



Unlocking Access to Finance for Women in Cameroon

To Cite: Kouam, H. & Kouam, S. (2024). Unlocking Access to Finance for Women in Cameroon, 24(7) Cameroon Economic Policy Institute, Henri Kouam Foundation.

SUMMARY Cameroon is the largest and most diversified economy in the Central African Economic and Monetary Community (CEMAC), contributing 45% of the region's Gross Domestic Product (GDP). Women have greater access to skills, education and earning opportunities, representing over 50% of entrepreneurs. Women hold close to half of legislative and senior management positions, estimated at 40% and 23% respectively. Meanwhile, only 18% of women hold top management positions across formal business due to social, economic and financial constraints on women. This brief looks at the constraints in accessing finance for women and proposes policy recommendations to improve women access to financial services in Cameroon.

M. Henri Kouam & Mrs. Sonia Kouam

Email: henri.kouam@camepi.org || Twitter: [@HenriKouam](https://twitter.com/HenriKouam)

LinkedIn: [Henri Kouam](https://www.linkedin.com/in/henrikouam/) || Instagram: [@henri_ik](https://www.instagram.com/henri_ik)



Introduction

Women labor force participation rate in Cameroon is estimated at 70.2% in 2021, well above the average for Sub-Saharan Africa and the gender gap in employment is equally low. Most women work in the informal sector with 83% being self-employed. However, self-employed jobs are low-skilled and low earnings with no access to social protection, which masks significant precariousness in jobs.

Furthermore, less than 25% of formal businesses are run by women and only 22.9% of women are top managers compared to 77.1% of men. Meanwhile, 43% of SMEs in the formal sector cite access to credit as a major impediment to their work. The IFC finds that limited access to finance is a significant obstacle to female entrepreneurs who wish to expand or renew their stock and potential financing needs of SMEs is estimated at \$7.8 billion.

While the literature shows a direct link between access to credit and poverty reduction, credit constraints are a continuous challenge for women, especially in rural parts of Cameroon.

Gender equality is linked to high income and faster growth (Duflo 2012; and Kochhar et al 2017), better income distribution (Ashan et al 2017), greater economic diversification, and better access to finance (Aslan et al 2017).

Why are women unable to access finance?

Insurance: Insurance can act as a form of guarantee for loans, but women lack access to insurance products and other forms of assets. This impedes their ability to access loans from financial institutions.

Customary Law in Rural parts of the country discriminate against women

and Women are unbanked: In

Cameroon, only 18% of women have a bank account at a formal financial institution and they tend to be self-employed, which automatically excludes them from formal access to credit. However, most banks require women to own a bank account before accessing credit, which has impacted women's ability to access loans. Only 30% of women in Cameroon have a bank account versus 39% of men. This female rate of bank account ownership is lower for Cameroonian women than those in Sub-Saharan Africa and the Middle income group.

Informal Financing: Women traditionally access finance through informal cooperative and meetings. On the one hand, this understates access to finance for women but the interest rates from informal groups' loans are higher than that charged by banks or microfinance institutions. The Grass roots System of Credit where women from the same region, city or village come together and contribute regularly to a common fund, which is then lent to those in need at an interest rate that is less than 11% on average.

Social pressure: Women are unable to access finance because the communities where they live do not encourage them to access finance through their collateral such as land ownership. In terms of access to financial services, women lack knowledge of business, information technology and financial management is a common obstacle for women who want to access finance.

Lack of Education impacts women's access to credit: This lack of education is also explained by the fact that 31% of female youth are out of secondary youth, compared to 21% of male youth (Education Policy Centre, 2018). In 2020, female literacy was 83%, while male

literacy rates were 89%, exacerbating discriminatory trends against women. It is reinforced by a socio-cultural environment that discriminates against women in access to land, goods and inheritance.

The National Gender Policy

The authorities' 2015 National Gender Policy Paper (NGP) provides equal access to social services, rights and opportunities. Relying on Sustainable Development Goal no 5 on gender equality and empowerment of women and girls, the NGP relies on 4 pillars: (i) creating a conducive environment for social protection and equitable access to social services, (ii) ensuring equal rights and opportunities in resources control, (iii) creating conditions for equal participation to development actions, and (iv) ensuring institutionalization of gender in public/private affairs.

The government has amended the Criminal Code and its provisions against gender discrimination and sexual harassment. In the education system, a Master's Degree in Gender and Development has been introduced at universities while free primary school has contributed to increasing girl-to-boy enrollment ratios. Collective weddings organized by the ministry in charge of women

empowerment contribute to reducing women's vulnerabilities amid unrecognized cohabitation by the law. Cameroon's labor code and the general statute of the civil service prohibit any form of discrimination including on gender.

Legal and Institutional Aspects of Gender Inequality prevent access to finance

However, the 2017 criminal code and the 1981 civil code continue to include discriminatory provisions against women and do not fully protect women against domestic violence. The legal marriage age for women is 15 years compared to 18 years for men. There are restrictions on women's employment that prevent them from getting a job, national identity card and a passport from the 2018 Women, Business and the Law. Husbands can sell jointly owned property without women's consent, which impacts their ability to hold collateral.

In rural areas, customary laws are often used to settle domestic and property disputes which deprive women of their rights. This is the case even as most cultures and legal provisions grant women equal rights as men.

Reforms to Support Women

- Some progress has been made to protect women further. The 1967 law was amended in 2016 lifting discrimination and ensuring equal criminalization for adultery (Article 361). However, polygamy still allows the system to discriminate against women. Furthermore, forced marriages are prohibited and women are protected from genital mutilation, sexual harassment, exclusion from school and eviction from the matrimonial home.
- Cameroon has made rapid and significant progress in reducing gender inequality in recent years, and stands to gain from further reducing remaining gender gaps. Below, we provide some recommendations that can support female access to credit. Widespread implementation of the new penal code will ensure better protection of women against violence and harassment. It will also help address early marriage and discrimination against girl's school enrollment, enabling women to access credit from formal credit institutions. Customary law should be actively discouraged to protect women's rights and ensure that they can access credit.

This will require a broader sensitization of village chiefs and traditional leaders.

- Women should be educated, informed and sensitized about their rights and the role of credit in supporting female-led entrepreneurship. The ministry in charge of women empowerment should work with civil society organizations and grass root organizations to reach women in their local communities. By understanding their rights, women will be able to access credit and enjoy the benefits of owning collateral. This will reduce inequality and promote inclusive economic growth.
- Financial institutions should actively seek to promote credit amongst women. Microfinance institutions could support female-led organizations and microentrepreneurs by allowing daily repayment of credit and loans.
- This will reduce the incidence of bad loans and encourage more women to access loans from traditional financial institutions. Institutions could equally demand that women find guarantors who can vouch for

them and repay their loans if need be. Such a measure will allow institutions to build trust with women and enable them to access finance independently over the long run.

Conclusions

Women suffer more from poverty, unemployment and tend to work in low paying sectors. While some progress has been made in protecting women's rights, these must be enforced across the national territory to support female entrepreneurs. Financial institutions and policy makers should actively work towards educating, informing and sensitizing women on their rights. Such an outcome will ensure that women increasingly access credit, leading to inclusive and broad-based economic growth.

Reference List:

1. World Bank. (2023). Firms with female top manager (% of firms). <https://data.worldbank.org/indicator/IC.FR.M.FEMM.ZS>
2. IFC. (2023). Activa Cameroon, Ensuring women for a better future. Women Entrepreneurs Finance Initiative (We-Fi), International Finance Corporation. <https://www.ifc.org/content/dam/ifc/do>

- [c/2023/activa-cameroon-case-study-insuring-women-for-better-future.pdf](#)
3. WEF. (2023).
https://www3.weforum.org/docs/WEF_GGGR_2022.pdf
 4. Kimengsi, J.N.; Balgah, R.A.; Buchenrieder, G.; Silberberger, M.; Batosor, H.P. An empirical analysis of credit-financed agribusiness investments and income poverty dynamics of rural women in Cameroon. *Community Dev.* **2017**, *51*, 72–89. [[Google Scholar](#)] [[CrossRef](#)]
 5. Maryjane, U.; Celestine, U. Analysis of Micro Credit as a Veritable Tool for Poverty Reduction among Rural Farmers in Anambra State, Nigeria. *Discourse J. Agric. Food Sci.* **2013**, *1*, 152–159. [[Google Scholar](#)]
 6. Bime, M.-J.; Mbanasor, J.A. Analysis of rural credit market performance in north west region, Cameroon. *Agris On-Line Pap. Econ. Inform.* **2011**, *3*, 23–28. [[Google Scholar](#)]
 7. Djoumessi, Y.F.; Kamdem, C.B.; Afari-sefa, V.; Bidogeza, J.-C. Determinants of Smallholder Vegetable Farmers Credit Access and Demand in Southwest region, Cameroon. *Econ. Bull.* **2018**, *38*, 1231–1240. [[Google Scholar](#)]
 8. Aslan, G., Deléchat, C., Newiak, M., and Yang, F., 2017, “Inequality in Financial Inclusion and Income Inequality.” *IMF Working Paper 17/236*. Washington: International Monetary Fund.
http://scholar.google.com/scholar_lookup?title=Inequality+in+Financial+Inclusion+and+Income+Inequality&author=G.+C.+M.+F.+Aslan+Del%C3%A9chat+Newiak+Yang&publication_year=2017
 9. Duflo, E., 2012, “Women Empowerment and Economic Development.” *Journal of Economic Literature* *50* (4): 1051–079. [Search Google Scholar](#)
 10. Kochhar, K., Jain-Chandra, S. and Newiak, M., 2017. “Women, Work, and Economic Growth: Leveling the Playing Field.” Washington: International Monetary Fund. [Search Google Scholar](#)

About the Author

Mr. Henri Kouam is the founder the Cameroon Economic Policy Institute (EPI), that seeks to improve the quality of Economic Policies through fact-based research, policy advocacy and events to reduce poverty and boost prosperity for all Cameroonians. He was previously an economist at the Nkafu Policy Institute between 2020 and 2022. and was the Lead Researcher for Africa on the Demographic Dividend, a project sponsored by the Bill and Melinda Gates Foundation. He worked as a NATO consultant for Africa, helping them understand Africa’s economic realities and providing actionable classified intelligence for the Naples Joint Command.