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Assessing challenges affecting the effective application of Corporate Governance Principles and their implication on the performance of public enterprises in Cameroon

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Abstract
Public enterprises in Cameroon serve a strategic role in critical socio-economic sectors, such as energy, telecommunications, transport and infrastructure. Despite regulatory reforms ushered by instruments like Law N°. 2017/011 governing state-owned enterprises, the OHADA Uniform Acts and local corporate governance codes- the effective application of corporate governance principles across Cameroon's public enterprises remains severely constrained. This article investigates the primary structural, political and institutional challenges affecting governance practices in Cameroonian public enterprises and evaluates their subsequent implications on enterprise performance. Utilizing a qualitative research design based on documentary analyses, legal review and institutional evaluation of key public firms, this study examines the operational gaps between legislative intention and practical implementation. Findings reveal that the effective application of corporate governance principles is hampered by persistent political interference, clientelism in executive and board appointments, institutional fragmentation, weak board autonomy and opaque financial reporting standards. Additionally, regulatory supervisory bodies face resource constraints and enforcement lapses, fostering a culture of limited accountability. Consequently, these governance deficits severely impair performance, leading to chronic operational inefficiencies, financial underperformance, heavy debt burdens and highly fiscal reliance on government subsidies. This study demonstrates that institutionalizing good governance mechanisms-such as objective performance contracts, transparent selection procedures, independent audit oversights and functional board autonomy-is essential to transforming public enterprises from fiscal liabilities into profitable catalysts for economic growth. Ultimately the paper provides practical policy recommendations aimed at strengthening regulatory enforcement, harmonising governance frameworks and professionalising enterprise management in Cameroon.

Keywords: Corporate Governance, public enterprises, challenges in governance and performance

Introduction

Tingle in his book *Hard Lessons in Corporate Governance* [1], worries about the fact that despite forty years of governance reforms, empirical research suggests that many modern governance practices have not only failed but have in some instances exacerbated organizational problems. The evidence indicates that when we examine the outcomes generated by various corporate governance 'best practices,' we find that many do not work as intended, and the theories supporting modern governance may be fundamentally flawed [2]. By identifying these impediments working against corporate success, we provide a clearer understanding of why governance failures occur.

Public enterprises form the operational backbone of Cameroon's national economy, serving as vital catalysts for infrastructural development, public service delivery, and economic growth across key sectors such as energy, telecommunications, and transportation. To promote accountability, transparency, and operational efficiency within these institutions, the Cameroonian government introduced legislative reform-most notably Law No. 2017/011 of 12 July 2017 governing public corporations-alongside adopting regional frameworks like the OHADA Uniform Act and national guidelines. Despite these regulatory structures, the practical enforcement of core corporate governance principles remains severely compromised. This article examines the systemic challenges impeding the effective implementation of corporate governance principles in Cameroonian public enterprises. By evaluating how these implementation gaps adversely affect operational and financial performance, this study aims to offer actionable governance reforms to enhance efficiency and public accountability.

Understanding the Legal and Regulatory Challenges of Public Enterprises

The legal and regulatory architecture constitutes the foundational pillar upon which effective corporate governance is constructed. It is designed to provide certainty, establish clear rules of engagement, and enforce accountability among corporate actors. However, in many jurisdictions, this architecture is not a monolithic or perfectly coherent structure. Instead, it is often a complex patchwork of supranational treaties, national statutes, and regulatory instruments that may contain gaps, ambiguities, and even internal contradictions. This section examines the specific legal and regulatory challenges to corporate governance in Cameroon, a jurisdiction where the interplay between harmonised international business law and domestic legislative frameworks creates a particularly complex governance environment.

1. Assessing the gaps and Inconsistencies in the Legal Framework

The Cameroonian corporate governance landscape is shaped by a dualistic legal heritage. It operates under the umbrella

of the Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA), a supranational organisation comprising 17 member states, which provides harmonised uniform acts governing various aspects of business law [3]. These are superimposed with national legislation, most notably Law No. 2017/011 of 12 July 2017 relating to the General Statute of Public Enterprises, and its associated implementing decrees [4]. While this framework aims to provide a robust governance structure, it is beset by significant gaps and inconsistencies that undermine its effectiveness.

2. Ambiguities in Law on the Regulation Governing Public Corporation in Cameroon

Law No. 2017/011 was promulgated to reform the governance of public and para-public sector enterprises, replacing the earlier 1999 law in response to an evolving socio-economic environment and the need to align with the principles of New Public Management [5]. The law sought to modernise the management of these entities, which have historically been underperforming and reliant on state subsidies [6]. However, despite its progressive intent, the law contains critical ambiguities that hinder its practical application.

A primary area of ambiguity lies in the allocation of appointing powers. The law outlines the prerogatives of the Head of State in appointing board chairs, Directors-General, and their deputies in state-owned companies [7]. This provision, while constitutionally grounded in Article 8 of the Cameroonian Constitution, which empowers the President to "appoint to civil and military posts of State," has created interpretative challenges regarding the delineation of authority between the presidency and the line ministries with supervisory responsibilities over these enterprises [8]. As noted by public law expert Magloire Ondoa [9], while the Constitution is supreme and should prevail in case of doubt, the practical overlap of powers has led to jurisdictional friction and delays in finalising appointments, thereby creating leadership vacuums that impede strategic decision-making.

Furthermore, the law's provisions regarding the specific responsibilities of supervisory ministries, as opposed to the appointing authority of the presidency, lack sufficient clarity [10]. This ambiguity has resulted in periodic tensions and the need for circulars and clarifications from the Secretary General at the Presidency to reaffirm the boundaries of each actor's duties [11]. Such legal uncertainty at the highest level of governance creates a ripple effect, fostering an environment where accountability is diffused and strategic oversight is weakened.

3. Conflicts between OHADA and National Provisions

Perhaps the most profound legal challenge to corporate governance in Cameroon stems from the inherent tension between the supranational OHADA treaties and national legislative provisions. The OHADA Treaty establishes the principle of the direct and mandatory application of its Uniform Acts in member states, with supremacy over any former or subsequent domestic legal provisions that contradict them [12]. This supranational character was emphatically upheld by the Paris Court of Appeal, which confirmed that OHADA law constitutes a rule of public policy that overrides contrary national legislation. [13]

However, this clear hierarchy is often blurred in practice, particularly concerning the governance of state-owned enterprises. These entities, while taking the legal form of commercial companies (typically *sociétés anonymes*) under the OHADA Uniform Act on Commercial Companies and Economic Interest Groups (AUSGIE), are simultaneously subject to national public law due to the State's participation in their share capital [14]. As a result, their management falls under both private law (OHADA) and public law (national statutes governing state tutelage, public procurement, and financial discipline). [15]

This dual legal personality creates significant tension, particularly in matters of director liability and sanctioning. While OHADA law provides for sanctions such as *abus de bienssociaux* (misuse of corporate assets) under Article 891 of the AUSGIE, national legislation, including Law No. 74/18 of 5 December 1974 on the sanctioning of managers of public credits and state enterprises, defines and punishes "management faults" (*fautes de gestion*) prejudicial to the public purse [16]. The definition of a management fault is broad, encompassing any act, omission, or negligence not in the social interest of the enterprise, and can include acts with penal connotations [17]. This duality leads to a "clair-obscur" (twilight zone) in the prosecution of public enterprise directors, where it is unclear whether the OHADA framework or national penal and financial discipline laws should take precedence [18]. Some advocate for the primacy of national law to protect state interests, while communitarians argue for the mandatory application of OHADA's uniform provisions in the name of legal harmonisation [19]. This conflict creates legal uncertainty for directors, potentially deterring effective management or, conversely, providing avenues for impunity.

4. Gaps in Implementing Decrees

The effectiveness of any law is contingent upon the existence of clear and comprehensive implementing decrees that translate its general provisions into operational procedures. While Law No. 2017/011 was promulgated in July 2017, its principal implementing decree, Decree No. 2019/320 of 19 June 2019, specifying the modalities of application, was not signed until nearly two years later [20]. This significant delay created a prolonged period of legal uncertainty during which the new law was in force but its practical application was stalled.

Even after the publication of Decree No. 2019/320, gaps persist. Research indicates that revisiting the normative framework and questioning the effectiveness of the implementing decree were key drivers for studies on board characteristics and firm performance in Cameroonian SOEs, suggesting that the decree may not fully address the operational realities of these entities [21]. For instance, while the law and decree address appointment procedures and board composition, the practical integration of performance management systems, the specific mechanisms for board evaluations, and the detailed procedures for holding directors accountable for performance failures remain underdeveloped [22]. This lack of detailed regulatory guidance means that critical governance functions such as how boards should monitor management, how their performance is assessed, and the specific criteria for board diversity beyond basic representation are left to ad-hoc interpretation, thereby undermining the very purpose of the legal reform. The ongoing challenge, as noted in broader

analyses of Cameroon's governance landscape, is not the absence of rules, but the persistent "implementation gap" where legal instruments fail to translate into functioning systems. [23]

An Analysis of the Implementation and Enforcement Deficits

Beyond the substantive gaps and inconsistencies in the legal framework lies a more pervasive challenge: the failure to effectively implement and enforce existing rules. A well-drafted law is only as effective as its enforcement mechanisms permit. In Cameroon, a recurring theme in governance literature is the significant "implementation gap" the chasm between the law on paper and its application in practice [24]. This section examines the critical deficits in enforcement, the lack of meaningful sanctions, and the systemic inefficiencies within the judicial system that collectively undermine corporate governance.

1. The Concept of Weak Enforcement Mechanisms

The effectiveness of any regulatory regime depends on the credibility of its enforcement mechanisms. In Cameroon, however, enforcement remains critically weak despite the existence of ostensibly robust laws. According to the U.S. Department of State's Investment Climate Statement, while Cameroon has "good laws, most of which are consistent with international business and legal norms," these are undermined by "weak implementation and investigating capacity, a lack of understanding of international business practices, and corruption in the judiciary" [25].

This enforcement deficit is particularly pronounced in the corporate sector. Research by Fung Kum identifies "enforcement weaknesses" as a primary challenge to corporate governance regulation in Cameroon, noting that despite the existence of OHADA laws, transparency legislation, and regulatory bodies, the practical impact of these instruments is limited by inadequate oversight and compliance mechanisms [26]. The problem is compounded by a lack of specialized expertise: Cameroon does not train enough magistrates with specialized knowledge in commercial and economic fields, leaving courts ill-equipped to handle complex corporate governance disputes [2].

The situation is further complicated by the relationship between national and supranational enforcement. While Cameroon is a member of the Central African Economic and Monetary Community (CEMAC) and theoretically subject to its regulations, implementation remains a weak point [27]. Even when regional regulations exist, their enforcement at the national level is inconsistent, creating uncertainty for businesses operating across the CEMAC zone.

2. Lack of Sanctions for Non-Compliance

The credibility of a legal framework depends not only on the clarity of its rules but also on the certainty and severity of sanctions for their violation. In Cameroon, however, sanctions for corporate governance failures have historically been absent, inadequate, or inconsistently applied, creating a culture of impunity that undermines compliance. A positive development in recent years has been the more assertive stance adopted by certain regulatory agencies. In July 2025, the Cameroonian Telecommunications Regulatory Agency (ART) imposed fines totalling nearly 4 million euros on the local subsidiaries of multinational companies Orange and MTN for service quality violations [28]. Inspections conducted in April and May 2024 revealed serious deficiencies, including "coverage rates below the thresholds required in the specifications of both operators" and, in the case of Orange Cameroon, "malfunctions" in the process of unsubscribing from certain services that resulted in a "clear violation of consumer rights" [29]. The regulator explicitly stated that these enforceable sanctions were intended to serve as "a strong signal to operators" [30].

However, such examples remain exceptional rather than indicative of a consistently applied enforcement culture. The persistence of violations despite repeated sanctions the same operators had been fined approximately 9.15 million euros in May 2023 for similar infractions suggests that even when sanctions are imposed, they may not be sufficiently deterrent [31]. Moreover, for many governance failures, particularly those involving state-owned enterprises (SOEs), sanctions remain rare. The IMF's review of Cameroonian SOEs warned that weak governance, government-dominated boards, and poor disclosure have undermined SOE performance and created fiscal risks, yet meaningful sanctions against responsible directors remain exceptional.

3. Judicial Delays and Inefficiencies

Perhaps the most systemic obstacle to enforcement is the chronic inefficiency of the judicial system. Judicial processes in Cameroon are widely acknowledged to be "bureaucratic, expensive, time-intensive, and lengthy" [2]. This inefficiency affects all litigants, whether domestic or foreign, and creates a powerful disincentive to pursue legal remedies for governance failures.

The experience of Noël Alain Olivier MekuluMvondoAkame, Director General of the National Social Insurance Fund (CNPS), illustrates the protracted nature of accountability processes. Following an audit of CNPS accounts for the period 2008-2016, an audit report was produced on December 17, 2019. MekuluMvondo was brought before the Budgetary and Financial Discipline Council (CDBF) in August 2020, and after "about ten sessions examining the case," the CDBF issued its decision in 2024, nearly five years after the initial audit [7]. Even then, the matter remained unresolved, as the Director General appealed the decision to the President and filed annulment proceedings with the Yaoundé Administrative Court [32].

This case reveals multiple dimensions of judicial inefficiency: the extraordinary length of proceedings, the complexity of appeals, and the lack of finality in accountability mechanisms. When a senior public official can challenge sanctions for nearly half a decade while remaining in office, the deterrent effect of accountability mechanisms is severely compromised. The problem is compounded by the lack of judicial independence. The U.S. Department of State explicitly notes that "the judicial system is not independent of the executive branch. The executive regularly interferes in judiciary matters. Endemic corruption, lack of funding, and political considerations makes the courts unable to function as independent arbiters of disputes" [33]. This lack of independence undermines confidence in the judicial process and leads many businesses to prefer arbitration as a dispute resolution mechanism [34].

The consequences of these enforcement deficits extend beyond individual cases. Weak enforcement, inadequate

sanctions, and judicial inefficiency create an environment where compliance with corporate governance norms becomes optional rather than mandatory. Companies that invest in robust governance systems find themselves at a competitive disadvantage relative to those that flout the rules with impunity. Until these implementation and enforcement challenges are addressed, even the most sophisticated legal framework will fail to deliver effective corporate governance.

An Evaluation of the Institutional Challenges

Even where legal frameworks are adequately designed, their effectiveness ultimately depends on the strength and capacity of the institutions responsible for oversight, enforcement, and implementation. In Cameroon, institutional weaknesses constitute a fundamental barrier to effective corporate governance. Regulatory bodies and oversight institutions, though established by law, often lack the operational capacity to fulfill their mandates. This section examines the critical constraints facing these institutions, focusing on human resource limitations, financial inadequacies, and technical expertise gaps that collectively undermine their ability to ensure compliance and accountability.

1. Weak Capacity of Oversight Bodies

Oversight bodies including regulatory agencies, audit institutions, and supervisory authorities serve as the guardians of corporate governance standards. Their effectiveness depends on adequate resources, skilled personnel, and operational independence. In Cameroon, however, these institutions face persistent capacity constraints that compromise their ability to perform core functions. A recent study on corporate governance regulation in Cameroon identifies "enforcement weaknesses" and "inadequate integration of sustainability practices" as primary challenges, noting that while regulatory bodies exist, their practical impact is limited by capacity constraints. [35]

2. Human Resource Constraints

Human resource limitations represent perhaps the most acute challenge facing oversight bodies in Cameroon. Regulatory institutions frequently operate with insufficient staffing levels, making it impossible to adequately monitor the entities under their purview. The situation is compounded by the absence of effective human resource management systems within oversight institutions themselves. A damning report by the Audit Bench of Cameroon's Supreme Court on the Nkongsamba Urban Community illustrates this problem at the local level. The audit found "major shortcomings in human resources management, with no effective monitoring, planning, or evaluation tools in place" within the city's oversight structures. The report emphasized that this gap "weakens administrative efficiency, reduces the city's responsiveness to skill needs, and lowers the quality of service" [36]. While this assessment focused on local government, it reflects broader patterns across Cameroonian public institutions, including those charged with corporate oversight.

The chronic understaffing of oversight bodies has direct consequences for corporate governance. Regulatory agencies cannot conduct adequate inspections, review compliance filings in a timely manner, or investigate suspected violations when they lack sufficient personnel. This creates an environment where non-compliance carries little risk of detection, undermining the deterrent effect of regulation. As one analysis notes, despite the existence of transparency laws and regulatory bodies, "implementation gaps and weak governance mechanisms persist". [37]

3. Political and Administrative Challenges

The institutional weaknesses examined in the preceding section do not exist in a vacuum. They are shaped and often amplified by the political environment in which oversight bodies operate. In Cameroon, the line between the state as a regulator and the state as an owner, investor, and political actor is frequently blurred. This section examines how political interference permeates corporate governance, the mechanisms through which control is exercised, and the consequences for strategic decision-making and management stability.

3.1 Deepened Analysis of the Political Interference

Political interference in corporate governance refers to the exercise of influence by political actors whether the presidency, ministries, or individual politicians over the strategic and operational decisions of enterprises, particularly those with state participation. This interference goes beyond legitimate oversight and policy direction to encompass direct intervention in matters that should properly be left to boards and management. Research on Cameroon consistently identifies the host-country government as "the most critical and challenging stakeholder" for firms operating in the country, a finding that holds particular force for state-owned enterprises but extends to private companies as well [38].

The Anglophone Crisis, which began in 2016 and continues to shape Cameroon's political landscape, illustrates the broader consequences of centralized governance. Academic analysis traces the conflict to "governance failures in managing historical grievances and socio-political diversity," rooted in "colonial legacies and intensified by centralized governance, systemic corruption, and political exclusion" [39]. When political power is concentrated at the centre and exercised without meaningful checks, enterprises become instruments of political strategy rather than vehicles for economic development.

3.2 Conflicting Objectives

State-owned enterprises in Cameroon operate at the intersection of two fundamentally different logics. On one side stands the commercial logic of the market: the need to generate profits, satisfy customers, and remain viable over the long term. On the other side stands the political logic of the state: the demand to deliver public services, pursue social goals, and respond to political imperatives. These logics do not align neatly, and when they clash, enterprises find themselves pulled in opposite directions by forces they cannot control. This section examines the tensions created by these conflicting objectives and their consequences for enterprise performance.

3.3 Frequent Changes in Leadership

Among the most visible consequences of political interference in Cameroon's state-owned enterprises is the instability of leadership at the highest levels. Directors-general come and go with troubling frequency, board

members are rotated based on political calculations rather than governance needs, and the cumulative effect is a constant churning of personnel that prevents enterprises from developing coherent strategies or retaining institutional knowledge. This section examines the patterns of leadership turnover, the resulting loss of institutional memory, and the strategic discontinuity that undermines enterprise performance.

Bureaucratic Constraints

Beyond the visible drama of political interference and leadership instability lies a quieter but equally damaging challenge: the everyday reality of bureaucratic dysfunction. Where political interference represents active intervention in enterprise affairs, bureaucratic constraints operate through inaction, delay, and procedural complexity. [40] They are the slow drip of inefficiency that gradually undermines enterprise performance, not through dramatic confrontations but through the accumulated weight of administrative obstacles. This section examines the excessive administrative procedures that burden enterprises and the slow decision-making that results from bureaucratic dysfunction.

1. Excessive Administrative Procedures

The Cameroonian administrative system is characterised by a proliferation of procedures that burden enterprises at every stage of their operations. From registration to procurement to routine approvals, businesses must navigate a labyrinth of requirements that consume time, resources, and patience. The U.S. Department of State's Investment Climate Statement captures the essence of the problem: "Almost all business transactions require senior-level government approval, making for a cumbersome process susceptible to political influence and corruption" [41].

This requirement for senior-level approval on routine matters creates multiple problems. It concentrates decision-making power in the hands of a few officials who become bottlenecks through which all business must flow. It creates opportunities for rent-seeking, as those with approval power can demand payment for timely decisions. And it slows everything down, as ministers and directors-general cannot possibly process the volume of approvals their signatures are theoretically required for.

The GECAM statement from early 2026 highlights these administrative bottlenecks as a persistent constraint on the private sector. The employers' organisation noted that businesses still contend with "administrative bottlenecks, high tax burdens, limited access to financing, energy shortages, deteriorating infrastructure, high logistics costs, and regulatory instability" [42]. The inclusion of administrative bottlenecks alongside such fundamental constraints as energy shortages and infrastructure deterioration signals their seriousness. For businesses operating in Cameroon, navigating the bureaucracy is not a peripheral concern but a central challenge.

The problem extends beyond the private sector to state-owned enterprises themselves. The Technical Commission for the Rehabilitation (CTR) of public and para-public sector companies has documented the performance challenges facing SOEs, noting that "political and administrative burdens also explain, at least in part, the poor results obtained so far" [43]. Public enterprises must navigate the same bureaucratic maze as private companies, often with the added complication that their decisions are subject to additional layers of oversight and approval from supervisory ministries.

The procurement system illustrates the procedural burden particularly clearly. Even minor procurement decisions often require ministerial approval, creating delays that can stretch for months [44]. For a state-owned enterprise trying to purchase essential supplies or equipment, the procurement process becomes a major operational constraint. Suppliers must be pre-qualified, tenders must be published and evaluated, approvals must be obtained at multiple levels, and any misstep can invalidate the entire process and require starting over. The system designed to ensure transparency and fair competition becomes, in practice, a barrier to timely acquisition.

2. Slow Decision-Making

The natural consequence of excessive procedures is slow decision-making. When every matter must be referred upward, when approvals require multiple signatures, when processes are designed for control rather than efficiency, decisions simply take longer. This temporal dimension of bureaucratic dysfunction has concrete consequences for enterprise performance.

The electricity sector provides a stark illustration of how slow decision-making accumulates into crisis. The Nachtigal hydropower project's transmission problems did not emerge suddenly. They resulted from years of decisions delayed or not taken at all. Investment in transmission infrastructure was repeatedly postponed in favour of more visible generation projects. Each individual delay made sense in isolation transmission is less glamorous, less politically rewarding, easier to put off until tomorrow. But the cumulative effect of years of slow decisions was a bottleneck that prevented a 420 MW addition from delivering its full value [45].

The contrast between Nachtigal's design and its implementation is instructive. The project itself was structured efficiently, with careful attention to risk allocation and financing. It is widely seen as "one of Africa's most successful energy projects" in terms of design [46]. But the surrounding bureaucratic environment could not support it. The transmission network, managed by state-owned SONATREL, suffered from "chronic underinvestment" because the decisions to fund it were never made in a timely way [47]. A well-designed project cannot succeed in a poorly functioning system.

The consequences extend beyond transmission. The power purchase agreement's capacity payment clause, which requires payment for available capacity regardless of whether it is dispatched, was designed assuming a robust transmission network. When the network cannot absorb the power, the clause becomes a financial trap. But renegotiating such clauses requires decisions about contract terms, about compensation, about alternative arrangements that move slowly through bureaucratic channels. By the time decisions are made, the costs have accumulated.

The CEMAC blacklisting regulation adopted in December 2025 represents an attempt to create automaticity that bypasses slow decision-making. Under this regulation, borrowers who default for more than three months are automatically blacklisted, with the sanction communicated to all financial institutions across the CEMAC zone [48]. The design removes discretion from the system: if the conditions

are met, the consequence follows automatically. This approach recognises that slow decisions undermine enforcement and that automatic mechanisms can achieve what discretionary ones cannot.

But automaticity has limits. The regulation's effectiveness depends on the underlying data being accurate and timely, on institutions actually implementing the blacklisting, and on the appeals process functioning fairly. Each of these dependencies introduces potential delays. The regulation may speed up one part of the system while leaving others unchanged.

The broader pattern is one of systemic slowness. Judicial processes are "bureaucratic, expensive, time-intensive, and lengthy" [49]. Regulatory approvals take months. Procurement decisions stretch across fiscal years. Budget execution lags behind planning. Each delay is individually understandable a signature missing here, a document needing review there but together they create an environment where nothing moves at the speed business requires. For enterprises, this slowness has tangible costs. Projects are delayed, increasing costs and reducing returns. Opportunities are missed as decisions come too late. Working capital is tied up waiting for approvals that should take days but take months. The 83.6 percent of business leaders who identify power shortages as the main weakness of the business environment are responding to one kind of constraint. But behind that constraint lies another: the slow decisions that left the transmission network underfunded and unable to absorb Nachtigal's power.

The Nkafu Policy Institute's analysis connects these bureaucratic constraints to enterprise performance directly. The underperformance of public enterprises results from "an extraverted governance whose causes are not exclusively managerial" but include "political and administrative burdens" that explain "the poor results obtained so far" [50]. The administrative burdens are not merely inconvenient; they are performance-limiting. They prevent enterprises from operating efficiently, from responding quickly to opportunities and challenges, from delivering the results their mandates require.

Addressing these bureaucratic constraints would require fundamental changes in how the administrative system operates. Procedures would need to be streamlined, approval levels delegated downward, decision-making accelerated. But such changes threaten those who benefit from the current system the officials whose approval power gives them influence, the intermediaries who profit from helping others navigate the bureaucracy, the political actors who use slow decisions as leverage. Until the pressure for change outweighs the resistance, bureaucratic constraints will continue to undermine enterprise performance. [51]

Internal Insecurity

Perhaps the most profound internal challenge facing Cameroonian public enterprises is the internal conflict that has engulfed parts of the country. Two of such situations creating insecurity which definitely is affecting the performances of public enterprises especially those operating where they occur are the crisis in the Northwest and Southwest regions and the Boko Haram insurgency in the Far North. They have created operating conditions which fundamentally undermine positive enterprise performance.

1. The Anglophone Crisis

The Anglophone crisis, which began in 2016, has devastated economic activity in Cameroon's English-speaking regions. The Cameroon Development Corporation (CDC), one of the country's largest employers with extensive plantations in the Southwest Region, provides a stark illustration of the crisis's impact. Management of CDC reported that nine estates including Boa, Illoani Mill, Illoani Estate, Mbonge, Mukonje, Malende, Mungo, Meanja, and Tombel were not operational due to the crisis [52]. Illoani Mill was at zero production since April of that year, and Mondoni was only partially functioning. The General Manager explained to staff representatives that if the crisis persisted, workers from affected estates would receive 50 percent of their salaries in June, dropping to 40 percent in July, 35 percent in August, 30 percent in September, and after six months, such workers would be laid off [53]. At least five thousand workers could lose their jobs if the crisis persisted.

The interruption of internet services in the Anglophone regions has also had significant economic effects, ensuring that "foreign direct investments will decrease significantly as investment decisions are postponed or cancelled entirely given the increased political risk in the country" [54]. The crisis reflects deeper governance failures. Academic analysis traces the conflict to "governance failures in managing historical grievances and socio-political diversity," rooted in "colonial legacies and intensified by centralized governance, systemic corruption, and political exclusion" [1] [55]. For enterprises operating in or dependent on the affected regions, these political dynamics create an environment of extreme uncertainty and risk.

2. Boko Haram Insurgency

In the Far North region, the Boko Haram insurgency has created parallel challenges. While less extensively documented in the available sources, the FAO's analysis notes that "persistent insecurity, especially in the Lake Chad Basin" restricts access to farmland and markets, affecting food security across the region [56]. The insurgency has displaced populations, disrupted agricultural activities, and created humanitarian needs that strain state capacity and divert resources from development. The combined effect of these security crises is to create a fragmented operating environment where enterprises cannot rely on consistent conditions across the national territory. Governance mechanisms designed for normal circumstances prove inadequate in regions affected by conflict, and enterprises must develop coping strategies that further strain their resources and management capacity.

3. Global Economic Trends

Finally, Cameroonian enterprises are affected by global economic trends beyond national or regional control. The IMF's Article IV mission identified several external risks, including "possible commodity price volatility, higher global interest rates, and reduced international aid" [57].

Commodity price volatility is particularly significant given Cameroon's reliance on oil, gas, cocoa, and timber exports. The 2025 decline in oil exports contributed to the widening current account deficit [58]. Global price movements affect government revenues, enterprise profitability, and the overall balance of payments.

Higher global interest rates increase the cost of external borrowing, affecting both the government and enterprises

that access international capital markets. Cameroon's stepped-up borrowing to plug budget shortfalls and fund infrastructure becomes more expensive when global rates rise [59]. The debt sustainability analysis showing "high overall risk of debt distress" reflects this vulnerability. Reduced international aid, whether from traditional donors or multilateral institutions, constrains the resources available for development and social protection. The FAO's analysis highlights how "reductions in humanitarian funding are severely undermining the livelihoods of the most vulnerable people" [60]. For enterprises that depend on donor-funded programmes or serve populations that rely on humanitarian assistance, aid reductions create secondary effects. The 2026 budget's reliance on external borrowing including 1,000 billion CFA francs in external borrowing, 826.7 billion CFA francs in project loans, and 400 billion CFA francs from issuing government securities exposes Cameroon to global financial conditions. If international investors demand higher risk premiums or if global liquidity tightens, the cost and availability of this financing could deteriorate.

Climate change represents an additional global trend with local consequences. The FAO notes that "climate shocks reduce crop yields" and contribute to food insecurity [61]. The Cameroon Tribune observes that "the nefarious effects of climate change with the drying up of water bodies" exacerbate water scarcity [62]. For agricultural enterprises, water utilities, and energy companies dependent on hydropower, climate variability introduces additional uncertainty into planning and operations.

The combined effect of these external challenges economic volatility, sector-specific pressures, regional instability, and global trends is to create an operating environment of extreme complexity and uncertainty. Enterprises must navigate not only the internal governance challenges examined in previous sections but also external forces over which they have no control. Effective governance in such an environment requires not only strong internal systems but also the capacity to anticipate, respond to, and where possible mitigate external shocks.

4. The Cumulative Impact of Challenges on Performance

The preceding sections have catalogued a wide array of challenges facing corporate governance in Cameroon's public enterprises: legal and regulatory gaps, institutional weaknesses, political interference, human capacity deficits, cultural resistance, financial constraints, and external shocks. Individually, each of these challenges would be significant. But their true impact lies in their cumulative effect. Challenges interact, reinforce one another, and create vicious cycles that trap enterprises in persistent underperformance.

5. Financial Losses and Fiscal Risks

The cumulative effect of governance failures is most directly visible in the financial losses accumulated by public enterprises and the fiscal risks these losses create for the state budget. ENEO's debt burden of CFA800 billion at the end of 2024 represents years of accumulated losses, unpaid obligations, and deferred payments [63]. This debt is not merely an enterprise problem it is a state problem, because the state ultimately bears the risk of enterprise failure. The Nachtigal project illustrates how enterprise financial distress translates into fiscal risk. When the state and ENEO failed to meet payment obligations, the project's financial stability was threatened. Unpaid state invoices totalled nearly CFA70 billion by February 2026, and the reserve account dedicated to loan repayment was not funded, placing NHPC in default with its lenders [2]. The government's response negotiating a CFA100 billion revolving guarantee fund with local banks represents a direct fiscal cost. [64]

The IMF's analysis confirms that SOEs "have amassed significant contingent liabilities in the form of debt and arrears" that create fiscal risks [65]. The debt sustainability analysis "continues to show high overall risk of debt distress," with "near-term financing pressures remain[ing] elevated, prompting external commercial borrowing" [66]. These contingent liabilities guarantees provided by the state for SOE borrowing, commitments under power purchase agreements, and implicit obligations to cover SOE losses represent claims on future resources that constrain the state's fiscal space.

SEMRY's experience reveals a different dimension of fiscal cost. Since the end of the 1980s, the company has avoided bankruptcy "thanks to massive public investments in the form of performance contracts and planning contracts, as well as grants of all kinds" [67]. Decades of subsidies have not produced a viable enterprise capable of competing with imported rice. The Court of Auditors pointedly asked whether it was "not urgent for the company to define and implement strategic orientations aimed at reducing the structural losses of its main finished products and services" [5]. The implied answer is yes, but the incentives for reform are weak as long as subsidies continue to flow. The 2026 budget projections show the fiscal strain. The overall budget deficit was projected to more than double to 631 billion CFA francs, up from 309.9 billion in 2025, reflecting increased spending aimed at supporting economic activity. [68] Total financing needs were projected to reach 3,104.2 billion CFA francs, compared with 2,326.5 billion the previous year [6]. Part of this increase reflects the cost of supporting enterprises and sectors that cannot sustain themselves.

Conclusion

Political and administrative challenges reflect deeper problems in the relationship between the state and enterprises. Political interference operates through multiple mechanisms appointment powers, direct ministerial intervention, regulatory leverage, and ownership consolidation distorting strategic decision-making and undermining management stability. Conflicting objectives between profit and public service, commercial viability and social mandates, and short-term political gains and long-term enterprise health create impossible trade-offs for managers. Frequent leadership changes produce loss of institutional memory and strategic discontinuity. Bureaucratic constraints impose excessive procedures and slow decision-making that hamper enterprise responsiveness. Human and cultural challenges affect both boards and management. Skills gaps in financial expertise, industry knowledge, and governance experience limit board effectiveness. Managerial and technical skills gaps constrain management performance. Resistance to change embedded in corporate culture and attitudes towards reform frustrate efforts at improvement. Ethical deficits and corruption divert resources, distort decision-making, and create a culture of impunity that undermines accountability.

Financial and resource challenges create additional constraints. Inadequate funding leaves enterprises unable to meet their mandates. Poor financial management wastes the resources they do have. Legacy debts and contingent liabilities burden current operations and create fiscal risks. Dependence on state subsidies undermines autonomy and discipline. External environmental challenges compound these internal weaknesses. Economic volatility creates unpredictable operating conditions. Sector-specific challenges in energy, water, and agriculture reflect deeper structural problems. Regional instability from the Anglophone crisis and Boko Haram insurgency has devastated enterprises in affected areas. Global economic trends expose Cameroon to commodity price volatility, higher interest rates, and reduced international aid.

The cumulative impact of these challenges is measured in financial losses and fiscal risks, poor service delivery and public dissatisfaction, loss of investor confidence, reputational damage to the state, and missed development opportunities. These outcomes are not abstract they are experienced daily by citizens who cannot access water, by businesses that cannot rely on power, by workers who have lost livelihoods, and by communities that have been displaced by conflict.

The analysis in this chapter points to several conclusions. First, the challenges are systemic and interconnected. They cannot be addressed in isolation because they reinforce one another. Second, the weaknesses are not primarily technical or legal but political and institutional. Reforms that focus on laws and procedures without addressing underlying power structures and incentives will fail. Third, the costs of inaction are high and growing. Each year of delay compounds the fiscal burden, deepens public dissatisfaction, and forecloses development opportunities.

Addressing these challenges requires a comprehensive approach that tackles legal, institutional, political, human, cultural, financial, and external dimensions simultaneously. It requires building the capacity of oversight institutions while also ensuring their independence. It requires clarifying the objectives of public enterprises while also protecting them from political interference. It requires investing in human capital while also addressing the cultural resistance to change. It requires stabilising the financial position of enterprises while also reforming the structures that created financial imbalance.

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