

Jobless and Divided: Measures Towards Redressing Inequality in the Era of Covid-19

*Nda'chi Deffo Rodrigue, Ndonou Tchoumdop
Michèle Estelle and Fomba Kamga Benjamin*

July 2023 / No.GPIR-PB-CC001

Key messages

- Crisis such as Covid-19 will have less impact on people who lose their jobs if the goal to improve resilience of vulnerable people is achieved.
- Improving the quality of employment in the informal sector by creating social security program and introducing incentives for formalization can protect the economically vulnerable, particularly the unemployed in times of crisis such as Covid-19.



Source: Anastasiia Chepinska / Unsplash

- Building a database of vulnerable households and enterprises can enable easy identification and the selection of beneficiaries of support measures.

What are the issues?

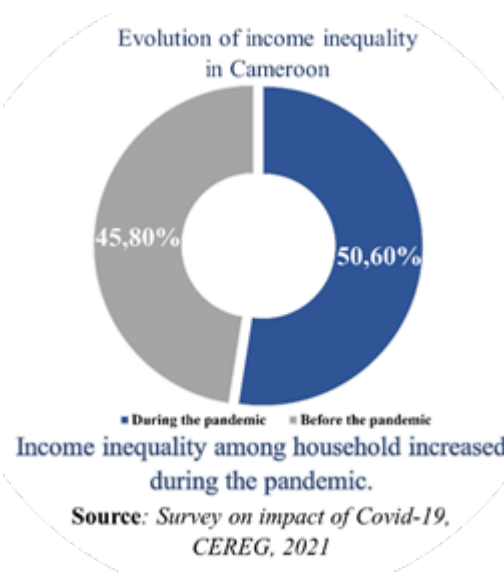
The Covid-19 pandemic has led to further increase in income inequality; a situation that was already alarming and deeply concerning. The increase in inequality is the result of several factors such as individuals head of households losing their jobs due to the restrictions put in place by the government. Even those who escaped this job loss experienced a decline in productivity. Moreover, there was a significant drop in monetary transfers to individuals because the issuers of these transfers were also experiencing difficulties.

Why are they important ?

Inequality has a significant impact on the economic wellbeing of the populace and could directly affect poverty and low standard of living amongst marginalised communities. As a result of the pandemic, the gap between the rich and the poor increased. Therefore, addressing this issue is imperative towards poverty eradication and achieving a more equitable society.

While a fund was set up by the government of Cameroon to assist businesses affected by the pandemic, the conditions do not create enough opportunities for informal enterprises. Moreover, the informal sector accounts for more than 80% of enterprises and 53.6% of non-agricultural informal sector employment in Cameroon. Since the selection process was solely based on examining files and according to criteria related to the formality, there have been various bogus firms formed by people seeking to benefit from this assistance to the detriment of vulnerable and less advantaged.

Also, through social safety nets, the government wanted to give income support to vulnerable people to enable them to meet certain expenses during the pandemic. However, the lack of a database of vulnerable persons or enterprise lies at the heart of the ineffectiveness in implementation of this policy action.



Summary of evidence and policy options

Going forward, government of Cameroon should intensify efforts to protect the poor and marginalized groups and ameliorate their exposure to economic shocks in times of disruption.

This could entail:

Improving job quality: During the pandemic, most of the employment loses are found in the informal sector, which is mainly characterized by precarious employments and the lack of social security for workers. Therefore:

- (i) Creating different forms of social security programs for the informal sector would enhance the quality of life amongst this sector of the population and bridge the divide amongst socio-economic groups in society.
- (ii) Introducing incentives to encourage informal enterprises to formalize because the large size of the informal sector in Cameroon indicates that enterprises do not see the value of formalizing. The government should introduce incentives such as offering management and marketing training to formal businesses or establishing clear and transparent rules for obtaining public contracts, which is the main reason for businesses to formalize.

Building a database of vulnerable households and enterprises: To be effective in implementing assistance measures during crises, the government should create a database of vulnerable persons and enterprises from which recipients of economic aid and assistance can be easily identified. To achieve this, certain indicators must be used as thresholds for classifying individuals, households, and businesses. These can be the number of people who are within the labor force or not in the household, the number of dependents, their disposable income, etc... This responsibility might be delegated to communes, the country's smallest administrative which are closest to the people.

Source : NDACHI DEFFO Rodrigue, NDONOU TCHOUMDOP Michèle Estelle, FOMBA KAMGA Benjamin (2023), Impact of the Covid-19 pandemic on income inequalities in Cameroon: the influence of employment status, AERC

Photo: Anastasiia Chepinska / Unsplash



Mission

To strengthen local capacity for conducting independent, rigorous inquiry into the problems facing the management of economies in sub-Saharan Africa.

The mission rests on two basic premises: that development is more likely to occur where there is sustained sound management of the economy, and that such management is more likely to happen where there is an active, well-informed group of locally based professional economists to conduct policy-relevant research.

www.aercafrica.org

Learn More



www.facebook.com/aercafrica



www.instagram.com/aercafrica_official/



twitter.com/aercafrica



www.linkedin.com/school/aercafrica/

Contact Us

African Economic Research Consortium
Consortium pour la Recherche Economique en Afrique
Middle East Bank Towers,
3rd Floor, Jakaya Kikwete Road
Nairobi 00200, Kenya
Tel: +254 (0) 20 273 4150
communications@ercafrica.org