood, leather, rubber, paper, etc.), of mining/extraction, of sanitation, of collection and of distribution of water, etc.

Concerning the service sector, the most represented branches are: the catering (9.7%) and the transport (6.7%). The branch "repairs" that includes, for the essential, the repairs of personal and household goods, represents 3.0% of the IPU. The "other services" made up of services offered mainly to enterprises, the postal and telecommunication services and the service of personal cares represent about 13.0% of the IPU.

The informal production units headed by men have a structure per sector of activity which is different from that of women. As a matter of fact, 40.1% of the units headed by men exercise in the services, 32.2% in the commerce and 27.7% in the industry. Among the women promoters on the contrary, most of the IPU exercise in the industry (39.6%); the rest being shared between the commerce (34.8%) and the services (25.6%).

Following the area of residence, the IPU are in majority, orientated towards the services (39.7%) and the commerce (33.5%) in urban area. On the contrary, in the rural area, they are more and more focused on the activities of transformation (41.6%), mostly towards the food industry. This branch represents 68.3% of the IPU of the industry sector. The predominance of the food industry IPU in rural area might be explained by the availability of agricultural products considered as raw material.

⁴ The retail sale trade includes the commerce of food industry products, of dressing articles and other industrial products destined for households consumption.

Table 1.2: Distribution (%) of the IPU by sector of activity according to the promoter's sex and area of residence

Sector and branch of activity	Promoter's sex		Area of residence					Overall
	Male	Female	Douala	Yaoundé	Other urban	Overall urban	Rural	
Industry	27.7	39.6	25.5	27.4	27.8	26.8	41.6	34.1
Food industry	7.2	28.8	6.1	11.0	13.2	9.7	28.4	19.0
Manufacturing	2.1	8.8	7.5	7.8	4.7	6.6	4.8	5.7
BPW	8.3	0.1	6.8	4.0	4.6	5.3	2.3	3.9
Other industries	10.0	1.8	5.2	4.7	5.4	5.1	6.1	5.6
Commerce	32.2	34.8	33.6	33.8	33.3	33.5	33.7	33.6
Wholesale trade	5.7	1.2	1.7	1.4	3.2	2.1	4.4	3.2
Retail sale trade	26.6	33.6	31.9	32.4	30.2	31.4	29.3	30.4
Services	40.1	25.6	40.9	38.8	38.9	39.7	24.6	32.2
Transport	14.4	0.2	11.5	4.3	9.3	8.9	4.3	6.7
Catering	3.0	15.3	8.6	13.6	8.8	9.9	9.4	9.7
Repair	6.1	0.4	4.5	1.7	5.0	4.0	1.9	3.0
Other services	16.6	9.8	16.3	19.1	15.8	16.8	8.9	12.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

1.1.3 Premises sheltering the IPU activity

For the exercise of their activities, most of the IPU (42.6%) have no professional premises (Table 1.3). Less than one quarter (23.6%) of the IPU has specific premises (workshop, shops, offices, warehouses, fixed stales in market places, etc.) in the framework of their activities. Otherwise, 33.7% of the IPU are in the homes, generally without any special installation for the activity. The localisation of IPU at home has the advantage of minimizing the production costs (transportation, renting of premises, etc.). The IPU without premises are more present in urban area than in rural area.

Table 1.3: Distribution (%) of IPU by area of residence following the type of premises and by branch of activity

Sector and branch of activity	Urban				Rural				Overall			
	Type of premises			Total	Type of premises			Total	Type of premises			Total
	Without premises	At home	With premises		Without premises	At home	With premises		Without premises	At home	With premises	
Industry	30.0	48.8	21.2	100.0	26.7	56.7	16.6	100.0	28.0	53.5	18.4	100.0
Food industry	17.7	75.8	6.5	100.0	26.8	61.9	11.3	100.0	24.5	65.5	10.0	100.0
Manufacturing	1.7	68.4	30.0	100.0	3.4	56.1	40.5	100.0	2.4	63.3	34.4	100.0
BPW	97.8	0.9	1.3	100.0	100.0	0.0	0.0	100.0	98.5	0.6	0.9	100.0
Other industries	19.5	22.0	58.6	100.0	16.6	54.5	28.9	100.0	17.9	39.4	42.6	100.0
Commerce	50.6	18.2	31.2	100.0	45.3	28.9	25.8	100.0	48.0	23.5	28.5	100.0
Wholesale trade	45.8	8.0	46.2	100.0	43.4	6.5	50.1	100.0	44.2	7.0	48.8	100.0
Retail sale trade	51.0	18.9	30.1	100.0	45.6	32.3	22.1	100.0	48.4	25.3	26.3	100.0
Services	56.4	19.6	24.0	100.0	46.2	29.5	24.4	100.0	52.5	23.4	24.1	100.0
Transport	96.9	2.9	0.2	100.0	98.2	0.0	1.8	100.0	97.3	2.0	0.7	100.0
Catering	49.4	16.8	33.9	100.0	41.7	34.4	23.9	100.0	45.7	25.3	29.1	100.0
Repair	47.2	20.5	32.3	100.0	31.9	38.8	29.3	100.0	42.2	26.4	31.3	100.0
Other services	41.2	30.0	28.8	100.0	28.6	36.6	34.8	100.0	36.9	32.3	30.9	100.0
Overall	47.4	27.0	25.6	100.0	37.8	40.6	21.6	100.0	42.6	33.7	23.6	100.0

Source : EESI 2, Phase 2, NIS

In general, the type of premises used for the production of goods and services varies according to the branch of activity. As a matter of fact, more than half of the IPU of services (52.5%) have no business premises (Table 1.4). This situation concerns the quasi totality of the services of transportation (97.3%) and nearly half of the IPU of catering.

Otherwise, nearly half of the IPU of commerce (48.0) are without premises and exercise in the rough and ready installations (improvised stales on the public way, etc.) or in a hawking way.

About the IPU of the industry sector, apart from those of the "BPW" branch at which 98.5% exercise their activity outside business premises, generally among the customers', the IPU of the other components of this sector exercises mainly at the promoter's home.

The distribution of IPU by type of premises shows different structures according to the promoter's sex. As a matter of fact, more than half (53.6%) of the male IPU heads exercise their activities with no business premises and 17.3% are at home. On the contrary, nearly half of the IPU headed by women have business premises and 33.4% of the IPU exercise at home and 19.1% have business premises. Besides, 29.1% of the IPU headed by men have professional premises and 33.4% of the IPU headed by women have no premises.

Table 1.4: Distribution (%) of the IPU following the type of premises by branch of activity and according to the promoter's sex

Sector and branch of activity	Male				Female				Overall			
	Type of premises			Total	Type of premises			Total	Type of premises			Total
	Without premises	At home	With premises		Without premises	At home	With premises		Without premises	At home	With premises	
Industry	44.0	25.0	31.1	100.0	18.7	70.3	11.0	100.0	28.0	53.5	18.4	100.0
Food industry	26.3	36.0	37.6	100.0	24.1	71.7	4.2	100.0	24.5	65.5	10.0	100.0
Manufacturing	3.5	42.5	54.0	100.0	2.2	67.5	30.4	100.0	2.4	63.3	34.4	100.0
BPW	99.1	0.0	0.9	100.0	61.8	38.2	0.0	100.0	98.5	0.6	0.9	100.0
Other industries	19.5	34.0	46.5	100.0	10.6	64.3	25.1	100.0	17.9	39.4	42.6	100.0
Commerce	51.9	12.8	35.3	100.0	45.0	31.8	23.2	100.0	48.0	23.5	28.5	100.0
Wholesale trade	47.8	4.3	47.9	100.0	30.1	17.5	52.5	100.0	44.2	7.0	48.8	100.0
Retail sale trade	52.7	14.7	32.6	100.0	45.5	32.3	22.1	100.0	48.4	25.3	26.3	100.0
Services	61.7	15.6	22.7	100.0	40.4	33.6	26.0	100.0	52.5	23.4	24.1	100.0
Transport	97.7	1.6	0.8	100.0	70.7	29.3	0.0	100.0	97.3	2.0	0.7	100.0
Catering	49.5	19.0	31.5	100.0	45.1	26.3	28.7	100.0	45.7	25.3	29.1	100.0
Repair	45.1	21.4	33.5	100.0	0.0	100.0	0.0	100.0	42.2	26.4	31.3	100.0
Other services	38.8	25.0	36.2	100.0	34.1	42.6	23.3	100.0	36.9	32.3	30.9	100.0
Overall	53.6	17.3	29.1	100.0	33.4	47.5	19.1	100.0	42.6	33.7	23.6	100.0

Source : EESI 2, Phase 2, NIS

The reasons of not having business premises are of several types. Most of the heads of such IPU do not find it necessary to own premises. As a matter of fact, 42.5% declare that they do not need it and 26.1% think they can exercise their activity with more facility without business premises (Table 1.5). It should also be underlined that 24.5% of the IPU heads have no means to hire or to buy premises and 4.3% say they have not found any available premises.

Table 1.5: Main reasons of not having premises by sector and branch of activity

Sector and branch of activity	Did not find any available premises	Has no means for hiring or buying premises	Exercises his activity with more facility	Do not need it	Other	Total
Industry	2.0	17.1	26.5	51.5	2.9	100.0
Food industry	1.9	10.7	32.6	51.5	3.2	100.0
Manufacturing	3.8	52.3	19.1	21.7	3.1	100.0
BPW	0.0	6.4	15.1	76.4	2.1	100.0
Other industries	2.7	22.8	16.1	56.6	1.8	100.0
Commerce	6.5	35.5	24.8	31.0	2.2	100.0
Wholesale trade	2.1	10.0	37.3	44.9	5.8	100.0
Retail sale trade	6.8	37.4	23.9	29.9	2.0	100.0
Services	4.7	22.2	26.7	43.7	2.6	100.0
Transport	0.0	0.3	23.3	74.4	2.0	100.0
Catering	10.2	27.9	29.0	29.3	3.6	100.0
Repair	8.4	47.6	23.2	14.4	6.4	100.0
Other services	3.1	28.4	28.3	38.6	1.6	100.0
Overall	4.3	24.5	26.1	42.5	2.6	100.0

Source : EESI 2, Phase 2, NIS

The comfort of the IPU premises is appreciated through the access/connection to the supply networks of water, electricity and telephone. Most of the informal production unit having business premises do have access to the basic main services: 93.9% have no access to water, 58.8% to electricity and 70.7% to telephone (Table 1.6). Following the sector of activity, the services that regroup the "personal services" offered to the households like the cleaning of textile, hairdressing and beauty cares, the "repairs", the "manufacturing", the "wholesale trade" and the "catering" are the best connected to the basic services. For each of these services, the IPU of the urban area are better equipped than those of the rural area.

Finally, the informal sector is characterized by a great precariousness of the conditions of activity as in 2005.

Table 1.6: Access rate (%) of IPU having business premises to some basic services by area of residence and sector of activity

Sector of activity	Area of residence						Overall		
	Urban			Rural			Water	Electricity	Telephone
	Water	Electricity	Telephone	Water	Electricity	Telephone			
Industry	6.2	67.0	44.8	7.9	14.2	11.4	7.1	38.3	26.6
Commerce	2.4	35.7	36.4	0.0	17.4	27.7	1.3	27.5	32.5
Services	15.6	72.8	32.4	3.7	40.4	19.6	11.0	60.4	27.5
Total	8.2	56.4	36.8	3.6	22.8	20.2	6.1	41.2	29.3

Source : EESI 2, Phase 2, NIS

1.1.4 Initiative and reasons for the creation of UPI

The informal sector is the one where the entrepreneurship dynamics remains individual or familial. As a matter of fact, the majority of the IPU (91.6%) have been created by the person who heads it now (Table 1.7). Besides, 3.9% of the IPU are born from the will of the promoter associated with other persons. About 4% of the IPU have been created out of the initiative the promoter's relative.

Table 1.7: Distribution (%) of the IPU by branch of activity, following the person who took the initiative to create it

Sector and branch of activity	Promoter	Promoter with other persons	One of the promoter's relative	Other persons	Total
Industry	91.8	3.3	4.6	0.2	100.0
Food industry	93.8	3.2	2.8	0.2	100.0
Manufacturing	87.2	1.8	10.5	0.5	100.0
BPW	95.3	2.8	1.9	0.0	100.0
Other industries	87.3	5.9	6.5	0.2	100.0
Commerce	92.5	3.1	4.3	0.1	100.0
Wholesale trade	92.4	4.4	3.2	0.0	100.0
Retail sale trade	92.5	3.0	4.4	0.1	100.0
Services	90.3	5.2	3.6	0.9	100.0
Transport	91.9	4.6	3.0	0.5	100.0
Catering	90.4	5.0	4.6	0.1	100.0
Repair	83.3	8.9	7.3	0.5	100.0
Other services	91.1	4.9	2.3	1.8	100.0
Overall	91.6	3.9	4.1	0.4	100.0

Source : EESI 2, Phase 2, NIS

Many reasons can justify the creation of an IPU. According to table 1.8, the main reason given by the promoters is the desire to be independent (25.0%). For 22.4% of the promoters, the creation of IPU comes from the desire to obtain a better income. On the contrary, 23.7% of the promoters were obliged by the limitations of the capital to realize something else.

Otherwise, 15.1% of the IPU heads declare having decided to exploit their production unit because they did not get salaried employment.

Finally, the family tradition, through the transmission of the patrimony or a technical competence justifies the professional orientation of the heads of the IPU in 5.1% of cases, essentially in food industry (10.8%) and the other industries (14.2%).

Table 1.8: Distribution (%) of the IPU according to the reason of creation brought out by branch of activity

Sector and branch of activity	Did not find a salaried employment (Big enterprise)	Did not find a salaried employment (Small enterprise)	In order to obtain a better income	In order to be independent (his/her own)	By family tradition	Limited capital to do other things	Other	Total
Industry	6.0	5.3	24.5	25.1	8.8	21.4	8.8	100.0
Food industry	3.1	3.9	23.5	21.4	10.8	27.6	9.6	100.0
Manufacturing	10.2	5.7	26.2	30.8	2.1	14.2	10.7	100.0
BPW	12.4	7.4	27.8	35.2	0.9	11.8	4.5	100.0
Other industries	7.3	8.3	24.0	24.8	14.2	14.2	7.1	100.0
Commerce	7.0	8.6	20.8	26.0	3.2	27.5	6.8	100.0
Wholesale trade	6.4	10.3	37.2	21.5	7.0	16.8	0.8	100.0
Retail sale trade	7.1	8.5	19.0	26.5	2.8	28.7	7.5	100.0
Services	8.6	10.0	21.7	23.7	3.2	22.1	10.6	100.0
Transport	9.4	10.2	34.8	23.7	0.2	13.3	8.4	100.0
Catering	5.6	7.4	19.3	19.7	0.7	36.4	10.9	100.0
Repair	14.8	10.7	16.8	29.7	2.5	13.3	12.4	100.0
Other services	9.0	11.7	17.9	25.3	6.6	18.2	11.3	100.0
Overall	7.2	7.9	22.4	25.0	5.1	23.7	8.7	100.0

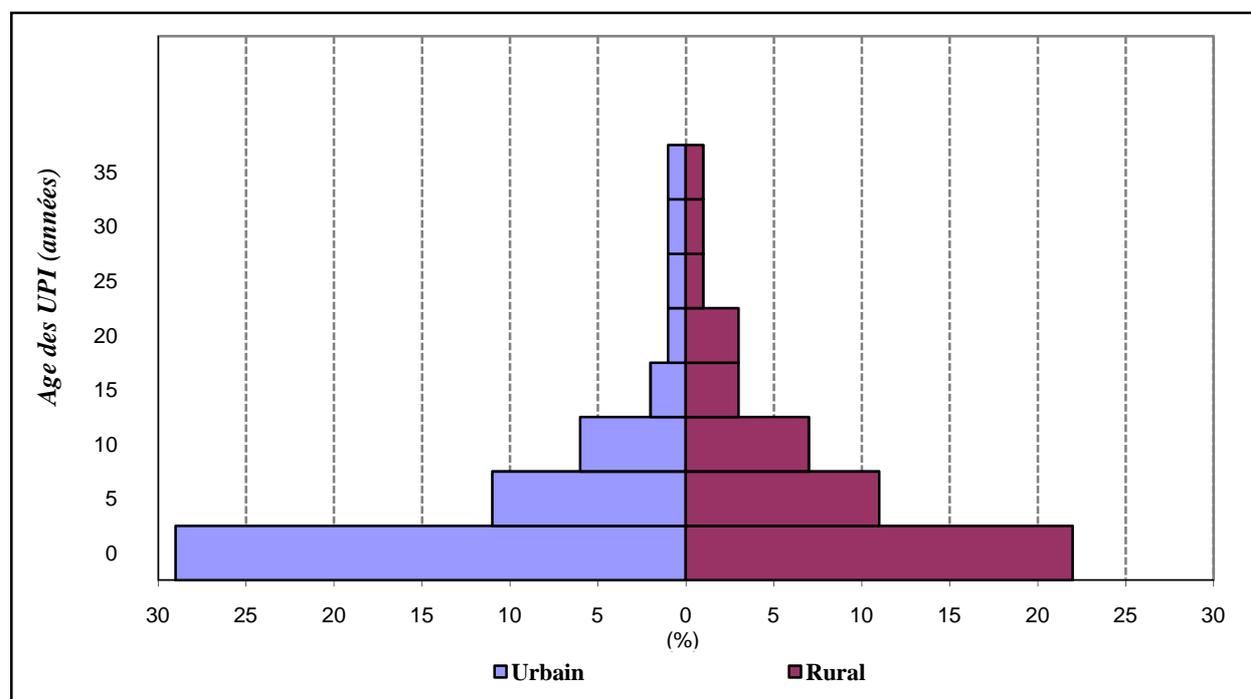
Source : EESI 2, Phase 2, NIS

1.2 Demography of the informal production units

It is a matter of examining the duration of existence and the rhythm of creation of the IPU. Given the unavailability of the information about the disappearance observed, the demography tackles only the IPU in activity during the survey.

The structure by age and the area of residence of the IPU has a pyramidal form (Graph 1.1): it has an enlarged base that narrows itself quickly with the age mostly in urban area, indicating thus that most the IPU are recent creations, as it has been observed in 2005. The average age of the IPU is 7.4 years in 2010 at the global level as in 2005. This average global value hides disparities. More than one IPU out of two was created after 2004 (less than five years of age); 21.8% were created between 2000 and 2004 (between 6 and 11 years) and 27.3% were created before 2000 (more than 11 years). Among the last ones there are very old IPU, 3.4% were created before 1980, that is to say 30 years.

Graph 1.1: Distribution (%) of IPU according to their longevity by area of residence



Source : EESI 2, Phase 2, NIS

From table 1.9, the highest longevities are recorded in the sector of industry, notably the "other industries" (10.9 years), the "BPW" (10.4 years), the "food industry" (9.1 years) and the "manufacturing" (9.0 years), but also in the "wholesale trade" (9.0 years) and the "repair" (8.1 years). On the contrary, the IPU of "catering" (5.7 years), of "retail sale trade" (6.3 years) and of "transport" (4.2 years) are averagely younger.

Table 1.9: Average age (in years) of the IPU according to the area of residence and the branch of activity

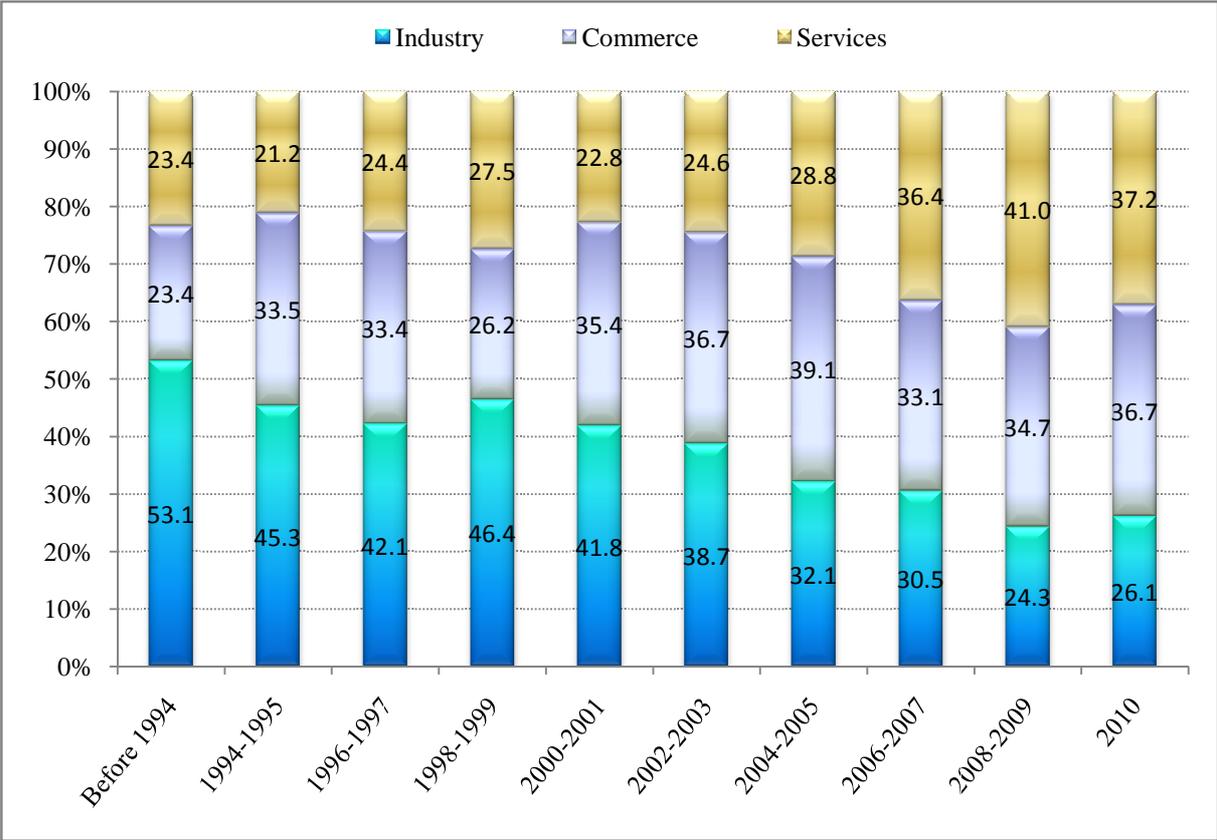
Sector and branch of activity	Area of residence		Overall
	Urban	Rural	
Industry	7.7	10.8	9.5
Food industry	5.1	10.6	9.1
Manufacturing	8.7	9.4	9.0
BPW	8.6	14.6	10.4
Other industries	10.2	11.5	10.9
Commerce	6.6	6.6	6.6
Wholesale trade	6.7	10.2	9.0
Retail sale trade	6.6	6.0	6.3
Services	5.2	7.0	5.9
Transport	4.4	3.9	4.2
Catering	4.6	6.8	5.7
Repair	7.1	10.1	8.1
Other services	5.5	8.0	6.4
Overall	6.3	8.4	7.4

Source : EESI 2, Phase 2, NIS

The examination of the IPU age following the location of implantation shows that it is in rural area that the lifespan of the IPU are the highest, averagely 8.4 years against 6.3 years in urban area.

The distribution by age of the non agricultural IPU by sector of activity shows as years go by, in a general way a decrease of the share of the industrial sector in the profit of the service sector (Graph 1.2). As a matter of fact, the new heads of the informal units have a stronger propensity to settle in the sector of commerce and the services at the detriment of the industry sector. This situation might be linked to the necessity or not of having a capital and to the facility of settling. As a matter of fact, this trend was already noticed in 2005 and during the 1-2-3 surveys carried out in the West of Africa.

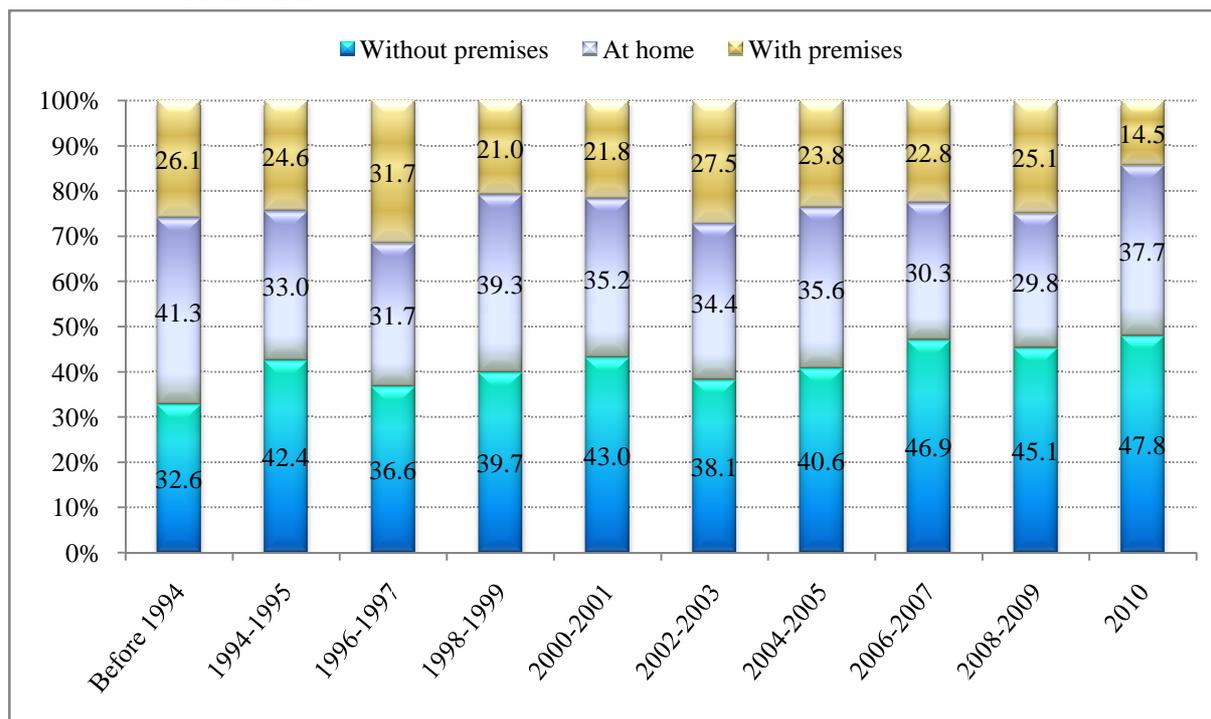
Graph 1.2: Distribution (%) of the IPU observed in 2010 according to the sector of activity in function of the year of creation



Source : EESI 2, Phase 2, NIS

The proportion of IPU having premises has not varied a lot with time (Graph 1.3). On the contrary the IPU which exercised their activities at home have a tendency to be without premises. This result can be close to the preceding result where 26.1% of the IPU without premises give as reason the facility to exercise the activity.

Graph 1.3: Distribution (%) of IPU observed in 2010 according to the type of premises in function of the year of creation



Source : EESI 2, Phase 2, NIS

1.3 Opinion of the IPU heads about social security

The issue of social security remains a major preoccupation for the Government in the formal sector as well as in the informal sector; in the sense that it is part of the elements that contribute for decent work that the GESP advocates. The EESI 2 enabled to lay hold on the knowledge of the IPU promoters concerning their knowledge on social security and the appreciation that they do about the quality of services offered there.

1.3.1 Knowledge of the social security

The knowledge of the social security remains low among the IPU heads (Table 1.10). Only 20.4% of these ones declare having ever heard of social security. This proportion remains lower in the rural area and for the IPU whose promoter is a woman.

About the National Social Insurance Fund (NSIF), 41.1% of the IPU promoters say they know it. As for the social security, the promoters of the urban area and those of the male sex are relatively more numerous to know this structure.

Table 1.10: Distribution of IPU whose promoter knows the social security, the NSIF by sector of activity, area and promoter's sex

Sector and branch of activity	Social security					NISF				
	Area of residence		Sex of the IPU promoter		Overall	Area of residence		Sex of the IPU promoter		Overall
	Urban	Rural	Male	Female		Urban	Rural	Male	Female	
Industry	34.6	9.6	32.9	11.6	19.5	64.5	20.4	56.3	27.1	37.9
Food industry	25.3	7.0	25.3	8.9	11.7	55.0	14.1	43.9	20.6	24.7
Manufacturing	31.3	10.3	24.5	22.1	22.5	65.2	23.8	49.2	47.6	47.9
BPW	43.6	17.8	36.4	.0	35.8	71.3	57.0	67.5	30.9	67.0
Other industries	47.2	18.0	37.2	5.8	31.5	74.7	33.2	57.4	29.5	52.4
Commerce	23.4	11.5	17.1	17.8	17.5	55.4	23.4	39.1	39.9	39.5
Wholesale trade	34.1	14.4	14.4	46.2	20.9	70.6	27.6	36.2	63.3	41.8
Retail sale trade	22.7	11.1	17.7	16.8	17.2	54.4	22.8	39.7	39.0	39.3
Services	32.3	11.7	31.4	15.4	24.5	60.3	25.3	53.0	39.3	47.1
Transport	30.9	11.8	24.4	51.8	24.7	61.3	31.2	51.6	51.8	51.6
Catering	17.3	6.7	20.2	10.9	12.2	51.5	18.8	37.1	35.5	35.7
Repair	34.5	5.1	25.6	16.8	25.0	61.3	23.7	49.9	38.4	49.1
Other services	41.3	18.3	41.7	21.6	33.4	64.7	29.7	58.2	45.0	52.7
Overall	29.9	10.8	27.2	14.7	20.4	59.8	22.6	49.4	34.7	41.4

Source : EESI 2, Phase 2, NIS

It was asked to the IPU promoters who declared having ever heard of social security, to indicate the guarantees offered by the social security. To this preoccupation, more than 8 IPU heads out of 10 acknowledge that the social security enables to ensure retirement (Table 1.11). Nearly 76% of the IPU promoters declare that it offers family allowances (in case of sickness, industrial accident, deaths, invalidity, and maternity) and 69.0% estimate that it is a guarantee for family allowances (taking care of the minor children).

Table 1.11: Distribution of IPU heads who know the services guaranteed by the social security among those having the knowledge of social security, according to the area of residence and the sector of activity

Area of residence	Industry	Commerce	Services	Overall
Urban	94.5	96.0	98.8	96.7
Family allowances (per each minor child)	67.1	63.5	72.8	68.6
Family allowances (in case of sickness, industrial accident, deaths, invalidity, maternity)	73.6	72.9	85.9	78.7
Pension	84.9	88.5	87.9	87.1
Rural	88.5	96.6	82.5	89.8
Family allowances (per each minor child)	74.9	76.4	56.2	70.4
Family allowances (in case of sickness, industrial accident, deaths, invalidity, maternity)	67.5	77.9	54.8	67.9
Retirement pension	87.8	81.6	75.8	82.4
Overall	92.7	96.2	95.8	94.9
Family allowances (per each minor child)	69.4	67.7	69.8	69.0
Family allowances (in case of sickness, industrial accident, deaths, invalidity, maternity)	71.8	74.5	80.3	75.9
Retirement pension	85.8	86.3	85.7	85.9

Source : EESI 2, Phase 2, NIS

About the risks incurred by the IPU, 2.7% of the IPU promoters declare that they have subscribed for insurance from a private society for the coverage of the risks linked to work (Table 1.12). This proportion is 32.5% for the IPU of transport, among which 82.8% of subscriptions to a "sickness /industrial accident insurance" notably the vehicle insurance. This important proportion in the transport might be explained by the laws that compel the motorbike riders and the cars owners to have an insurance for their vehicles.

Table 1.12: Distribution of IPU who subscribed for insurance and who subscribed for a sickness/industrial accident insurance by sector and branch of activity

Sector and branch of activity	Proportion of IPU who subscribed for insurance	Proportion of IPU who registered for sickness/ industrial accident insurance
Industry	0.3	52.3
Food industry	0.0	0.0
Manufacturing	0.9	100.0
BPW	0.0	0.0
Other industries	0.9	0.0
Commerce	0.7	33.9
Wholesale trade	3.4	21.5
Retail sale trade	0.4	44.4
Services	7.3	80.7
Transport	32.5	82.8
Catering	0.0	0.0
Repair	2.6	77.0
Other services	0.9	43.6
Overall	2.7	75.5

Source : EESI 2, Phase 2, NIS

About the relationship between the IPU and the NSIF, the filiation of IPU at the NSIF is almost inexistent since less than 1% of these ones have at least an employee registered at the NSIF. Many reasons can justify this behavior: many procedures, high costs, lack of interest and many others.

1.3.2 Opinion of IPU promoters about the creation of a system of social contribution and protection

A relatively high number of IPU promoters (44%) did not give a point of view about the creation of a system of social contribution and protection (Table 1.13). Besides, more than 9.3% of IPU promoters were not in favour of such an initiative. However, 37.2% are in favour of the creation of such a system, that is to say 22.4% of favourable cases and 14.8% of much favourable cases.

Table 1.13: Distribution (%) of IPU following the appreciation done by the promoters about the creation of a system of social contribution and protection by sector of activity

	Sector of activity			Overall
	Industry	Commerce	Services	
Much favorable	13.1	15.9	15.3	14.8
Favorable	21.6	21.5	24.2	22.4
Less favorable	8.7	10.0	9.8	9.5
Not favorable	9.1	9.3	9.5	9.3
Indifferent/without opinion	47.5	43.3	41.2	44.0
Total	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

Among the promoters who are favourable to the creation of a system of social contribution and protection, it is noticed from table 1.14 that 76.8% think that the State ought to intervene in its management either as the only intervener (41.4%), either with the private intervener (35.4%). Besides, 23.2% of the concerned promoters find that such a system of social contribution and of protection can be handed to the private interveners alone.

Table 1.14: Distribution (%) of IPU following the opinion of the promoter about the status of the system of social contribution and protection by sector of activity

	Sector of activity			Overall
	Industry	Commerce	Services	
Para-public (managed by the State and the private interveners)	33.7	36.7	35.8	35.4
Public (managed by the State)	40.2	42.1	41.8	41.4
Private (monitored by the private interveners)	26.1	21.2	22.4	23.2
Total	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

The main expectations of a system of social contribution and of protection are by order of importance: to guarantee the retirement of the beneficiaries (40.5%); to insure the beneficiaries in case of work incapacity (36.2%); to ensure the family in case of a premature death of the beneficiary (2.1%) (Table 1.15).

Table 1.15: Distribution (%) of IPU following the promoter's expectation with regard to the system of social contribution and of protection by sector of activity

	Sector of activity			Overall
	Industry	Commerce	Services	
To guarantee the retirement of the beneficiaries	43.0	35.3	43.5	40.5
To ensure the beneficiaries in case of work incapacity	34.1	37.7	36.7	36.2
To ensure the family in case of a premature death of the beneficiary	21.2	23.4	18.6	21.1
Other	1.7	3.6	1.2	2.2
Total	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

About the financing of such a system, hardly 14% of IPU place the monthly contribution at 5 000 CFAF or more, paid per employee (Table 1.16). Otherwise, 62.7% of IPU choose an amount which is not beyond 2 000 CFAF per month, of which 31.4% between 500 CFAF and less than 1 000 CFAF and 23.1% between 1 000 CFAF and less than 2 000 CFAF.

Table 1.16: Distribution (%) of IPU following the maximum monthly scale of contributions by sector of activity.

Maximum monthly scale of contributions (CFAF)	Sector of activity			Overall
	Industry	Commerce	Services	
Less than 500	9.1	9.3	6.3	8.2
From 500 to less than 1 000	35.8	31.0	27.6	31.4
From 1 000 to less than 2 000	19.5	22.8	26.6	23.1
From 2 000 to less than 5 000	21.5	23.2	25.4	23.4
From 5 000 to less than 10 000	8.4	8.0	9.5	8.6
10 000 or more	5.7	5.7	4.6	5.3
Total	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

1.4 Social dialogue

According to the ILO, the main objective of the social dialogue is to encourage the formulation of a consensus between the main actors of the labour world and their democratic participation to the activities of the enterprise. The structures and the process of a fertile social dialogue are likely to solve important social and economic issues, to promote good governance, to favour peace and social stability, and to stimulate the economy.

To this effect, the ILO recommends the recourse to social dialogue in order to prevent or handle social conflicts, for the promotion of workers' rights and to lay hold on decent work. Due to this recommendation, the EESI 2 integrated modules on social dialogue. Besides, the output of the enterprise is more and more linked to the climate of dialogue that reigns between the employer and the employees. In this section it is a matter of appreciating the forms of claims faced in the IPU on the one hand, and on the other hand, the strategies to handle the conflicts that occur.

1.4.1 Type of claims

During the twelve months preceding the survey, 5.0% of the IPU promoters declare having had conflicts with their employees. The main cause of conflict given is the lack of assiduity for employees at work.

Otherwise, in the quasi-totality of IPU, the promoters declare that the employees did not express any claim. These information should be put in perspective because the promoters' declaration were not confronted to those of the employees.

However, in case of conflict within the IPU, the majority of employees of the informal sector opt mainly for individual arrangement (44.5%). The family means (24.6%), the group arrangement (8.4%) and the stoppage of activity (6.8%) are other means used by the employees in order to express their claims.

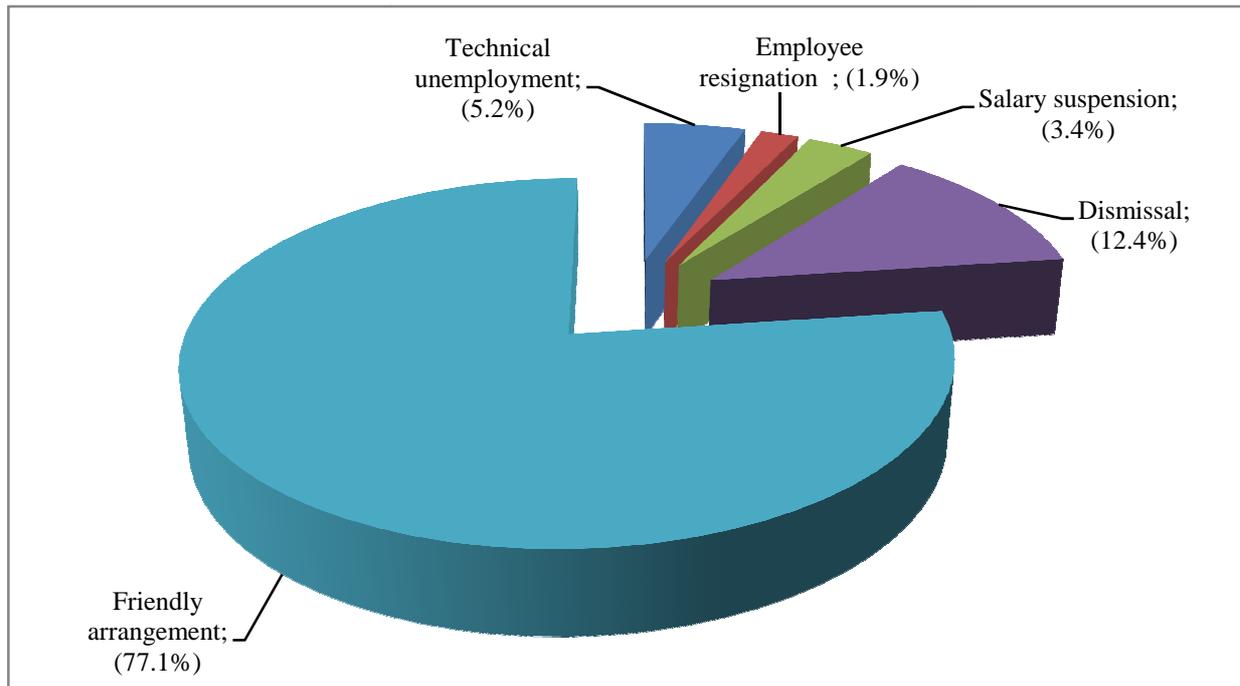
In the quasi-totality (99.3%) of IPU of at least three persons, there is no group or employees association in order to reinforce their power for negotiation and for defense of their interest. Moreover, the idea of creating such groups is not shared by the IPU promoters.

About the affiliation of IPU to any association, only 10.0% of IPU promoters are members of an association. Among these, 14.9% are CIG members, 18.2 adhere to cooperatives and 9.0% to trade-union associations. The reasons given for the membership to an association are mainly: the reciprocal financial help (57.7%) and the best defense of interests (31.4%).

1.4.2 Management of conflicts

The management of conflicts is an integral part of the life of any organization. During the survey, it was asked from the IPU promoters who experienced conflicts, how they solved them. On the whole, 77.1% of cases were solved friendly, and 12.4% of cases were through dismissal (Graph 1.4).

Graph 1.4: Distribution (%) of IPU according to the conflicts occurred within



Source: EESI 2, Phase 2, NIS

The management of conflicts is function of the sector of activity. In the IPU of the industry and service sector, 10.8% and 15.4% respectively dismissed employees. Among these IPU, 47.0% of the IPU of the industry sector and 53.4% of the service sector did not associate any complement measure related to the damages. Only 7.5% of the dismissed employees of the industry sector benefited from the indemnities after their dismissal.

The informal sector is in the majority of cases like « an answer from the down » to a social demand that the formal supply does not succeed to satisfy. However, in spite of this importance, the conditions of activities remain very precarious. The reasons of this precariousness are to be sought in the low productivity, the mode of management and of organization of the units. Generally, unipersonal, the IPU are non organized. The units are relatively young. Concerning the nature of the activities, the distribution by branch is almost equal. There is a sort of concentration of the activities of the units according to the promoters' area of residence. The units of the rural areas are turned towards the activities of transformation, mostly the food industry; those of the urban area are more and more focused on the commerce and services. The knowledge of the social security remains low, the informal man power does not practically benefit from any social coverage.

Chapter 2: Manpower and employment in the informal sector

This chapter describes the characteristics of the occupied active persons and of the employment of the informal sector. It evaluates the IPU size in terms of number of employees, the level of remuneration, the allowances and the advantages, the duration at work, the capacity of insertion of women and youths. It presents the dynamics of creation of employments in this sector.

2.1 IPU size

The informal sector is made up essentially of small size IPU. As a matter of fact, 86.0% of IPU are unipersonal (Table 2.1). This predominance of unipersonal IPU is seen more in the sector of commerce (89.3%) and of services (87.6%) than in that of industry (81.2%). This situation may be explained by the easy access and the non requirement of an important manpower in the first two sectors cited above.

The average size of the IPU is 1.3 person. It varies from 1.2 in the commerce and the services to 1.5 in the industry. Otherwise, this size does not vary according to the area of residence.

Table 2.1: Distribution (%) of IPU according to the size by area of residence and by sector of activity

Number of persons	Area residence					Sector of activity			Overall
	Douala	Yaoundé	Other Urban	Urban	Rural	Industry	Commerce	Services	
1	88.0	84.7	83.0	85.5	86.5	81.2	89.3	87.6	86.0
2	6.3	6.8	10.0	7.7	7.1	8.9	6.6	6.5	7.4
3	2.6	4.3	2.8	3.1	2.9	3.8	2.4	2.8	3.0
4 or +	3.0	4.2	4.2	3.7	3.5	6.0	1.7	3.1	3.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average size of IPU	1.2	1.4	1.3	1.3	1.3	1.5	1.2	1.2	1.3

Source : EESI 2, Phase 2, NIS

2.2 Rate of salarization

In the informal sector, a low proportion of IPU (5.7%) employs at least on wage earner (Table 2.2). This proportion is lower in the sector of commerce (3.8%) and of services (4.9%) and remains relatively higher in the sector of industry (8.4%). There are also disparities according to the area of residence. The IPU that employs at least one wage earner are more frequent in urban area (7.0%) than in rural area (4.4%).

The rate of salarization which is the share of the salaried employment among all the employments is low in the informal sector. As a matter of fact, less than 9 occupied active persons out of 100 are wage earners. This result is justified, considering the low proportion of IPU employing at least one wage earner. This low rate of salarization is more pronounced in the

sector of commerce (4.3%) than that of services (7.0%) and of industry (13.3%). Otherwise, the rate of salarization is relatively higher in the urban area (10.6%) than in rural area (6.6%). However, disparities exist between the metropolises of Yaoundé and Douala. As a matter of fact, the proportion of wage earners is clearly higher in Yaoundé (17.4%) than in Douala (8.2%).

Table 2.2: Distribution (%) of the IPU according to the type of employment and the rate of salarization by area of residence and by sector of activity

	Area of residence					Sector of activity			Overall
	Douala	Yaoundé	Other urban	Urban	Rural	Industry	Commerce	Services	
Type of employment of the IPU									
Unipersonal	88.0	84.7	83.0	85.5	86.5	81.2	89.3	87.6	86.0
Non wage earning	6.2	5.4	10.5	7.5	9.1	10.4	6.9	7.4	8.3
Wage earning	3.9	7.7	5.0	5.2	3.5	7.3	2.6	3.2	4.4
Mixed	1.8	2.2	1.5	1.8	0.9	1.1	1.2	1.7	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Proportion of IPU having at least one wage earner</i>	<i>5.7</i>	<i>9.8</i>	<i>6.5</i>	<i>7.0</i>	<i>4.4</i>	<i>8.4</i>	<i>3.8</i>	<i>4.9</i>	<i>5.7</i>
Rate of salarization (%) of the man power of the IPU	8.0	17.4	8.3	10.6	6.6	13.3	4.3	7.0	8.6

Source : EESI 2, Phase 2, NIS

2.3 Characteristics of employment

This section presents the status and the sector of activity of the occupied active persons of the informal sector on the one hand and on the other hand focuses on the vulnerable employments of the informal sector.

2.3.1 Status and sector of activity of the occupied active persons of the informal sector

The distribution of employments of the informal sector according to the status shows that the own account workers (70.6%) are in majority (Table 2.3). This proportion is higher among women (75.9%) than among men (64.6%). The bosses represent 7.7% of all employments, that is to say 10.5% among men and 5.1% among women. The wage earners represent 8.6%. This proportion is more important among men (15.2%) than among women (2.6%). The family aids and the apprentices represent respectively 7.7% and 4.7% of the total number.

With regards to the sector of activity, we notice that 38.9% of the workers of the informal sector exercise in the sector of industry, 30.7% in the sector of commerce and 30.5% in the sector of services.

Table 2.3: Distribution (%) of the occupied active persons according to the status and the sector of activity following the sex

	Male	Female	Overall
Status			
Boss	10.5	5.1	7.7
Own account worker	64.6	75.9	70.6
Wage earner	15.2	2.6	8.6
Apprentice	3.7	5.5	4.7
Family aid	4.2	10.8	7.7
Associate	1.6	0.0	0.8
Sector of activity			
Industry	34.6	42.7	38.9
Commerce	28.9	32.3	30.7
Services	36.5	25.0	30.5
Total	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

Majority of the workers (57.5%) declare that their employment is a permanent one. This stability in the employment is more seen among the workers of the urban area.

A part from the independent workers (bosses, own account workers and associates), half of the employees (wage earners, apprentices and family aids) have a work contract, that is 12.3% having a written contract and 38.0% having an verbal contract (Table 2.4). On the contrary, nearly one employee out of two (49.3%) does not have any contract. This may be justified, among other reasons, by the predominance of the employees having a relationship with the promoter in these IPU.

The dependent workers do not benefit from any social allowance. The absence of the institutional social coverage (registration to the National Social Insurance Fund-NSIF) comes directly from the non registration of the majority of IPU. About the allowances, 7.6% of the dependent workers benefit from it. According to the area of residence, it is in Yaoundé (11.7%) that the employees who benefit from the allowances are proportionally the majority. About the participation to the benefits, it concerns only 4.9% of the dependent workers. Besides, the dependent employment of the informal sector is characterized by certain precariousness. As a matter of fact, the quasi totality of the dependent workers has no rights to social contributions and to paid leaves.

Table 2.4: Characteristics of employments according to the status and the promoter's area of residence

	Proportion of dependent workers who declare that their employment is permanent.	Type of contract				Allowances	Paid leave	Participation to the benefits	Social contribution	No relationship with the head
		Written contract	Verbal Contract	On trial	No contract					
Status										
Boss	//	//	//	//	//	//	//	//	//	//
Own account worker	//	//	//	//	//	//	//	//	//	//
Wage earner	67.6	8.7	64.0	0.4	27.0	16.8	0.7	9.9	0.9	71.5
Apprentice	30.0	38.8	39.3	0.9	21.0	1.6	0.0	2.1	0.0	89.3
Family aid	62.9	0.0	7.8	0.0	92.2	0.9	0.0	1.1	0.0	5.0
Associate	//	//	//	//	//	//	//	//	//	//
Area of residence										
Urban	65.3	7.4	39.8	0.7	52.1	6.6	0.6	1.2	0.8	55.2
<i>Douala</i>	66.2	6.8	34.2	0.0	59.0	4.1	0.0	0.0	0.0	60.8
<i>Yaoundé</i>	66.0	9.6	51.3	0.0	39.1	11.7	1.0	1.7	2.5	61.5
<i>Other urban</i>	63.8	6.1	34.6	1.9	57.4	4.4	0.7	1.8	0.0	45.1
Rural	50.3	16.7	36.4	0.0	46.8	8.4	0.0	8.3	0.0	48.0
Overall	57.5	12.3	38.0	0.4	49.3	7.6	0.3	4.9	0.4	51.5

Source : EESI 2, Phase 2, NIS

// : Not concerned

2.3.2 Vulnerability of employments in the informal sector

This subsection deals with the salarization and the vulnerability of employment in the informal sector. The rate of salarization which is the ratio between the number of salaried employees and all the employees in the informal sector is 8.6% (Table 2.5).

Target 1B of the MDG n°1 aims at insuring the full employment and the possibility for each person, including the women and the youths, to find a decent and productive work. The indicator usually used to this effect is the rate of vulnerable employment which is the share of own account workers and of the unpaid family workers in the total of employments. Nearly 8 employees out of 10 of the informal sector are own account workers or unpaid family aids. This situation shows the vulnerability of employments in the informal sector.

Table 2.5: Percentage of salaried workers, bosses and rate of vulnerability

Sector and branch of activity	Percentage of wage earners	Percentage of bosses	Percentage of own account (A)	Percentage of unpaid family aid (B)	Rate of vulnerability (A+B)
Industry	13.3	8.4	60.3	7.7	68.0
Food industry	5.0	6.0	75.2	13.7	88.9
Manufacturing	4.5	4.6	50.1	0.5	50.6
BPW	39.8	20.2	35.4	3.1	38.5
Other industries	24.9	10.1	52.5	4.1	56.6
Commerce	4.3	5.6	80.2	9.0	89.2
Wholesale trade	8.6	9.9	74.5	6.5	81.0
Retail sale trade	3.8	5.1	80.8	9.2	90.0
Services	7.0	8.9	73.9	6.4	80.3
Transport	8.1	10.7	80.4	0.5	80.9
Catering	3.7	8.9	70.7	16.6	87.3
Repair	11.3	10.8	54.8	0.4	55.2
Other services	7.7	7.4	79.2	2.8	82.0
Area of residence					
<i>Urban</i>	10.6	8.9	69.7	5.9	75.6
<i>Rural</i>	6.6	6.4	71.4	9.5	80.9
Overall	8.6	7.7	70.6	7.7	78.3

Source : EESI 2, Phase 2, NIS

2.4 Duration of work

The distribution of the occupied active persons by the weekly hours of work shows that 46.1% work more than 40 hours, which is beyond the one set by the regulation in force (Table 2.6). Otherwise, 53.9% devote at most 40 hours to their employment of which 28.6% less than 20 hours and 25.3% between 20 hours and 40 hours.

The proportion of individuals who work more than 40 hours per week is more important in the urban area (54.7%) than in rural area (37.3%), in Douala (63.3%) than in Yaoundé (53.9%) and among men (54.2%) than among women (38.7%).

Table 2.6: Distribution (%) of the active occupied persons according to the weekly duration of work by the promoter's sex and area of residence

	Sex		Promoter's area of residence					Overall
	Male	Female	Douala	Yaoundé	Other urban	Urban	Rural	
Less than 20 hours	23.1	33.6	14.9	23.8	30.0	22.5	34.9	28.6
20 hours - 40 hours	22.7	27.7	21.8	22.3	24.3	22.8	27.9	25.3
More than 40 hours	54.2	38.7	63.3	53.9	45.8	54.7	37.3	46.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

The active occupied persons of the informal sector work averagely 37.7 hours per week (Table 2.7). This average duration differs according to the area of residence. The employees of the urban area work averagely 42.1 hours per week notably in Douala (45.4 hours) and in Yaoundé (43.2 hours), whereas in rural area, this duration is 33.3 hours.

The bosses and the own account workers devote less time to work, respectively 37.6 hours and 38.8 hours, than the apprentices and the wage earners, that is 50.0 hours and 42.4 hours. As for the family aids (16.1 hours) and the associates (27.0 hours) they devote a lower time to their work, which might be explained by the punctual aspect of their interventions in the activity of the IPU.

Table 2.7: Average weekly duration (in hours) of work for the occupied active persons of the informal sector according to some characteristics

	Douala	Yaoundé	Other urban	Urban	Rural	Overall
Sex						
Male	47.0	47.0	39.9	37.5	44.5	41.3
Female	43.5	39.2	35.1	29.9	39.5	34.3
Status in the employment						
Boss	43.9	42.5	39.2	41.9	31.8	37.6
Own account worker	47.3	43.6	40.5	44.1	33.7	38.8
Wage earner	45.5	45.0	38.9	43.5	40.5	42.4
Apprentice	47.0	50.2	48.3	48.3	51.1	50.0
Family aid	14.0	25.5	15.1	16.5	15.9	16.1
Associate	39.5	35.0	9.9	28.2	17.4	27.0
Sector of activity						
Industry	41.6	35.8	32.8	36.8	30.5	33.0
Commerce	48.3	49.3	40.6	45.8	34.9	40.4
Services	45.7	45.5	39.3	43.5	36.9	41.0
Overall	45.4	43.2	37.6	42.1	33.3	37.7

Source : EESI 2, Phase 2, NIS

The average weekly duration of work varies also according to the sector of activity. As a matter of fact, the active occupied persons of the industry (33.0 hours) sector devote less time to work than those of the service sector (41.0 hours) and of commerce sector (40.4 hours).

According to the sex, the men (41.3 hours) devote averagely more time for work than the women (34.3 hours). This trend remains the same according to the area of residence.

2.5 Sociodemographic characteristics of the occupied active persons

2.5.1 Level of education and type of learning

Nearly half of the occupied active persons (48.2%) have the primary level (Table 2.8). this proportion is relatively higher among women (51.5%) than among men (45.0%); among the dependent (51.0%) than the independent (47.3%) and among the occupied active persons of the rural area (64.2%) than among those of the urban area (35.2%). However, this trends is the contrary for the occupied active persons having at least the level of secondary second cycle.

About learning, most of the occupied active persons (66.9%) of the informal sector learn or have learned their trade alone or by practice. A non negligible proportion (24.4%) has been trained in the small enterprises and only 5.3% of the active occupied persons have learned their trade in a technical school. This trend is the same following the sex, the status in the employment or the area of residence of the occupied active person. However, concerning the learning in the technical schools, there are disparities according to the area of residence, 8.8% for those of the urban area and 1.7% for those of the rural area and according to the sex (8.1% among the men and 2.6% among women).

Table 2.8: Distribution (%) of occupied active persons by level of education, type of learning and according to some characteristics

	Status in the employment		Area of residence		Sex		Overall
	Independent	Dependent	Urban	Rural	Male	Female	
Level of education							
Non educated	0.4	6.5	1.8	2.1	2.9	0.9	1.9
Primary	47.3	51.0	35.2	64.2	45.0	51.5	48.2
Secondary 1st cycle	33.1	30.3	38.6	24.8	30.1	34.9	32.4
Secondary 2nd cycle, Higher	19.2	12.2	24.4	8.9	22.0	12.8	17.5
Learning							
Technical school	5.3	5.2	8.8	1.7	8.1	2.6	5.3
Big enterprise	1.5	0.5	1.8	0.8	1.6	1.0	1.3
Small enterprise	19.4	43.3	24.2	24.6	27.4	21.5	24.4
Alone by practice	71.9	48.0	62.5	71.3	60.8	72.6	66.9
Other	2.0	2.9	2.8	1.6	2.1	2.3	2.2
Overall	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

2.5.2 Women and youths employment status in the informal sector

Table 2.9 below reveals that on the whole, more than half of the occupied active persons of the informal sector are women (51.4%). This participation of women goes will a desire to work for their own account. As a matter of fact, they represent 56.5% of own account workers. However, they contribute less in the creation of salaried employments. Among the bosses (IPU promoter who employs at least one wage earner), the women represent only 34.8%. Otherwise, they

represent only 15.3% of the wage earners and 6.2% of the associates. The strongest representation of women is among the apprentices (68.8%). Considering the sector of activity, the women are more represented in the sector of industries (57.8%) and of commerce (53.4%). On the contrary, they represent only 41.1% in the sector of services.

Table 2.9: Proportion of women and occupied active youths by status and sector of activity

	Percentage of women	Percentage of youths aged less than 25 years
Status		
Boss	34.8	5.9
Own account worker	56.5	18.0
Wage earner	15.3	37.9
Apprentice	68.8	88.6
Family aid	55.6	68.8
Associate	6.2	39.3
Sector of activity		
Industry	57.8	27.8
Commerce	53.4	20.0
Services	41.1	30.4
Overall	51.4	26.2

Source : EESI 2, Phase 2, NIS

The youths of less than 25 years represent 26.2% of the occupied active persons of the informal sector. They are relatively more represented among the apprentices (88.6%) and the family aids (68.8%). They represent 5.9% of the bosses and 18.0% of own account workers. They are relatively more represented in the sector of services (30.4%) and industry (27.8%) than commerce (20.0%).

2.5.3 Average age, average number of years of studies and longevity

The average age of the active persons who exercise in the informal sector is 33.0 years (Table 2.10). This average age is 31.0 years in the services, 33.1 years in the industries and 35.0 years in the sector of commerce. Excluding the sector of industry, the average of women is quasi identical to that of men.

Table 2.10: Socio demographic characteristics of the occupied active persons according to the sector of activity

		Industry	Commerce	Services	Overall
Average age (years)	Sex				
	Male	35.5	33.9	30.9	33.4
	Female	31.4	35.8	31.0	32.7
	Area of residence				
	Urban	33.5	34.2	31.3	32.9
	Rural	32.9	35.7	30.4	33.2
	Overall	33.1	35.0	31.0	33.0
Average number of years of studies	Sex				
	Male	7.8	7.2	8.2	7.8
	Female	6.6	7.5	7.6	7.2
	Area of residence				
	Urban	8.3	8.1	8.7	8.4
	Rural	6.3	6.5	6.6	6.4
	Overall	7.2	7.3	7.9	7.5
Average longevity (years)	Sex				
	Male	8.0	5.5	5.1	6.2
	Female	6.2	5.4	4.5	5.5
	Area of residence				
	Urban	5.4	5.1	4.3	4.9
	Rural	7.9	5.8	5.6	6.8
	Overall	6.9	5.5	4.8	5.8

Source : EESI 2, Phase 2, NIS

About the average number of years of studies, the active persons have done averagely 7.5 years of studies. This corresponds to the first year of the secondary school. This average number of years of studies does not vary according to the activity. The occupied active of the urban area have done averagely two additional years than those of the rural area and this, whatever the sector of activity. Differences are observed at the level of the area of residence where the average level of study is higher in urban area than in rural area.

About the longevity in the IPU, it is averagely 5.8 years. This longevity is 6.8 years for the occupied active persons of the rural area and 4.9 years for those of the urban area. The men (6.2 years) have a longevity in the IPU higher than that of the women (5.5 years). The longevity in the sector of industry (6.9 years) is averagely higher than in the sector of commerce (5.5 years) and of services (4.8 years).

2.6 Level of remuneration and method of fixing salaries

2.6.1 Level of remuneration

The monthly average income from the employment of the occupied active persons in the informal sector is 48 400 CFAF (Table 2.11). It is 58 600 CFAF in urban area and 38 200 CFAF in rural area. This average value hides strong variabilities. As matter of fact, the median income is 24 000 CFAF, in other words, half of the occupied active persons earns at most this amount per month.

In rural area, the occupied active persons are relatively less remunerated than in urban area, because 50% of the latter earn less than 15 000 CFAF per month, contrarily to the urban area where this amount is 34 000 CFAF.

About the average income per hour, one worked hour in the informal sector produces averagely 297.9 CFAP to the occupied active persons. In urban area, this average income per hour is higher and notably in Douala and in Yaoundé.

Table 2.11: Remuneration of the occupied active persons according to the area of residence

	Area of residence					Overall
	Douala	Yaoundé	Other urban	Urban	Rural	
Average income, in CFAP	66 800	64 100	45 100	58 600	38 200	48 400
Median revenu, in CFAP	43 000	40 000	23 000	34 000	15 000	24 000
Average income per hour, in CFAP	342.1	343.0	279.1	322.7	266.2	297.9

Source : EESI 2, Phase 2, NIS

In order of importance, the median monthly income is higher in the services (53 100 CFAP), followed by the sectors of commerce (52 100 CFAP) and industry (41 800 CFAP) (Table 2.12). Otherwise, half of the active occupied persons earn at most 31 000 CFAP in the services, 26 000 CFAP in the commerce and 15 000 CFAP in the industry. The difference between the average monthly income and the median monthly income confirms the strong disparities of remuneration noticed above. Besides, it is in the sector of industry that the greatest proportion of active persons earning less than the GIMS is found (62.6%), notably in the food industry branch (78.6%).

The median income among the men (38 000 CFAP) is more than twice that of the women (15 000 CFAP). Otherwise, the proportion of women (66.7%) who earn less of the GIMS is higher than that of men (42.2%), which means 25 points of difference.

About the status in the employment, the average monthly income of the bosses (105 100 CFAP) is almost the double of that of the wage earners (56 000 CFAP). The own account workers have averagely a monthly income of 49 600 CFAP. However, 29.3% of bosses and 51.6% of own account workers have a monthly income inferior to the GIMS. Besides, nearly four wage earners out of ten have a monthly income inferior to the GIMS. Half of these earn at most 36 000 CFAP per month. The apprentices and the family aids have the lowest monthly income.

On the whole, the remuneration increases with the level of education. The average monthly income goes from 22 500 CFAP for the non educated to 74 200 CFAP for the secondary level or more. This trend is similar to that of the median salary.

The majority of the occupied active persons (66.8%) have learn their trade alone or by practice, and the latters (47 100 CFAP) are part of the group having the lowest average income. Those of the occupied active persons who learn their trade in a big enterprise or in a technical school record the best remunerations though being the minority group.

Table 2.12: Remuneration in the informal sector

	Average income (thousands of CFAF)	Median income (thousands of CFAF)	Percentage earning less than the GIMS	Average income per hour (CFAF)
Sector and branch of activity				
Industry	41.8	15.0	62.6	294.4
Food industry	22.0	10.0	78.6	207.0
Manufacturing	29.7	6.0	71.0	170.5
Other industries	80.2	35.0	44.8	445.5
BPW	77.8	60.0	18.4	469.8
Commerce	52.1	26.0	52.6	298.7
Wholesale trade	109.7	96.0	25.5	656.4
Retail sale trade	45.8	23.0	55.5	261.8
Services	53.1	31.0	47.1	300.7
Transport	68.8	60.0	26.7	304.5
Catering	48.0	27.0	51.6	306.1
Repair	41.2	22.0	59.7	203.8
Other services	53.1	29.0	49.7	330.5
Sex of the worker				
Male	64.2	38.0	42.2	361.4
Female	33.4	15.0	66.7	225.7
Status of the worker				
Boss	105.1	66.0	29.3	646.4
Own account worker	49.6	27.0	51.6	296.7
Wage earner	56.0	36.0	39.2	307.6
Apprentice	2.4	0.0	98.3	11.0
Family aid	0.2	0.0	99.7	2.9
Associate	51.2	20.7	58.8	431.5
Level of education of the worker				
Non educated	22.5	2.0	72.9	155.7
Primary	40.7	20.0	57.7	254.9
Secondary 1 st cycle	53.7	30.0	49.2	308.0
Secondary 2 nd cycle, higher	74.2	44.0	39.7	446.3
Apprenticeship of the worker				
Technical school	80.7	57.0	32.2	444.1
Big enterprise	85.6	52.0	30.9	
Small enterprise	42.5	20.0	56.6	249.5
Alone, by practice	47.1	23.0	56.2	298.7
Overall	48.4	24.0	54.8	297.9

Source : EESI 2, Phase 2, NIS

2.6.2 Method of setting the salaries

From table 2.13, it observed that according to the IPU promoters who employ at least one wage earner, the main method of fixing the salaries is negotiation (36.4%). Otherwise, more than one quarter (25.8%) of the IPU heads say they themselves fix the salaries of their employees in order to ensure a gain. The fixation of salaries according to the official schedule (1.4%) and the alignment on the salaries of the competitors (4.3%) are the less used methods. This trend remains the same whatever the sector of activity and the area of residence. However, the negotiation with each wage earner is more spread in the sector of industry (43.7%). Otherwise, it is in urban area that the IPU heads have most the trend to fix the salaries themselves in order to ensure a gain.

Table 2.13: Distribution (%) of the IPU heads following the method of fixing the salaries, according to the sector of activity and the area of residence

Method of setting the salaries	Sector of activity			Area of residence					Overall
	Industry	Commerce	Services	Douala	Yaoundé	Other urban	Urban	Rural	
Official salary schedule	3.0	0.0	0.5	0.0	0.9	0.6	0.5	2.8	1.4
Alignment on the salaries of competitors	3.7	5.6	4.1	2.9	1.3	5.6	3.4	6.0	4.3
Fixed by the promoter in order to ensure a gain	30.0	16.9	27.3	29.3	34.1	23.3	28.6	20.9	25.8
Negotiation with the wage earner	43.7	35.1	29.3	56.3	29.0	22.3	34.6	39.4	36.4
Other	19.6	42.3	38.8	11.5	34.7	48.3	32.9	30.8	32.1
Overall	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

2.7 Dynamics of creation of employments by the IPU

From all the employments observed in the informal sector in 2010, 34.1% have been created between 2006 and 2008, 21.7% have been created before the year 2000, 18.0% have been created between 2001 and 2005 (Table 2.14). Otherwise, 26.2% of the employments were created at most a year ago. Among the occupied active persons having presently the status of bosses or own account workers, nearly half (respectively 49.0% and 45.1%) saw their employment created by the IPU at least five years ago. Otherwise, among the wage earners, the family aids and the associates, about one quarter of their employment were created by the IPU at least five years ago. On the contrary, among the apprentices, 63.3% saw their employment created by the IPU, at most a year ago.

Table 2.14: Distribution (%) of active persons by status and according to their longevity⁵ in the IPU

Longevity in the IPU (in years)	Boss	Own account worker	Wage earner	Apprentice	Family aid	Associate	Overall
Less than 1 year	9.1	12.7	16.9	21.1	22.4	36.7	14.1
1 year	9.7	9.4	19.8	41.9	12.8	9.1	12.1
2-4 years	32.1	32.9	41.6	33.0	40.3	30.5	34.1
5-9 years	18.1	19.9	13.0	3.7	16.2	9.4	18.0
10 years or more	30.9	25.2	8.8	0.2	8.3	14.4	21.7
Overall	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

⁵ The longevity is the number of completed years spent in the IPU and not in the trade or in the employment.

Chapter 3: Capital, financing and investment of IPU

This chapter examines the capital of the IPU, that is to say all the durable goods (lands, premises, vehicles, furniture, machineries, tools, etc.) that they have for the exercise of their activity. It tackles the composition and the characteristics of the capital, its origin and its mode of financing. Besides, the importance and the use of loans are examined.

3.1 Characteristics of the capital of IPU.

3.1.1 Allocation in capital

On the whole, very few IPU (8.6%) do not have a capital for the exercise of their activities (Table 3.1). This situation concerns more the IPU exercising in the sector of commerce (16.0%). It is convenient to recall that compared to 2005, the proportion of IPU functioning without capital has tripled.

The amount of capital of the IPU shows disparities. As a matter of fact, the average amount of the capital is situated at 197 800 CFAF at the national level whereas half of the IPU have a capital inferior to or equal to 17000 CFAF. This disparity of the capital seems to be more pronounced in the towns of Douala and Yaoundé: half of the IPU functions respectively with a capital inferior or equal to 81 000 CFAF and 17 000 CFAF whereas the average capital in these two towns is situated at 400 800 CFAF and 330 700 CFAF respectively.

Table 3.1: Proportion of IPU not having a capital and average amount of the capital by IPU according to the sector of activity and the area of residence

		Area of residence					Overall
		Douala	Yaoundé	Other urban	Urban	Rural	
IPU without capital (in %)							
Industry		2.9	1.2	7.8	4.2	3.1	3.5
Commerce		5.6	18.2	19.8	13.6	18.6	16.0
Services		3.7	8.4	8.4	6.4	6.0	6.3
Overall		4.1	9.7	12.0	8.2	9.0	8.6
<i>Average and median amount of the capital by IPU (in thousands of CFAF)</i>							
Industry	Average	254.5	591.5	159.5	311.3	55.8	156.1
	Median	50.0	35.0	21.0	35.0	10.0	13.0
Commerce	Average	525.4	199.5	94.9	312.5	111.0	215.3
	Median	62.0	6.0	7.0	13.0	8.0	9.0
Services	Average	392.5	233.6	162.1	279.3	141.4	226.9
	Median	110.0	27.0	41.0	61.0	25.0	44.0
Overall	Average	400.8	330.7	141.0	298.7	94.2	197.8
	Median	81.0	17.0	18.0	35.0	10.0	17.0

Source : EESI 2, Phase 2, NIS

3.1.2 Structure of the capital

The capital of IPU is made up in order of importance of rolling stock/motor-pump⁶ (37.0%), of lands/premises (22.5%), tools and others (21.1%), machineries (15.6%) and office furniture (3.8%) (Table 3.2). This structure differs from that of 2005 where the lands/premises were nearly half (49.8%) of the IPU capital whereas the vehicles represented only 17.1%.

The structure in value of the capital of IPU does not vary with the area of residence. However, it is important to notify the disparity that exists in urban area. As a matter of fact, contrarily to Douala and to other towns were the lands/premises (43.0% and 37.0% respectively) and the rolling stock/motor-pump (40.5% and 22.7% respectively) constitute the majority of the IPU capital, in Yaoundé, it is the machines (50.5%), the tools and other equipment (23.0%).

Table 3.2: Structure of the capital according to the area and the sector of activity (in % of its value)

Type of capital	Douala	Yaoundé	Other urban	Urban	Rural	Overall
Lands/premises	43.0	4.3	37.0	22.5	31.6	22.5
Machinery	6.0	50.5	14.6	15.6	19.4	15.6
Office furniture	2.9	2.4	7.7	3.8	3.5	3.8
Rolling stock/motor-pump	40.5	19.9	22.7	37.0	32.1	37.0
Tools and others	7.6	23.0	18.1	21.1	13.4	21.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

About the quality of the equipment, 48.3% of the value of the capital is made up of acquired second hands goods (Table 3.3). However, this situation varies according to the type of goods.

For some, an important share of the value of the capital is consecrated to the purchase of new equipment. It is notably the machineries (84.5%), the office furniture (86.1%), the tools and others (88.8%). For others on the contrary, this important share is rather kept for the acquisition of used equipment. They are rolling stock/motor-pump (81.4%) and the premises (71.3%).

The value of auto-produced goods does not exceed 2.1% of the total amount of the capital. It however reaches 6.2 % for the premises.

The equipments of the IPU are 66.1% of their value the property of the IPU. Otherwise, the value of the equipment hired represents 28.8% of the total value of the capital. However, the lands/premises and the tolling stock/motor-pump hired represents in value 57.2% and 34.0% of their respective capital. This situation is not similar to the one observed in 2005 where the equipment hired constituted only a negligible share of the value of the IPU capital.

⁶ The rolling stock is all the means of transport that the IPU owns.

Table 3.3: Quality and status of the capital (in % of its value)

Type de capital	Quality of the capital				Statut of the capital			
	New	Used	Auto produced	Total	Owner	Tenant	Borrowed or shared	Total
Lands/Premises ⁷	25.9	67.9	6.2	100.0	36.8	57.2	6.1	100.0
Machines	84.5	15.5	0.0	100.0	95.9	1.2	2.8	100.0
Office furniture	86.1	12.8	1.1	100.0	93.9	2.2	3.9	100.0
Rolling stock/motor-pump	27.0	72.7	0.4	100.0	59.6	34.0	6.4	100.0
Tools and others	88.8	9.3	1.9	100.0	95.3	1.8	3.0	100.0
Overall	49.6	48.3	2.1	100.0	66.1	28.8	5.1	100.0

Source : EESI 2, Phase 2, NIS

The equipment used by the IPU are averagely 4.5 years old in the IPU (Table 3.4). The average age of these equipments in the IPU varies less following the area of residence. In 2005 this average age was 6.2 years.

Just as in 2005, the machineries and the lands/premises are the equipment having the highest average age in the IPU. On the contrary, the tools and other equipments are the less old with an average duration of 3.9 years.

Table 3.4: Average age (in years) of the capital in the IPU according to the area

Type of capital	Douala	Yaoundé	Other towns	Urban	Rural	Overall
Lands/premises	5.7	7.0	6.8	5.9	6.4	6.1
Machines	6.8	5.1	5.1	5.6	6.0	5.8
Office furniture	4.2	4.0	3.8	4.1	5.5	4.6
Rolling stock/motor-pump	3.9	3.6	4.7	4.2	4.7	4.4
Tools and others	3.7	3.0	3.8	3.5	4.3	3.9
Overall	4.5	3.7	4.2	4.2	4.8	4.5

Source : EESI 2, Phase 2, NIS

3.2 Origin and method of financing of the capital

3.2.1 Origin of the capital

On the whole, 33.4% of the value of the capital represent the equipment acquired from the households, 37.0% of the informal sector, 26.2% of the private and public formal sector and 2.6% from direct importation (Table 3.5). This trend was already observed in 2005.

In the sector of industry, the capital of IPU in value comes essentially from the commercial informal (49.4%), from the households (21.7%) and from the commercial formal private (20.7%). Concerning the IPU that exercise in the commerce, their capital are mainly from the households (55.3%) and from the commercial informal (14.6%). As far as the IPU of services are concerned, their capitals come especially from commercial informal (24.6%), from the commercial formal private (26.6%) and from the households (22.5%).

⁷ The quality of the capital is exclusively that of the premises.

Table 3.5: Origin of the capital by branch of activity (in % of its value)

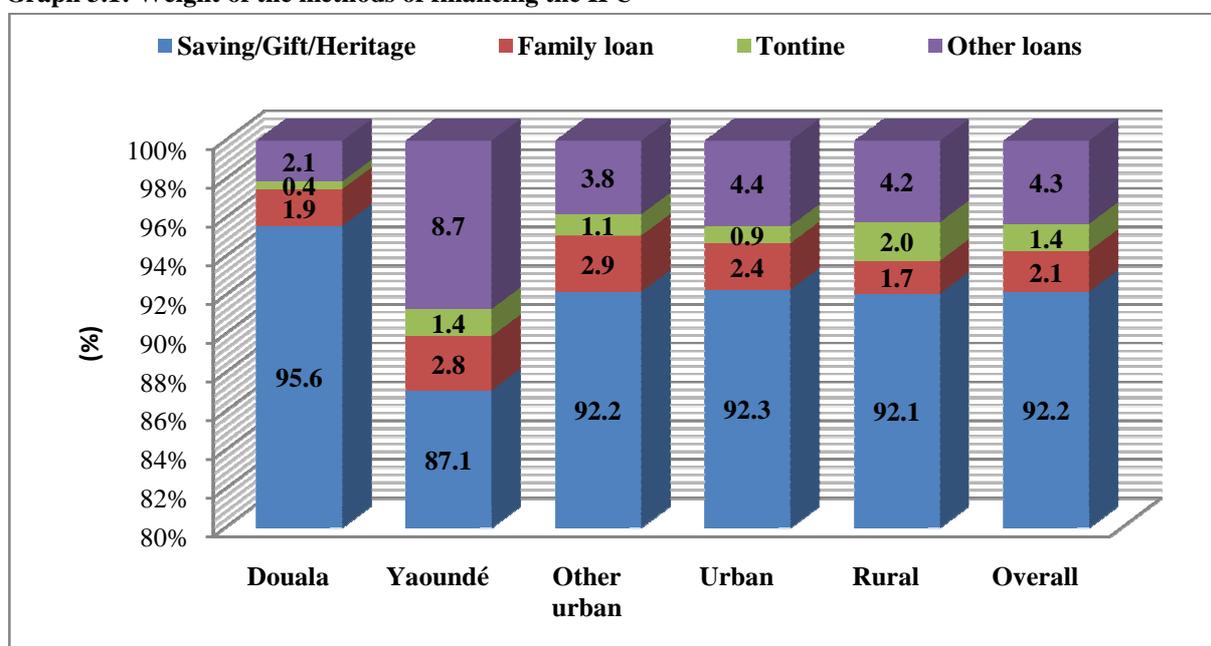
Sector and branch of activity	Public	Non commercial formal private	Commercial formal private	Non commercial informal	Commercial Informel	Household	Importation	Other	Total
Industry	2.5	0.8	20.7	2.7	49.4	21.7	1.2	0.9	100.0
Food industry	13.3	1.4	30.2	3.5	34.6	6.4	6.8	3.8	100.0
Manufacturing	2.2	1.0	28.1	4.4	27.5	34.7	0.6	1.5	100.0
BPW	1.1	9.9	31.8	1.9	48.4	6.9	.	0.1	100.0
Other industries	0.1	0.1	15.1	2.0	61.2	21.6	.	0.0	100.0
Commerce	10.4	3.6	8	6.5	14.6	55.3	0.1	1.4	100.0
Wholesale trade	1.0	1.8	2.4	0.1	3.4	91.3	0.0	0.0	100.0
Retail sale trade	19.0	5.3	13.1	12.2	24.7	22.7	0.2	2.7	100.0
Service	3.6	1.2	26.6	13.8	26.1	22.5	5.8	0.3	100.0
Transport	1.6	0.5	36.1	19.4	14.0	16.7	11.8	0.0	100.0
Catering	4.8	0.7	11.9	9.1	55.5	16.4	0.0	1.7	100.0
Repair	4.3	10.2	20.1	11.4	22.4	31.5	0.0	0.0	100.0
Other services	6.1	0.7	20.7	8.0	31.2	32.6	0.6	0.2	100.0
Overall	5.6	1.9	18.7	8.2	28.8	33.4	2.6	0.9	100.0

Source : EESI 2, Phase 2, NIS

3.2.2 Method of financing the capital

An important part of the capital (92.2%) of the IPU is financed by the savings, the gift or inheritance. The njanguï/tontines finance 1.4% of the IPU capital (Graph 3.1). About the access to the bank system for the financing of the IPU capital, it is almost inexistent. These trends are observed whatever the sector of activity and the area of implantation of the IPU.

Graph 3.1: Weight of the methods of financing the IPU



Source : EESI 2, Phase 2, NIS

3.3 Investment of the IPU

3.3.1 Importance of the investment

At the national level, the investment realized during the last twelve months preceding the survey is 100 billions of CFAF. This is manifested through an investment rate of 3.7% that represents the share of the capital acquired over a period divided by the added value from the very period.

Among the IPU having a capital, 36.6% have acquired equipments during the last 12 months (Table 3.6). This proportion is clearly higher in Yaoundé (48.2%) than in Douala (33.9%). There is a gap between the rural and the urban areas. As a matter of fact, the proportion of IPU of the urban area having done an investment is 38.9% against 34.3% in rural area.

The investment in the IPU varies little according to the sector of activity. As a matter of fact, 36.5% of the IPU of the industry sector, 34.5% of the commerce sector and 38.8% of that of services did an investment during the last twelve months. This pattern of variation is similar when the branch of activity is taken into consideration. However, there is a lower percentage of investment among the IPU of repair (32.3%) and retail sale trade (34.1%), and a higher proportion among those exercising in the catering (38.0%) and wholesale trade (38.4%).

For the IPU who invested during the last twelve month preceding the survey, the average amount of investment is 117 400 CFAF. The investment varies a lot, because half of the IPU invested less than 4 000 CFAF. Otherwise, important disparities are equally observed according to the area of residence, the sector and the branch of activity. The average amount of investment per IPU in Douala (388 700 CFAF) is higher than in Yaoundé (91 300 CFAF). However, it is to be noted that 50% of the IPU hardly invest 7 000 and 5 000 CFAF respectively in the two cities.

The IPU of the urban area contribute 86.4% of the global amount of investments of the informal sector, of which 66.4% by the IPU of Douala and 12.8% by those of Yaoundé. Following the sector of activity, 63.8% of the investment come from the IPU of the commerce sector and 30.1% from the IPU of the service sector. Otherwise, nearly half of the investments come from the IPU that exercise on the wholesale trade.

Table 3.6: Structure of the investment according to the area and the branch of activity

	Importance of the investment				Type of investment (% of its value)					
	Percentage of IPU with capital having invested	Average and median amount per IPU having invested (in thousands of CFAF)		Share in the total amount of investment	Lands-premises	Rolling stock/motor-pump	Office furniture	Machinery	Tools and others	Total
		Average	Median							
Area of residence										
Urban	38.9	188.6	5.0	86.4	12.9	72.8	1.2	5.2	7.9	100.0
<i>Douala</i>	33.9	388.7	7.0	66.4	16.3	78.7	0.8	1.6	2.6	100.0
<i>Yaoundé</i>	48.2	91.3	5.0	12.8	0.2	58.3	1.6	17.5	22.4	100.0
<i>Other urban</i>	38.4	49.2	5.0	7.2	4.3	44.6	4.3	16.4	30.5	100.0
Rural	34.3	34.5	3.0	13.6	37.8	17.7	7.3	11.5	25.6	100.0
Sector and branch of activity										
<i>Industry</i>	36.5	20.0	3.0	6.1	19.5	3.1	1.9	36.0	39.4	100.0
Food industry	37.3	10.2	3.0	1.8	11.1	8.7	3.2	16.1	60.9	100.0
Manufacturing	38.2	26.8	2.0	1.5	7.6	0.0	2.6	76.4	13.3	100.0
BPW	36.6	13.7	3.0	0.5	0.0	4.9	0.2	18.9	76.0	100.0
Other industries	31.4	58.1	3.0	2.4	36.9	0.4	1.0	29.7	32.0	100.0
<i>Commerce</i>	34.5	256.7	3.0	63.8	18.6	74.8	1.0	1.3	4.4	100.0
Wholesale trade	38.4	1757.0	14.0	48.4	0.0	98.4	0.0	0.6	1.0	100.0
Retail sale trade	34.1	69.7	3.0	15.4	76.8	0.5	3.9	3.8	15.0	100.0
<i>Services</i>	38.8	100.9	6.0	30.1	10.8	58.0	4.4	10.0	16.9	100.0
Transport	35.4	300.2	102.0	17.7	0.0	97.7	0.1	0.2	2.1	100.0
Catering	38.0	41.4	4.0	3.8	24.5	0.0	18.7	0.2	56.6	100.0
Repair	32.3	74.1	5.0	1.8	20.2	0.9	0.7	11.9	66.3	100.0
Other services	43.2	55.0	6.0	6.8	28.7	1.9	8.6	40.5	20.3	100.0
Overall	36.6	117.4	4.0	100.0	16.3	65.4	2.0	6.1	10.3	100.0

Source : EESI 2, Phase 2, NIS

3.3.2 Types of investments

The results of table 3.6 above reveal that the investment of the IPU is mainly orientated towards the purchase of the rolling stocks/motor-pump (65.4%), the acquisition of lands and premises (16.3%) and the acquisition of tools and other little materials (10.3%). This trend is respected in urban area. Yet, in rural area the priority of the investments is consecrated to the purchase of lands and premises (37.8%), come after the tools/other equipment (25.6%) and the rolling stock/motor-pump (17.7%). Otherwise, in Douala, the investment is mostly destined for the acquisition of rolling stock/motor-pump (78.7%) whereas in Yaoundé, it is orientated towards the acquisition of rolling stock/motor-pump (58.3%), of tools and little material (25.6%).

In the sector of industry, the priority of investments is given to tools and other equipment and after that come the machineries and the lands and premises.

In the sector of commerce, the purchase of rolling stock/motor-pump takes about two third of the investments, whereas in the services, the priority is given to the purchase of rolling stock/motor-pump, tools and other equipment and machineries.

According to detailed branch of activity, the informal production units of agro- alimentary, BPW, catering and repair invest in priority in the tools and other equipments. Otherwise, the IPU of whole sale trade; and of transport invest in the purchase of rolling stock/motor-pump and those of manufacturing in the purchase of machineries.

3.4 Importance and use of credits of IPU

As previously noticed, an important part of the capital of the IPU is auto financed. Yet, some IPU borrow in order to finance their activities. As a matter of fact, nearly 6% of the IPU took loans in order to finance their activities during the past twelve months preceding the survey (Table 3.7).

Whatever the sector of activity and the area of implantation of the IPU, it is to be noticed that less than 10% of these borrow.

Table 3.7: Importance and use of the credits according to the area of residence and the sector of activity

	Importance of credits				Use of credits (in %)			
	Percentage of IPU that borrowed	Share of the total amount of credits (%)	Average amount borrowed (in CFAF)		Purchase of raw material or goods	Acquisition or maintenance of equipments	Other uses	Total
			Moyenne	Médiane				
Area of residence								
Douala	7.0	52.3	123.1	55.0	82.7	6.7	10.6	100.0
Yaoundé	4.5	7.9	155.0	100.0	78.6	7.9	13.5	100.0
Other towns	4.5	12.0	106.5	45.0	82.7	7.1	10.1	100.0
Urban	9.0	18.9	138.6	70.0	84.0	5.8	10.1	100.0
Rural	4.5	47.7	175.7	40.0	74.5	1.9	23.6	100.0
Sector of activity								
Industry	3.2	52.9	401.6	190.0	68.7	8.7	22.6	100.0
Commerce	9.9	37.1	92.5	50.0	93.0	1.0	6.0	100.0
Services	4.2	10.0	61.2	30.0	44.5	32.7	22.7	100.0
Overall	5.8	100.0	143.6	50.0	81.7	6.1	12.2	100.0

Source : EESI 2, Phase 2, NIS

The total amount of credits during the 12 months preceding the survey is about 21.2 billions CFAF. The average amount borrowed per IPU during the reference period is situated at 143 600 CFAF. This amount is higher in the IPU of Douala (155 000 CFAF) than in those of Yaoundé (106 500 CFAF) and other towns (138 600 CFAF). These average values hides important disparities in these various areas, because 50% of the IPU hardly borrowed 50 000 CFAF for their activities during the period. One IPU of the rural area borrowed averagely 175 700 CFAF during the period against 123 100 CFAF for the one of the urban area. More than half (52.9%) of the total volume borrowed have been contracted by the IPU of the industry sector.

On the whole, the funds borrowed have been essentially consecrated to the purchase of raw materials and goods (81.7%). The acquisition or the maintenance of equipment was done by using averagely about 6.1% of the credits. The structure of the various uses varies equally according to the area of residence and the sector of activity. In the sector of industry (22.6%) and services (22.7%), a non negligible share of the credits is consecrated to other uses (improvement of the premises, payment of wage earners, training of man power, reimbursement of former debts, extension of the establishment, etc.). Nearly one third of the credits of the IPU of services are directed towards the acquisition or the maintenance of equipment.

Chapter 4: Production, insertion and competition

The main aggregates of informal sector, the insertion of IPU in the productive system, the competition and the method of setting the prices are presented in this chapter.

4.1 Main economic aggregates

This section treats the structure of the turnover, the production and the added value on the one hand and the level of indicators of economic performance of the informal sector on the other hand.

4.1.1 Structure of the main economic aggregates

Though the IPU are almost equally shared between the industry (34.1%), the commerce (33.6%) and the services (32.2%), the contribution of these sectors to the economy of the non agricultural informal sector differs considerably (Table 4.1). As a matter of fact, a bit more than half of the annual turnover (51.0%) of the IPU is realized in the sector of commerce, that is to say 38.8% in the retail sale trade and 18.2% On the whole sale trade. The shares of the industry and the services are respectively 27.4% and 21.6%.

About the annual production of goods and services of the informal sector, the industry contributes 44.2%, the services 33.2%. The commerce that takes more than half of the turnover contributes only for 22.7%.

Table 4.1: Structure of the annual turnover, production and added value (in % of its value.) by sector, branch of activity and area of residence

	Structure of the IPU per branch (%)	Turnover (%)	Production (%)	Added value (%)
Sector and branch of activity				
Industry	34.1	27.4	44.2	36.2
Food industry	19.0	7.0	11.2	7.0
Manufacturing	5.7	3.7	5.8	5.9
BPW	3.9	8.0	12.9	9.9
Other industries	5.6	8.8	14.2	13.5
Commerce	33.6	51.0	22.7	33.0
Wholesale trade	3.2	18.2	7.3	10.5
Retail sale trade	30.4	32.8	15.4	22.5
Services	32.2	21.6	33.2	30.8
Transport	6.7	4.9	7.8	9.0
Catering	9.7	7.9	12.1	7.2
Repair	3.0	1.4	2.0	2.5
Other services	12.9	7.3	11.3	12.2
Area of residence				
Urban	50.5	58.7	60.4	59.6
Rural	49.5	41.3	39.6	40.4
Total	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

The added value which is defined as the difference between the production and the intermediary consumption⁸ enables to better appreciate the contribution of this sector to the economy in terms of creation of wealth. The sector of industry cumulates 36.2% of the added value, the commerce 33.0% and the services 30.8%. In the sector of industry, the branch "Other industries" contributes most (37.3%), that is to say 13.5% of the added value of the informal sector. Likewise, in the sector of commerce, the retail sale trade represents 68.2% of the added value of this sector, that is to say 22.5% of that of the informal sector. In the sector of services, the branches "Other services" and transport have the highest added values.

Following the area of residence, despite the almost equal distribution of the IPU between the urban and the rural area, the contribution of the urban area to each of these economic aggregates is more important than that of the rural area.

The data on the economic activity were collected for each IPU with regard to a reference period which was the month preceding the passage of the interviewer in the IPU. It seems indicated to analyse the performances of the informal sector on a monthly basis. It is convenient to indicate that the analysis on the annual basis presented above was done while considering the number of months of activity of the IPU and by emitting some hypothesis.

The examination of the structure of turnover, of the production and the added value on the monthly basis reveals similar tendencies to those obtained on the annual basis.

4.1.2 Performances of the informal sector

The enterprise, being characterized essentially by the process of production, its performance can be seen under the prism of efficiency, productivity and general output. The EESI 2 laid hold on some information about the IPU productivity and output. This section analyses the performance of the informal sector while examining the production cost and the indicators linked to the wealth produced.

4.1.2.1 Structure of the monthly production costs

The production of goods and services requires the mobilization of production factors. This mobilization goes with the intermediary consumption which means the value of goods and services transformed or entirely consumed during the process of production, of the payroll given to the employees, the taxes paid by the IPU. These last three items constitute among other, the cost supported by the IPU during the production.

The informal sector allocates more than 260 billions CFAF per month to the intermediary consumption (Table 4.2). More than half of the latter (53.2%) is the fact of the IPU of the sector of industry and 34.7% that of the services. Following the branch of activity, nearly half of the intermediary consumption is the fact of BPW (17.4%), of food industry (16.2%) and catering (16.5%).

The share of intermediary consumption of the IPU of the urban area represents 61.8% of the whole.

The monthly payroll given by the IPU bosses to the employees during the month of activity preceding the passage of the interviewer is about 22.8 billions CFAF.

⁸ The intermediary consumption is the value of all the goods and services transformed or totally consumed in the process of production.

The industry alone concentrates 71.6% of all the payroll, the services (17.3%) and the commerce (11.1%) come after. Otherwise, the branches of activity such as "other industries" (38.1%) and the building and public works (27.7%) have the most important part of the payroll.

Considering the taxes paid monthly, one can note that the contribution of the informal sector to the economy is appreciable. Per month, the IPU pay about 5.1 billions of taxes. The monthly amount of taxes paid by the IPU of the urban area is more than the double of the one paid by those of the rural area. More than half (60.8%) of the total amount paid come from the sector of commerce, 24.2% from services and 15.0% from industry.

Table 4.2: Structure of the monthly costs of production by branch of activity and by area of residence

	Intermediary consumption		Monthly payroll of the IPU in thousands of CFAF		Monthly taxes of the IPU in thousands of CFAF		Monthly gross operating surplus in thousands of CFAF	
	%	Amount (in thousands of CFAF)	%	Montant (in billions of CFAF)	%	Montant (en billions of CFAF)	%	Montant (en billions of CFAF)
Sector and branch of activity								
Industry	53.2	138.694	71.6	16.295	15.0	0.767	32.6	70.249
Food industry	16.2	42.149	3.0	0.692	5.5	0.279	7.7	16.605
Manufacturing	5.4	14.139	2.7	0.606	4.4	0.224	6.6	14.136
BPW	17.4	45.352	27.7	6.318	0.1	0.005	9.1	19.593
Other industries	14.2	37.055	38.1	8.680	5.1	0.259	9.2	19.914
Commerce	12.1	31.437	11.1	2.524	60.8	3.098	35.7	77.053
Wholesale trade	4.2	10.859	3.9	0.894	32.8	1.672	12.0	25.863
Retail sale trade	7.9	20.578	7.2	1.631	28.0	1.426	23.7	51.189
Services	34.7	90.553	17.3	3.949	24.2	1.232	31.7	68.413
Transport	6.6	17.178	4.8	1.096	12.7	0.645	9.9	21.437
Catering	16.5	42.899	2.8	0.630	4.8	0.245	7.7	16.529
Repair	1.3	3.385	1.9	0.436	1.8	0.090	2.4	5.154
Other services	10.4	27.091	7.8	1.787	5.0	0.253	11.7	25.293
Area of residence								
Urban	61.8	161.234	52.1	11.860	71.4	3.639	58.1	125.233
Rural	38.2	99.451	47.9	10.908	28.6	1.458	41.9	90.481
Overall	100.0	260.685	100.0	22.768	100.0	5.098	100.0	215.714

Source : EESI 2, Phase 2, NIS

The rate of added value which is the ratio of the added value to the production, enables to measure the performance of the IPU concerning the creation of wealth. At the national level, this rate is 48.4% for the informal sector (Table 4.3). It has decreased by 8.7 points compared to 2005 and it expresses a decrease of the performance of the IPU during that period. This global situation hides some disparities. As a matter of fact, the sector of commerce is more efficient with a rate of added value of 72.5% whereas the sector of industry is less efficient with a rate of 38.7%.

Following the branch of activity, the retail sale trade (72.6%) and the whole sale (72.4%) are the most efficient concerning the creation of wealth. They are followed by the branches of repairs (62.7%) and manufacturing (51.5%). In urban area, the rate of added value is higher than in rural area.

The decomposition of the added value following the three items retained below reveals that 9.3% of this value is meant for the remuneration of the employees, 2.4 to taxes and financial fares and 88.3% to the gross operating surplus (benefits). In the sectors of services and commerce, the taxes and the remuneration of the personnel represent only 7.2% of the added value.

Table 4.3: Rate and decomposition of the added value by branch of activity and by area of residence

	Rate of added value (%)	Decomposition of the added value (%)			Total
		Payroll	Taxes, financial fares	Gross operating surplus	
Sector and branch of activity					
Industry	38.7	18.6	1.3	80.1	100.0
Food industry	29.6	3.9	2.2	93.9	100.0
Manufacturing	51.5	4.0	1.8	94.2	100.0
BPW	36.5	24.2	0.7	75.1	100.0
Other industries	43.8	30.1	1.0	69.0	100.0
Commerce	72.5	3.0	4.2	92.8	100.0
Wholesale trade	72.4	3.1	6.2	90.7	100.0
Retail sale trade	72.6	3.0	3.2	93.9	100.0
Services	44.9	5.4	1.8	92.9	100.0
Transport	57.4	4.7	2.8	92.4	100.0
Catering	28.9	3.6	1.5	94.9	100.0
Repair	62.7	7.7	1.6	90.7	100.0
Other services	50.2	6.5	1.0	92.4	100.0
Area of residence					
Urban	46.7	8.4	3.0	88.6	100.0
Industry	36.4	15.8	1.5	82.8	100.0
Commerce	70.0	3.7	5.8	90.5	100.0
Services	44.1	6.3	1.7	92.0	100.0
Rural	50.9	10.6	1.6	87.8	100.0
Industry	41.4	21.4	1.1	77.5	100.0
Commerce	75.9	2.3	2.1	95.6	100.0
Services	46.5	3.2	2.0	94.9	100.0
Overall	48.4	9.3	2.4	88.3	100.0

Source : EESI 2, Phase 2, NIS

4.1.2.2 Indicators of IPU economic performance

The performance of the IPU is appreciated by the level of activity and the indicators of productivity and output. The level of activity is seen through the turnover, the production and the added value. The indicators of productivity concern the apparent productivity of labour and of the capital. Those of output measure the performance in the putting in place of the capital or the labour.

From table 4.4 it is observed that the sector of commerce is the one that brings the highest average monthly turnover (472 900 CFAF), very clearly above the global average (316 800 CFAF). The IPU of the industry and service sector have the monthly average turnover inferior to the global average, that is 261 800 CFAF and 212 100 CFAF respectively.

The average monthly production per IPU is 198 300 CFAF. The IPU of commerce record the lowest monthly average level (133 600 CFAF) and are preceded by those of services (200 300 CFAF) and those of industry (260 000 CFAF).

About the added value, it is the IPU of the industry sector that create wealth the most with a monthly average of 100 700 CFAF. At the level of the branches of activity, the IPU of whole sale trade generate the highest average added value (344 500CFAF), followed by those of the Building and Public Works (267 400 CFAF) and other industries (202 600 CFAF). In the other branches, this average added value is situated below 150 000 CFAF. The branches where the IPU have the lowest average added value are the food industry, the retail sale and the catering.

Table 4.4: Indicators of the level of activity and productivity of the IPU by branch of activity and area of residence

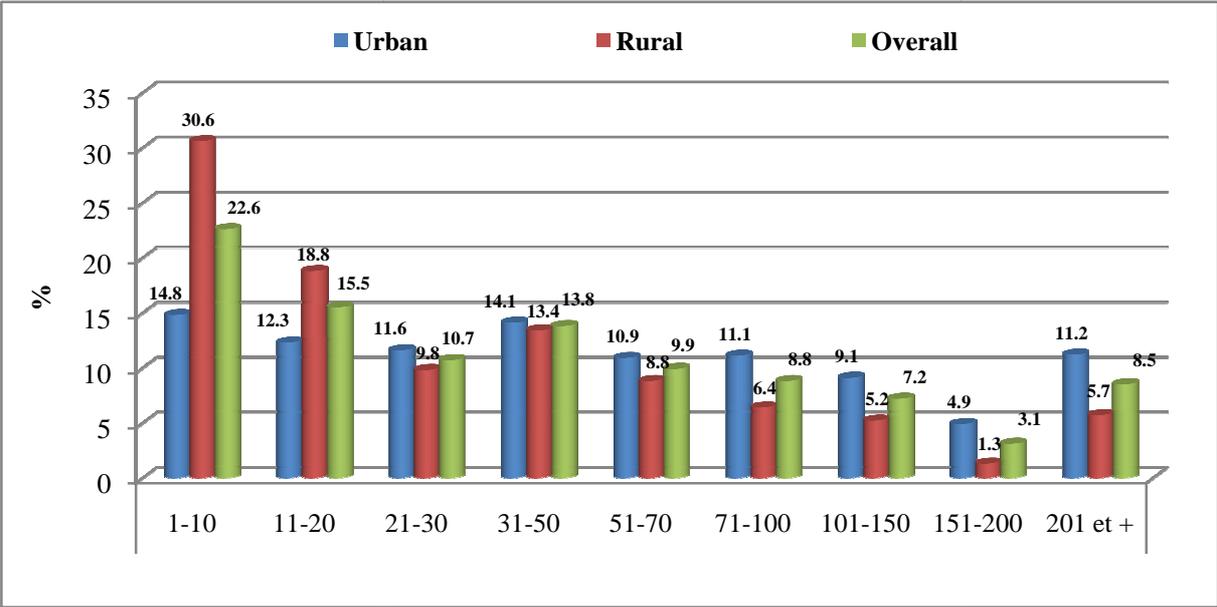
Sector and branch of activity	Average monthly turnover per IPU (CFAF)	Average monthly production per IPU (CFAF)	Average monthly added value per IPU (CFAF)	Gross operating surplus per IPU (CFAF)	Apparent productivity		
					VA/L1	VA/L2	VA/K
Industry	261 800	260 000	100 700	80 700	68 065	487	649
Food industry	124 500	123 600	36 500	34 300	29 427	278	833
Manufacturing	206 100	199 200	102 500	96 600	55 832	322	539
BPW	732 400	732 200	267 400	200 800	146 049	898	6 534
Other industries	463 000	462 600	202 600	139 700	120 578	704	344
Commerce	472 900	133 600	96 900	89 700	82 340	479	393
Wholesale trade	1 770 100	475 700	344 500	312 500	287 863	1750	217
Retail sale trade	334 300	97 000	70 500	66 000	59 960	347	545
Services	212 100	200 300	89 900	83 200	73 103	421	406
Transport	247 100	238 400	137 000	125 900	122 472	549	282
Catering	262 900	244 600	70 700	67 000	56 060	359	638
Repair	132 200	119 400	74 800	67 900	47 283	246	495
Other services	174 400	166 100	83 500	76 700	70 657	447	459
Area of residence							
Urban	362 600	235 400	109 900	97 200	84 415	477	365
Industry	354 700	351 200	127 800	105 800	82 996	541	415
Commerce	517 000	153 500	107 500	96 900	90 289	467	322
Services	237 800	226 400	99 900	91 800	80 839	440	365
Rural	270 200	160 500	81 700	71 600	63 224	444	814
Industry	201 000	200 300	82 900	64 300	57 611	442	1492
Commerce	428 500	113 600	86 300	82 500	74 134	495	607
Services	169 800	157 400	73 200	69 000	60 137	382	539
Overall	316 800	198 300	95 900	84 500	73 959	462	471

Source : EESI 2, Phase 2, NIS

NB : AV: added value. L1: number of workers. L2: number of hours of work per month. K: value of the capital at the replacement cost. VA/L1 is in CFAF/worker. VA/L2 is in CFAF/hour. VA/K is in CFAF /unit of capital.

Following the area of residence, the informal sector is heterogeneous in terms of the creation of wealth. From graph 4.1, comparatively to the urban area (27.1%), there is relatively more IPU in rural area for which the added value does not go beyond 20 000 CFAF per month (49.4%). Besides, 25.2% of the IPU of the urban area have an added value of at least 100 000 CFAF against only 12.2% in the rural area.

Graph 4.1: Distribution (%) of IPU following the amount of the monthly added value and the area of residence



Source : EESI 2, Phase 2, NIS

The Gross Operating Surplus, that measures the benefit generated, is averagely 84 500 CFAF per month (Table 4.4). The IPU of the commerce sector though having the lowest level of production, have the highest monthly benefit. On the contrary, those of industry, though having the highest level of production, have the lowest average benefit. However, this contradiction hides some disparities. As a matter of fact, the average monthly benefit realized varies from one branch to another and from one area to another.

With regard to the indicators of apparent productivity⁹, on the whole, the labour of an occupied active person yields per month about 74 000 CFAF to the IPU (Table 4.4). This value was 41 600 CFAF in 2005. The apparent productivity of the labour is higher in the sector of commerce (82 340 CFAF) and lower in the sector of industry (68 065 CFAF). The branch of commerce presents the highest apparent productivity (287 863 CFAF). The branch of whole sale trade has the highest apparent productivity (287 863 CFAF), that is about 10 times higher than the one recorded in the food industry branch (29 427 CFAF). According to the area, the apparent productivity of labour in urban area is 1.4 time that of the rural area.

About the apparent productivity of labour, in terms of hours, one hour of work done by an occupied active person of the informal sector generates 462 FCFA of added value. In the sector of industry, the worked hour creates more wealth (487 CFAF) than in the sector of commerce (479 CFAF) and of services (421 CFAF). Comparatively to 2005, there is an improvement of the level of these indicators in all the sectors and branches of activity. In urban area, one hour of work done generates 477 CFAF of added value against 444 CFAF in rural area.

One unit of francs invested as capital produces 471 CFAF of the added value. The sector of industry, enhanced by the BPW (6 534 CFAF) creates more added value per unit of francs invested as capital (649 CFAF). The sectors of commerce and services create respectively 393 CFAF and 406 CFAF of added value per unit of francs invested as capital.

⁹ The apparent productivity of the capital (respectively) is measured by dividing the added value by the production factor which is the capital (respectively the labour).

According to the type of employment, the IPU with salaried employments and those of mixed employments have the highest levels of activity (Table 4.5). This global average value hides strong disparities. As a matter of fact, the median values reveal that for half of the IPU, the indicators of performance are inferior to one third of the average value.

Table 4.5: Compared performances of IPU according to the type of employment by area (Monthly values in thousands of CFAF)

	Turnover (in thousands of CFAF)		Monthly production of the IPU (in thousands of CFAF)		Monthly added value of the IPU (in thousands of CFAF)		Monthly Gross Operating surplus of the IPU (in thousands of CFAF)	
	Average	Median	Average	Median	Average	Median	Average	Median
Type of employment								
Self employment	234.0	86.0	133.9	60.0	65.3	28.0	62.2	27.0
Non wage earning	279.9	115.0	178.9	97.0	92.0	42.0	87.0	39.0
Wage earning	1 526.6	470.0	1324.3	329.0	602.9	178.0	441.6	102.0
Mixed	1 897.1	300.0	754.0	251.0	421.7	150.0	333.6	90.0
Overall	316.8	97.0	198.3	65.0	95.9	31.0	84.5	30.0
Area of residence								
Urban	362.6	140.0	235.4	90.0	109.9	46.0	97.2	41.0
Rural	270.2	62.0	160.5	43.0	81.7	21.0	71.6	20.0

Source : EESI 2, Phase 2, NIS

The benefit per capita is 65 197 CFAF per month (Table 4.6). It is clearly higher in the commerce sector compared to the sectors of services and of industry. The whole sale trade, the transport and the BPW are the branches of activity where the benefit per capita is superior to the national value, with a predominance of the branch of whole sale trade. According to the area of residence of the IPU promoters, the benefit per capita is higher in urban area than in rural area.

The GOS over the invested capital enables to measure the economic output of the IPU. One unit of francs invested as capital yields 412 CFAF of monthly benefit. The sector of industry presents a better economic output, comparatively to other sectors. This performance comes essentially from the BPW where the benefit per unit of capital is more than 6 times that of other branches of activity. The output of the invested capital in rural area is more than the double of that of urban area.

Table 4.6: Indicators of output by branch of activity and area of residence

	Benefit per capita (CFAF)	Benefit per unit of capital (CFAF)
Sector and branch of activity		
Industry	54 554	519
Food industry	27 634	782
Manufacturing	52 596	507
BPW	109 687	4 906
Other industries	83 173	233
Commerce	76 258	361
Wholesale trade	261 123	190
Retail sale trade	56 166	510
Services	67 701	377
Transport	112 634	261
Catering	53 178	605
Repair	42 895	449
Other services	64 988	423
Area of residence		
Urban	74 701	322
Industry	68 691	343
Commerce	81 444	289
Services	74 259	335
Rural	55 434	704
Industry	44 655	1 152
Commerce	70 885	578
Services	56 748	511
Overall	65 197	412

Source : EESI 2, Phase 2, NIS

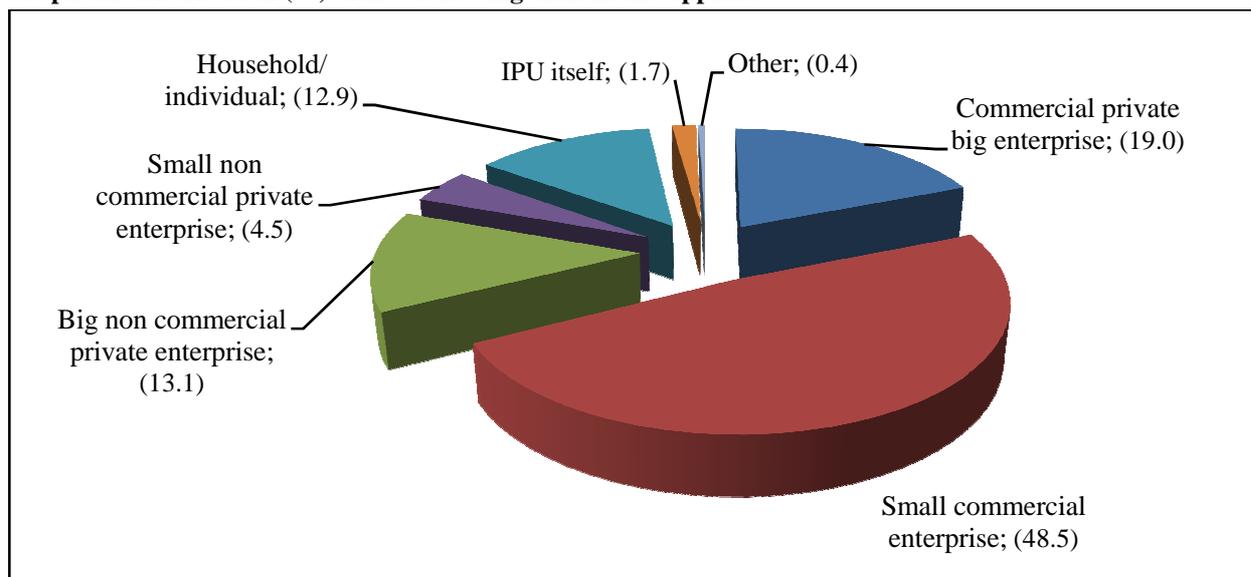
4.2 Insertion of the informal sector in the productive system

This section identifies the suppliers and the customers of IPU. It would provide some indications about the relations of the informal sector within as well as with the other aspects of the economic activity in general.

4.2.1 Suppliers of IPU

In the process of production, the IPU get their goods and services from the suppliers, which are in majority the enterprises that exercise in the commerce sector. As a matter of fact, the suppliers of nearly 5 IPU out of 10 are small commercial enterprises and 19.0% of the IPU are supplied by the big commercial enterprises (Graph 4.2). However, the non commercial private enterprises supply nearly 17.6% of the IPU and 12.9% of the IPU get their products from the households/individuals.

Graph 4.2: Distribution (%) of IPU following their main suppliers



Source : EESI 2, Phase 2, NIS

In the sector of industry, 45.7% of IPU get their raw materials from the small private commercial enterprises (Table 4.7). This percentage is particularly higher in the branch of Manufacturing and BPW.

In the sector of commerce, 70.4% of the IPU of the branch of whole sale trade get their products from the big private commercial enterprises and 56.8% of the IPU of the retail sale trade get their products from small commercial enterprises. Yet, nearly one IPU of the retail sale out of 3 gets its products from non commercial big private enterprises.

In the sector of services, the IPU of the branch of catering and repair mainly get their products from the small commercial private enterprises and those of the branch of transport from the commercial big private enterprises.

Following the area of residence, the IPU of the rural area get their products mainly from the commercial private enterprises. On the contrary, in urban area, the second main supplier of IPU of the industry sector is at 25.5% a big private commercial enterprise. In the sectors of commerce and services, with a performance of respectively 39.7% and 21.5% the second main supplier of essential elements for the production is a big non commercial private enterprise.

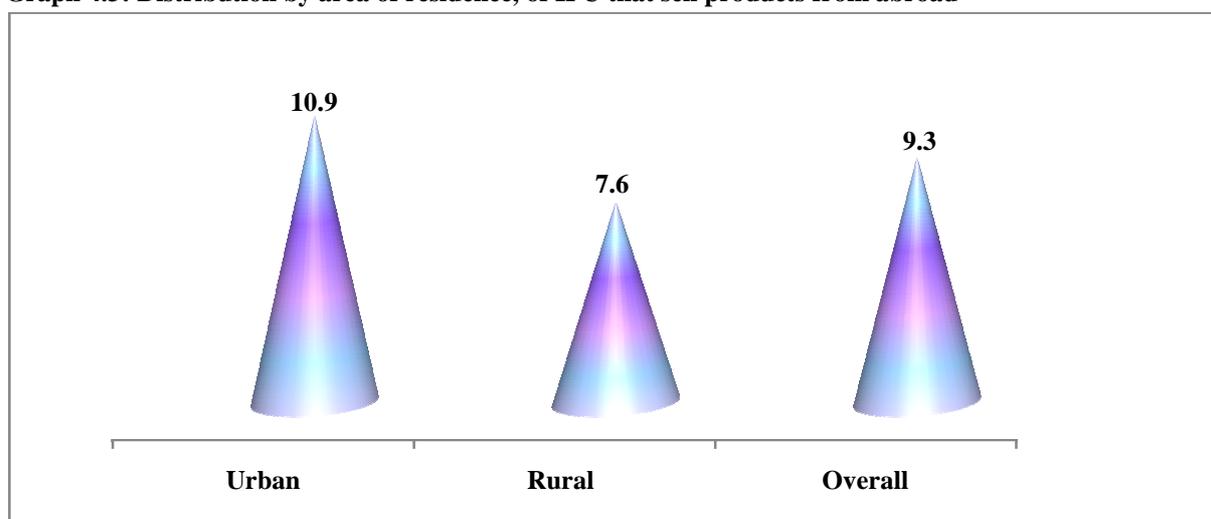
Table 4.7: Distribution (%) of the amount of purchase following the origin of the purchase by branch of activity and area of residence

	Big commercial private enterprise	Small commercial enterprise	Big non commercial private enterprise	Small non commercial enterprise	Household/ Individual	IPU itself	Other	Total
Sector and branch of activity								
Industry	22.2	45.7	10.0	1.7	18.5	1.6	0.3	100.0
Food industry	2.4	33.7	6.6	4.2	50.3	2.5	0.3	100.0
Manufacturing	27.3	60.8	0.4	0.1	5.1	6.3	0.0	100.0
BPW	17.7	56.3	22.6	0.6	2.7	0.0	0.1	100.0
Other industries	50.4	39.4	0.4	0.9	7.3	1.0	0.6	100.0
Commerce	12.1	52.2	26.4	4.9	2.5	1.0	0.9	100.0
Wholesale trade	70.4	27.1	0.0	0.9	1.1	0.5	0.0	100.0
Retail sale trade	1.3	56.8	31.3	5.6	2.8	1.1	1.1	100.0
Services	14.2	53.0	17.1	9.1	4.2	1.8	0.5	100.0
Transport	44.0	34.8	15.0	2.6	0.6	0.6	2.4	100.0
Catering	12.6	67.2	7.9	4.1	5.8	2.3	0.1	100.0
Repair	7.2	71.5	18.9	0.5	1.6	0.3	0.0	100.0
Other services	3.3	35.0	34.6	21.8	3.3	1.6	0.4	100.0
Area of residence								
Urban	17.7	38.9	20.4	5.0	15.4	2.0	0.5	100.0
Industry	20.5	30.6	18.4	1.6	26.6	1.8	0.5	100.0
Commerce	1.5	53.5	39.7	1.2	2.0	0.7	1.4	100.0
Services	15.4	48.5	21.5	9.9	1.7	2.4	0.5	100.0
Rural	20.9	63.4	1.8	3.6	9.1	1.1	0.2	100.0
Industry	24.2	63.6	0.0	1.9	8.8	1.4	0.0	100.0
Commerce	33.1	49.5	0.0	12.2	3.6	1.7	0.0	100.0
Services	11.2	64.1	6.5	7.2	10.3	0.3	0.5	100.0
Overall	19.0	48.5	13.1	4.5	12.9	1.7	0.4	100.0

Source : EESI 2, Phase 2, NIS

Graph 4.3 shows that 9.3% of IPU sell products from abroad. This proportion is higher in urban area (10.9%) than in rural area (7.6%).

Graph 4.3: Distribution by area of residence, of IPU that sell products from abroad

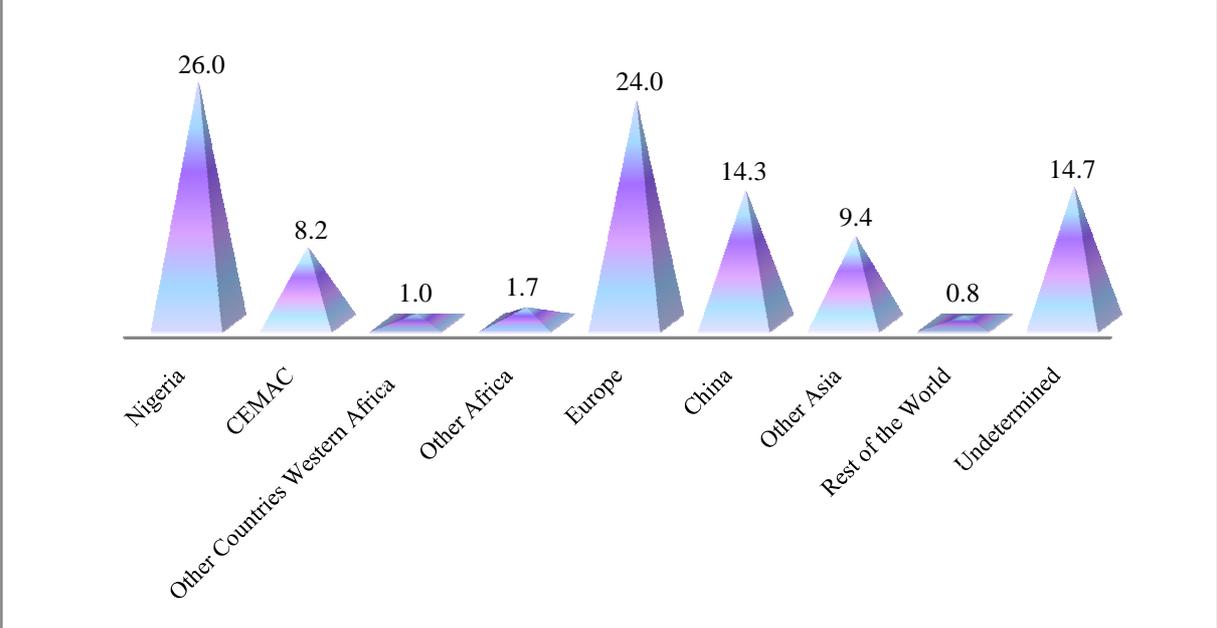


Source : EESI 2, Phase 2, NIS

The branch of retail sale (24.0%) and of wholesale trade (22.4%) have the highest proportions of enterprises of the informal sector that sell products from abroad (Table 4.8). Excluding the branch of repairs (11.1%), a low proportion (less than 4%) of the IPU of other branches sell products from abroad.

Products from Nigeria, from the Europe zone and from China are sold by 26.6%, 24.0% and 14.3% of the IPU respectively (Graph 4.4). Only 8.2% of the IPU sell products from other CEMAC countries. However, 14.7% of the IPU heads say they do not know the origin of the foreign products sold.

Graph 4.4: Distribution (%) of IPU according to the country of origin of products sold



Source : EESI 2, Phase 2, NIS

Table 4.8: Origin of the foreign products sold by the IPU

	Proportion of IPU that sell foreign products	Origin of products sold								Total	
		Nigeria	CEMAC	Other country Western Africa	Other Africa	Europe	China	Other Asia / America	Rest of the world		Undetermined
Sector and branch of activity											
<i>Industry</i>	<i>0.6</i>	<i>26.2</i>	<i>48.7</i>	<i>3.0</i>	<i>0.0</i>	<i>2.8</i>	<i>1.5</i>	<i>0.0</i>	<i>0.0</i>	<i>17.7</i>	<i>100.0</i>
Food industry	0.7	27.6	66.4	0.0	0.0	0.0	0.0	0.0	0.0	6.0	100.0
Manufacturing	1.3	27.8	0.0	12.9	0.0	6.2	6.5	0.0	0.0	46.7	100.0
Other industries	0.2	0.0	18.0	0.0	0.0	28.4	0.0	0.0	0.0	53.6	100.0
<i>Commerce</i>	<i>23.9</i>	<i>24.2</i>	<i>4.9</i>	<i>1.0</i>	<i>2.0</i>	<i>27.4</i>	<i>15.8</i>	<i>9.2</i>	<i>1.0</i>	<i>14.6</i>	<i>100.0</i>
Wholesale trade	22.4	48.0	6.7	0.0	0.0	30.0	0.8	0.0	0.0	14.5	100.0
Retail sale trade	24.0	21.9	4.8	1.1	2.2	27.1	17.2	10.0	1.0	14.6	100.0
<i>Services</i>	<i>3.2</i>	<i>39.4</i>	<i>11.7</i>	<i>0.0</i>	<i>0.0</i>	<i>10.1</i>	<i>9.7</i>	<i>15.5</i>	<i>0.0</i>	<i>13.7</i>	<i>100.0</i>
Transport	1.9	72.8	2.2	0.0	0.0	0.0	13.5	0.0	0.0	11.5	100.0
Catring	0.6	0.0	31.4	0.0	0.0	13.5	0.0	13.9	0.0	41.2	100.0
Repair	11.1	34.5	0.0	0.0	0.0	11.0	23.3	18.6	0.0	12.6	100.0
Other services	3.8	41.4	18.6	0.0	0.0	11.5	0.9	17.9	0.0	9.6	100.0
Area of residence											
Urban	10.9	17.2	7.5	1.7	2.9	27.7	16.1	12.4	1.1	13.3	100.0
Rural	7.6	37.8	9.2	0.0	0.0	19.1	11.8	5.2	0.4	16.5	100.0
Overall	9.3	26.0	8.2	1.0	1.7	24.0	14.3	9.4	0.8	14.7	100.0

Source : EESI 2, Phase 2, NIS

4.2.2 Customers of IPU

On the whole, the households are the main receivers of the IPU production. As a matter of fact, 73.0% of the turnover realized by the IPU comes from the households (Table 4.9). This percentage is higher in the sector of services (88.1%) and industries (87.4%). Following the branch of activity, more than half (57.1%) of the IPU of wholesale trade sell their products to small commercial enterprises. The disparities are observed according to the area of residence and the branch of activity.

Table 4.9: Distribution (%) of the value of turnover following the destination of the sales, by branch of activity and area of residence

	Big commercial private enterprise	Small commercial enterprise	Big non commercial private enterprise	Small non commercial enterprise	Household/ Individual	IPU itself	Other	Total
Sector and branch of activity								
Industry	1.9	7.4	1.4	0.9	87.4	0.1	1.0	100.0
Food industry	0.0	14.0	0.3	0.5	83.6	0.2	1.3	100.0
Manufacturing	0.0	4.1	0.1	1.2	94.5	0.0	0.0	100.0
BPW	5.0	0.4	1.7	0.1	91.3	0.0	1.6	100.0
Other industries	1.2	10.4	2.5	2.0	83.4	0.0	0.5	100.0
Commerce	3.9	30.8	4.8	1.6	58.3	0.0	0.6	100.0
Wholesale trade	8.6	57.1	13.0	2.3	18.1	0.0	0.9	100.0
Retail sale trade	1.3	15.9	0.1	1.3	81.1	0.0	0.4	100.0
Services	1.4	2.9	0.8	6.3	88.1	0.0	0.4	100.0
Transport	0.2	5.3	0.2	0.9	93.2	0.0	0.2	100.0
Restauration	0.0	0.7	0.0	0.1	98.9	0.0	0.2	100.0
catering	0.0	7.9	1.5	27.2	63.0	0.0	0.3	100.0
Other services	4.2	2.8	2.1	13.6	76.4	0.0	0.9	100.0
Area of residence								
Urban	3.0	14.2	3.8	3.2	74.9	0.0	0.8	100.0
Industry	3.5	7.1	1.6	1.4	85.3	0.0	1.1	100.0
Commerce	3.3	23.9	6.5	1.9	63.6	0.0	0.7	100.0
Services	2.0	3.7	1.2	7.5	85.1	0.0	0.5	100.0
Rural	2.5	23.5	1.7	1.3	70.3	0.0	0.5	100.0
Industry	0.0	7.8	1.1	0.3	89.8	0.1	0.8	100.0
Commerce	4.7	39.1	2.6	1.2	51.9	0.0	0.5	100.0
Services	0.0	1.1	0.0	3.7	95.0	0.0	0.2	100.0
Overall	2.8	18.2	3.0	2.4	73.0	0.0	0.7	100.0

Source : EESI 2, Phase 2, NIS

4.3 Competition and price setting

Within the framework of the exercise of their activities, the IPU faced the enterprises that produce or sell the same¹⁰ goods or services on the market. This situation displays a type of competition between the IPU of the various sectors that, in order to impose themselves can play on the prices. This section concerns the main IPU competitors and the method of price setting.

¹⁰ The notion of the same product, same service, must be understood as a product or service which the person acquiring it can do the same use, and which are therefore interchangeable, and they present the same general characteristics.

4.3.1 Main competitors

In general and from the promoters' view, the IPU have as main competitors the small commercial enterprises (52.4%) and non commercial enterprises (36.8%). The households and the individuals are for 6.1% of the IPU, the main competitors (Table 4.10).

This structure of the IPU following the main competitors dominated by the small enterprises is the same whatever the area of residence, the sector or branch of activity. However, the IPU of the branches of manufacturing and the BPW, equally undergo a non negligible competition from the non commercial big enterprises (respectively 7.9% and 7.6%) and from household (respectively 4.3% and 12.3%). About the IPU of the wholesale trade branch, 10.8% of them cited the big commercial private enterprises as their main competitors.

Table 4.10: Distribution (%) of IPU following the origin of the competition undergone by the informal sector according to branch of activity and the area of residence.

	Public sector	Big commercial private enterprise	Small commercial enterprise	Big non commercial private enterprise	Small non commercial enterprise	Household/ Individual	Missing values	Total
Sector and branch of activity								
Industry	0.0	0.8	44.3	3.2	43.2	8.1	0.4	100.0
Food industry	0.0	0.6	61.0	0.5	29.5	8.1	0.3	100.0
Manufacturing	0.0	0.9	29.0	7.9	57.4	4.3	0.5	100.0
BPW	0.0	0.4	5.9	7.6	73.6	12.3	0.0	100.0
Other industries	0.0	1.8	29.7	4.8	54.4	8.7	0.6	100.0
Commerce	0.2	3.4	89.0	0.3	2.2	4.2	0.7	100.0
Wholesale trade	0.0	10.8	77.8	0.3	4.6	6.5	0	100.0
Retail sale trade	0.3	2.6	90.2	0.3	2.0	3.9	0.7	100.0
Services	0.5	0.7	22.3	2.9	66.3	6.0	1.2	100.0
Transport	0.3	0.0	17.2	2.9	74.7	4.2	0.7	100.0
Catering	0.0	0.2	34.2	1.0	55.5	8.6	0.5	100.0
Repair	0.0	1.4	16.9	4.7	75.3	0.3	1.3	100.0
Other services	1.2	1.2	17.4	3.9	68.1	6.3	2.0	100.0
Area of residence								
Urban	0.4	2.2	50.9	2.9	37.4	5.4	0.7	100.0
Rural	0.1	1.0	54.0	1.3	36.0	6.8	0.8	100.0
Overall	0.2	1.6	52.4	2.1	36.8	6.1	0.7	100.0

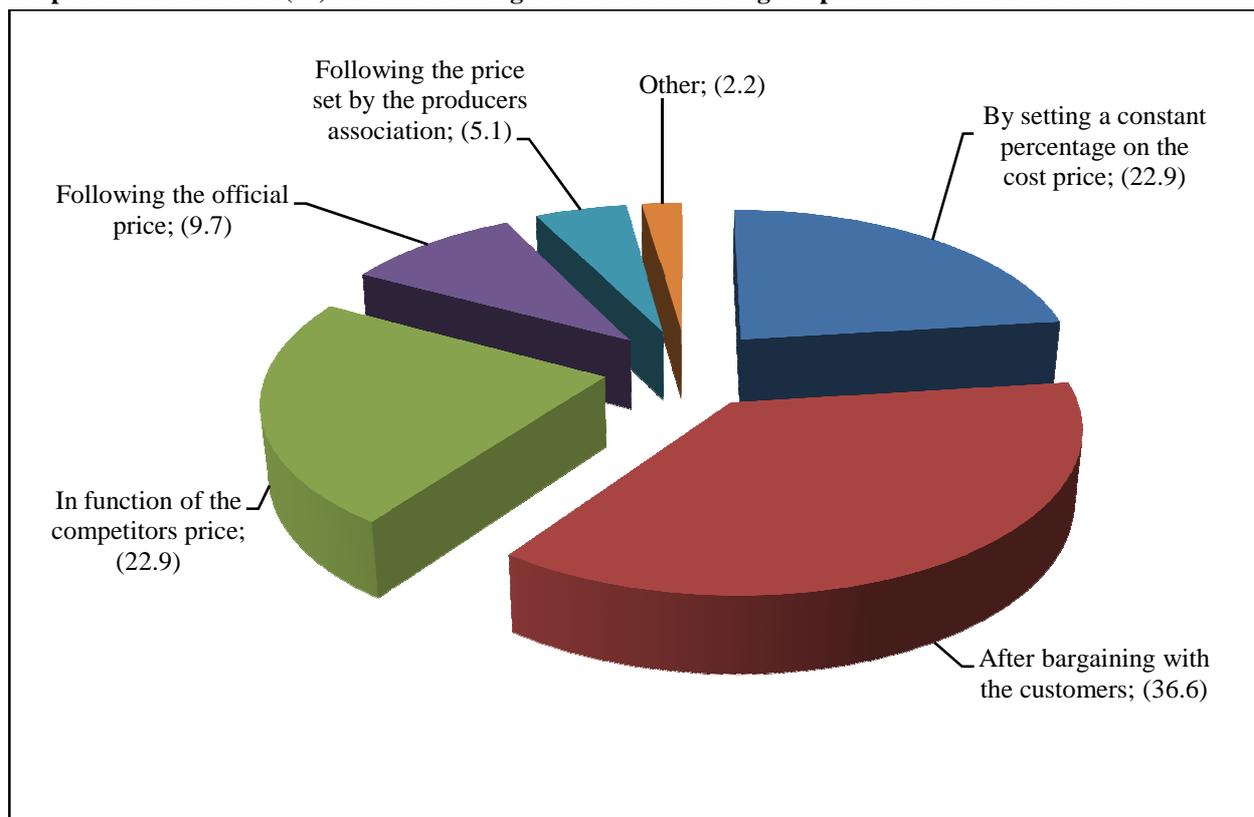
Source : EESI 2, Phase 2, NIS

4.3.2 Method of setting the prices

This sub-section examines the method of setting the prices of the main products sold and the services offered by the IPU.

According to graph 4.5, the setting of prices in the informal sector is mainly done through negotiation or bargaining with the customers (for 36.6% of the IPU), by percentage on the cost price (22.9%) and in function of the prices of other competitors (22.9%). So, the majority of the IPU are "Price makers". However, there are "Price takers". As a matter of fact, 9.7% of the IPU apply the prices set by the State and 5.1% the sale prices set by the producers' associations.

Graph 4.5: Distribution (%) of IPU following the method of setting the prices in the informal sector



Source : EESI 2, Phase 2, NIS

In the sectors of industry and services, the predominant method of setting the price is the bargaining with the customers (37.4% and 47.4% respectively) whereas in the sector of commerce, it is the setting by constant percentage on the cost prices which is the most frequent method (32.4%) (Table 4.11).

Following the branches of activity, the method of setting the prices based on the bargaining with the customers is the most frequent in the BPW (88.6%), the repair (82.8%), the manufacturing (76.6%) and the transport (63.3%). The implementation of official prices, though less frequent is a little bit observed On the wholesale trade (19.9%), the catering (12.2%), the retail sale trade (11.9%) and the transport (11.8%).

Table 4.11: Distribution (%) following the method of setting the prices according to the sector and the branch of activity, and according to the area of residence

	Constant percentage on your cost price	After bargaining with the customers	In function of the competitors prices	Official prices	Price set by the producers association	Other	Missing values	Total
Branch of detailed activity								
Industry	18.4	37.4	27.9	7.2	7.2	1.4	0.5	100.0
Food industry	23.0	9.6	43.4	11.5	10.8	1.2	0.5	100.0
Manufacturing	13.3	76.6	5.0	0.6	1.7	2.1	0.7	100.0
BPW	2.8	88.6	7.6	0.0	0.0	0.5	0.4	100.0
Other industries	18.5	56.5	12.9	4.4	5.3	2.2	0.1	100.0
Commerce	32.4	25.6	24.0	12.7	3.3	1.8	0.3	100.0
Wholesale trade	24.1	30.3	17.4	19.9	5.8	2.5		100.0
Retail sale trade	33.2	25.1	24.7	11.9	3.1	1.7	0.3	100.0
Services	17.9	47.4	16.4	9.4	4.8	3.5	0.6	100.0
Transport	1.4	63.3	12.4	11.8	9.3	1.2	0.7	100.0
Catering	43.8	12.8	25.5	12.2	4.4	0.9	0.4	100.0
Repair	3.2	82.8	5.0	1.4	2.5	4.5	0.6	100.0
Other services	10.5	56.9	14.2	7.8	3.4	6.5	0.8	100.0
Area of residence								
Urban	24.2	43.2	17.5	8.6	3.6	2.6	0.4	100.0
Industry	22.5	47.9	18.3	5.4	4.1	1.0	0.8	100.0
Commerce	35.5	30.4	17.5	11.3	2.6	2.6	0.1	100.0
Services	15.6	50.9	16.9	8.3	4.1	3.6	0.5	100.0
Rural	21.7	29.9	28.4	10.9	6.7	1.9	0.5	100.0
Industry	15.7	30.5	34.2	8.4	9.2	1.7	0.2	100.0
Commerce	29.2	20.7	30.6	14.0	4.1	0.9	0.5	100.0
Services	21.7	41.5	15.5	11.0	6.0	3.4	0.8	100.0
Overall	22.9	36.6	22.9	9.7	5.1	2.2	0.5	100.0

Source : EESI 2, Phase 2, NIS

Chapter 5: Informal sector and the State

The informal sector occupies an important place in the national economy in terms of creation of employments and wealth. However, the development of this sector has not always been done without shock.

This chapter studies the relationships between the IPU promoters and the State. It deals with the following essential points: the declaration of the activity of the IPU with the administration, the litigations with the State and the perception of IPU promoters about the migration towards the formal sector.

5.1 Declaration of activity

The creation of an enterprise in Cameroon is subjected to the respect of a set of rules notably the registration to administrative registers. While defining the content of the registration, we shall explore the reasons that do not facilitate it.

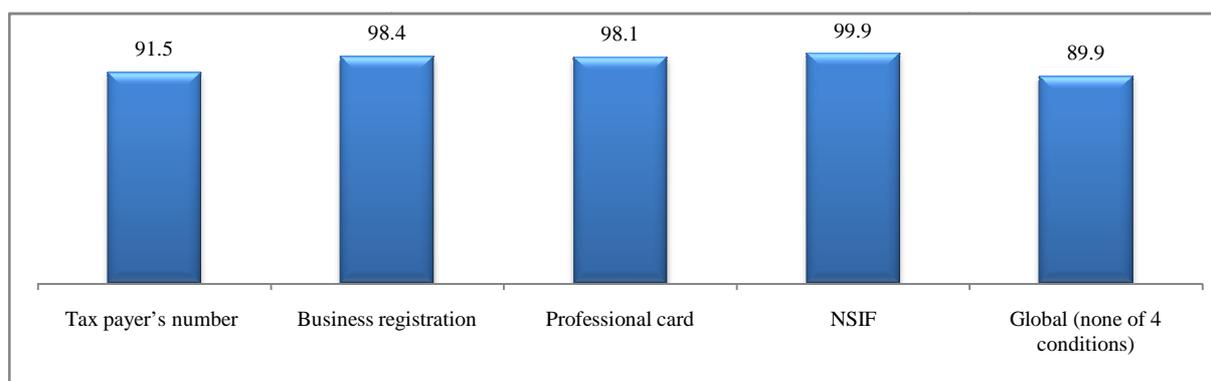
5.1.1 Registration in the administrative registers

The registration of a production unit is for the promoter, the recognition of the State as an institutional partner. In order to appreciate the level of declaration of IPU in the administrative registers, the IPU promoters were asked if they subscribed to one of the following formal dispositions: registration in the business register, tax payer's registration by the taxation department (taxpayer's card), registration at the NSIF or the possession of a professional card.

On the whole, close to 90% of IPU do not have a tax payer's number, are not registered in the business register, do not have the professional card and are not affiliated at the NSIF (Graph 5.1). Compared to 2005, there is a decrease of 2.3 points.

Out of these four criteria of registration, the possession of a taxpayer's number remains the rarest and the registration at the NSIF is practically non-existent.

Graph 5.1: Rate of non registration of IPU by type (%)



Source : EESI 2, Phase 2, NIS

5.1.2 Reasons of non registration

Following table 5.1, the reasons of non registration, according to the IPU promoters are mainly the non compulsory nature of the registration (45.0%), the ignorance (27.4%), the high cost (12.1%), the refusal to collaborate with the State (59.0%), and administrative harassments (3.2%).

Table 5.1: Reasons of non registration of informal production units (in % of IPU)

	Reason of non registration						Total	
	Very complicated procedures	Too expensive	Registration underway	Non compulsory	Does not know if they have to register	Does not want to collaborate with the State		Other
Tax payer's number	4.0	14.2	1.3	41.7	26.9	6.2	5.8	100.0
Business registration	4.0	13.9	1.3	41.8	27.6	5.8	5.6	100.0
Professional card	3.0	9.6	0.9	48.6	27	5.3	5.5	100.0
NSIF	3.8	9.5	0.5	47.5	27.6	5.6	5.4	100.0
Overall	3.2	12.1	0.7	45.0	27.4	5.9	5.7	100.0

Source : EESI 2, Phase 2, NIS

5.2 Litigations with the State and methods of settling

In the exercise of their activities, some IPU face litigations with the State. These litigations are on the one hand from the will of the State to implement the regulation and on the other hand from that of these actors to avoid their obligations. This section deals with litigations between the State and the informal sector during the past 12 months preceding the survey as well as their methods of settling.

5.2.1 Litigations

Close to 13% of IPU heads declare to have had litigations with the State (Table 5.2), that is 4 points more than in 2005. The phenomenon is more pronounced in the urban area (15.9%) than in the rural area (9.6%). It is equally so in the sector of services (17.5%) and of commerce (15.3%).

As far as the types of litigations are concerned, they are related to the premises /place of the exercise of the activity (for 24.1% of IPU), to the taxation (37.6%), to the tariffing (5.0%) and to the quality of sold/used products (14.9%).

Table 5.2: Proportion of IPU having had a problem with the State and their distribution (%) following the type of litigations by sector of activity and area of residence

	Proportion of IPU having had a problem with the State	Type of litigations					Overall
		Linked to the premises/place of exercise of the activity	Linked to taxes	Linked to sold/used	Linked to price	Other	
Sector of activity							
Industry	5.8	27.3	38.6	23.5	3.1	7.5	100.0
Commerce	15.3	28.3	27.4	21.0	8.7	14.6	100.0
Services	17.5	18.8	47.4	5.7	2.0	26.1	100.0
Area of residence							
Urban	15.9	30.3	35.1	12.6	4.5	17.6	100.0
Rural	9.6	14.3	41.7	18.7	5.8	19.5	100.0
Overall	12.8	24.1	37.6	14.9	5.0	18.3	100.0

Source : EESI 2, Phase 2, NIS

5.2.2 Method of settling the litigations

Litigations faced by IPU promoters with the State are generally solved by the payment of fines against receipt (14.2%), without receipt (21.7%), the friendly agreement or the offer of a gift (48.1%), the payment of a fine against receipt and a gift (2.7%) (Table 5.3). Specifically, there is the predominance of solving by the offer of gifts or friendly agreement in the sectors of services (53.6%) and commerce (50.2%). The settlement of litigations by payment of fines without receipts is more observed in the sector of industry (33.2%).

Otherwise, the payment by the offer of a gift or friendly agreement is more rampant in the urban area (50%) while the payment of a fine without receipt is the predominant method of settlement in the rural area (31.7%).

Table 5.3: Distribution (%) of IPU following the method of payment of litigations with the State according to the sector of activity, the area of residence

	Method of settling the litigations (in %)					Total
	Payment of a fine against receipt	Offer of a gift or friendly agreement	Payment of a fine against receipt and a gift	Payment of a fine without receipt	Other	
Sector of activity						
Industry	19.1	27.7	3.7	33.2	16.4	100.0
Commerce	12.7	50.2	2.3	20.5	14.4	100.0
Services	13.9	53.6	2.8	18.6	11.0	100.0
Area of residence						
Urban	13.4	50.0	3.9	15.5	17.3	100.0
Rural	15.6	45.1	0.8	31.7	6.8	100.0
Overall	14.2	48.1	2.7	21.7	13.3	100.0

Source : EESI 2, Phase 2, NIS

5.2.3 Cost of the settling the litigations

In order to settle the litigations faced with the State during the past 12 months preceding the passage of the enumerator, the IPU concerned spent averagely 28 000 CFAF for gifts and 20 600 CFAF for fines. The average amount of settlements by gifts is higher in the urban area (40 100 CFAF) than in the rural area (7 800 CFAF), and in the commerce sector (56 900 CFAF) than in the other sectors (Table 5.4). The average amount of fines is on the contrary higher in the rural area than in the urban area and in the industrial sector (50 100 CFAF) than in the other sectors.

The amount of the costs of payments by gifts divided by the added value of the IPU concerned is situated at 2.1%. This ratio gives an idea of the lost opportunity due to corruption in the informal sector. The amount of payments by fines represents 1.5% of the added value. This second ratio gives the lost opportunity due to the non respect of the regulation in force.

Table 5.4: Amount paid to settle the litigations according to the sector of activity and the area of residence

	Gifts offered		Fines paid	
	Average amount (thousands of CFAF)	Ratio (%) of the amount paid for the settlement of litigations to the added value	Average amount (thousands of CFAF)	Ratio (%) of the amount paid to the added value
Secteur of activity				
Industry	13.6	0.5	50.1	1.7
Commerce	56.9	4.1	11.0	1.2
Services	7.4	0.8	17.7	1.5
Area of residence				
Urban	40.1	2.8	19.3	1.4
Rural	7.8	0.7	22.8	1.7
Overall	28.0	2.1	20.6	1.5

Source : EESI 2, Phase 2, NIS

5.3 Perception of IPU promoters about the migration towards the formal sector

As for the prospects of migration from the informal sector towards the formal sector, IPU promoters were interviewed on the integration of their IPU in the official circuits, their perception on an appropriate taxation to their sector, the method of setting prices and the access to the social security.

5.3.1 Integration to official circuits

On the whole, a relative majority of IPU promoters (46.3%) is neither ready to pay tax on the activity carried out nor to register their production units with the administration (Table 5.5). However, respectively 18.5% and 24.5% of IPU promoters declare to be ready to register their IPU with the administration and to pay the tax. Moreover, 12.9% are ready both to register their production units and to pay the tax on their activity. The level so observed seem to express a will of the actors of the informal sector to stay away from the legality. Nevertheless, compared to 2005, the proportion of those who do not want to pay tax has dropped by close to 4 points.

Table 5.5: Situation of IPU in relation to the integration in the official circuits (in %)

Is ready to register the production unit with the administration	Is ready to pay tax on the activity of the IPU			Overall
	Pays already	Yes	No	
Yes	3.8	12.9	1.8	18.5
No	4.1	8.3	46.3	58.7
Does not know	2.4	3.3	9.2	14.9
The production unit is already registered	7.7	0.1	0.2	8.0
Overall	17.9	24.6	57.5	100.0

Source : EESI 2, Phase 2, NIS

It is otherwise convenient to note that 42.5% of IPU promoters pay or are ready to tax on the activity against 26.5% for the registration of the IPU with the administration (Table 5.6). This gap may be explained by the repressive nature in case of non-payment of the tax.

Table 5.6: Opinions of IPU promoters on the integration of IPU in the formal circuits according to the branch of activity (in %)

	The IPU is already registered	Already paying tax on the activity	Already paying tax on the activity and is already registered	Ready to pay tax on the activity	Ready to register the IPU	Ready to pay tax on the activity and to register
Sector and branch activity						
Industry	5.2	10.7	5.1	25.6	17.0	14.0
Food industry	0.7	5.2	0.5	20.7	10.8	8.8
Manufacturing	17.1	25.2	17.0	30.7	22.9	17.7
Building and Public Works	0.5	1.8	0.3	39.6	29.5	28.0
Other industries	11.6	20.7	11.6	27.3	23.2	17.8
Commerce	6.7	19.3	6.5	24.8	18.6	11.9
Wholesale trade	3.5	18.9	3.5	34.2	35.3	18.7
Retail sale trade	7.1	19.3	6.9	23.8	16.8	11.1
Services	12.1	24.1	11.6	23.3	20.0	12.8
Transport	34.0	64.0	33.1	12.6	22.8	6.3
Catering	6.1	9.1	5.9	29.1	19.7	17.1
Repair	11.8	22.3	11.5	22.1	17.3	13.0
Other services	5.4	15.0	4.7	24.8	19.4	12.8
Overall	7.9	17.9	7.9	24.6	18.5	12.9

Source : EESI 2, Phase 2, NIS

Less than 8.0% of IPU have already integrated the formal circuits (payment of tax and registration of the IPU). This proportion is higher for the sector of services than for the other sectors. Following the branch of activity, that of transport registers the highest proportion and is situated at 33.1%. As noticed previously, IPU are generally more disposed to pay tax than to be registered. As a matter of fact, whatever the sector considered, the percentage of IPU promoters who pay tax is widely superior to that of those whose IPU is registered.

In addition to the effective integration of official circuits, the disposition of IPU heads to integrate the official circuits has been also analyzed. The heads of IPU of the Building and Public Works (BPW) branch (28.0%) are disposed to make their IPU integrate the official circuits. Those of the transport branch are on the contrary the less disposed (6.3%).

In the activity branches of manufacturing (30.7%), of BPW (39.6%) and Wholesale trade (34.2%), the proportion of IPU heads ready to pay tax on the activity is high. This proportion is only 20.7% in the food industry branch.

As for the registration of IPU with the administration, IPU promoters of the Services (20.0%) are the most favourable to that proceeding. According to the branch of activity, IPU of wholesale trade (36.6%), of Transport (34.5%), and of BPW (30.0%) are those where the proportions of IPU promoters that accepting the registration are relatively the highest.

5.3.2 Method of Taxation of the informal sector

During the data collection of EESI 2, persons in charge of IPU were asked to give their opinion on the putting in place of a unique tax for the informal sector. The reaction of the heads of IPU, all the sectors considered, as far as the adoption of such a tax is mitigated (Table 5.7). As a matter of fact, 35.3% of them are for it, 38.8% are against and 25.9% are hesitant.

Table 5.7: Setting up of a unique tax, periodicity of payment of this tax according to the branch of activity (in %)

Branch of activity	Favourable to the putting in place of a unique tax			Total	Periodicity of payment of the tax :					Total
	Yes	No	Hesitant		Day	Week	Month	Quarter	Year	
Sector and branch of activity										
Industry	30.2	40.0	29.8	100.0	1.4	2.4	14.3	20.1	61.8	100.0
Food industry/food industry	21.4	41.1	37.4	100.0	1.8	4.3	14.5	20.4	59.0	100.0
Manufacturing	40.5	40.3	19.2	100.0	0.2	0.1	19.4	19.7	60.7	100.0
BPW	39.3	43.3	17.4	100.0	2.0	0.0	12.0	20.9	65.0	100.0
Other industries	42.9	33.6	23.5	100.0	0.8	0.0	9.7	19.2	70.2	100.0
Commerce	35.0	39.0	26.0	100.0	1.7	1.4	13.2	22.4	61.3	100.0
Wholesale trade	45.5	37.4	17.2	100.0	0.7	1.4	17.7	11.4	68.8	100.0
Retail sale trade	33.9	39.2	26.9	100.0	1.8	1.4	12.8	23.6	60.5	100.0
Services	40.9	37.4	21.7	100.0	1.7	0.8	13.4	23.1	60.9	100.0
Transport	60.1	24.7	15.2	100.0	1.8	0.9	10.1	24.6	62.7	100.0
Restauration	33.0	39.8	27.2	100.0	2.3	1.1	13.8	20.0	62.8	100.0
Repair	39.0	38.4	22.7	100.0	0.6	0.4	14.2	25.1	59.6	100.0
Other services	37.3	42.0	20.7	100.0	1.5	0.7	14.6	24.2	58.9	100.0
Overall	35.3	38.8	25.9	100.0	1.6	1.6	13.6	21.9	61.3	100.0

Source : EESI 2, Phase 2, NIS

Independently of the opinion on the setting of a unique tax, heads of IPU were equally asked to give their opinion on the periodicity of payment of that tax. The majority of the IPU heads (61.3%) declare themselves favourable to the annual periodicity. This proportion varies little according to the branch of activity. Likewise the quarterly payment of the unique tax obtains 21.9%. This last option seems more credible seeing the characteristics of the informal sector (seasonality of activities, mobility of IPU, difficult location, facility of entry/exit, non registration).

As for the destination of the unique tax, a relative majority of heads of IPU (42.6%), chose the council (Table 5.8). We have to take note in 2010 of a decrease of close to 7 points of the proportion of IPU heads wishing to see the unique tax be assigned to councils compared to 2005 where this indicator was 49.0%.

As for the use of this unique tax, 30.9% of IPU heads wish that it should be used in priority for the employments creation, 30.4% for education and health expenses, 24.7% for investment in infrastructures (roads, markets, etc.).

The idea of using the unique tax to create employments is relatively more spread among IPU heads of branches of activity manufacturing (46.2%), BPW (45.5%) and other services (42.2%) than among others.

Table 5.8: Opinions of IPU promoters on the destination and the use of the unique tax (%)

Branch of activity	Institution to which the tax must be assigned:			Priority domain for the use of the tax paid :									Total
	Normal administration	Council	Does not know	Total	Education, Health	Infrastructure (road, markets etc)	Running (office stationery, maintenance)	Civil servant's salary	To put in support fund to micro-enterprises	Creation of employments	Subsidize staple commodities	Other	
Sector and branch of activity													
Industry	24.6	42.2	33.2	100.0	34.8	22.5	0.2	0.6	7.0	28.3	5.2	1.4	100.0
Food industry	21.4	39.2	39.4	100.0	44.2	20.3	0.0	0.3	6.8	20.4	7.4	0.7	100.0
Manufacturing	31.8	41.9	26.3	100.0	25.3	18.8	0.0	1.3	3.9	46.2	2.5	2.0	100.0
BPW	33.3	46.8	19.9	100.0	14.6	28.4	0.8	0.0	8.1	45.5	1.4	1.2	100.0
Other industries	22.5	49.4	28.1	100.0	26.2	29.6	0.8	1.5	10.0	25.1	3.2	3.7	100.0
Commerce	26.2	43.5	30.3	100.0	29.5	26.5	0.2	0.9	6.7	28.5	5.2	2.3	100.0
Wholesale trade	19.0	60.6	20.4	100.0	24.6	35.0	0.0	1.2	8.2	27.3	3.6	0.0	100.0
Retail sale trade	27.0	41.7	31.3	100.0	30.1	25.6	0.3	0.9	6.5	28.7	5.4	2.6	100.0
Services	32.1	42.1	25.8	100.0	26.8	25.3	0.2	0.4	5.8	36.1	4.2	1.2	100.0
Transport	37.4	42.0	20.6	100.0	20.1	40.6	0.2	0.3	3.2	31.4	2.9	1.5	100.0
Catering	34.3	36.0	29.7	100.0	32.6	21.6	0.0	0.0	7.2	31.7	5.7	1.3	100.0
Repair	21.7	46.5	31.8	100.0	28.2	25.9	0.0	0.0	7.4	34.5	3.9	0.1	100.0
Other services	30.1	45.8	24.1	100.0	25.6	20.1	0.4	0.8	5.8	42.2	3.9	1.2	100.0
Overall	27.6	42.6	29.8	100.0	30.4	24.7	0.2	0.6	6.5	30.9	4.9	1.6	100.0

Source : EESI 2, Phase 2, NIS

5.3.3 Opinions of IPU promoters about the method of setting the prices by the State

The majority of IPU promoters (58.3%) declare that the informal sector should function following the regulation of the market economy according to which the price of products sold is fixed according to the supply and demand rule (Table 5.9). On the contrary, 12.8% of promoters would like to see the State fixing prices of products sold and 28.9% of them prefer that prices be fixed by the associations of producers.

Table 5.9: Opinions of IPU promoters about the method of setting the prices (%)

Branch of activity	Method of setting the prices :			Total
	Price setting by the State	Price setting by the associations of producers	Price setting by the supply and demand rule	
Sector and branch of activity				
Industry	7.3	35.9	56.8	100.0
Food industry	6.9	43.4	49.7	100.0
Manufacturing	8.2	29.0	62.8	100.0
BPW	11.1	23.0	65.9	100.0
Other industries	5.4	26.1	68.5	100.0
Commerce	18.2	24.0	57.8	100.0
Wholesale trade	7.6	28.6	63.7	100.0
Retail sale trade	19.3	23.5	57.2	100.0
Services	13.1	26.6	60.4	100.0
Transport	18.2	20.8	61.0	100.0
Catering	14.1	30.8	55.1	100.0
Repair	6.5	25.1	68.4	100.0
Other services	11.1	26.8	62.1	100.0
Overall	12.8	28.9	58.3	100.0

Source : EESI 2, Phase 2, NIS

Chapter 6: Method of insertion, problems and prospects

The present chapter deals with four main points: the methods of insertion of IPU promoters, problems faced, aids wished and prospects in the informal sector.

6.1 Method of insertion of IPU promoters in the informal sector

The method of insertion of IPU promoters in the informal sector will be apprehended through the reasons of choice of their activities, the method of setting the production and the method of approach of customers.

6.1.1 Reasons of choice of the activity in the informal sector

It was asked to IPU promoters to give their opinion on the main reason of the choice of their activity. To this question, 34.7% of IPU promoters declare to exercise the trade they know, 21.5% declare to have seized an opportunity (Table 6.1). Moreover, 16.4% were guided by the concern of a better profit than for other products or services, 10.2% aimed the assurance of more stable returns and many other reasons have been raised. These trends are almost similar according to the sector of activity and the area of residence.

Table 6.1: Distribution (%) of IPU promoters following the main reasons of choice of activity by sector of activity and area of residence

Reason of the choice of activity	Sector of activity			Area of residence		Overall
	Industry	Commerce	Services	Urban	Rural	
Family tradition	11.9	4.8	4.1	5.1	9.0	7.0
Trade learnt	44.6	23.7	35.6	37.9	31.4	34.7
Better profit	11.9	22.9	14.4	14.6	18.2	16.4
More stable returns	7.8	11.5	11.5	11.7	8.7	10.2
Opportunity	17.0	26.0	21.7	19.3	23.8	21.5
Other	6.8	11.1	12.7	11.4	8.9	10.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

6.1.2 Method of setting the volume of services

On the whole, 42.7% of IPU fix the volume of the production according to the foreseen demand and 35.7% according to their capacity of production (Table 6.2).

According to the sector of activity, more than half of IPU promoters (57.4%) of the commerce sector fix the volume of their production from the foreseen demand. On the contrary, in the sector of services (40.2%) and of industry (37.6%), it is mostly fixed following the capacity of

production that is practiced.

Table 6.2: Distribution of IPU promoters following the main factors of setting the volumes of production by sector of activity and area of residence

Methods of setting the services	Sector of activity			Area of residence		Overall
	Industry	Commerce	Services	Urban	Rural	
Commands	26.2	10.5	21.8	23.6	15.3	19.5
Prevision of demands	34.8	57.4	35.7	43.8	41.6	42.7
Capacity of production	37.6	29.3	40.2	30.8	40.6	35.7
Other	1.4	2.8	2.3	1.8	2.5	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

6.1.3 Method of approaching the customers

In order to sell their production, IPU put in place techniques to attract customers. More than half (57.9%) of IPU heads wait for customers to come, 24.4% try to make themselves known through some networks notably the family, neighbours and friends to have customers (Table 6.3). Only 15.2% of IPU promoters adopt marketing strategies of going towards the customers. These trends remain whatever the sector of activity and the area of residence.

Table 6.3: Distribution (%) of IPU promoters following the main method of approach of customers by sector of activity and area of residence

Marketing strategy	Sector of activity			Area of residence		Overall
	Industry	Commerce	Services	Urban	Rural	
Wait for customers	55.2	60.2	58.5	55.5	60.4	57.9
To make itself known	31.6	19.6	21.7	25.0	23.7	24.4
To go towards customers	10.3	18.2	17.3	16.7	13.7	15.2
Other	2.9	2.0	2.6	2.7	2.2	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

6.2 Problems faced by IPU

From table 6.4, we note that the majority of IPU heads (86.4%) declare to face difficulties in the exercise of their activity and 30.3% of heads of IPU whose size is superior or equal to two have problems of manpower.

The difficulties faced by the various actors of this sector are of several orders notably difficulties linked to the exercise of the activity, the manpower and the survival of IPU.

6.2.1 Difficulties linked to the exercise of the activity

Functioning difficulties of IPU are above all due to excessive competition, the absence of markets/lack of customers, and the supply of raw materials. As a matter of fact, 51.7% of IPU suffer of excessive competition; 51.0% have problems of markets, and 30.9% face problems of supply of raw materials (Table 6.4). These three main problems are the ones faced the most by IPU whatever the sector of activity and the area of residence of the promoter of the IPU.

To these one are added other problems notably of treasury raised by 24.8% of IPU promoters, the lack of adapted premises cited by 19.7% and the lack of machine that concerns 19.2%.

The commerce sector is the most affected by problems of markets (59.6%), of competition (58.7%) and treasury (28.8%).

Problems related to the technique of manufacturing are the less declared by IPU heads (4.4%). This result could be due, among others, of the fact that in general, activities of the informal sector do not require special technical aptitudes.

Table 6.4: Percentage of IPU facing difficulties following the sector of activity, the area of residence and according to the type

Type of difficulty	Sector of activity			Area of residence		Overall
	Industry	Commerce	Services	Urban	Rural	
Excessive competition	47.2	58.7	49.1	50.8	52.6	51.7
Lack of customers/Problem of market	45.5	59.6	47.9	53.8	48.2	51.0
Difficulties of supply of raw materials and sold products	27.7	43.8	20.7	27.9	33.9	30.9
Problem of treasury/Lack of liquidity	25.8	28.8	19.6	25.4	24.3	24.8
Lack of adapted place/premises	17.8	22.2	19.0	21.9	17.3	19.7
Lack of machines, equipment	30.6	5.0	22.1	18.4	20.1	19.2
Too much laws and taxes	6.3	14.7	13.7	14.7	8.3	11.5
Organisation, management difficulty	10.9	8.9	8.1	7.9	10.8	9.3
Technical difficulties of manufacturing	8.5	1.1	3.6	3.6	5.3	4.4
Recruitment of skilled personnel	6.0	1.8	4.1	4.1	3.8	4.0
Other problems	1.4	2.0	2.0	2.1	1.5	1.8
Percentage of IPU having at least a problem	85.6	89.9	83.7	86.9	85.9	86.4

Source : EESI 2, Phase 2, NIS

IPU heads exercising their activities in a fixed post in a market and those exercising in fixed premises in a public market are those who relatively declared the most to have faced at least a difficulty in the exercise of their activities (Table 6.5). On the contrary, those exercising in "others (without professional premises)" are those having relatively declared the less having faced at least a difficulty in the exercise of their activities.

The excessive competition is more raised by promoters exercising their activities in fixed premises in a market (65.6%) and those exercising in an improvised post in a market (63.3%).

For IPU without premises, the absence of premises is also a handicap for the exercise of their activities. As a matter of fact, 25.0% of IPU heads who exercise as hawker/nomad and 32.1% of those exercising on an improvised post on the highway declare that the absence of premises is a problem for the functioning of the IPU. On the other hand, the excess of laws/taxes was relatively cited the most by those who use the vehicle/motor-bike/bike/wheelbarrow/truck (43.2) as work tool.

Table 6.5: Percentage of IPU facing difficulties following the type of premises according to the type of problem

Type of problem	Type of premises/place where the activity is exercised														
	Hawker/ nomad	Improvised post on the highway	Fixed post on the highway	Vehicle/motor bike/bike/wheelbarrow/Rickshaw	Customers' home	At home without special installation	At home with special installation	Improvised post in the market	Other (without professional premises)	Fixed premises in the market (shop, counter)	Workshop, shop, restaurant, hotel, etc.	Pond\ river\ sea	Shed	Other(with professional premises)	Overall
Too much competition	56.5	53.2	46.8	56.6	43.0	45.2	43.8	63.3	28.7	65.6	55.9	37.0	55.1	59.0	51.7
Lack of customer / Problem of market	55.2	56.5	56.4	37.0	47.2	49.8	49.2	45.0	26.5	63.4	61.8	35.6	47.6	40.7	51.0
Difficulties of supply of raw materials and sold products	28.3	28.1	31.7	9.0	10.8	29.7	35.6	38.5	17.3	48.2	36.3	28.0	38.7	33.2	30.9
Problem of treasury/ Lack of liquidity	23.7	30.3	24.4	15.1	19.0	23.7	25.5	29.6	18.9	28.2	28.8	20.4	30.4	15.9	24.8
Lack of place/Adapted premises	25.0	32.1	26.7	3.1	16.8	21.1	20.2	20.3	10.9	22.0	13.9	15.6	27.0	6.8	19.7
Lack of machines, equipment	10.0	9.1	16.9	12.8	33.7	22.4	21.7	5.1	31.7	17.2	28.4	39.0	17.9	22.9	19.2
Too much controls, taxes	10.7	8.4	7.2	43.2	4.2	2.3	5.6	10.9	6.0	24.6	20.0	4.3	7.9	14.3	11.5
Difficulty of organisation, management	7.9	8.1	9.5	7.4	11.7	8.6	7.4	12.5	1.7	12.4	10.9	4.9	7.4	1.9	9.3
Technical difficulties of manufacturing	2.9	3.9	0.4	1.5	13.0	5.7	3.7	2.8	5.6	2.6	4.6	14.7	1.3	1.9	4.4
Recruitment of skilled personnel	1.7	3.4	2.7	2.3	9.5	4.4	3.5	2.1	1.9	2.4	7.0	0.0	1.7	15.4	4.0
Other problems	3.4	0.5	1.2	2.2	2.7	1.3	3.8	0.8	3.0	2.3	0.9	0.0	1.6	1.5	1.8
Percentage of IPU having at least a problem	83.8	83.4	87.6	86.8	81.5	83.9	88.0	91.4	69.6	93.6	89.3	84.1	83.4	86.2	86.4

Source : EESI 2, Phase 2, NIS

6.2.2 Difficulties linked to manpower

The problem of recruitment of skilled personnel has been mentioned only by 4.0% of all IPU promoters. For a better analysis of difficulties linked to manpower, it is necessary to be restricted to IPU having at least one employee, that is to say with a size superior or equal to 1.

Among these promoters, 30.3% declare to have faced at least a difficulty linked to the manpower (Table 6.6). The problems of discipline/lack of seriousness (17.6%), of instability of employees (13.5%) and lack of skilled manpower (12.8%) are the most currently faced by IPU. These three problems are the most pronounced in the industrial and services sectors.

Table 6.6: Percentage of IPU having a size superior or equal to 2 facing difficulties linked to the manpower following the sector and the area of residence in function of the type of problem

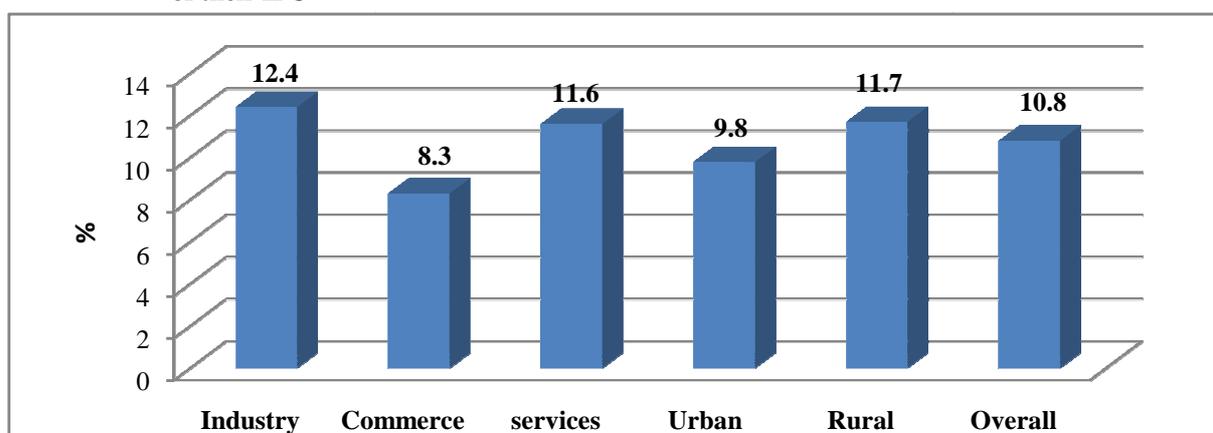
Type of problem of manpower	Sector of activity			Area residence		Overall
	Industry	Commerce	Services	Urban	Rural	
Lack of skilled manpower	15.4	5.4	15.3	12.6	13.0	12.8
Lack of manpower	5.3	3.3	5.7	6.1	3.6	4.9
Instability of employees	15.2	13.2	11.0	11.6	15.7	13.5
Salary too high	5.3	1.6	0.5	1.8	4.3	3.0
Problem with the syndicates	3.6	1.3	0.0	0.1	4.1	2.0
Problem of discipline or lack of seriousness	21.5	9.9	18.3	22.7	12.0	17.6
Other	1.1	2.0	0.2	1.5	0.7	1.1
Percentage of IPU having at least one of the problems linked to the manpower	35.2	20.0	31.7	35.6	24.5	30.3

Source : EESI 2, Phase 2, NIS

6.2.3 Difficulties that might hinder the survival of the IPU

On the whole, 10.8% of IPU promoters declare not to have difficulties that can lead to the disappearance of their IPU, as shown by graph 6.1. In order to appreciate difficulties linked to the survival of IPU, the following analysis is restricted to promoters that encounter one of these difficulties.

Graph 6.1: Proportion of IPU promoters declaring not to have difficulties that can lead to the disappearance of their IPU



Source : EESI 2, Phase 2, NIS

Difficulties faced by IPU (Table 6.7) and that can lead to their disappearance are mainly the lack of customers (40.4%) and the excessive competition (17.8%). The lack of liquidity (13.7%) and

raw materials (11.0%) are equally non negligible problems that can lead to the dissolution of the IPU. The excess of controls/taxes does not constitute on its own a threat for the survival of IPU (2.6%).

Whatever the area of residence, the lack of customers remains the main difficulty that risk to make the IPU disappear. The difficulty is moreover more cited in urban area (44.6%) than in the rural area (35.9%).

Table 6.7: Distribution (%) of IPU following the main difficulty risking to lead to the disappearance of the establishment according to the sector of activity and the area of residence

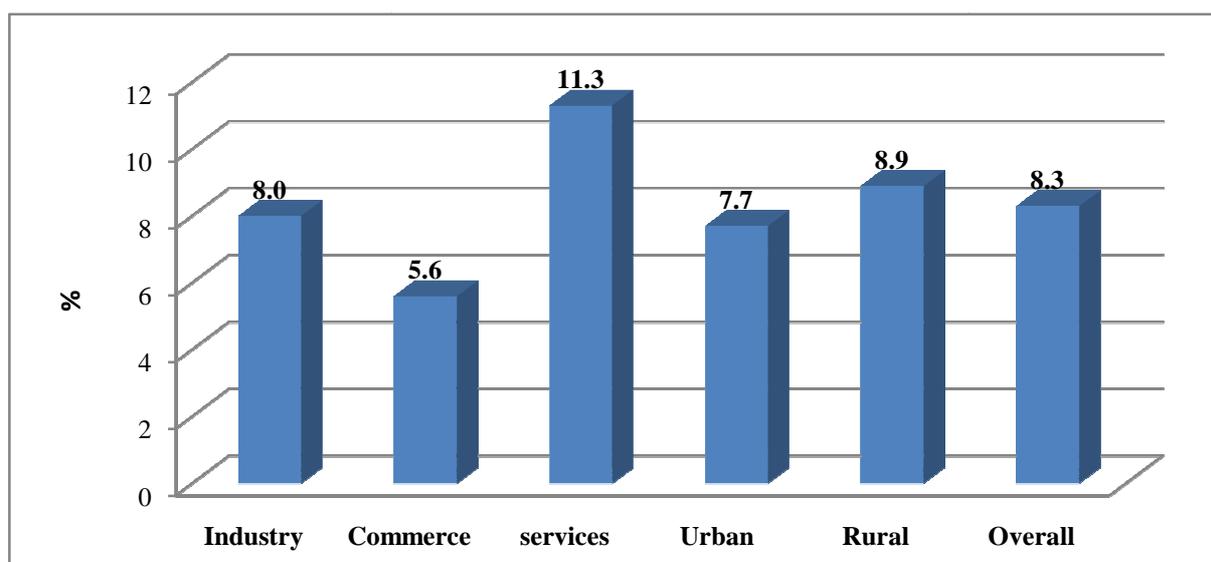
Main difficulty	Sector of activity			Area of residence		Overall
	Industry	Commerce	Services	Urban	Rural	
Lack of raw materials/goods	12.3	14.6	5.8	10.6	11.5	11.0
Lack of customers	40.4	37.1	43.8	44.6	35.9	40.4
Too much competition	17.2	17.3	18.9	15.9	19.8	17.8
Lack of liquidity	11.1	19.7	10.2	12.0	15.5	13.7
Lack of skilled personnel	0.2	0.1	0.5	0.3	0.2	0.3
Problems of premises, of place	1.4	2.9	3.8	3.3	2.1	2.7
Problems of machines, equipment	7.1	0.3	4.2	3.6	4.0	3.8
Problems of manufacturing techniques	0.5	0.0	0.2	0.2	0.4	0.3
Problems of organisation, management	2.1	0.7	0.7	0.6	1.7	1.2
Too much controls, taxes	1.3	2.7	4.1	3.4	1.9	2.6
Other	6.5	4.6	7.9	5.6	6.9	6.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

6.2.4 Difficulties linked to the development of the IPU

Globally, 8.3% of IPU do not have problems of development (Graph 6.2). However, for those who have a problem of development, the lack of liquidity (33.7%), the lack of customers (26.1%), and too much competition (16.4%) and in a lesser measure the lack of raw materials (6.1%) are by order of importance the main difficulties that hinder their development. Technical or organizational problems are almost inexistent (less than 1%).

Graph 6.2: Proportion of IPU promoters declaring not to have problems of development



Source : EESI 2, Phase 2, NIS

As for difficulties linked to the excessive controls/taxes, they are very marginal since only 2.3% of IPU promoters mention it (Table 6.8).

Table 6.8: Distribution (%) of IPU following the main activity hindering the development of the establishment according to the sector of activity, the area of residence

	Sector of activity			Area of residence		Overall
	Industry	Commerce	Services	Urban	Rural	
Lack of raw materials	7.3	7.7	2.9	4.4	7.8	6.1
Lack of customers	28.8	24.3	25.3	24.4	28.0	26.1
Too much competition	13.8	14.9	20.9	18.0	14.7	16.4
Lack of liquidity	29.0	40.8	30.9	36.7	30.6	33.7
Lack of skilled personnel	0.9		0.7	0.4	0.6	0.5
Problems of premises, of place	3.3	3.1	4.4	4.6	2.5	3.6
Problems of machines, equipment	7.7	0.3	4.6	3.5	4.9	4.2
Technical problems of manufacturing	1.0	0.0	0.1	0.2	0.6	0.4
Problems of organisation, management	1.4	1.5	0.3	0.8	1.4	1.1
Too much controls, taxes	1.0	2.4	3.5	2.8	1.7	2.3
Seasonality of the activity	2.5	1.3	1.6	1.6	2.0	1.8
Other	3.4	3.5	4.8	2.7	5.1	3.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

6.3 Desiderata of IPU promoters

It is a question of presenting the various supports wished by IPU promoters to face their present difficulties and the use that these promoters could make of the credit, if they benefit from it.

6.3.1 Wished supports

In order to face their present difficulties, more than half of IPU promoters (54.4%) wish to have access to big commands (Table 6.9). This type of support is still more wished in the sectors of commerce (59.8%) and industry (54.9%). The access to credit comes in the second position. The access to the information on the market (33.8%), the technical training (33.6%) and the assistance for supply (31.3%) are also the type of aids desired by IPU promoters.

Table 6.9: Proportion of IPU promoters by type of aid wished according to the sector of activity, the area of residence and the sex of the promoter

	Sector of activity			Area of residence		Sex of the promoter		Overall
	Industry	Commerce	Services	Urban	Rural	Male	Female	
Access to big commands	54.9	59.8	48.2	56.4	52.4	53.9	54.8	54.4
Access to loan	34.4	39.0	31.5	35.4	34.6	34.0	35.8	35.0
Assistance for supply	30.5	30.3	33.3	30.5	32.2	30.6	32.0	31.3
Access to information on the market	29.8	42.3	29.3	33.4	34.3	35.7	32.3	33.8
Access to modern machines	40.2	6.4	27.5	23.4	26.1	28.6	21.5	24.7
Publicity for new products	22.7	25.3	19.0	22.4	22.4	23.4	21.5	22.4
Training to the organisation of accounts	6.6	12.4	4.9	8.3	7.7	9.4	6.9	8.0
Technical training	32.2	34.6	33.8	32.1	35.1	37.0	30.7	33.6
Registration of the activity	11.3	13.2	14.1	12.5	13.1	15.7	10.4	12.8
Other	2.8	2.5	3.2	3.8	1.9	2.8	2.9	2.8
Limit the State control in our activities	11.4	22.0	20.1	23.7	11.7	23.1	13.3	17.8

Source : EESI 2, Phase 2, NIS

6.3.2 Use of credits

If they could get a credit to finance their activities, 28.6% of promoters would devote funds got to the increase of their stocks of raw materials (Table 6.10). Close to 19.0% would use the credit to create another establishment in another activity and 16.1% to create another establishment in the same activity. It is to be noted that only 2.6% of IPU promoters would use the credit to employ a new personnel.

In the commerce sector, close to half (45.8%) of IPU promoters would use the credit to increase their stocks of goods. In the sector of industry, one promoter out of four would use the credit to increase his stocks of raw materials. In the service sector, two fifth of IPU promoters would use their credits to diversify their activities, either by creating an establishment in another activity (22.2%), or by creating an establishment in the same activity (19.8%).

Table 6.10: Distribution (%) of IPU promoters by use of credit according to the sector of activity and the area of residence

Use of credit	Sector activity			Area residence		Overall
	Industry	Commerce	Services	Urban	Rural	
Increase of stocks of raw materials	25.5	45.8	14.0	23.8	33.5	28.6
Improvement of premises/site	8.0	9.1	15.5	13.3	8.2	10.8
Improvement of machines, furniture, tool	17.5	1.5	12.5	10.4	10.6	10.5
Recruitment of personnel	2.4	1.9	3.6	1.8	3.4	2.6
Creation of another establishment in the same activity	13.0	15.9	19.8	19.9	12.3	16.1
Creation of another establishment in another activity	17.7	16.8	22.2	18.3	19.4	18.9
Expenses out of the establishment	13.2	7.6	10.3	10.2	10.5	10.4
Other	2.7	1.4	2.1	2.1	2.0	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

6.4 Prospects of the informal sector

This section tackles on the one hand strategies put in place by IPU promoters in case of reduction of the demand and on the other hand prospects of IPU.

6.4.1 Strategy in case of the reduction of the demand

In case of the reduction of the demand (Table 6.11), the main strategies envisaged by IPU promoters are the diversification of activities (27.1%), the abandonment of the activity (22.0%), the search for another employment (15.5%) and the reduction of benefits (13.7%). Except for few exceptions, these trends are practically the same whatever the sector of activity and the area of residence.

Table 6.11: Distribution (%) of IPU following the envisaged strategy in case of reduction of the demand according to the sector of activity and the area of residence

Main envisaged strategy	Sector of activity			Area of residence		Overall
	Industry	Commerce	Services	Urban	Rural	
Reduction of the number of wage earners	6.3	5.8	5.9	7.6	4.4	6.0
Reduction of salaries	4.3	2.8	3.3	3.9	3.0	3.5
Reduction of benefices	14.2	15.0	11.8	13.1	14.3	13.7
Diversification of activities	26.3	29.5	25.5	25.6	28.6	27.1
Search of another employment	11.9	15.9	18.9	16.4	14.7	15.5
Improvement of the quality of products	10.2	6.4	8.1	8.4	8.2	8.3
Abandonment of activity	22.6	20.7	22.8	20.7	23.3	22.0
Other	4.2	4.0	3.6	4.4	3.4	3.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : EESI 2, Phase 2, NIS

The improvement of the quality of the products is mentioned only by 8.3% of IPU, mainly of the industry and services. The contraction of the payroll (either by reducing the salaries, or by dismissing) constitutes a potential solution only for a marginal proportion of IPU. This can be explained by the low rate of salarizing in the informal sector.

6.4.2 Future of IPU

In spite of the difficult economic situation, close to 8 IPU promoters out of 10 are optimistic as far as the future of their production unit is concerned (Table 6.12). This proportion is a bit higher in the IPU of manufacturing (90.8%) and of wholesale trade (88.5%). However, according to the branch of activity, IPU promoters of transport (70.4%), of the food industry (73.0%) and of other services (73.4%) are less optimistic as far as the future of their IPU is concerned. Men are proportionally more numerous than women to think that their IPU has a promising future. In other respects, close to 7 IPU promoters out of 10 wish that their children, relatives or acquaintances continue the activities of the IPU.

According to the branch of activity, IPU promoters exercising on the wholesale trade, other industries and manufacturing wish the most, to see their children exercise the same activity (at least 80%). This attitude confirms the relatively higher optimism manifested by IPU promoters of these branches. In the other respects, it has to be noted that non-educated IPU promoters are the less to wish that their children, relatives or acquaintances continue their activities.

Table 6.12: Proportion IPU promoters optimistic as for the future of their IPU and the continuation of the activities by their children, relatives or acquaintances

	Future of the IPU	Continuation of the activity by the children, relatives or acquaintances
Sector and branch of activity		
Industry	79.0	72.1
Food industry	73.0	66.7
Manufacturing	90.8	81.7
BPW	85.8	73.7
Other industries	82.7	79.6
Commerce	78.9	71.1
Wholesale trade	88.5	86.6
Retail sale trade	77.9	69.4
Services	74.9	65.6
Transport	70.4	57.3
Catering	78.1	70.4
Repairs	80.8	72.7
Other services	73.4	64.5
Area of residence		
Urban	78.0	68.8
Rural	77.3	70.5
Sex of the promoter		
Male	80.5	71.9
Female	75.3	67.8
Level of education of the promoter		
Without level	84.4	31.3
Primary	79.7	71.0
General secondary 1 st cycle	79.9	70.8
General secondary 2 nd cycle	77.1	74.8
Technical secondary 1 st cycle	74.1	68.4
Technical secondary 2 nd cycle	80.2	77.9
Higher	83.9	73.6
Post primary	76.7	70.2
Overall	77.7	69.9

Source : EESI 2, Phase 2, NIS

Chapter 7: Evolution of the main indicators of the informal sector between 2005 and 2010

This chapter studies the evolution, between 2005 and 2010, of the main indicators that characterizes the informal sector, notably that of the conditions of activity, capital, financing, investment, production, insertion and competition.

7.1 Evolution of indicators of conditions of activity, manpower and employments in the informal sector

The evolution of indicators of conditions of activity, manpower and employments is appreciated through the variations observed between 2005 and 2010 of the average size of IPU, salarizing rate, of the average duration of work, average age, the level of education, the level of remuneration and the length of service of occupied active persons.

The informal sector remains dominated by the unipersonal IPU (86.0%) in 2010 and the average size of IPU remains almost stable between 2005 (1.5 person) and 2010 (1.3 person) and this, whatever the branch of activity and the area of residence (Table 7.1).

In proportion to the predominance of unipersonal IPU as well in 2005 as in 2010, the salarizing rate in the informal sector remains low, about 8.0% at the national level on the period. This rate has remained almost invariable as well in the urban as in the rural area.

According to the sector of activity, the salarizing rate is in increase in the industry (+3.1) and has remained almost stable in the other sectors (commerce and services).

At the level of the branch of activity, the transport (-9.1 points), BPW (-7.4 points), wholesale trade (-5.1 points) record important decreases of the salarizing rate. The Repair branch (+4.1 points) records an appreciable increase.

As for the weekly average duration of work, it increased by close to 4 hours between 2005 and 2010 in the overall, passing from 33.8 to 37.7 hours. This duration increased by 6.6 hours in the industry and has remained almost constant in the commerce and services.

The weekly average duration of work in the rural area has passed from 27.4 hours in 2005 to 33.3 in 2010, which means an increase of close to 6 hours. On the contrary, in the urban area, it has practically remained stable.

Table 7.1: Average size of IPU, salarizing rate in IPU and weekly average duration of work (hours) in 2005 and 2010

	Average size			Salarizing rate			Weekly average duration of work (hours)		
	2005	2010	Gap	2005	2010	Gap	2005	2010	Gap
Sector and branch of activity									
Industry	1.6	1.5	-0.1	10.2	13.3	3.1	26.4	33.0	6.6
Food industry	1.5	1.2	-0.3	3.0	5.0	2.0	19.9	24.6	4.7
Manufacturing	1.4	1.8	0.4	3.4	4.5	1.1	36.1	40.6	4.5
BPW	2.2	1.8	-0.4	47.2	39.8	-7.4	40.7	38.8	-1.9
Other industries	1.6	1.7	0.1	12.6	24.9	12.3	32.2	41.9	9.7
Commerce	1.3	1.2	-0.1	2.9	4.3	1.4	41.6	40.4	-1.2
wholesale	1.4	1.2	-0.2	13.7	8.6	-5.1	36.9	38.6	1.7
Retail sale trade	1.3	1.2	-0.1	2.2	3.8	1.6	41.9	40.6	-1.3
Services	1.5	1.2	-0.3	8.4	7.0	-1.4	40.1	41.0	0.9
Transport	1.3	1.1	-0.2	17.2	8.1	-9.1	55.1	52.5	-2.6
Catering	1.6	1.3	-0.3	4.8	3.7	-1.1	36.3	36.4	0.1
Repairs	1.6	1.6	0.0	7.2	11.3	4.1	46.5	46.7	0.2
Other services	1.4	1.2	-0.2	11.5	7.7	-3.8	37.3	37.3	0.0
Area of residence									
Urban	1.5	1.3	-0.2	11.8	10.6	-1.2	43.1	42.1	-1.0
Rural	1.5	1.3	-0.2	5.1	6.6	1.5	27.4	33.3	5.9
Overall	1.5	1.3	-0.2	7.9	8.6	0.7	33.8	37.7	3.9

Source : EESI 2, Phase 2, NIS

The average age of occupied active persons of the informal sector has remained almost stable between 2005 (31.9 years) and 2010 (33.0 years), in the urban as well as in the rural area (Table 7.2).

As for the level of studies, it increased averagely by two years between 2005 and 2010 passing thus from 5.5 years of studies (primary 6) in 2005 to 7.5 years of studies (form 2/2nd year first cycle of secondary) in 2010.

Just as in 2005, active occupied persons of the informal sector have been exercising since 6 years in their IPU. This quasi stability is also observed following the sector of activity. The branches of activity of wholesale trade and BPW record an increase of the average length of service of occupied active persons in the IPU of 2.5 years.

Table 7.2: Demographic characteristic of occupied active persons of the informal sector by status and sector of activity

Sector and branch of activity	Average age (years)			Level of studies (years)			Lenth of service (years)		
	2005	2010	Gap	2005	2010	Gap	2005	2010	Gap
	Industry	31.9	33.1	1.2	5.0	7.2	2.2	6.8	6.9
Food industry	31.6	34.5	2.9	4.2	6.3	2.1	7.3	7.4	0.1
Manufacturing	29.4	28.0	-1.4	6.5	7.3	0.8	4.9	5.2	0.3
BPW	31.3	34.5	3.2	7.7	8.5	0.8	5.4	7.9	2.5
Other industries	34.5	34.4	-0.1	5.1	7.9	2.8	7.0	7.0	0.0
Commerce	33.2	35.0	1.8	5.3	7.3	2.0	4.7	5.5	0.8
Wholesale trade	33.6	35.6	2.0	6.4	7.0	0.6	4.8	7.3	2.5
Retail sale trade	33.2	34.9	1.7	5.3	7.4	2.1	4.7	5.2	0.5
Services	30.7	31.0	0.3	6.6	7.9	1.3	4.5	4.8	0.3
Transport	31.3	31.2	-0.1	7.8	7.6	-0.2	2.7	3.8	1.1
Catering	31.5	30.9	-0.6	5.9	7.0	1.1	4.2	4.5	0.3
Repairs	29.2	29.4	0.2	6.2	6.8	0.6	6.3	5.5	-0.8
Other services	29.6	31.3	1.7	7.6	9.2	1.6	5.3	5.3	0.0
Area of residence									
Urban	31.3	32.9	1.6	7.0	8.4	1.4	4.3	4.9	0.6
Rural	32.3	33.2	0.9	4.4	6.4	2.0	6.6	6.8	0.2
Overall	31.9	33.0	1.1	5.5	7.5	2.0	5.7	5.8	0.1

Source : EESI 2, Phase 2, NIS

Level of the remuneration

The average monthly income from the activity has passed from 29 600 CFAF to 48 000 CFAF on the period (Table 7.3). Taking into consideration the sector of activity of the IPU, the average monthly income progressed more for IPU of the industry (19 700 CFAF) than for those of services (14 700 CFAF). On the other hand, the IPU of the branches "Other industries" and wholesale trade register the most notable increases, that is respectively 47 400 CFAF and 42 800 CFAF.

Table 7.3: Evolution of the level of remuneration

Sector and branch of activity	Average monthly income (in thousands of CFAF)			Median monthly income (in thousands of CFAF)			Income per hour (en CFAF)		
	2005	2010	Gap	2005	2010	Gap	2005	2010	Gap
	Industry	22.1	41.8	19.7	8.0	15.0	7.0	194.7	294.2
Food industry	12.0	22.0	10.0	4.0	10.0	6.0	139.4	207.9	68.5
Manufacturing	27.6	29.7	2.1	13.0	6.0	-7.0	177.9	170.3	-7.6
BPW	50.1	77.8	27.7	39.0	60.0	21.0	285.7	466.4	180.7
Other industries	32.8	80.2	47.4	12.0	35.0	23.0	236.9	445.6	208.7
Commerce	34.9	52.1	17.2	14.0	26.0	12.0	195.2	299.8	104.6
Wholesale trade	66.9	109.7	42.8	41.0	96.0	55.0	421.1	661.6	240.5
Retail sale trade	32.8	45.8	13.0	13.0	23.0	10.0	182.3	262.3	80.0
Services	38.4	53.1	14.7	20.0	31.0	11.0	222.6	301.4	78.8
Transport	63.8	68.8	5.0	51.0	60.0	9.0	269.6	304.7	35.1
Catering	31.8	48.0	16.2	11.0	27.0	16.0	203.5	306.3	102.8
Repairs	32.5	41.2	8.7	17.0	22.0	5.0	162.4	205.0	42.6
Other services	41.4	53.1	11.7	21.0	29.0	8.0	258.2	331.3	73.1
Area of residence									
Urban	41.9	58.6	16.7	22.0	34.0	12.0	226.3	323.6	97.3
Rural	21.0	38.2	17.2	7.0	15.0	8.0	178.6	266.8	88.2
Overall	29.6	48.4	18.8	11.0	24.0	13.0	203.5	298.4	94.9

Source : EESI 2, Phase 2, NIS

On this period, the median monthly income has more than double. This evolution might express an improvement of the remuneration among some occupied active persons of the informal sector.

Except for the manufacturing branch in decrease of 7 000 CFAF, the median monthly income increased in the other branches of activity and much more on the wholesale branch (+55 000 CFAF).

The average per hour income is in increase by 94.9 CFAF. This increase is more pronounced for the wholesale (240.5 CFAF), other industries (208.7 CFAF) and BPW (180.7 CFAF). On the contrary, the manufacturing branch remains the only one that suffered a slight decrease (7.6 CFAF).

7.2 Evolution of indicators of capital, financing and investment of the informal sector

The evolution of indicators of capital, financing and investment is appreciated through the variations observed between 2005 and 2010 of average and median values of capital, amounts of investments realized by IPU and loans contracted.

The average amount (in nominal¹¹ value) of the capital invested by IPU had a recovery of close to 7 600 CFAF between 2005 and 2010 (Table 7.4). This recovery is equally registered at the level of the commerce sector (74 900 CFAF), "Other industries" (216 700 CFAF), retail trade (37 100 CFAF) and wholesale trade (10 000 CFAF). In the other sectors and branches of activity, they instead register decreases.

The median amount of the capital invested passed from 15 000 CFAF to 17 000 CFAF. These levels relatively low compared to the average amount of the capital invested testify large dispersions that exist within IPU in terms of amount of capital invested.

The proportion of IPU having acquired equipment during the past 12 months preceding the survey is almost constant between 2005 and 2010. An effort of investment is however noted in the commerce and services sectors with increases of 3.7 and 3.1 points respectively. At the level of the branch of activity, it is revealed that the growth registered in the commerce sector is imputable to the wholesale trade (+13.4 points). In the industry sector, the manufacturing branch has a decrease of percentage of IPU (of 13.5 points) that invested on the period.

¹¹ The study did not collect elements that can permit to calculate the deflators.

Table 7.4: Average and median amount of capital by IPU according to the sector of activity and the area

Sector and branch of activity	Average amount of capital by IPU (in thousands of CFAF)			Median amount of capital (in thousands of CFAF)		
	2005	2010	Gap	2005	2010	Gap
	Industry	164.5	156.1	-8.4	11.0	13.0
Food industry	86.5	44.3	-42.2	9.0	8.0	-1.0
Manufacturing	242.0	195.2	-46.8	96.0	71.0	-25.0
BPW	142.5	41.9	-100.6	16.0	17.0	1.0
Other industries	379.8	596.5	216.7	14.0	21.0	7.0
Commerce	140.4	215.3	74.9	10.0	9.0	-1.0
Wholesale trade	541.1	127.9	37.1	31.0	27.0	-4.0
Retail sale trade	117.9	486.9	-123.4	9.0	8.0	-1.0
Services	287.5	226.9	-60.6	43.0	44.0	1.0
Transport	449.8	110.1	-162.9	242.0	250.0	8.0
Catering	233.5	151.3	-93.8	25.0	17.0	-8.0
Repairs	314.2	193.4	-42.2	56.0	53.0	-3.0
Other services	287.2	44.3	-42.2	32.0	35.0	3.0
Area of residence						
Urban	298.4	298.7	0.3	30.0	35.0	5.0
Rural	116.8	94.2	-22.6	10.0	10.0	0.0
Overall	190.2	197.8	7.6	15.0	17.0	2.0

Source : EESI 2, Phase 2, NIS

The average value of the current investment doubled and is situated at 117 400 CFAF (Table 7.5). This evolution is keenly the same in the urban area and On the wholesale trade branch. In the commerce sector, retail trade branch, we registered remarkable increases. Apart from these particularities, the average values of invested capitals remained practically invariables. These average values of invested capitals hide large disparities related to the typology of IPU. As a matter of fact, from the IPU whose capital is reduced to small equipment to those heavily equipped, the values of the capital vary considerably.

Table 7.5: Percentage of IPU having invested, Average amount invested by the IPU having invested, Percentage of IPU having borrowed and average amount borrowed

Sector and branch of activity	Investment					
	Proportion of IPU with capital having invested			Average amount of the investment (in thousands of CFAF) for those having invested		
	Year		Gap	Year		Ratio
	2005	2010		2005	2010	
Industry	37.3	36.5	-0.8	39.4	20.0	0.5
Food industry	35.0	37.3	2.3	11.6	10.2	0.9
Manufacturing	51.7	38.2	-13.5	102.6	26.8	0.3
BPW	38.1	36.6	-1.5	10.6	13.7	1.3
Other industries	35.5	31.4	-4.1	87.7	58.1	0.7
Commerce	30.8	34.5	3.7	49.8	256.7	5.2
Wholesale trade	25.0	38.4	13.4	732.0	1757.0	2.4
Retail sale trade	31.2	34.1	2.9	16.0	69.7	4.4
Services	35.7	38.8	3.1	77.8	100.9	1.3
Transport	43.4	35.4	-8.0	211.5	300.2	1.4
Catering	33.1	38.0	4.9	47.7	41.4	0.9
Repairs	28.2	32.3	4.1	38.3	74.1	1.9
Other services	39.3	43.2	3.9	54.6	55.0	1.0
Area of residence						
Urban	36.9	38.9	2.0	83.5	188.6	2.3
Rural	33.8	34.3	0.5	28.8	34.5	1.2
Overall	35.1	36.6	1.5	52.2	117.4	2.2

Source : EESI 2, Phase 2, NIS

7.3 Evolution of indicators of production, insertion and competition in the informal sector

7.3.1 Evolution of indicators of economic performances

The indicators of the economic performances that are: the turnover, the production, the added value and the gross operating surplus are globally in increase over the period.

The monthly turnover, which represents the overall returns of IPU, the production, the added value and the gross operating surplus are respectively in increase by 143 000, 88 100, 33 500 and 27 500 CFAF in average value (Table 7.6).

Following the area of residence, the IPU of the rural area have more improved their economic performances relatively to those of the urban area. As a matter of fact, the turnover, the production, the added value and the gross operating surplus of IPU of the rural area increased by 165 600, 90 000, 41 900 and 34 700 CFAF respectively ; against 87 400, 67 100, 14 400 and 10 700 CFAF in the urban area. The IPU of the industry have had a more important fair period compared to those of commerce and services.

At the level of branches of activity, the IPU of BPW, wholesale trade and manufacturing have more improved their economic performances.

Table 7.6: Turnover, production and added value in 2005 and 2010

Sector and branch of activity	Turnover (in thousands of CFAF)			Production (in thousands of CFAF)			Added value (in thousands of CFAF)			Gross operating surplus (in thousands of CFAF)		
	Year			Year			Year			Year		
	2005	2010	Gap	2005	2010	Ratio	2005	2010	Gap	2005	2010	Gap
Industry	88.1	261.8	173.7	87.6	260.0	172.4	48.9	100.7	51.8	42.0	80.7	38.7
Food industry	59.0	1124.5	65.5	58.7	123.6	64.9	21.3	36.5	15.2	20.1	34.3	14.2
Manufacturing	78.3	206.1	127.8	76.8	199.2	122.4	44.3	102.5	58.2	42.1	96.6	54.5
BPW	152.9	732.4	579.5	152.6	732.2	579.6	124.1	267.4	143.3	83.3	200.8	117.5
Other industries	158.7	463.0	304.3	157.9	462.6	304.7	106.7	202.6	95.9	94.0	139.7	45.7
Commerce	292.4	472.9	180.5	86.3	133.6	47.3	68.3	96.9	28.6	65.3	89.7	24.4
Wholesale trade	1288.2	1770.1	481.9	340.7	475.7	135.0	276.0	44.5	68.5	264.3	312.5	48.2
Retail sale trade	230.7	334.3	103.6	70.6	97.0	26.4	55.5	70.5	15.0	53.0	66.0	13.0
Services	196.9	212.1	15.2	175.4	200.3	24.9	79.8	89.9	10.1	74.6	83.2	8.6
Transport	207.1	247.1	40.0	207.1	238.4	31.3	111.5	137.0	25.5	100.9	125.9	25.0
Catering	216.7	262.9	46.2	201.2	244.6	43.4	60.6	70.7	10.1	58.4	67.0	8.6
Repairs	100.1	132.2	32.1	96.7	119.4	22.7	69.6	74.8	5.2	63.8	67.9	4.1
Other services	196.8	174.4	-22.4	146.3	166.1	19.8	100.1	83.5	-16.6	92.6	76.7	-15.9
Area of residence												
Urban	275.2	362.6	87.4	168.3	235.4	67.1	95.5	109.9	14.4	86.5	97.2	10.7
Rural	104.6	270.2	165.6	70.5	160.5	90.0	39.8	81.7	41.9	36.9	71.6	34.7
Overall	173.8	316.8	143.0	110.2	198.3	88.1	62.4	95.9	33.5	57.0	84.5	27.5

Source : EESI 2, Phase 2, NIS

7.3.2 Evolution of indicators the apparent productivity

The added value measures the wealth created by the enterprise. The evolution of the visible productivity of IPU is studied from the ratio of the added value on labour and added value on capital.

The ratio added value on the number of occupied active persons of the informal sector that represents the « productivity per capita » is in real increase of 32 360 CFAF over the period (Table 7.7). This indicator has almost doubled within 5 years. Its evolution is particularly more important in the rural area than in the urban area. It passed from 26 800 CFAF in 2005 to 63 224 CFAF for the rural area, whereas in the urban area, it passed from 62 900 CFAF to 84 415 CFAF.

The productivity per capita is in clear progression in the sector of industry compared to other sectors. It passed from 30 800 CFAF in 2005 to 68 065 CFAF in 2010. It is IPU of wholesale trade and BPW that had an increase of the per capita productivity. The evolution is less important for the sector of services; especially for the repair branch for which the monthly added value per worker passed from 44 200 CFAF to 47 283 CFAF.

Table 7.7: Productivity per capita and apparent productivity of labour (in thousands of CFAF)

Sector and branch of activity	AV/L1		Gap	AV/L2		Gap	AV/K		Gap
	2005	2010		2005	2010		2005	2010	
Industry	30.80	68.07	37.27	0.272	0.487	0.215	0.302	0.594	0.292
Food industry	13.90	29.43	15.53	0.162	0.278	0.116	0.250	0.638	0.388
Manufacturing	31.70	55.83	24.13	0.204	0.322	0.118	0.186	0.539	0.353
BPW	56.60	146.05	89.45	0.326	0.898	0.572	0.874	6.534	5.660
Other industries	65.70	120.58	54.88	0.476	0.704	0.228	0.283	0.320	0.037
Commerce	50.70	82.34	31.64	0.284	0.479	0.195	0.520	0.261	-0.259
Wholesale trade	196.30	287.86	91.56	1.237	1.750	0.513	0.596	0.109	-0.487
Retail sale trade	41.30	59.96	18.66	0.229	0.347	0.118	0.501	0.504	0.003
Services	53.00	73.10	20.10	0.307	0.421	0.114	0.286	0.298	0.012
Transport	85.80	122.47	36.67	0.363	0.549	0.186	0.264	0.282	0.018
Catering	38.00	56.06	18.06	0.244	0.359	0.115	0.264	0.492	0.228
Repairs	44.20	47.28	3.08	0.221	0.246	0.025	0.225	0.119	-0.106
Other services	69.50	70.66	1.16	0.434	0.447	0.013	0.362	0.341	-0.021
Area of residence									
Urban	62.90	84.42	21.52	0.340	0.477	0.137	0.332	0.257	-0.075
Rural	26.80	63.22	36.42	0.228	0.444	0.216	0.352	0.784	0.432
Overall	41.60	73.96	32.36	0.287	0.462	0.175	0.339	0.353	0.014

Source : EESI 2, Phase 2, NIS

NB : AV: monthly added value. L1: number of workers. L2: number of working hours per month. K: value of the capital at the replacement cost. AV/L1 is in thousands of CFAF/worker. AV/L2 is in thousands of CFAF/hour.

The second indicator to measure the visible productivity or the apparent productivity of labour is obtained by dividing the added value by the total number of hours of activity exercised by workers. This apparent productivity of labour has also increased over the period, passing from 287 CFAF per hour to 462 CFAF. This evolution is more pronounced in the rural area where the added value per hour has almost doubled, passing from 228 CFAF to 444 CFAF.

The increase of the added value per hour of IPU is higher for the industry sector and less high for the sector of services. The BPW branch distinguishes itself with an evolution which is relatively

important in absolute value and relative value. The added value per hour for this branch passed from 326 CFAF in 2005 to 898 CFAF in 2010. This increase is also important for the wholesale trade branch. Repair branch register on the contrary, the lowest increase, passing from 221 CFAF to 246 CFAF.

The ratio added value on capital witnessed a growth between 2005 and 2010. It passed from 339 CFAF by unit of capital invested to 353 CFAF. In the urban area, this indicator decreased, passing from 332 CFAF to 257 CFAF. On the contrary, it doubled in the rural area; 352 CFAF in 2005 and 784 CFAF in 2010. The added value per unit of capital has strongly improved for the industry sector, passing from 302 CFAF to 594 CFAF. On the contrary, it decreased for the sector of commerce, passing from 520 CFAF to 261 CFAF. The BPW branch distinguishes itself once more with an added value per unit of capital which is multiplied by six. Manufacturing and food-industry branches register also strong increase.

7.3.3 Evolution of indicators of the level of benefits

The gross operating surplus (GOS) is the share of the added value which is considered as a mixed income since it remunerates the effective labour of the IPU head as well as the capital invested by the IPU. It helps to have an idea of the profitability of the IPU. In order to appreciate this profitability on the period, the GOS has been divided either by the capital, or by the labour (number of persons employed).

Table 7.8: Evolution of average indicators of the level of benefit

	GOS/L1		Gap	GOS/K		Gap
	2005	2010		2005	2010	
Sector and branch of activity						
<i>Industry</i>	26.40	54.55	28.15	0.26	0.48	0.22
Food industry	13.10	27.63	14.53	0.24	0.60	0.36
Manufacturing	30.10	52.60	22.50	0.18	0.51	0.33
BPW	38.00	109.69	71.69	0.59	4.91	4.32
Other industries	57.80	83.17	25.37	0.25	0.22	-0.03
<i>Commerce</i>	48.50	76.26	27.76	0.50	0.24	-0.26
Wholesale trade	188.00	261.12	73.12	0.57	0.10	-0.48
Retail sale trade	39.40	56.17	16.77	0.48	0.47	-0.01
<i>Services</i>	49.50	67.70	18.20	0.27	0.28	0.01
Transport	77.70	112.63	34.93	0.24	0.26	0.02
Catering	36.60	53.18	16.58	0.26	0.47	0.21
Repairs	40.60	42.90	2.30	0.21	0.11	-0.10
Other services	64.20	64.99	0.79	0.34	0.31	-0.02
Area of residence						
Urban	57.00	74.70	17.70	0.30	0.23	-0.08
Rural	24.80	55.43	30.63	0.33	0.68	0.35
Overall	38.00	65.20	27.20	0.31	0.31	-0.00

Source : EESI 2, Phase 2, NIS

The benefit per capita is in increase whatever the characteristic considered (Table 7.8). On the contrary, the GOS per unit of capital invested in 2010 has remained almost invariable on the period. The global quasi stability hide contrasted evolutions according to the characteristic considered. Thus, wholesale, the branches of wholesale trade, retail sale trade, and other services are those for which a unit of capital invested in 2005 produced less than a unit of capital invested in 2010.

IPU of the sectors of industry and services and those whose promoter dwells in the rural area witnessed an improvement of their economic profitability between 2005 and 2010.

7.3.4 Evolution of prospects in the informal sector

The recognition of the State as privileged institutional partner by the actors of the informal sector is one of the necessary conditions for the migration of these ones towards the formal sector.

Available statistics show a manifest will of actors of the informal sector not to collaborate with the State as far as the registration of their activities and the payment of related taxes are concerned (Table 7.9). In spite of this, we observe in general as an almost constancy of the proportion of IPU heads willing to collaborate with the State. However, in branches of activity of transport (-5.4 points) and other services (-3.7 points), the will to collaborate is in clear decrease. The catering branch instead registers an increase of the proportion of IPU heads willing to collaborate with the State, with an increase of this proportion by 5.5 points.

IPU promoters remain optimistic as for the future of their IPU although the majority of them does not want to collaborate with the State. Whatever the characteristic considered, the proportion of IPU heads declaring that their IPU has a bright future is in increase compared to 2005. This optimism is more shown for IPU heads dwelling in the urban area (+ 9.8 points), for those of the sector of activity of commerce (+ 8.1 points) and the branch of activity of other industries (+ 13.8 points).

Table 7.9: Prospects for the non agricultural informal sector

	Proportion of IPU heads willing to collaborate (ready to pay taxes and to register)		Gap	Proportion of IPU heads declaring that the IPU has a future		Gap	Proportion of IPU heads willing to see their child to exercise in the IPU		Gap
	2005	2010		2005	2010		2005	2010	
Sector and branch of activity									
Industry	14.5	14.0	-0.5	74.1	79.0	4.9	47.2	72.1	24.9
Food industry	10.8	8.8	-2.0	72.0	73.0	1.0	44.4	66.7	22.3
Manufacturing	14.6	17.7	3.1	85.5	90.8	5.3	53.5	81.7	28.2
BPW	28.5	28.0	-0.5	85.3	85.8	0.5	52.7	73.7	21.0
Other industries	20.0	17.8	-2.2	68.9	82.7	13.8	50.2	79.6	29.4
Commerce	11.7	11.9	0.2	70.8	78.9	8.1	45.5	71.1	25.6
Wholesale trade	18.3	18.7	0.4	79.4	88.5	9.1	56.2	86.6	30.4
Retail sale trade	11.3	11.1	-0.2	70.3	77.9	7.6	44.8	69.4	24.6
Services	13.4	12.8	-0.6	70.8	74.9	4.1	42.6	65.6	23.0
Transport	11.7	6.3	-5.4	66.7	70.4	3.7	30.6	57.3	26.7
Catering	11.6	17.1	5.5	73.2	78.1	4.9	40.0	70.4	30.4
Repairs	15.7	13.0	-2.7	74.8	80.8	6.0	57.7	72.7	15.0
Other services	16.5	12.8	-3.7	67.3	73.4	6.1	47.4	64.5	17.1
Area of residence									
Urban	10.8	11.3	0.5	68.2	78.0	9.8	42.5	68.8	26.3
Rural	15.2	14.5	-0.7	75.2	77.3	2.1	47.6	70.5	22.9
Overall	13.4	12.9	-0.5	72.3	77.7	5.4	45.5	69.6	24.1

Source : EESI 2, Phase 2, NIS

The optimism showed as for the better prospects of the IPU seems to be accompanied by the will of the IPU heads to see their children continue the activities of their IPU. The proportion of IPU

heads who want to see their children to exercise in the IPU is in clear progression between 2005 and 2010. This variation reaches the floor level of + 15.0 points for the branch of activity Repairs against a ceiling level of + 30.4 points for the branches of activity of Wholesale trade and Catering.

Conclusion and recommendations

Conclusion

The second phase of the second Survey on Employment and the Informal Sector (EESI 2) had as main objective to update the indicators of the informal sector got in 2005 (EESI 1) and consequently to appreciate the evolution of the non agricultural informal sector. It helped among other things, to know the conditions of activity of informal production units and to measure their economic performances.

It appears from these results that in spite of the fact that the informal sector is the refuge for most of the active occupied persons who did not succeed to get an employment in the formal sector, conditions of activity are very precarious there. The reasons of this precariousness are especially the low productivity, the method of management and organization of units. Generally unipersonal, IPU are not organized and relatively young. The distribution of IPU by sector of activity reveals that they are as much IPU in the sectors of industry, commerce and services. There is a kind of specialization of activities of IPU according to the area of residence of the promoter. IPU of the rural area go towards the activities of transformation, especially towards the food industry; those of the urban area invest more in the commerce and services. The knowledge of the social security remains low; the informal manpower benefits practically from no social coverage.

The remuneration of the occupied active persons of the informal sector is a little bit higher for the bosses than for the wage earners, apprentices and family aids. This remuneration varies following the sex, the level of study, the area of residence of the promoter and the sector of activity.

Women, although more represented in the informal sector than men, are less remunerated. They are equally of a lower level of training. The dynamics of employments creation in this sector seems to be narrowly linked to the level of training and the length of service in the activity.

Most of the IPU have a capital for the exercise of their activities. Considering the composition of this capital, there is a big concentration of IPU which finance their activities thanks to the saving, the gift or the heritage. On the contrary, they invest essentially on own funds and are slightly bent towards credits.

As for the economic performances, the commerce sector, compared to those of industry and services is more creator of wealth. Moreover, it is the one that has the highest monthly average volume of turnover; there, the productivity is higher than in the industry sector. On the contrary, the benefit per capita there is averagely clearly higher compared to those of services and industry. Wholesale trade, transport and BPW are branches of activity where the benefit per capita is superior to the global value, with a predominance of the wholesale trade branch. The IPU of the urban area are more efficient than those of the rural area. The suppliers of the IPU are in the majority, enterprises that exercise in the commerce sector.

Foreign products that are sold by IPU come mainly from Nigeria, Europe area and China. Customers of IPU are mainly made of households.

The method to set prices in the informal sector is mainly done by negotiation or bargaining with customers, percentage on the cost prices and following other competitors' prices.

The payroll paid by IPU is more registered in the industry sector. The contribution of the informal sector to the economy is appreciable. In average, IPU pay a bit more than 5 billions of monthly taxes.

Relationship between the actors of the informal sector and the State remain dependent on the conditions of exercising the activity. In spite of the relief of procedures of the declaration of the activity and the simplification of the tax regulation with the creation of the global tax, the proportion of IPU promoters who want to integrate the formal circuits remains low. From here time, the way to cover remains sprinkled with obstacles notably, the belief that the declaration of the activity is not compulsory and the ignorance, the refusal to pay tax and to be registered. The repulsion noticed as for the payment of taxes notwithstanding, the IPU promoters wish in their majority the creation of a unique tax for the informal sector and that this tax serves in priority to the creation of employments and be put at the disposal of the councils.

Problems that IPU are facing are of several orders notably those related to the unskilled manpower, the competition and the lack of customers. These difficulties are of the nature to slow the development of IPU, to jeopardize their survival even to lead to their disappearance. Taking into consideration the various difficulties that IPU promoters are facing, the supports wished by the latters concern the access to the command of raw materials or goods, the access to loan, the access to technical training and the information on the market. The majority of the IPU heads considers that there is a promising future for their IPU and wishes that their children, acquaintances or relatives continue their activities.

Recommendations

In order to establish a fruitful partnership between the State and actors of the informal sector, we recommend to:

- put in place a legal framework that can facilitate the modernization of this sector;
- reinforce the capacities of actors of this sector by emphasizing on the coverage of rural areas, the participation of women and the youth;
- group together IPU in corporation in order to help them to improve their economic performances;
- put in place a registration system in view to facilitate the statistical follow up of this sector;
- put in place an observatory for the follow up of the economic behavior of IPU;
- create a public structure for the financing of IPU (such as popular bank, popular fund, etc.) and this following the partnership State – private sector;
- create and put in place a social security structure for the actors of the informal sector;
- put in place mechanisms to guide IPU of promising branches notably the BPW (monitoring of stone breakers, creation of community quarries, etc.);

- accelerate the putting in place of a unique tax which the amount and modalities of payment take into account the level of income of actors of the informal sector;
- promote the development of sites adapted to the activities of the informal sector (Commerce, services, etc.) in towns in view of reducing conflicts linked to premises.

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APPENDIX

Appendix 1: Definition of concepts and indicators

1. Definition of concepts

Family aid: Person occupying an employment in an enterprise exploited by a relative living in the same household, but who cannot be considered as associate and who does not receive any fix payment in cash or in kind.

Apprentice: Person accepted in an enterprise in order to undergo a vocational training. The person can be paid or not.

Employer (or boss): Individual working for his/her own account or with one or several associates, occupying an independent employment, and who employs one or several wage earners in his/her unit.

Own account worker: Person occupying an independent employment, but who employs no wage-earner and can nevertheless work with family aids and/or apprentices.

Wage-earner: Individual having an employment paid in cash and/or in kind in a regular way and according to the defined periodicity, holder of an implicit or explicit work contract, and continually with the same employer.

Informal Sector: Informal Sector: All the production units that do not have a taxpayer number and/or do not hold formal accounts.

Production Unit: Elementary unit, mobilizing production factors (labour, capital) to generate a production and an added value in the sense of the national accounts. The production unit is equal to the establishment when the activity is exercised in a physical place specifically made for it (shop, workshop, stall). It is assimilated to a "pseudo-establishment" when there is no premises (activity at home, hawking activity). For example, a dressmaker working alone at home and making dresses for his his/her customers is tied up to a production unit of the branch "Manufacturing/making". Likewise, a retailer of cigarette on the public way is associated to one.

2. Definition of indicators

Rate of salarizing: Ratio of the number of wage earners and the total number of workers.

Independent workers: All the employers and own account workers.

Some concepts of national account :

Production = Amount of sales (turnover) + Cost of finished goods consumed by the household of the IPU + Variation of stocks of finished goods – cost of products bought and resold in the state.

Production is different from the turnover only for « commerce ».

Added value = Production – Intermediary Consumptions.

Gross Operating Surplus (GOS) = Added value - (Payroll + Indirect taxes, net of subsidy).

In the case of informal sector, the GOS is a mixed income that also remunerates the labour of the individual entrepreneur as well as the advanced capital.

Margin grate = GOS/AV. In the case of commercial activities, the margins can be defined as the difference between the turnover and the cost of products purchased and resold in the state. They can therefore calculate the commercial margin rate [*margin/cost of products bought in the state for sale*], *different from the margin rate in the sense of national accounts.*

Payroll = Remunerations and allowances of the staff + social contributions.

Coefficient of the capital = Capital / Production.

Investment = Value of the equipments or material acquired during the last twelve months before the survey.

Investment rate = Investment / Added value.

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SOUTH REGION

Supervisor :

KAMGHO TEZANOU Bruno Magloire

Controllers :

MBILI AZEGUE Achille
OYONO Samuel

Interviewers :

ABESSOLO BILOA Simone Stella
TAKOU DJOUMÉLOU Alain Marcel
ABONDO ZE Christian
KEMGNE DJONKAM Marcelline
MENGUE LUCIEN
AYISSI André Thierry

ESSONO Etienne Patrick
ESSA BALLA Guy Marie
GWABOU Achille François
NGOFANG ZALI Murielle

Driver

NGNEYAMBA FOMBIT Emmanuel

SUD -WEST REGION**Supervisors :**

DJEMNA KAMGA Elvis
ETO Guy Sylvain

Controllers :

BI NDENECHO
FUYA ACHU

EGBE John Agbormbongho
TCHIO Mouotea Stanislas

Interviewers :

AMAH ALPHONSE AKE
NKENGAFACK Albert Tangwa
CHI CHRISTIAN ACHOH
NKENGLEFACK PIUS APUNDEM

ENONGENE AKANG Justice
NWABOH Judith Ambo
FOZAO NZOTA MEZE
Patina MAMBO NJI
Fritz Diabe Makoge JR
PEKELEKE Emmanuel Chefor
IGELLE ISAAC Toryila
SIMO SIMPLICE SIMO

JEMIA KOTI
NAMONDO Lizzy Elinge NGOLLO
NGUEFACK ROGER
TEPEKEM Winifred Ngwepekem

Driver

BENGA Basile

DATA PROCESSING TEAM**Supervisors**

MBA Martin
NDEFFO GOUOPE Guy Ferdinand
NGOGANG WANDJI Léandre

Controllers :

TCHAKOUTE NGOHO Romain
TCHOUDJA Victorien
TABOUE Iréné

Data entry agents :

EBODE ONANA Aloys
NGO HAGBE BELL Fleur Prudence
NJOUNDIYIMOUN MAMA
ATANGANA AYISSI Gontran Sylvain
TEFFOZE DONGMO Ruth Yolande
EYOMANE MINTYA Jeanine Sorelle
KAPTCHOUANG KOMGUEP Elise Béatrice
NYA Léontine Flore
MAKOUGOUN Lucienne Yolande
TIETCHAC KAMENI Laurence épse MBA
MAGA OUAMBO Estelle Natacha
KUIINZE KWISSONG Alvine Peggy
NGUEDIA KENGNI Epse TSAFACK ZEBAZE
ESSAH MESSOMO Germaine

MELONTSA FOGHAP Arnaud
POUOKAM FOTSO Gertrude
TETANG Pierre
TCHOLEU Jeanne Epse POUAMO
NGOMBI MVOGO Alexandra Isa
ONANA BITONGO Timothée Roselin
MANGA ATANGA Françoise Eliane
DJUEDJI Adèle Pascaline
ANGAZOMO Jeanine
TECHE NOUMSI Nouvellin
EPELE NDJAMBE Alexandre
TSOMO Mathilde Elove
KOM LIENOU Michelle
BEAUFLEUR Lydienne Annie

NGOUINWOU NGOUINWOU Lucienne
ABENG Françoise Jeannine
CAROLINE MAMBO SAMA
TOUNA MBALLA Rose Jeanine
FOUENGUE Charly Gisèle Flore
NOUMBISSIE Nick Michel
DJOKO FRANK Hervé
NJONGUO Maurice ZENKEANG
NAFACK FOYET Honorine Chantal
TCHAKONTE TCHUISSEU Micheline Mireille
EBANE EWANE Betty
NGO GWODOG