

## **Inequality Decomposition by Regressed-Income Sources in Cameroon**

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### **Abstract**

This paper applies the regression-based inequality decomposition approach to explore determinants of income inequality in Cameroon using the 2007 Cameroon household consumption survey. Survey-based linear regressions are fitted and used to generate contributions of regressed-sources to measured income inequality.

Synthetic variables for education and health are constructed by the multiple correspondence analysis method. The contribution of each source to measured income inequality is the sum of its weighted marginal contributions in all possible configurations of sources as sanctioned by the Shapley value decomposition rule.

The household income generating function is significantly explained by the synthetic variables, the fraction of active household members, working in the formal sector, age, household size, gender, owning farm land, and dwelling in pure urban and rural localities. Regressed-income sources such as fraction of active household members, urban residency, working in the formal sector, education, rural residency, household size, health and farmland ownership are the main determinants that accounted for household income inequality in that order.

These results have policy implications for addressing inequalities in the ongoing process of growth, employment and poverty reduction in terms of improving access to labour-intensive employment opportunities, balanced development, family planning services and education for all.

**Keywords:** Regression-based decomposition, Inequality, household Economic well-being and Cameroon.