GENIE CAPITAL LTD
SOVEREIGN INTELLIGENCE · ECONOMIC POLICY DIVISION

CAMEROON

A Structural Diagnosis and Policy Proposal

A Plain Economics Report

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I. The Problem: The Cameroon Paradox

Cameroon presents a confounding political-economic puzzle. By conventional metrics, the country appears to be muddling through. GDP growth has averaged approximately 3.3% to 4% in recent years. Inflation has moderated from its 2022–2023 peaks to roughly 3.1% in early 2026. The CFA franc peg provides nominal currency stability. Cameroon remains Central Africa's most diversified economy, boasting significant agricultural exports, oil reserves, and a growing services sector.

Yet beneath this surface stability lies a deeper, more troubling reality. Real GDP per capita remains in the range of $1,700–$1,800 nominal — barely above early-2000s levels in real terms. Manufacturing has collapsed from 34% of GDP in 1984 to approximately 14% today. The productive base has been systematically eroded.

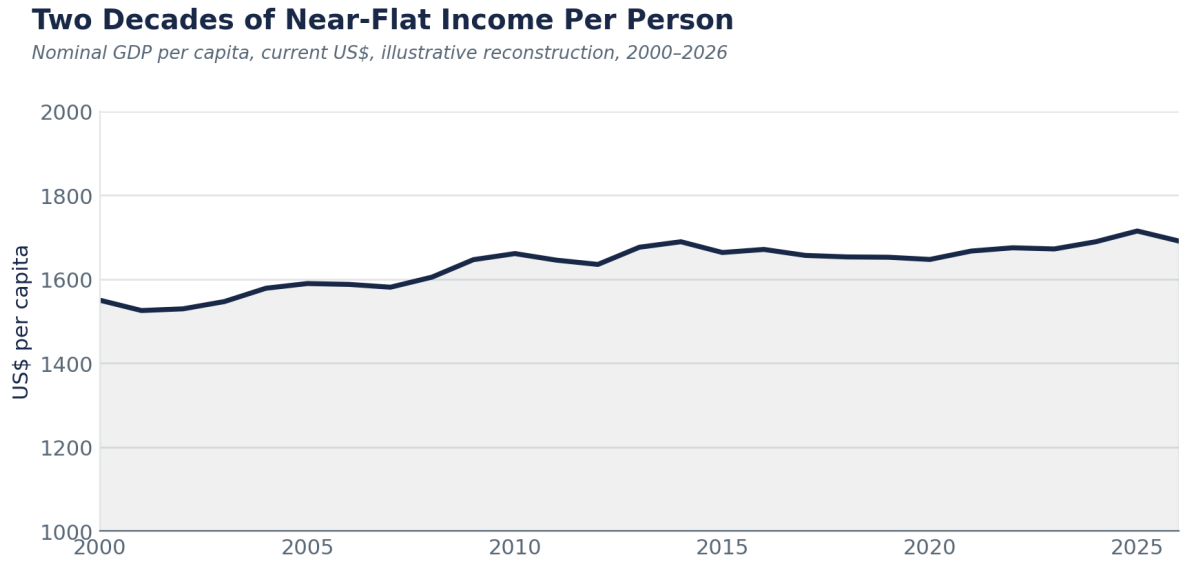

Figure 1. Nominal GDP per capita has moved sideways for more than two decades.

Political continuity has crossed the threshold from stability into institutional sclerosis. President Paul Biya, now 93 years old, secured a contested eighth term in the October 2025 elections, extending a tenure that began in 1982. The Anglophone crisis, which escalated in 2017, has fractured territorial sovereignty, resulting in over 6,000 deaths and more than 500,000 internally displaced persons.

Corporate and state behaviour has become defensive and extractive. Unpaid domestic debts to local contractors have skyrocketed tenfold since 2018 to a staggering CFA 330 billion. Chinese-financed infrastructure projects have generated massive debt service obligations without translating into durable local productivity gains.

43 Years	**~14%**	**CFA 330B**	**>500,000**
Under PresidentBiya	Manufacturing share ofGDP (down from 34%)	Unpaid domesticarrears	Internally displaced(Anglophone crisis)

The puzzle, then, is this: why has a country with such abundant natural resources and four decades of unbroken regime continuity failed to translate that wealth into durable prosperity? Something is wrong. Not wrong in the way that a standard commodity-cycle recession is wrong. Wrong in a deeper, structural sense. The economy is functioning, but it is not progressing. It is alive, but it is not compounding.

II. The Failed Diagnoses: Why Conventional Explanations Fall Short

Over the past decade, economists and policymakers have offered a series of explanations for Cameroon's stagnation. Each captures a genuine feature of the economy, but each describes a symptom rather than a cause.

A. The Resource Curse / Commodity Volatility

The argument holds that dependence on oil, gas, and cocoa exposes Cameroon to external price shocks, causing boom-and-bust cycles that prevent long-term planning.

Commodity volatility explains fiscal deficits in specific years, but it cannot explain the permanent deindustrialisation of the economy. Botswana and Norway faced similar commodity windfalls but used them to build compounding institutional wealth. Cameroon's oil revenues were consumed by patronage, not capitalised into productive assurance.

B. The Anglophone Crisis as an Exogenous Shock

The argument holds that the 2016–2017 escalation of the Anglophone crisis disrupted trade, destroyed agriculture in the Northwest and Southwest, and diverted state resources to security.

The crisis is devastating, but it is a culmination of institutional decay, not its root cause. The structural marginalisation of the Anglophone regions began with the abolition of the federal system in 1972 and the vice presidency in 1982. The conflict is a symptom of a broader failure of the social contract, not the origin of the state's productivity trap.

C. Infrastructure Deficits

The argument holds that a lack of hard infrastructure — roads, reliable energy, deep-water ports — prevents industrialisation.

Over the last decade, Cameroon has engaged in massive, debt-fuelled infrastructure building: the Kribi Deep Seaport, the Memve'ele dam, the Yaoundé–Douala highway. Yet productivity has not followed. The models see the infrastructure; they cannot see that it was built by imported labour, financed on non-concessional terms, and operated within an institutional environment that starves local manufacturing of working capital.

Diagnosis	Core Claim	Why It Falls Short
Resource Curse	Commodity price volatility drives boom-and-bust cycles that prevent long-term planning.	Cannot explain permanent deindustrialisation. Botswana and Norway faced similar windfalls but built compounding wealth; Cameroon's revenues were consumed by patronage.
Anglophone Crisis	The 2016–2017 escalation disrupted trade and diverted state resources to security.	A culmination of institutional decay dating to 1972 and 1982, not its origin — a symptom of a broken social contract, not the cause of the productivity trap.
Infrastructure Deficits	A lack of roads, energy, and ports prevents industrialisation.	Massive debt-financed infrastructure has been built without productivity gains, because it was built by imported labour on non-concessional terms that starve local manufacturing of capital.

III. The Diagnostic Blindspot: Why the Tools Themselves Were Broken

The conventional diagnoses failed because the analytical tools of mainstream macroeconomics and standard sovereign risk models are structurally incapable of detecting the disease that afflicts Cameroon.

A. The Illusion of Aggregate Metrics

Conventional models rely on GDP growth and headline inflation. These can remain perfectly stable while the underlying institutional machinery seizes up. A GDP figure cannot distinguish between a generative economy — where a new factory creates compounding value — and a parasitic economy, where a Chinese state-backed contractor builds a toll road that extracts rent from local merchants to service foreign debt.

B. Confusing Financial Engineering with Real Value Creation

Conventional models treat debt-financed infrastructure spending as a positive contribution to GDP. In Cameroon, billions in Chinese Exim Bank loans — now representing 62% of bilateral debt — were booked as 'investment.' But because the projects did not catalyse local industrial capacity, they functioned as consumption deferred, generating debt service obligations that now crowd out spending on education and healthcare.

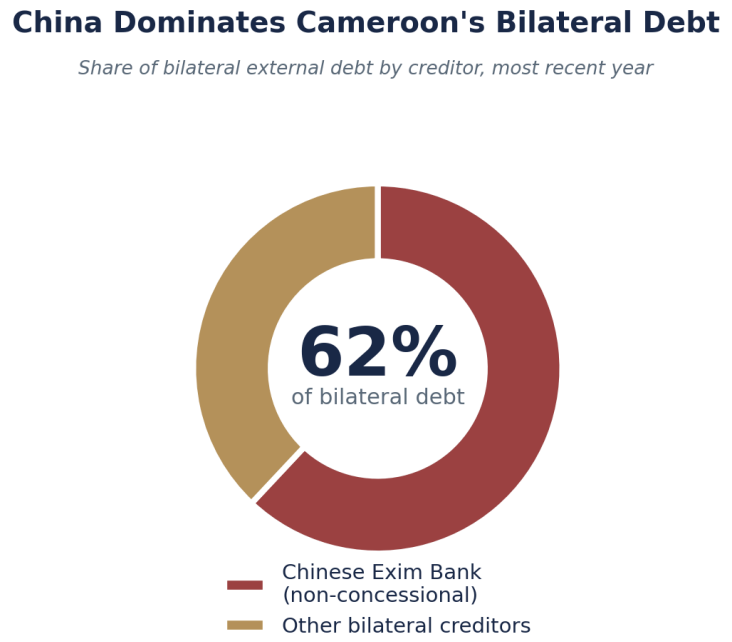

Figure 2. Chinese Exim Bank loans, largely non-concessional, dominate Cameroon's bilateral external debt.

C. Misdiagnosing Institutional Decay as a Preference Problem

When local firms do not invest, conventional finance assumes they are risk-averse or lack access to credit. In reality, Cameroonian entrepreneurs are making a highly rational judgment: the institutional environment is too uncertain, and the state's capacity to honour its own obligations — evidenced by the CFA 330 billion in unpaid domestic arrears — is demonstrably absent. Policymakers see a lack of private investment and prescribe tax breaks; they should see a broken institutional framework and prescribe institutional repair.

IV. The Actual Diagnosis: A Regime Survival Trap

Cameroon's stagnation is not a macroeconomic problem. It is a governance problem — the result of a specific set of policy choices that locked the economy into a self-reinforcing equilibrium of patronage, discontinuity, and suppressed creative destruction.

1. Currency and Price Instability

While the CFA peg provides nominal stability against the Euro, domestic purchasing power has been ravaged by inflation spikes, peaking at 8.5% in early 2023. For long-horizon promises — pension obligations, infrastructure returns, education payoffs — this volatility acts as an annualised discount on real returns, destroying the fixed-income middle class.

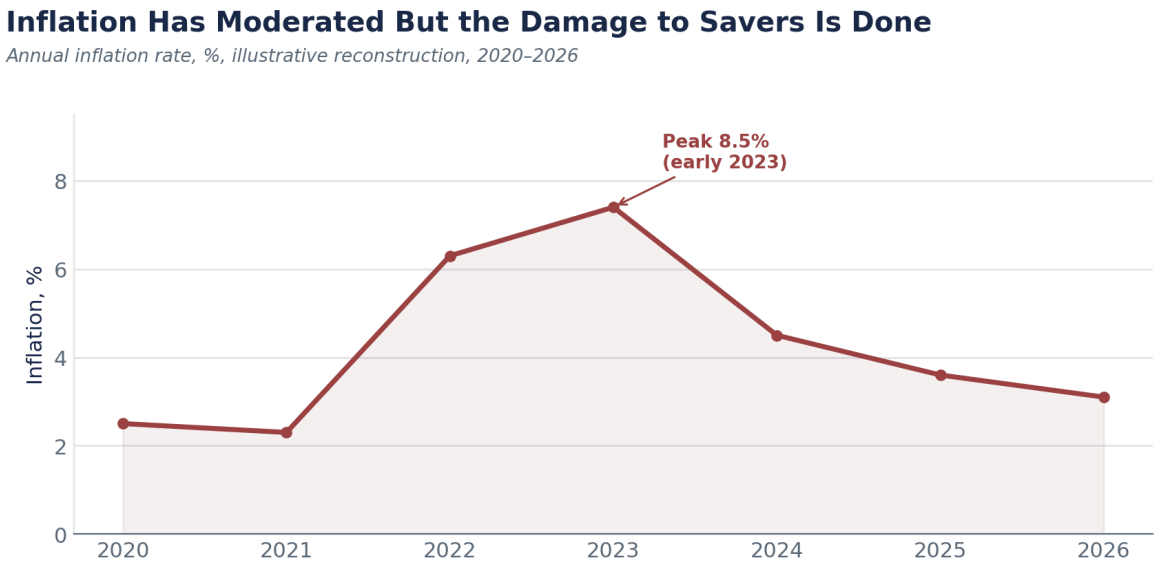

Figure 3. Inflation has moderated from its 2023 peak, but the erosion of real savings and fixed incomes has already occurred.

2. Institutional Discontinuity

The 2025 presidential election crystallised the regime's terminal fragility. With the main opposition barred and the declared results heavily disputed, the state's accountability mechanisms collapsed. The Anglophone regions operate under de facto dual sovereignty. The state can no longer guarantee the physical security or legal continuity required for capital compounding.

3. Debt Stress and Borrowing-to-Service

Public debt has reached approximately 41% of GDP, but the composition is toxic. Non-concessional Chinese debt requires hard-currency servicing that drains foreign reserves. Domestically, the CFA 330 billion in arrears owed to local contractors has created a severe liquidity crisis, bankrupting the very domestic SMEs that are supposed to drive the real economy.

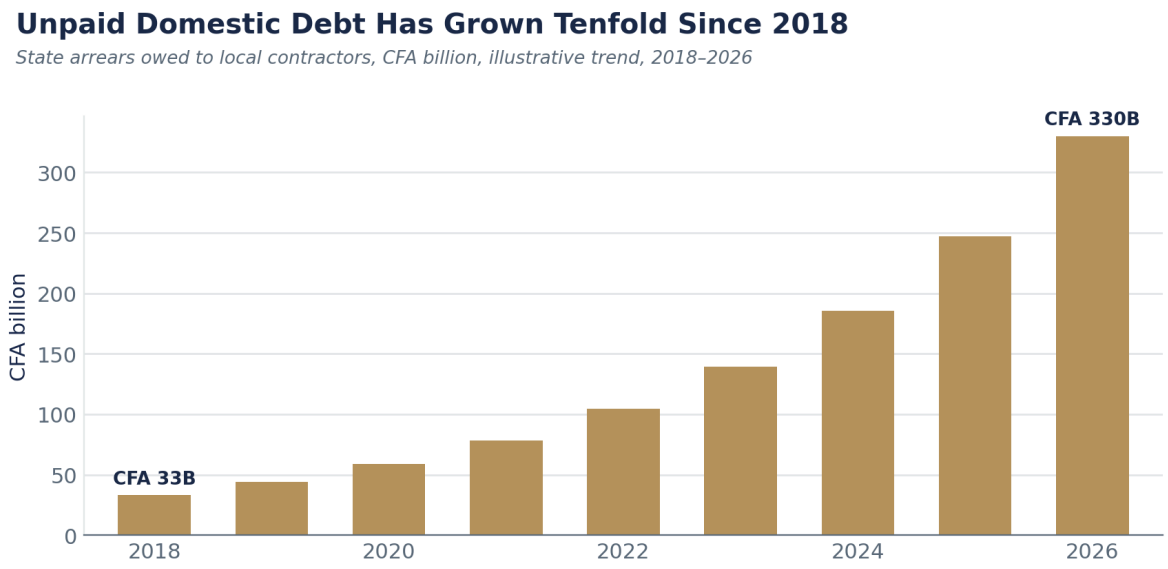

Figure 4. Unpaid state debts to local contractors have grown roughly tenfold since 2018.

4. Productivity and Knowledge Compounding

Manufacturing has collapsed. The SONARA refinery faces chronic operational challenges, forcing the country to import refined petroleum despite producing crude. The educational system's Anglophone-Francophone fracture has created a lost generation in the conflict zones. The economy has stopped compounding knowledge and capital.

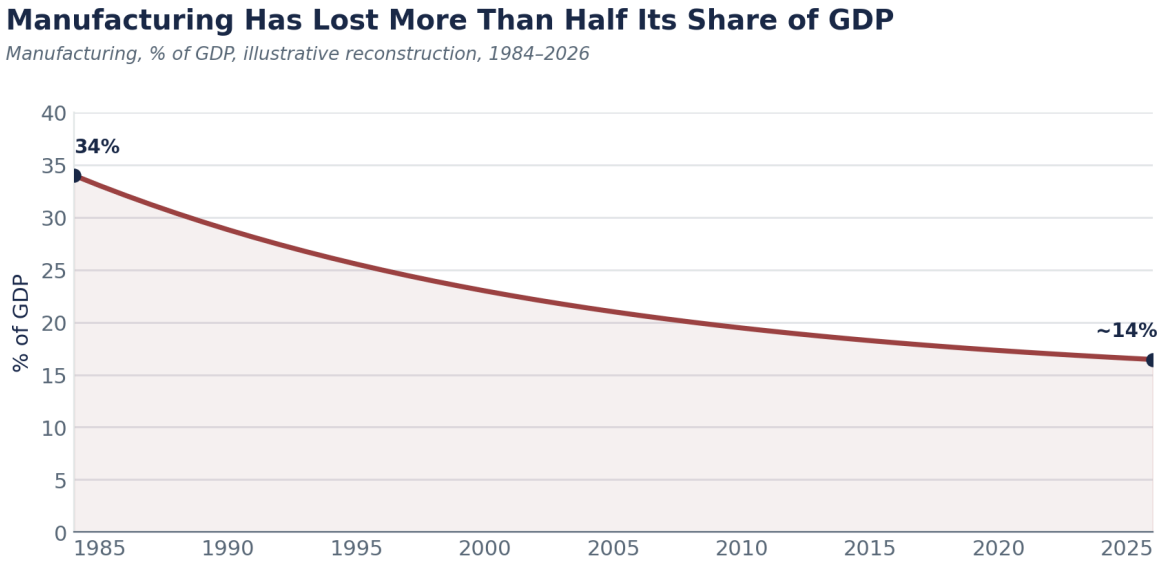

Figure 5. Manufacturing's share of GDP has fallen by more than half since 1984.

The Lock-In Mechanism

Each stage below feeds the next, and there is no internal force that will disrupt the cycle:

1	The regime relies on patronage and security force loyalty to maintain power.
2	Patronage requires continuous fiscal extraction and debt-fuelled spending.
3	Debt service and arrears starve the real economy and local SMEs of capital.
4	Productivity stagnates, shrinking the legitimate tax base.
5	The regime relies further on non-concessional external debt and resource extraction to fund the patronage network — and the cycle repeats.

V. Why Conventional Policy Has Failed

Successive rounds of conventional policy — IMF-supported fiscal consolidation, infrastructure-led growth strategies, and periodic anti-corruption drives — have failed to alter Cameroon's trajectory for the same reason conventional diagnostics failed to identify the disease.

Fiscal consolidation targets the deficit, not the composition of spending. It has repeatedly reduced current expenditure on health and education while leaving the patronage architecture of state contracts, security spending, and off-budget guarantees largely untouched. The deficit narrows temporarily; the underlying allocation of capital does not change.

Infrastructure-led growth strategies assume that hard capital — ports, dams, highways — will catalyse private productivity once built. In Cameroon, the financing terms, contractor selection, and operating model of these projects have been structured to serve the political economy of patronage and foreign debt relationships, not to build durable local industrial capacity. The assets exist; the productivity multiplier does not.

Anti-corruption drives have targeted individuals — periodic high-profile prosecutions — without altering the institutional incentives that make patronage the rational strategy for both officials and firms. Removing one actor from a self-reinforcing system does not dismantle the system; a successor simply occupies the same structural position.

The core failure is structural, not technical.

Cameroon's technocrats are capable, and its development partners are well-resourced. But conventional policy treats the country's problems as a sequence of fixable deficits — fiscal, infrastructural, integrity. It does not address the underlying architecture: a regime that survives by monopolising the management of shocks and systematically eliminating potential rivals, including institutional ones. You cannot fiscally consolidate your way out of a succession crisis.

VI. The Present Moment: 2026 and the Succession Trap

The most critical vulnerability in Cameroon's architecture is the succession mechanism. The regime has survived by monopolising the management of structural shocks and systematically eliminating potential successors.

A. The Fractured Constitutional Bridge

Historically, the constitutional successor to the President was the President of the Senate. Marcel Niat Njifenji held this post from 2013 until his death in early 2026 at age 91. Niat possessed decades of entrenched patronage networks and cross-elite leverage.

In March 2026, Aboubakary Abdoulaye was elected as the new Senate President. While Abdoulaye now holds the constitutional position of successor, his authority is largely nominal. He lacks the deep, historical leverage required to hold the competing ethnic, regional, and military factions together in the event of a sudden presidential vacuum.

B. The Vacant Throne: The 2026 Constitutional Reshuffle

In a stunning move on April 4, 2026, the Cameroonian Parliament adopted a constitutional amendment reintroducing the post of Vice President — a position abolished in 1982 to marginalise the Anglophone community and prevent rival power centres. Crucially, the position remains deliberately vacant.

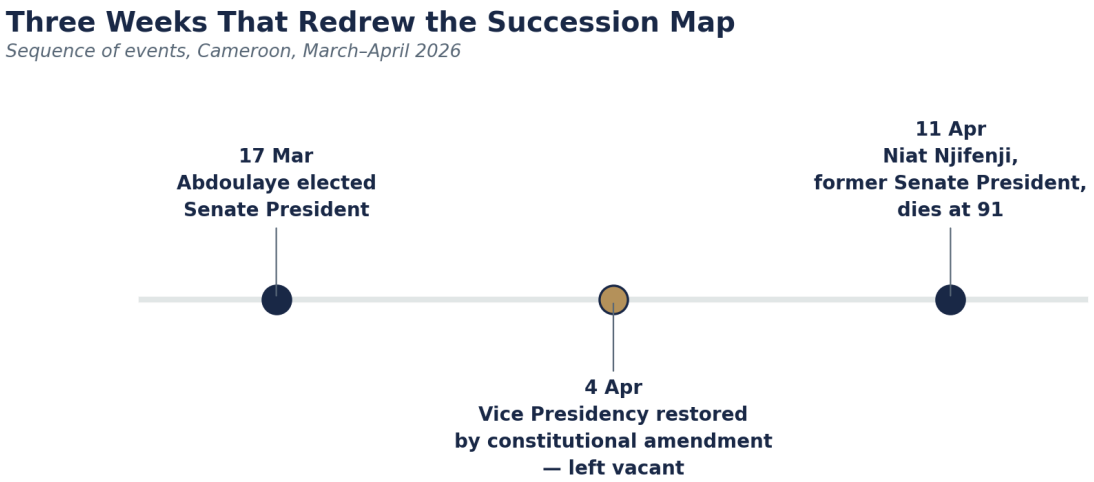

Figure 6. In the space of three weeks, Cameroon replaced its constitutional successor, restored the vice presidency, and lost the man who had held the succession role for thirteen years.

This is not an administrative oversight; it is a calculated mechanism of regime survival. By creating the institutional shell of a successor without appointing an occupant, the 93-year-old President keeps competing elite factions — including potential dynastic successors and military leaders — in a state of

suspended competition. It prevents any single rival from consolidating a power base while allowing the President to dangle the appointment as a tool for extracting loyalty.

> *Cameroon now has a Vice Presidency without a Vice President — a perfect metaphor for the nation's broader institutional reality: the form exists, but the functional substance is absent.*

VII. A Three-Pillar Proposal

If the diagnosis is correct, the cure must be structural. The proposal rests on three pillars. All three are necessary; none is sufficient on its own.

PILLAR ONE **Territorial & Institutional Reset**	PILLAR TWO **Balance Sheet Cleansing**	PILLAR THREE **Productive Reorientation**
Restore the social contract. — Negotiate a genuine federal compact for the Anglophone regions. — Appoint a Vice President with actual constitutional authority. — Convene a sovereign national conference to rewrite the electoral code.	*Clear the arrears and restructure debt.* — Audit and clear the CFA 330 billion domestic debt to save local SMEs. — Restructure non-concessional Chinese bilateral debt. — Ring-fence commodity revenues in a sovereign wealth vehicle.	*Shift from extraction to compounding.* — Rebuild educational infrastructure in conflict zones. — Rehabilitate SONARA to end refined fuel imports. — Shift state procurement mandates to local manufacturers.

Pillar One: Territorial & Institutional Reset

The Anglophone crisis cannot be solved by military force or the managed ‘special status’ concession of 2019. It requires a genuine federalism negotiation with inclusive representation, analogous to the 1961 Foumban Conference. Furthermore, the deliberate vacancy of the Vice Presidency must end; the office must be filled with a figure capable of bridging the Francophone-Anglophone divide and providing a credible, institutionalised succession mechanism.

Pillar Two: Balance Sheet Cleansing

The state is currently bankrupting its own private sector. The CFA 330 billion in domestic arrears must be audited, securitised, and paid to restore liquidity to local contractors. Simultaneously, Cameroon must engage in a formal restructuring of its Chinese Exim Bank obligations, trading short-term hard-currency drains for long-term, growth-linked concessions.

Pillar Three: Productive Reorientation

Capital must be redirected from regime-survival patronage to productive assurance. This requires a statutory mandate that state infrastructure projects utilise a minimum threshold of local labour and materials. The rehabilitation of the SONARA refinery and the CDC/PAMOL agricultural zones must be treated as matters of national security, requiring the immediate demilitarisation and stabilisation of those regions.

VIII. The Political Realities

No one should pretend that this proposal is easy. It requires the deliberate disruption of relationships carefully maintained for forty-three years. It will produce winners and losers, and the losers will be identifiable, organised, and politically powerful.

Concentrated, Organised Losers	Dispersed, Future Winners
The CPDM patronage network: elites whose wealth depends on state capture and opaque procurement.	Local SMEs and contractors: freed from the CFA 330 billion arrears trap, able to hire and invest.
Entrenched military commanders: beneficiaries of the perpetual security emergency in the Anglophone regions.	Anglophone youth and diaspora: reintegrated into the national economy with genuine political representation.
Foreign state-linked creditors: entities benefiting from high-interest, non-concessional infrastructure loans.	Future generations: inheriting a state that builds productive capacity rather than just consuming resources.

The asymmetry between concentrated, organised losers and dispersed, unorganised winners is the fundamental political obstacle to structural reform. The political system is designed to respond to organised interests, and the organised interests are those that benefit from the status quo.

IX. Conclusion

Cameroon's forty-three-year stagnation is not a resource curse. It is not a demographic inevitability. It is a governance trap — the result of choosing, repeatedly and deliberately, to preserve the existing regime architecture at the expense of future productivity growth.

The conventional policy toolkit failed because it was designed to manage the business cycle, not to repair the institutional machinery that determines the trend itself. When the machinery broke, policymakers applied the only tools they had: borrowing from China, suppressing dissent, and managing transitions. These tools moved the observable numbers in the desired direction, but they did not repair the machinery. They merely concealed the damage.

The actual diagnosis is structural. Capital is frozen in unproductive state-owned enterprises. Institutions are entangled in a web of mutual dependence that prevents any single actor from failing. The succession mechanism is a hollow shell.

The cure is not more infrastructure debt. It is not slightly lower interest rates. It is restructuring: cleansing the domestic balance sheet, settling the territorial fracture, and reforming the governance framework to align incentives with productive investment rather than incumbent protection.

The reset is not optional. It is inevitable.

The only question is whether it will be structured and managed, or chaotic and destructive. The choice must be made deliberately, with full understanding of the costs of both action and inaction. Cameroon has waited forty-three years. It cannot afford to wait forty-three more.

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