



# Bridging Gender Productivity Gaps in Cameroon's Agrifood Micro-Small and Medium-Sized Enterprises

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## Key messages

- Rigorous decomposition analysis reveals both the extent of the gender productivity gap and the underlying drivers shaping Cameroon's agrifood micro-, small and medium-sized enterprises (MSMEs).
- The analysis distinguishes between formal and informal agrifood MSMEs, uncovering important differences in how gender gaps manifest across enterprise types.
- Differences in returns to inputs drive the gender gap in both formal and informal agrifood MSMEs, pointing to persistent structural constraints and potential gender-based discrimination.
- Structural determinants of the gender gap operate in two levels: common factors across sectors, including sectoral segregation, number of children, and vocational training and apprenticeship, and sector-specific and sector specific constraints, such as low education attainment, limited business networks and social connections, restricted access to bank credit, and low awareness of public policies).
- Mechanisms driving productivity disproportionately affect enterprises established through bank loans, small-sized enterprises (10-25 employees), and agrifood MSMEs operating for more than three years.
- Gender-responsive policy interventions are critical to achieving productivity parity. Priority should be given to reduce inequalities in (i) family and social responsibilities, (ii) educational attainment and training, (iii) access to formal finance, (iv) sectoral choice, (v) networks and social capital, and (vi) awareness and uptake of public support policies.

**Keywords:** Agrifood MSMEs; Productivity; Gender responsive; Formality premium; Shapley decompositions; Cameroon

**JEL Code :** J16, J24, Q12, Q18

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## Introduction:

- Farmers and small-scale food producers account for up to 80% of food consumed in sub-Saharan Africa (SSA) (IFAD, 2011).
- Food is a fundamental basic need of life and poverty correlates strongly with the lack of basic needs. For example, two-thirds of the extreme poor live in African rural areas and more than one-third of the undernourished are located in Africa (Dzanku, 2019; Diao et al., 2023).
- Hence, achieving food security, eliminating hunger and eradicating poverty are the toughest challenges in many poorer countries, most notably in Africa.
- Women are known as key actors within the food system around the developing world and in Africa in particular, serving as producers, processors, distributors, vendors, and consumers (Giner et al., 2022; Njuki et al., 2023).
- Hence, promoting women's food and nutrition security roles may be one of the avenues for improved food security, eradication of malnutrition in all its forms, and poverty alleviation.
- Yet women's opportunities in the agricultural sector, both in terms of increasing productivity and achieving food security, are constrained by the gender inequalities in access to and control over key resources and inputs (e.g., land, labour, finance, information, extension services, training, technology, etc.) (Jones et al., 2017; Pyburn et al., 2023).
- Since the early 2000s there is a profound structural transformation in Africa, leading to the expansion of the broader agrifood system (De Brauw et al., 2014; Jayne et al., 2018).
- The African agrifood system is also growing in response to the growing demand for processed and high-value foods.
- However, the role of African women as food producers within this rapidly transforming agrifood system is less explored to the best of our knowledge.
- A stylized fact is that Africa is symptomatic of both large and small informal or unregistered enterprises (Amin and Islam, 2015).
- Informality is associated with low profits and productivity, limited access to finance, lack of official job contracts, and limited or lack of social security for employees (Ulyssea, 2020).
- These constraints might equality be gender-segregating.
- Currently, we do not know enough about the productivity differentials between men and women operating informal agrifood enterprises on the continent.
- Against this background, we used data from a large representative panel sample of 46,728 Cameroonian agrifood micro-, small and medium-sized enterprises (MSMEs) to quantify the extent and drivers of gender-based MSMEs productivity gap and conduct the analysis by formal/informal.
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## Key findings:

Our analysis reveals low levels of productivity (4.5%) on average among female-owned MSMEs relative to their male counterparts and the gap is larger in the formal than informal agrifood sector (5.3 vs. 3.2%)



In both formal and informal agrifood sectors, a major share of the gap is explained by differences in returns to endowments, consistent with gender discrimination and other unobserved constraints.



- There are two common structural driving forces behind the gap, such as (i) the number of children and 10.2% (entire sample), 13.4% (formal sample) and 4.6% (informal sample) of the gender gap in MSMEs productivity is due to gender-differences in child dependency, and (ii) VOTA which explains only 1.3%, 0.8% and 2.5% of the gap in the whole, formal and informal agrifood sectors, respectively.
- The sector-specific structural contributors are the following:
  - ✓ In all MSMEs, it is the sectoral segregation, and we find that up to 46.2% of the gender gap in productivity is explained by the concentration of female-owned agrifood MSMEs in the services sector.
  - ✓ In the formal agrifood sector, the main driving forces behind the gap are (i) the low level of education of women entrepreneurs which explains about 45.7% of the gap and (ii) the gender differences in business networks and social connections which explain only 0.1% of the gap.
  - ✓ As regards the informal agrifood sector, we find that women-owned MSMEs are about 19.5%, 1.6% and 0.8% less productive than MSMEs owned by men because of differences in the level of education, access to bank loan, and knowledge of public policies, respectively.
- Finally, regarding the mechanisms behind the gender differences, the gap is notably larger in the formal agrifood sector and specifically for:
  - ✓ MSMEs created using bank loan,
  - ✓ Small-sized enterprises (i.e., 1-25 employees), and
  - ✓ Older agrifood MSMEs (i.e., more than three years in the business).
- Overall, gender-responsive policies are required to help bridge the gender productivity gap in agrifood businesses.

#### **Policy Recommendations:**

- Gender-responsive policies are required to help bridge the gender productivity gap in agrifood businesses. Priority should be given to reduce inequalities in the following important sources of gender bias in the short-, medium- and long-term.
- **Short-term measures:**
  - Encourage women membership in an association or network of businesswomen (not only limited to women, relatives and friends) could help increase information and support.
- **Medium-term measures:**
  - Access to bank credit – relieve credit constraints, reduce financial discrimination, address cultural factors, and
  - Knowledge of public policies – enhance women’s visibility in agrifood and involve them in the policy making process.
- **Long-term strategies:**
  - Sectoral segregation – target factors driving women’s concentration in the services sector e.g., lower start-up costs and lower human capital requirements which have been shown to make this sector more crowded and more competitive, hence less profitable;
  - Reduce women’s child care responsibility, for example, by developing childcare facilities, namely in rural communities; and
  - Provide women with opportunities for skills acquisition (e.g., providing women information, education and training on agrifood).

#### **Conclusion:**

- Farmers and small-scale food producers account for a substantial share of food consumed across SSA.

- Food is a fundamental basic need of life and poverty correlates strongly with the lack of basic needs.
- Women are known as key actors within food systems, but are constrained both in terms of increasing productivity and achieving food security.
- Hence, promoting women's food and nutrition security roles may be one of the avenues for improved food security, eradication of malnutrition in all its forms, and poverty alleviation.
- The paper addressed two research questions. First, how and why does agrifood MSMEs productivity vary by gender (i.e., to what extent is the gender productivity gap driven by differences in endowments or differences in returns to endowments)? Second, what are the channels through which the gender differences in productivity might occur?
- To examine both research questions, we used a large representative panel sample of 46,728 Cameroonian agrifood MSMEs over the period 2014-2016.
- We used the extended Oaxaca-Blinder and distributional decomposition techniques to decompose the gap at the mean and selected points of the labour productivity distribution into:
  - ✓ an endowment effect (the portion of the productivity gap driven by gender differences in levels of observable characteristics), and
  - ✓ a structural effect (the part of the productivity gap driven by gender differences in returns to the same set of characteristics).
- Gender-responsive policies are required to help bridge the gender productivity gap in agrifood businesses.

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