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The World Bank

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PROGRAM DOCUMENT

ON A PROPOSED

INTERNATIONAL DEVELOPMENT ASSOCIATION
DEVELOPMENT POLICY GRANT

IN THE AMOUNT OF SDR 17.3 MILLION
(US$25.0 MILLION EQUIVALENT)

AND A

PROPOSED GRANT FROM THE
GLOBAL ENVIRONMENT FACILITY TRUST FUND

IN THE AMOUNT OF US$10.0 MILLION

TO THE

REPUBLIC OF CAMEROON

FOR A

FOREST AND ENVIRONMENT DEVELOPMENT PROGRAM

January 31, 2006

Environmentally and Socially Sustainable Development 3
Country Department 07
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective Estimation for January 31, 2006)

Currency Unit – CFA Franc
539 FCFA = US$1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AAP	Assessment and Action Plan
ACCT	*Agent Comptable Central du Trésor* (Accountant of the Central Treasury)
ANAFOR	National Agency for Forest Development (ex-ONADEF)
ARMP	Public Markets Regulatory Agency
BEAC	*Banque des Etats d'Afrique Centrale* (Central Bank of the Central African States)
BF	Basket Fund
CAA	*Caisse Autonome d'Amortissement* (National Debt Management Agency)
CAMAIR	Cameroon Airlines
CAS	Country Assistance Strategy
CFAA	Country financial accountability assessment
CFAF	*Franc de la Communauté Financière d'Afrique* (Franc of Central African Community)
CIDA	Canadian International Development Agency
COFOG	Classification of Functions of Government
COMIFAC	Conference of Ministers in charge of Forests in Central Africa
COTCO	Cameroon Oil Processing Company
CPAR	Country Procurement Assessment Review
CTS	*Comité Technique de Supervision (*Techincal Oversight Committee)
DAG	Directorate of Administration and General Affairs
DCP	MINFOF Projects Coordination Directorate
DFAP	MINEP Wildlife and protected areas directorate
DGE	*Division des Grandes* Entreprises (Revenue Department Division dealing with large companies)
DP	MINFOF Planning Directorate
EIA	Environmental Impact Assessment
EMP	Environmental Impact Mitigation Plan
ERR	Economic Rate of Return
EU	European Union
FCFA	*Franc de la Communauté Financière d'Afrique* (Franc of Central African Community)
FEDEC	Foundation for the Environment and Development of Cameroon
FEDPG	Forest and Environment Development Policy Grant
FEICOM	Cameroon fund for community development
FREP	Forestry Revenue Enhanced Programme
FESP	Cameroon's National Forest and Environment Sector Program
FSF	Protected area and wildlife fund
GEF	Global Environment Facility
GoC	Government of Cameroon
GTZ	*Gesellschaft für Technische Zusammenarbeit* (German development agency)
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
IGF	*Inspection Générale des Finances (*Finance General Inspector's Office)
IMF	International Monetary Fund

IPDP	Indigenous Peoples Development Plan
IUCN	International Union for the Conservation of Nature
KfW	German International Development Bank
LBG	Limbe Botanical Garden
MINEF	Ministry of Environment and Forests
MINEFI	Ministry of Economy and Finance
MINEP	Ministry of Environment and Nature Protection
MINFOF	Ministry of Forests and Wildlife
MTEF	Medium Term Expenditure Framework
NTFP	Non timber Forest Products
OED	Operations Evaluation Department of the World Bank
ONADEF	National office for the development of forests
PAME	Protected Area Management Effectiveness score
PGT	*Payeur Général du Trésor* (Treasury General Payment Officer)
PNDP	National Program for participatory development
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Program
QAG	Quality Assessment Group of the World Bank
RFA	*Redevance Forestière Annuelle* (Annual area-based forest fee)
RIGC	Capacity Building for Forest Community Management
SAC	Structural Adjustment Credit
SCWPA	Strategy for conservation of wildlife and protected area
SG	MINFOF General Secretariat
SIGEFI	*Système de Gestion Financière* (Financial Management System)
SNH	*Société Nationale des Hydrocarbures (*Cameroon's National Oil Company*)*
SNV	Netherlands-based, International Development Organisation
UFA	Long term forest management unit
UNDP	United Nations Development Program
USAID	United States Agency for International Development
UTOs	Technical Operational Unit comprising a forest concession and adjacent park.
VC	*Vente de Coupe* (Small harvesting permits)
WB	World Bank
WCS	World Conservation Society
WWF	World Wide Fund For Nature
ZICGCs	*Zones d'Intérêt Cynégétique à Gestion Communautaire* (Community managed game reserves)
ZIC/ZICCG	Private game reserves

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REPUBLIC OF CAMEROON

FOREST AND ENVIRONMENT SECTOR OPERATION

IDA & GEF GRANTS PROGRAM SUMMARY[1]

Borrower	Government of Cameroon
Amount	IDA SDR 17,3 million (US$25 million equivalent) GEF US$10 million
Terms	IDA Grant GEF Grant
Tranching	Three tranches
Description	The operation represents the IDA and GEF contribution to a multi-donor national forest and environment sector development program initiated and led by the Government of Cameroon. It will help consolidate and scale up recent successful forest sector policy reforms, support capacity-building, and strengthen forest and environment institution by expanding their work programs in the fields of environmental monitoring, policy oversight, law enforcement, forest management, biodiversity conservation, and community-based forest activities.
Benefits	The operation will benefit the national economy, local governing bodies, and Cameroon's population at large. Given the concentration of poverty in rural areas (where most of the poor live and where 64 percent of all inhabitants are poor), the hardship and low wages typical of forest employment, and the forest's role as the principal source of cash income for the rural poor – the operation is self-targeting on the poor. Through its focus on sectoral policy, institutional reform, law enforcement, regulation of production forest and environmental monitoring, rehabilitation of degraded national parks and biodiversity conservation sites, the FEDPG will have a strong positive impact on the environment.
Risks	The operation carries significant risks associated with political and financial sustainability. For the Bank, there are also fiduciary and reputational risks. The FEDPG integrates comprehensive measures to address or mitigate each risk. Furthermore, the operation is designed and sequenced to build institutional capacity to address effectively the root cause of these risks. In assessing the operation, the team found that important political, economic and reputational risks would be also associated with not supporting this operation. Given the Bank's considerable involvement in sector reforms over the past several years in Cameroon, lack of follow up attention to the sector would entail the weakening or reversal of successful reforms, encourage abuse by vested interests, and halt the reform progress in partially reformed institutions, newly created management systems and governance structures. The potential downside associated with inaction far outweighs the risks associated with the operation itself.
Operation ID	P070656

[1] For the first time and at variance with OD 9.01, the proposed operation will use GEF Trust Fund Grant resources to finance a development policy operation. To allow this to happen, the GEF Council discussed and approved the design of the operation on May 19-21, 2004 and a waiver of OD 9.01 was granted on April 13, 2005.

INTRODUCTION

The results-based Country Assistance Strategy for Cameroon presented to the Board in August 2003 featured the present result-based operation in the base case lending scenario. The operation is instrumental in supporting the Strategy's two pillars of poverty reduction: improved pro-poor economic management and service delivery, and economic diversification and accelerated growth. This operation will help pave the way for the a gradual transition of the Bank's Cameroon portfolio from traditional investment instruments to more integrated programmatic lending linked to policy reforms and results achieved. It will do so by allowing the Government to use its newly reformed national procurement and financial management procedures in the utilization of the IDA and GEF Grants proceeds for implementing the present operation.

I. THE COUNTRY CONTEXT

A. Recent Economic Developments

1. Cameroon's macroeconomic performance through 2004 was broadly solid, with real growth registering about 4 percent since 1997 and inflation remaining low. However, in 2004, the business climate was adversely affected by the Treasury's accumulation of domestic payment arrears and slow progress in restructuring of loss-making public enterprises. Real GDP growth for 2004 is estimated at 3.5 percent, lower than initial estimates because of weaker-than-expected manufacturing activity, driven in part by lower-than-expected electricity generation. Early estimates of growth projections for 2005 are below 3 percent, with sluggish manufacturing output and weak consumption caused in part by fiscal consolidation. As a result, per capita income growth is estimated to have slowed to less than 1 percent in 2005. Inflation remained low in 2004, reflecting a good harvest and sluggish domestic demand. Inflation is estimated to have been about one percent in 2005. The surge in international oil prices has not significantly affected inflation in Cameroon because fuel prices were adjusted only partially. Consistent with slowing activity levels, credit to the private sector grew marginally during July 2004-June 2005 but is expected to accelerate during the second semester of 2005, bringing broad money growth to 4.5 percent. High international oil prices are helping strengthen Cameroon's overall external position. Non-oil exports are estimated to have declined by 4 percent in 2005, after two years of growth, because of weaker exports of primary commodities known for strong year-on-year variations. Manufactured exports remain weak, and the economy's price competitiveness appears to have changed little in recent years.

2. Fiscal performance, particularly non-oil revenue, weakened considerably in 2003/2004 and budget pressures were accommodated by an increase in domestic arrears and extra-budgetary spending. The non-oil primary deficit widened from 0.3 percent of non-oil GDP in 2003 to 1.5 percent in 2004. Non-oil revenue declined by 0.8 percentage points of GDP. Income taxes reflected a higher-than-expected loss from the income tax reform introduced in 2004, while the decline of VAT and revenue appeared to reflect a slowdown of activity in the formal sector and shortcomings in revenue administration due to various reforms introduced in 2004. Cash expenditure increased by 0.5 percent of GDP, despite a decline in budget allocations by 0.4 percent. This indicated significant expenditures executed in 2004 related to previous budget years and extra-budgetary spending. Overall budget balance weakened by nearly 1.5 percent of GDP to a deficit of 0.8 percent of GDP. This was financed by higher foreign financing (project loans and debt relief), an accumulation of external arrears, and low payments on domestic arrears and debt. As a result of the above weaknesses in fiscal performance, the 2000 PRGF arrangement could not be completed.

3. In 2005, Cameroon embarked on a Staff-Monitored Program with the IMF and adopted an ambitious program to restore the fiscal position. This program sought to mobilize non-oil revenue in the context of the secular decline in oil output, contain non interest current expenditure, strengthen public investment implementation and restructure/privatize major loss making enterprises. The successful

implementation of the IMF Staff-Monitored Program led to the adoption of a new PRGF on October 24, 2005, and opened the possibility for Cameroon to reach the HIPC completion point in the second quarter of 2006. Immediate policy priorities highlighted in the PRGF program include: (i) enhancing the transparency of fiscal operations; (ii) increasing public investment, including HIPC-funded, spending; (iii) accelerating the restructuring and privatization of public enterprises to limit current or future budgetary costs; and (iv) improving governance and the business environment.

B. Macroeconomic Outlook and Debt Sustainability

4. *Looking forward, the macroeconomic framework is expected to remain stable.* The medium-term macroeconomic framework targets a gradually increasing growth rate. The Government's fiscal projections are built on lower oil revenue, higher non-oil revenue, rationalized public expenditures, and more targeted spending in priority sectors. The overall fiscal balance, excluding grants, is projected to reach 1.6 percent of GDP in 2005 and 0.7 percent in 2006. Total revenues excluding grants are expected to decline slightly from 17.8 percent of GDP in 2006 to 16.5 percent of GDP by the end of 2008, as a result of an expected oil revenue decline from 5.5 percent of GDP in 2006 to 3.7 percent in 2008. The oil revenue shortfall would be partially offset by increased non-oil revenue projected to reach 12.8 percent of GDP in 2008.

Selected Economic Indicators

Economic Indicators	Actual	Estimate			Proj.
	2002	2003	2004	2005	2006
GDP growth rate – at constant prices	4.0	4.1	3.5	2.8	4.2
Non oil GDP growth rate – at constant prices	4.9	4.9	4.7	3.7	4.1
Inflation rate (CPI)	2.8	0.6	0.3	1.3	1.80
Government revenue (excl. grant)/GDP	16.5	16.1	15.1	16.9.0	17.8
Primary budget balance/GDP	3.8	3.4	1.9	3.9	3.4
Government expenditure/GDP	15.7	15.4	15.9	15.3	17.0
Overall fiscal balance (excl grant)/GDP	0.8	0.7	-0.8	1.6	0.7
Current account balance/GDP	-6.1	-2.1	-3.0	-2.4	-1.2
NPV of External public debt after past debt relief/GDPt	49.6	39.0	35.8	31.1	27.5
External debt service as % of exports of goods and services (before debt relief)	27.7	26.0	23.0	20.2	17.1
External debt service as % of exports goods and services (after debt relief)	10.0	8.7	7.0	6.7	3.6

5. *Financing needs.* The proposed program is consistent with both the overall Government's Medium Term Expenditure Frameworks (MTEFs) and with the detailed MTEFs prepared for priority sectors including health, education, road, forests and the green environment. According to the MTEF operating and capital expenditures funded domestically as a percentage of the GDP are projected to double by 2008 in the forest/environment sector. While external financing is critical to successful implementation of the proposed operation, it does not crowd out Government's own efforts to adequately fund the sector nor does it inflate artificially the resources available for the sector. Of the sector expenditures projected over the forthcoming five years (US$185.3 million) excluding the salaries, 48.1 percent would be met by Government resources, and 31.5 percent through contributions by development partners which leaves a US$25.7 million financing gap over five years (see Annex 11 on MTEF for the forest and green environment sector). Averaging 13.8 percent of the total cost of the investment, the financing gap is expected to reduce significantly during implementation (not-yet committed pledges of various development partners have been excluded from the calculation of available funding). At any rate,

the program is robust enough to be executed well even in case the funding gap were not significantly reduced.

C. The Forest and Environment Sector Setting

6. *Geography and biodiversity.* Stretching over 475,000 square kilometers between Central and Western Africa, Cameroon extends from the arid fringes of the Sahara in the north to the humid rainforest biome of the Congo Basin in the south, with a range of climatic and vegetative zones in between. In terms of biological diversity, the country is second only to the Democratic Republic of Congo in Africa, with some 409 species of mammals (including half of Africa's 52 species of higher primates), 848 species of birds, nine thousand species of vascular plants (of which at least 156 are endemic), 171 species of amphibians, 210 species of reptiles, and 138 species of fish. Cameroon has one of the highest proportions of land area devoted to conservation in Africa. Some 14 percent of the country's territory is designated as national parks, reserves, sanctuaries and conservation concessions, whether these concessions are existing or in the process of being gazetted or negotiated. Permanent production forests cover about six million hectares. Parks and permanent production forests are demarcated through an extensive process of public consultation in which a wide range of stakeholders participate.

7. *The forest sector in the Cameroonian economy.* The forest sector is Cameroon's largest non-public sector employer and its second largest source of export revenue after petroleum, accounting for 28.2 percent of non-petroleum exports between 1992 and 2000. Cameroon also possesses one of the continent's most developed, technologically advanced and dynamic wood processing industry. Forestry and related activities accounted for 8.9 percent of gross domestic product between 1992 and 2000, and the sector has grown 4.7 percent a year since 2000. The sector shows signs of gradually diversifying in coming years into a broader range of forest products and environmental services.

8. *Forest reforms and developments.* Recent reforms have bolstered the forest sector's contribution to rural development and economic growth. Policy changes between 1994 and 2004 fostered new investment which expanded the number of processing units from 38 to 70, significantly raising the number of those employed in the sector. Fiscal Reforms and improved forest revenue collection increased state fiscal revenues, from about US$14 million in 1994 to US$60 million eight years later. Revenues to local governing bodies rose from close to zero to US$10 million a year. The wood processing industry has begun a shift towards secondary processing as a result of improvements in the larger investment climate, raising the value-added within the sector while volumes harvested and the area under active logging have started to decline. Overall the sector is projected to grow at around 4 percent per year until 2015 – providing a much needed source of both local and central public revenues. Increases in employment level are also projected.

9. *Forest loss.* Expansion of agriculture and fuelwood collection are the principal cause of deforestation in Cameroon. These occur mostly in drier northern areas where commercial logging is virtually nonexistent. In the humid south, forest loss is highest along roads in proximity to major cities, where the transport costs associated with illegal logging are lower. In the 1990s a zoning plan was introduced in the south, dividing forests into permanent production forests, community and communal forests, and protected areas. The present operation will introduce a similar, participatory zoning plan in the north.

10. Despite Cameroon's large areas of protected forests, the sector's strong performance in recent years has not been matched by comparable improvements in sustainable forest management or protection of forest ecosystems. As a result, the rate of Cameroon's forest loss remains around 0.65 percent per year (that is the average for all of Africa). While illegal logging by the forest industry has been significantly

reduced, it has persisted and expanded within the informal sector along with the commercial trade of bushmeat and poaching of endangered species.

D. Sector Links to Poverty Reduction

11. *Forests in the economy of Cameroon.* Forests have a profound significance for poverty reduction in Cameroon. Directly employing over 12,000 workers, the sector is far and away the largest employer in rural areas, and enjoys exceptionally low cost of job creation relative to other manufacturing sectors, making it a logical focal point for expanding employment. Given the concentration of poverty in forest zones, the hardship and low wages typical of forest employment in Cameroon, and its role as the principle source of cash income for the rural poor, the impact of forest development on the poor is significant and self-targeting. In addition to providing exchange for necessities that require cash payment, like school fees, medicine, and clothing, forests are likewise a source of food, shelter, domestic energy, and traditional medicines, which are essential to the vast majority of Cameroon's poor.

12. *Forests role in achieving the Millennium Development Goals.* Forests offer opportunity for economic growth and perform ecosystem functions of immense regional and global significance. A large proportion of the poorest people in Cameroon concentrate in and around forests, making forests vital to their livelihoods, and central to their food security, vulnerability, and seasonal income streams. Improved forest stewardship and addressing problems of poverty in forest areas are therefore key to achieving the Millennium Development Goals particularly MD Goal One (*Reducing Extreme Poverty*) and MD Goal Seven (*Achieving Environmental Sustainability)*. National commitments to the MDGs cannot be achieved unless substantial progress is made to target poverty reduction amongst forest dependent people.

13. *Forests in Cameroon's Poverty Reduction Strategy Paper.* The Joint IDA/IMF Staff Assessment of the Cameroon Poverty Reduction Strategy Paper (Report No. 26243) singles out the forest sector as an engine of specifically pro-poor economic growth, as well as an important area of economic diversification, providing a hedge against the vulnerability of national income to export price shocks implicit in the country's still significant reliance on oil revenues. The US$10 million per year the forestry sector provides local governments makes it the first source of funds for community infrastructure.

E. Sector Links to Governance

14. *Forests as a source of political patronage.* Like with other countries in the sub-region, Cameroon's forests have often represented a means through which political elites distributed privileges, mobilized and rewarded political support, and enriched themselves at the expense of the country. Until well into the 1990s, Cameroon's forests were part of a well-organized machinery of influence between patrons and clients. Government officials in charge of regulating the forest sector operated as gate-keepers of harvesting rights, while higher ranking authorities maintained direct relations with the timber industry and other vested interest groups. Corruption was particularly damaging to the forest sector, where it not only represented a leakage of much needed public resources, but also impeded larger volumes of quality foreign investment from being realized in Cameroon, encouraged illegal logging in national parks, and undermined the legitimacy and credibility of the state.

15. *Governance reforms in the forest sector.* Portrayed in the press as one of the most corrupt nation states in the World, in 1998 Cameroon's Government acted to improve its international image, and identified the forest sector as an area in which to demonstrate its capacity to break with past practices and showcase its commitment to reform. Led by a strong team of reformers and supported by the World Bank and IMF within the frameworks of the Third Structural Adjustment Credit (SAC III) and Poverty Reduction and Growth Facility (PRGF) respectively, governance reforms in the forest sector benefited from increasingly broad political and popular support. They became a testing ground for innovation and a prototype for reforms in other sectors.

16. *Forest sector reforms*. The reforms themselves consisted of the following measures among others: (i) New legislation on community forests, the environment, social and environmental impacts, and a new strategy for managing protected areas; (ii) Demarcation of the permanent forest estate into commercial, protected, and community and communal zones; (iii) Introduction of longer and more predictable concession contracts, and of bank guarantees to facilitate compliance with fiscal and environmental regulations; (iv) Use of public information and independent observers to ensure transparency in forest auctions and law enforcement; (v) Suspension of all un-monitorable logging permits and introduction of auctions for all harvesting rights; (vi) Clear definitions of forest management requirements and introduction of mandatory management plans; and (vii) Adoption of a new forest taxation and forest revenue recovery system.

17. *Impact of the reforms on transparency*. The success of the reforms can be measured by a number of direct and indirect indicators. Recovery of forest fees and taxes rose to over 90 percent. Transparency in allocation of forest concessions, payment of sector and corporate taxes, and application of penalties were established for the first time. Independent observers were integrated as a welcome complement to Government control and their official role reflected in regulations. From June 2001 to August 2004, a British NGO, Global Witness, in its capacity of independent observer, completed 120 control missions of which 107 jointly with forest control authorities and 13 independently. Global Witness published the results of its findings in 119 missions' reports and four summary reports in English and French which was disseminated in Cameroon and internationally. Over US$6.8 million of penalties have been collected or are in the process of being recovered, excluding impending court cases related to criminal forest activities. Over 2,500 articles on forests and forest-related issues were published in the Cameroonian press between 2000 and 2004. These transparency achievements are maintained and enhanced through regular updates posted in the internet. Through its website (www.minef.cm) the Ministry in charge of Forests provides information to the public not only on Cameroonian forest-relevant laws and regulations but also on sensitive matters such as cases of illegal logging and poaching of protected species; fines paid and cases in court, auctioning of concessions and results of the award process; and satellite images showing of forests3 with a level of details that allows the identification of illegal logging operations.

18. *Political commitment and institutional capacity*. Such positive reflections of political commitment notwithstanding, political buy-in proved a necessary but not sufficient condition for the sustainability and long-term success of sector reforms. With a shrinking and unmotivated staff, paid one fourth of the FCFA pre-devaluation salary level, forest institutions have had to rely on a small number of reform champions, short-term funding, and ad-hoc partnerships. Capacity building remains a persistent priority: law enforcement, policy oversight, program monitoring, and technical support all require further efforts to strengthen the institutions responsible for them. Capitalizing fully on the improved economic environment resulting from the reform process will require an expansion of field programs.

II. THE GOVERNMENT'S FOREST AND ENVIRONMENT SECTOR PROGRAM

A. Program Description

19. Cameroon's Forest and Environment Sector Program (FESP) is a ten year program developed jointly by the Government of Cameroon, its development partners, and the World Bank. It was adopted in June 2004 as a common sector development framework for government institutions, local governing bodies, communities, the private sector, NGOs, and other partners active in the forest domain. Its implementation entails the alignment of future donor support to fit into a consolidated development effort. It also involves the merging or repositioning of ongoing individual projects to fit the FESP objectives and implementation structures (a process that is already well advanced).

[3] This is currently available for the South of the country, where all commercial logging is located. Images shown are those produced collaboratively with the Global Forest Watch Program of the World Resources Institute.

20. The FESP exemplifies the country's integrated approach to donor alignment, governance, community participation, sustainable forest management, and biodiversity conservation. The intellectual foundation of the Program rests in the notion that forest management, biodiversity conservation, social equity and governance are highly inter-dependent and must be approached simultaneously. The country's biodiversity resides in integrated landscapes consisting of production forests, national parks, and populated rural lands. As such, policy reforms in the forest and green environment must deal simultaneously with economic and social aspects of forests and biodiversity while establishing strong links with rural development and fostering good governance.

21. *Consolidating the achievements of SAC III.* Grounded in the implementation of Cameroon's 1993 Forest Policy and 1994 Forest Law, the Program is designed to deepen and scale up recent forest policy reforms and secure those initiated under the Third Structural Adjustment Credit for Cameroon (SAC III). The FESP focuses on strengthening national institutions and the role of civil society, in order to create conditions in which local communities and the private sector can gainfully engage in the sustainable management, conservation, and development of forests and other natural resources.

22. The Program is designed to play a vital role in enacting the policies laid out in the National Biodiversity Strategy and Action Plan (NBSAP) and the Strategy for Conservation of Wildlife and Protected Area (SCWPA). These instruments call for securing some 40 protected areas, and increasing the present protected area network from 14 to 17 percent of the national land area. The FESP is also charged with setting up instruments to bring Cameroon into compliance with the 1994 Convention on Biological Diversity (CBD), and more specifically with the recommendations of the CBD Conferences of the Parties (COP) III, IV, and V on critical ecosystems, threatened endemic species, ecosystem approaches, and sub-regional linkages.

23. *Capacity building.* At the very core of the program is the rehabilitation and rejuvenation of human resources responsible for the management of the green environment. Halted to curb public expenditures in the late eighties and early nineties, no new recruitments have taken place since to compensate for staff retirement or premature death, and for enabling forest and environment institutions to face new challenges. As part of the preparation of FESP these institutions have elaborated and sought Government support for a four-year (2006-2009) recruitment strategy, covering 1550 new staff (600 in 2006, 400 in 2007, 300 in 2008 and 250 in 2009, all qualifications included). This strategy will offset the impact of the departure of two thirds of current staff of MINFOF and MINEP who expect to retire in the coming six years, thereby improving staff quality and motivation without significantly increasing the salary bill. Expected recruitments will be complemented by a training program which has just been launched with 150 staff trained during the past six months. The cost for the implementation of the new staffing strategy has been reflected in the Medium-term Expenditure Framework for the Forestry and Environment Sector. Thanks to the momentum created by the FEDPG, and the support that this Program enjoys by the Government a whole, the recruitment of 600 staff to work as eco-guards in national parks and protected areas has started. New staff are expected to be operational by June 2006.

24. A program of physical investments will help rehabilitate infrastructure and purchase new equipment, while management systems for personnel, assets, inventory, material flows and financial resource will be entirely reconstructed.

25. *Decentralization and refocusing of Government Institutions.* The program will strengthen the oversight and regulatory functions of the Ministry of Forests (MINFOF) and the Ministry of the Environment (MINEP) at the center and in the field. In so doing the Program calls for Government institutions to relinquish functions such as direct production, marketing and implementation of work which can be more effectively carried out by the private sector, local communities, or NGOs. This process was put into motion during program preparation with the restructuring of ONADEF into ANAFOR, which involved the separation of over 500 forest sector workers whose jobs had lost relevance, and the foundation of plans for recruiting and training of new staff.

26. *Transparency and disclosure.* The Program's commitment to transparency makes the generation and availability of information a natural priority. It seeks to define regulations that meaningfully guide environmental monitoring and impact assessments, and stresses the creation and dissemination of knowledge resources like multiple resource inventories and cartographic materials to inform local resource use. This purpose is complemented by a strong environmental awareness component which articulates the value and application of these knowledge resources. Independent observers serving on commissions in charge of public auctioning of concessions and harvesting rights, as well as observers working with the government to control commercial logging and detect illegal logging, provide services that foster public confidence and improve the public image of forest policy. The Program supports these services in a number of ways, including the issuance of public reports detailing cases of infraction and explaining how appropriate penalties were determined.

27. *Incentives.* Deterrence of illegal activities is balanced by incentives for sustainable forest and wildlife management and responsible hunting. The incentives are directed at high quality private investors who are able to complete management plans in a timely manner and ensure compliance with those plans' components. The approval process for logging concessions and community hunting zones will be streamlined, with a number of existing institutional bottlenecks specifically targeted.

28. Incentives are also built into the FESP's biodiversity conservation component, which seeks to complete the delineation and upgrade the management effectiveness of Cameroon's estate of protected areas – which are to contain at least 90 percent of the country's combined biological diversity. New partnerships and financial instruments are already in the pipeline, designed to promote long term interest in local management of protected areas, and to ensure the active participation of local people in wildlife and habitat management.[4] Local participation is purposefully predicated on rural livelihoods and income generation schemes designed to make the forest framework attractive to local communities. In addition to private and small farmers' plantations, the Program seeks to position cooperatives and community-based economic organizations as suppliers to the lucrative urban fuelwood market.

[4] GEF and IDA support will target eight under-funded "Ecosystem units" comprising of UTOs, UFAs and community forests centered around (a) Waza with Lac Chad and Logone plains, (b) Korup, Takamanda and Rumpi Hills complex, (c) Bakossi and Mount Kupe complex, (d) Campo Ma'an and Campo-Marine complex, (e) Mbam and Djerem, (f) Ndongoro wetland, (g) Bouba Bek/Nki complex et (h) Benoue complex.

B. Program Components

29. The Government Program consists of five components and several subcomponents:

Component	*Subcomponent*	Estimated US$ Cost
1. **Environmental Regulation and Information Management**		7.49 million
	Environmental regulations *Environmental Monitoring* *Communications and environmental awareness*	
2. **Production Forests Management**		30.68 million
	Completion of the Country Zoning plan *Forest Management Plans* *Wood product industrialization* *Control operations and sanctions* *Valorization of Non-Timber Forest Products*	
3. **Protected Area, Biodiversity and Wildlife Management**		33.15 million
	Biodiversity planning & zoning *Knowledge & information management* *Participatory protected areas & community wildlife areas management* *Design & implementation of protected area management plans* *Optimization of economic benefits of protected areas & hunting zones* *Legal and institutional reform of protected area and hunting zones management* *Sustainable financing of wildlife & protected areas* *National Biodiversity Strategy and Action Plan update*	
4. **Community Forest Resources Management**		26.44 million
	Capacity building for community forest and natural resource management *Reforestation and forest regeneration* *Promotion of fuelwood supply*	
5. **Institutional Strengthening, Training and Research**		87.53 million
	Transition of ONADEF into ANAFOR *Strengthening the Environment Ministry* *Rehabilitating education and research in forestry & environment sector* *Capacity building and decentralization*	

III. World Bank Support to the Government FESP Program

A. Links to Cameroon's Country Assistance Strategy

30. The operation is featured in the base case lending scenario of the August 2003 joint IDA/IFC Country Assistance Strategy for Cameroon (Report No. 26555). Its objectives, links to the CAS and PRSP. Its role in supporting the CAS strategic pillars is shown in the following table and following paragraphs.

INTEGRATION OF OUTCOMES INTO CAMEROON'S RESULTS-BASED COUNTRY ASSISTANCE STRATEGY	
CAS OUTCOMES	**PRESENT OPERATION'S OUTCOMES**
PILLAR 1: INSTITUTIONAL FRAMEWORK FOR IMPROVED PRO-POOR ECONOMIC MGT. & SERVICE DELIVERY	
1.1 The Government exhibits greater transparency and accountability in the mobilization and use of public resources.	
Annual budgets drawn up on the basis of MTEF, reflect the priorities of the Government as indicated in the PRSP.	Annual Budgets for the Forests and Environment Sector are based on a MTEF that reflects Government sector priorities Government as indicated in the PRSP.
1.2 Management and resource flows in key line ministries are improved	
Tax collection rates above 90 percent and the flows of forest taxation revenues maintained.	SACIII reforms are maintained, including the management and performance monitoring of the Forest Sector Revenue Enhancement Program.
Local Government bodies receive shares for local development	SACIII reforms are maintained and monitored, including a taxation system that enables the transfer of 40 percent of revenues from forest area fees to local governing bodies for development initiatives.
At least 60 percent of concessions awarded begin implementation of forest management plans	75 percent of production forests (UFA) are managed according to approved forest management plans and the remainder have plans under preparation.
Of communities requesting support perceive this support as timely and useful (82 community forests have expressed interest).	All Communities' requests to exercise their priority rights on *Ventes de Coupes* are processed and all requests to establish community forests are processed; all rejections are justified and notified to concerned communities within reasonable time periods.
Capacity of local government is strengthened	SACIII reforms are maintained and monitored, including the implementation of a taxation system that enables the transfer of 10 percent of revenues from forest area fees to local communities for development initiatives.

31. In addition to the above measurable contributions to CAS's Pillar One, the proposed operation will contribute to the CAS's Pillar Two (*Improved Basic Service Delivery*) by securing the transfer of a significant share of forest taxation revenues to rural communities, thus making rural health care and education affordable to the poor especially in East, South, Littoral and South-West provinces. The program will also contribute to reducing constraints (and associated costs) to private sector development by improving forest sector governance, particularly in the areas of business licensing, permit operations and enforcement of service standards in the relations between Forest Sector Institutions, Industry and small scale local investors.

32. The proposed operation relates strongly to two broader objectives set out in the Strategy. Firstly, it seeks to build on Cameroon's reform and poverty reduction gains of recent years through its treatment of governance issues. Secondly, it embodies the transition from project-specific to programmatic lending which the CAS prescribes for FY2006. The operation will contribute to these CAS objectives by helping

the Government expand its budget allocation to sector programs using newly reformed national procurement and financial management procedures. These links to the country's public expenditure management and fiduciary controls are meaningful well beyond the forest sector itself, and the performance assessments to be carried out within the operation's timeframe will be scaled up and applied to other sectors in the context of the PRSC planned for FY2006.

B. Consolidation of Previous Bank-assisted Work in the Forest and Environment Sector

33. The proposed operation builds upon the achievements of the reform process that were assisted by IDA's Third Structural Adjustment Credit or SAC III (1998-2004). The objectives of the forest component of SAC III were to: (i) promote sustainable exploitation of Cameroon's forests; (ii) preserve ecological stability; (iii) promote economically efficient, high value-added, and unsubsidized processing industries; and (iv) encourage all stakeholders to participate in forest conservation and management.

34. SAC III achievements included: (i) the establishment of a regulatory framework for the design, approval, and monitoring of sustainable management in production forests; (ii) a competitive system to award commercial forest logging rights in the presence of an independent observer; (iii) profound changes in the forest taxation system supported by a joint forest revenue enhancements program by the Ministries in charge of Forests and Finance; (iv) a forest operation control and supervision system involving independent observers in field inspections and periodic interpretations of satellite imagery; (v) the establishment of a consultative body through which the Ministries in charge of Justice, Finance and Forests could exchange information on pending civil and criminal court cases.

35. While the most important forest and environment sector reforms were initiated through SACIII, and a suitable body of policy, regulations and incentives is now in place, the new more sophisticated framework that was created calls for more institutional capacity and more extensive collaboration among Government, NGOs, civil society, and the private sector. Their importance, notwithstanding SAC III achievements, can only be viewed as preconditions to the FESP Program, which will bring about the investment and build capacity on the ground to modernize and fully develop Cameroon's forest sector.

C. Collaboration with Other Development Partners

36. *The International Monetary Fund.* The strong collaboration maintained between the Bank and the IMF during the past six years will continue under the proposed operation. Past IMF focus on transparency and economic reforms was instrumental in helping the Government reform the forest sector. SACIII and related forest sector issues and reforms featured prominently in the IMF's Poverty Reduction Growth Facility as well as in the Government of Cameroon's letters of intent to the IMF. The joint Bank-IMF assessment of the Poverty Reduction Strategy Paper commented favorably on the objectives, policy measures, and actions proposed for the FEDPG operation, and these were subsequently incorporated into the HIPC framework. Bank involvement in the forest sector through the proposed operation will help maintain forest sector fiscal revenues at appropriate levels, contribute to budgetary discipline and improved governance in the forest sector.

37. *The European Union and Bilateral Development Partners.* The EU, United Kingdom, Germany, Canada, France and the Netherlands were among the first development partners to aknowledged that fragmentation and poor coordination had undermined the success of their past assistance in the forest and environment sector. Along with the World Bank, they undertook to harmonise their assistance within the framework of the National Forest and Environment Sector Programme and to use this Program as the framework through which they would increasingly channel support through common mechanisms. The main common mechanisms will be: (i) budgetary support aimed at supplementing national forest and environment budget allocations, and expanding sector programs; and (ii) pooled technical assistance. These Partners committed to maintaining alignment and harmonization in the forest sector, utilizing common monitoring and evaluation tools and organizing joint review missions. To this end, the

representatives of Canada, Germany, France, the Netherlands, the United Kingdom, the European Union, the African Development Bank, the World Bank, FAO, UNDP, WWF, SNV and IUCN signed, on January 5, 2006, a long term agreement called code of Conduct (Annex 3). Participation from other Partners is strongly encouraged by the Government and is expected to follow.

38. The pooled technical assistance is financed jointly by interested donors through an arrangement known as 'TA Basket Fund'. This Fund will be managed jointly by the Government and GTZ-IS (see Annex 4). The approach allows for strong links between funding, technical support, and results. While the GEF and DFID will join the Bank in providing financial support directly to the Government, donors with less confidence in direct budget support instrument can contribute through the Basket Fund. DFID, CIDA and the French Cooperation have indicated their interest in contributing to the Basket Fund, but the French will only be able to do so after the completion of the HIPC process. French financing will focus on enabling forest companies to fulfill their obligations with respect to forest management plans – a function that is strongly supportive of the forest management policy area of the FEDPG operation. The contract between the MINFOF and the GTZ-IS, the co-executing agency for the Basket Fund, was signed in May 2005. The recruitment process for the international financial expert and the national administrative expert is completed and the experts are expected to be operational during the fourth quarter of 2005. Contributions to the Basket Fund have been confirmed by DFID and Canada, and disbursement of DFID funds has started. In the unlikely event that contributions to the Basket Fund were to prove insufficient, the Government committed to use its own resources to meet most essential technical assistance needs.

39. The UK government will provide direct funding in support of the FESP through both instruments: budget support using the same financial mechanisms established for the World Bank Development Policy Grant (three tranches released based on achievement of results), and through the technical assistance Basket Fund. Its combined contribution to the FESP will be £7.7 million (equivalent to US$14 million) and of this £3.7 million (equivalent to US$6.8 million) will go through direct budget support.

D. Links with Other World Bank Operations

40. The FEDPG operation has strong links to four World Bank projects: the Chad Cameroon Pipeline Project, the Cameroon Environment Oil Technical Assistance Project (CAPECE), the Cameroon Railway Concession Project, the Cameroon Community Development Program Support Project (PNDP), as well as the forthcoming Poverty Reduction Support Credit.

41. *The Chad-Cameroon Pipeline Project.* Two national parks, Mbam Djerem and Campo Ma'an, were established to offset the impacts of the Chad Cameroon Pipeline project on biodiversity and the environment. Requested by the Government, the World Conservation Society (WCS) has completed the first draft of the management plan for Mbam Djerem. This document will be subjected to public consultation prior to final approval in the coming months. In the case of Campo Ma'an the management plan has been prepared in collaboration with the World Wildlife Fund (WWF). This plan has already been submitted to public consultation and endorsed by all relevant authorities. It is expected to be signed by the Prime Minister and become operational momentarily. Both plans are co-funded by the Chad-Cameroon Pipeline Consortium through the Foundation for Development and Conservation (FEDEC), a Government-sanctioned national NGO which is also financing an Indigenous Peoples Development Plan (IPDP) for the Baka, Kola, and Aka Pygmy populations in the southern Atlantic forest. Core staffing and additional budget resources and overall responsibility for managing these environmental offsets will be provided by MINFOF. Under the FEDPG, the Government agreed to forestall any investments in forests used by indigenous peoples until such time as the IPDP is completed. In the framework of the FEDPG

operation the Government will also complete the procedure to transform a part of the Deng Deng Forest[5] (where primates can still be found) into a wildlife reserve and secure its integrity. At the time of printing the present document, discussions regarding the future of Bank support to Chad portion of the Chad Cameroon Pipeline were still in progress between the Bank and the Government of Chad. The outcome of these discussion is not expected to have an impact on the rationale, feasibility, and funding of operations at Campo Ma'an and Mbam Djerem.

42. *The Community Development Program Support Project (PNDP).* The FEDPG provides the framework for communities to engage in community forest activities. In addition, helping collect and allocate to local communities a portion of forest area-based fees, the operation will help consolidate communities' investment capacity and match PNDP-funding for local investments. Links with the PNDP will provide an effective instrument to monitor and periodically audit the use of funds accrued to local communities as a share forest taxation of commercial forestry taking place in their vicinity.

43. *The Cameroon Railway Concession Project.* The environmental management plan of the Bank supported privatization of the railway system of Cameroon (CAMRAIL) provides for expert assistance and independent monitoring to implement and evaluate activities that discourage the use of the railway system by illegal poachers and loggers. The present operation will consolidate and continue activities undertaken by the private operators under the Cameroon Railway Concession Project after its completion.

44. *Broader Links with the Bank Program in Cameroon.* The FEDPG will help pave the way for the switch from traditional investments to programmatic lending in Cameroon. It will do so by providing an opportunity to observe and test the reformed national procurement and financial management procedures the Government will use to finance the PRSP. The fiduciary risk assessment carried out in preparation for the present operation (see annex 12) builds upon the CFAA/PEMFAR work carried out in collaboration with the Bank. It identifies measures to be implemented to address enduring systemic weaknesses and highlights action to be taken in case procurement and financial management were to exhibit other major shortcomings.

E. Past Experience and Lessons Learned

45. World Bank support to the forest sector in Cameroon began with three provincial rural development projects in 1978, 1980 and 1984. These involved development of small-scale industrial plantations and erosion control. In 1982, the first full-fledged forest project was approved. It ended in 1990 following troubled implementation and cancellation of about US$12.0 million of a US$17.0 million loan. Between 1990 and 1997, the Bank focused exclusively on policy dialogue to improve Cameroon's policy framework and to eliminate major distortions.

46. Some of the lessons learned during the extended period of collaboration indicate that for forest sector programs to succeed: (i) clear rules of the game must be established and enforced by effective institutions that enjoy high level political support; (ii) a clear division of roles must be maintained between public institutions and private entities, and civil society organizations; (iii) transparency and public information are indispensable to prevent or counter corruption, and to restrict vested interests; and (iv) direct and indirect costs of conservation should not impose a burden on local and national economies, but should be more equitably shared with support by the global community.

47. The design of the proposed operation was informed by the lessons learned through: (i) the 2002 evaluation of overall World Bank involvement in the forest sector in Cameroon (OED, ISBN 0-7658-

[5] The biodiversity value of the Deng Deng area has been recognized during the preparation of the Chad Cameroon Pipeline Project. The originally proposed pipeline trajectory was modified to avoid disturbance of this area. Not all the Deng Deng area is equally rich in biodiversity: large areas are degraded, but others continue to harbor protected species such as primates.

0940-0); (ii) the implementation of SAC III as evaluated in the project's 2004 Implementation Completion Report; (iii) the 2003 QAG evaluation of quality of supervision by the Bank (QAG SAC III Review of Quality of Supervision Report); and (iv) the evaluation of the GEF supported Cameroon Biodiversity Conservation Program (PCGBC).

48. The September 2004 Implementation Completion Report rated the development objective of SAC III's forest component as "satisfactory" and its institutional sustainability "likely" but contingent on continued engagement. It was apparent that continued support by the Bank and other partners were required to build the capacity of that Ministry's two successor agencies, the Ministry of Forests and Ministry of Environment, which are now responsible for the full and continued implementation of SAC III reforms through the operations of the FESP.

49. Specific lessons applied to the proposed operation were:

- To ensure success of reforms and reform implementation efforts, development partners should work not only with the executive branch of the Government, but with a broader range of partners including the legislature, the public at large, NGOs, and community development partners.
- Getting the correct framework and high-level Government buy-in are more important than physical investments. Through the forest component of SAC III, the Bank realized that unless healthy institutions are created and distortions eliminated, results on the ground cannot be achieved.
- Forest sector reforms require a clear understanding of issues and options by all stakeholders. Clarity of expected outcomes, a focus on fundamental objectives, and flexibility to adapt to changing situations are important factors for the success of forest sector reforms and operations.
- Creating a strongly appropriate regulatory, institutional, legal, and incentive framework is critical for achieving desired goals. Establishing an effective and legitimate rule of law provides a balance between positive incentives that reward compliance to the law, and the deterrent value of penalties for breaking the law.
- In the context of Cameroon's forest sector, a result-based instrument such as sectoral structural adjustment tends to be far more effective and feasible than other types of lending instruments.
- Biodiversity values should be given more prominence in land use planning. Individual area-based project interventions can be very complex to manage and are less likely to have an enduring impact than broad landscape-based national programs.

F. Analytical Underpinnings

50. The FEDPG builds upon a comprehensive body of analytical work undertaken by the Government of Cameroon, various donors and the World Bank. This analytical work covers forest and environment as well other relevant extra sectoral themes.

51. Forest and environment analytical work includes the following studies among others: a sector expenditure review coordinated with the broader expenditure review carried out under the HIPC, the preparation of a forest Medium-Term Development Framework, a forest taxation review, forest revenue analyses and audits of forest revenues transferred to local governing bodies, a forest sectoral environmental and social assessment, analyses of forest and environmental policies and institutions, an assessment of the protected area network, studies on the impact of forest law enforcement on illegal logging and rural livelihoods, a fiduciary risk analysis, and a communications assessment. In parallel with

the preparation of the FEDPG operation, the Bank conducted a piece of economic and sector work to analyze and measure the impact of the reforms Cameroon adopted over the past ten years. The Bank (DEC, WBI, ARD and AFR) also undertook a particularly detailed analysis of how the introduction of the auctioning system in the allocation of logging rights contributed to the broader transformation of the forest sector. Both studies should be published by the Bank shortly.

IV. THE PROPOSED IDA AND GEF FOREST AND ENVIRONMENT POLICY DEVELOPMENT GRANTS

A. Operation Description

52. The development objective of the proposed Forest and Environment Policy Development Grant (FEDPG) is to strengthen public and private efforts to achieve socially-, economically-, and ecologically-sustainable use of national forest and wildlife resources. The FEDPG represents the IDA and GEF contribution to the implementation of the FESP. Initiated and led by the Government of Cameroon, the FESP is a multi-donor national forest and environment sector development program that brings an array of existing sector development projects and ad-hoc donor-supported and donor-led efforts into a common framework.

53. The FEDPG will help consolidate and scale up the forest sector policy reforms introduced under SACIII, support capacity-building, and strengthen the public good functions of forest institutions, expanding work programs in environmental monitoring, policy oversight, law enforcement, forest management, biodiversity conservation, and community-based forest activities. The FEDPG is built around five policy areas that mirror the five components of the FESP. These are:

- Environmental Regulations and Information Management
- Management of Production Forests
- Management of Protected Areas and Wildlife
- Management of Community Forest Resources
- Institution Strengthening, Training, and Research

54. The program is defined through conditions for Board approval, milestones and conditions for tranche release. Conditions for Board approval have been met before negotiations demonstrating the Government commitment to the operation's goals and its preparedness to implementation. Milestones cover program implementation steps and outcomes. The most important of these milestones have been selected to serve as specific conditions for tranche release. Other measures agreed upon with the Government must be met at all time during program implementation and reviewed at the time of tranche release. These are: (i) the reform framework established through the SAC III is maintained; (ii) the government forest and environment program is adequately funded and satisfactorily implemented overall as reflected through the agreed milestones and annual workplans; and (iii) a sound macroeconomic framework is maintained.

55. For the first time and at variance with OD 9.01, the proposed operation will use GEF Grant resources to finance a development policy operation. To allow this to happen, the GEF Council reviewed carefully and approved the design of the operation on May 19-21, 2004 and a waiver of OD 9.01 was granted on April 13, 2005.

56. IDA financial assistance will be US$25.0 million. Bank-administered resources from GEF (US$10 million) will be fully blended with IDA's and will support the Forest and Environment Sector Program according to the same modalities, matrix of conditions and other features proposed for the FEDPG. DFID resources (US$6.8 million) will be provided to the Government according to the same modalities and tranches used for IDA and GEF, bringing the amounts available to the Government in the

form of budget support for the implementation of its FESP to US$41.8 million. Funding per contributor per tranche would be as follows.

Funding Source	First Tranche US$ million	Second Tranche US$ million	Third Tranche US$ million	Total US$ million
IDA Grant	9.8	8.1	7.1	25.0
GEF Grant	3.8	3.1	3.1	10.0
DFID Grant	1.2	2.8	2.8	6.8
Total US$ Equiv	14.8	14.0	13.0	41.8

B. Policy Areas

(i) Policy Area 1: Environmental Regulations and Information Management

57. FEDPG will help the Government strengthen MINEP's capacity to monitor the green environment, observe the environmental impact of its national forest and environment program FESP, and ensure that this Program's environmental management plan is implemented thoroughly and successfully. While Cameroon possesses adequate environmental laws and safeguards, institutional weakness make such instruments irrelevant on the ground. Effective monitoring is hampered by data and baseline values that can inform environmental planning, targeting, priority setting, and assess results. Additional constraints lay in the quantity and quality equipment and qualified staff of the newly created Ministry of Environment.

58. *Conditions for Board approval* in this policy area demonstrate Cameroon's recognition of and shared commitment to information management. In addition to issuing clear regulations governing the FEDPG Environmental Impact Assessment (EIA) and adopting the related Environmental Impact Mitigation Plan (EMP), the Government earmarked funding for first year EMP activities in its 2005 national budget. A team of qualified and fully equipped staff responsible for monitoring implementation of the EMP has been located in premises provided by MINEP, and terms of reference for the first routine environmental controls are in place. The Government also designed and disclosed an Environmental Impact Assessment, Resettlement Policy Framework, and Indigenous Peoples Development Plan, in two prominent national newspapers in both national languages (French and English).

59. *Milestones* marking implementation of the government program in this policy area will reflect the stages through which the Environment Ministry will acquire capacity to monitor the environmental impact of the FESP, implement its Environmental Management Plan, centralize environmental monitoring responsibilities including those currently provided by the CPSP in relation to the Cameroon Pipeline, and integrate the various project information management systems into the consolidated CIDE.

60. *Conditions* for the second and third tranche releases include the evaluation of how effectively and widely the mitigation measures laid out by the Environment Management Plan will have been implemented. Terms of reference for evaluating the impacts of the FEDPG will be arrived at in participatory fashion and the evaluation's results will be made publicly available.

61. *Outcomes* expected of this policy area include that at the completion of the operation, the Environment and Forest Ministries will have the capacity to monitor and evaluate the social and environmental impacts of national forest policies and individual programs in the field of green environment. Avenues for public consultation and civil society collaboration will have been created or

improved, and the public will have fuller access to information on the management of public environmental goods (for more details on outcomes see policy matrix in Annex 1).

(ii) Policy Area 2: Management of Production Forests

62. The operation will focus on the protection and long-term management of production forests. It will ensure the generalized implementation and monitoring of forest management plans throughout the production forest estate and will complete Cameroon's land-use instrument through a zoning plan for the northern regions where deforestation is more intense. While forest management plans are now mandatory in Cameroon, and many forest companies have complied with their obligation to produce such plans, most plans were only recently approved by the Government, and the control of field operations is only starting.

63. More specifically the operation will help: (i) complete the forest estate zoning plan; (ii) ensure implementation on the ground of forest management policies and plans; (iii) promote efficiency and value-added in timber processing and reduce waste; (iv) ensure efficient control of forest production field operations by industry, as well as law enforcement and application of penalties; and (v) valorize non-timber forest products (NTFP).

64. *Conditions for Board approval* in this policy area indicate Cameroon's commitment to creating a rigorous but fair and predictable environment for serious forest industries engaged in sustainable forest use and product processing. Conditions for Board approval include the examination, approval or justified rejection of forest management plans for all concessions awarded prior to 2001, the publication of a status report including all forest violations detected and penalties applied from January 2000 to August 2005 and the adoption of a comprehensive forest control regulation which sets out the procedures for detecting and reporting violations of the forest law, the chain of control and the modalities for applying sanctions.

65. *Milestones* marking the implementation of the FESP in this policy area cover various facets of a comprehensive action plan to make sustainable forest management a reality: (i) an industrialization plan that promotes economic growth while reducing inputs and waste of raw materials; (ii) a participatory forest land use plan adapted to the realities of the northern regions; a computerized log tracking system allowing secure real time follow up of data showing physical and fiscal flows of timber from harvest sites to export markets; (iii) forest control operations and public disclosure of sanctions applied against illegal logging and poaching; and (iv) improved collaboration between the State and forest industry by instituting service standards the state will commit to abide by, and increasing the quantity and quality of opportunities for consultation with industry.

66. *Conditions* for tranche release in this policy area relate to the management plans in place for UFA concessions and community forests. Forest Management Plans of all UFA concessions awarded before January 2002 and Simple Management Plans of all community forests approved before June 2005 will have been reviewed by the Forest Administration prior to the release of the second tranche. Comparative satellite imagery taken in 2003 and 2007 will be used to determine whether illegal logging is under control in unallocated UFAs and protected areas – this is a specific condition for third tranche release.

67. *Outcomes* in this policy area include that at the end of the operation: (i) forest operations in the public forest estate will be contingent upon the implementation of management plans by the concessionaire; (ii) illegal logging will be halted in the most vulnerable forests *(i.e. concessions not yet allocated to private companies and unmanaged national parks),* and will be significantly reduced in the rest of the state forests —at the end of the operation, it is expected that: 100 percent of production forests will be allocated for management, 75 percent of them will be covered by management plans, and the remainder will have management plans in preparation; (iii) forest laws and regulations will be fully enforced, and violators actively and publicly pursued; (iv) a draft land use plan prepared collaboratively by concerned ministries using a highly participatory process will be available for the north of the country;

and (v) high quality information on the status of forests and protected areas will be available and accessible to the public.

(iii) Policy Area 3: Management of Protected Areas and Wildlife

68. The operation will help secure Cameroon's protected area network by improving regulations, increasing human and organizational capacity, adopting a landscape approach and a well-structured phased approach to gradually increase the effectiveness of protected areas management. The result will be a framework in which new public and private partners can participate in expanding or accelerating the implementation of the national program for biodiversity protection.

69. With 14 percent of national territory designated as protected areas, Cameroon is a major contributor to the conservation of global diversity assets and a recipient of international funding for conservation. However the donor-driven, location-specific, and time-bound nature of past projects has not allowed Cameroon to create a national capacity to manage conservation programs adequately and for the long term. Protected area and wildlife management are constrained by weak infrastructure, markedly insufficient and unreliable funding, an absence of management plans, and inadequate frameworks for collaboration between the Government, local communities, professionals in the field adventure tourism, and NGOs.

70. *Conditions for Board approval* demonstrate the Country's high degree of preparedness to move ahead with program implementation. They include a review of the protected area network to ensure that it covers over 90 percent of the country's biodiversity, the preparation of work programs for eight national parks and surrounding landscapes (UTOs) and the completion of baselines measuring the current management effectiveness of all Cameroon's national parks.

71. The operation will help implementation of the 2003 Wildlife and Protected Areas strategy and promote its continuous updating to assure appropriateness and relevance. It will support Government institutions in planning and zoning protected areas through information and knowledge management, sustainable financing, legal reforms, and design of management plans for wildlife and protected areas. These plans will have provisions for the participation of local communities in protected area and hunting zone management and contain strategies for optimizing the economic benefits that communities enjoy.

72. The operation will focus on the upgrade of management effectiveness of eight UTOs totaling 50 percent of the territory of the protected areas, while setting the stage and facilitating implementation of effectiveness upgrade of the entire protected area network.

73. *Milestones* marking implementation of the government program in this policy area will include: (i) steps related to protected area management capacity building; (ii) instruments that clarify local people's rights and obligations in protected areas; (iii) various social surveys and the measurement of protected area management effectiveness; (iv) design, adoption and implementation of park management business plans and community-based wildlife management plans; (v) application of particularly strong anti-poaching measures along the railways and in the Campo Ma'an area; (vi) physical demarcation of selected protected areas; and (vii) a national public health campaign to inform public of the hazards related to consumption of illegal bushmeat. Milestones will also include: (i) the preparation or adaptation of regulations conforming with the 2003 Wildlife and Protected Area Strategy concerning ZIC/ZICC (private and community managed game reserves), and community access to wildlife management; (ii) creation of autonomous PA and wildlife management; and (iii) raising revenues in protected area; diversification of income sources for park management and local development; financial controls and partnership with foundations.

74. *Conditions* for release of the second and third tranches relate to the creation of three additional UTOs and to significant improvements in the management effectiveness of eight focal UTOs.

Improvements will be measured in the field using the WWF/WB Alliance Kit methodology and compared to pre-operation baseline values. Conditions also include the update of the Biodiversity strategy and transformation of part of the Deng Deng forest into a wildlife reserve.

75. *Outcomes* of the operation foresee management effectiveness scores in the selected locations to have moved from the baseline average value of 28 to 45, and logging companies employing biodiversity conservation measures in those concessions located in proximity to ecologically sensitive areas. Local communities will participate meaningfully in the management of protected areas and hunting zones, and endangered species will be effectively protected. The outcome of the operation will also include creating the foundation for modern, autonomous management of protected areas by a broader range of potential partners.

(iv) Policy Area 4: Management of Community Forest Resources

76. The operation will deepen understanding of community forestry issues and strategies, improve quality of ongoing community efforts in natural forests, improve and scale up community based tree planting schemes, help communities and local cooperatives manage woodlands to trade sustainably produced fuelwood around urban centers (fuelwood masterplan); and re-assign to communities or other managers state plantations formerly controlled by ONADEF (a recently dissolved parastatal). At the core of this component are improvements of the institutional and regulatory frameworks on one hand, and implementation of high-quality community-based forest management plans on the other. By design, these plans will systematically integrate production and biodiversity concerns whatever the primary purpose of the community area under management (small scale timber processing, timber extraction, sustainable fuel wood production, managed hunting, medicinal plant production, etc.).

77. According to the Cameroonian forest and wildlife policies and regulations, community forests are established in what is called "the non-permanent forest domain" where communities have the right to alter the tree cover based on their needs and preferences, where conversion of forest to other uses is allowed. While Community forests are usually in the vicinity of villages and, under normal circumstances have only limited biodiversity interest, their management can incorporate features that can result in a significant contribution to biodiversity conservation. For this reason, community forest management plans will systematically integrate biodiversity concerns whatever the primary purpose of the area under management might be. More specifically, the preparation of management plans will include a survey of community forest by teams composed of MINFOF staff and a reputable environmental NGO. These teams will work with the communities to identify the presence of threatened and protected species in proposed community forests and outline measures that ensure protection of endangered species as part of the management plans and future monitoring arrangements. The teams will also advise the communities on conservation of protected species living beyond the boundaries of community forests.

78. The operation will help translate into action community forest concepts that are well grounded in Cameroon's forest policy but that lack adequate incentives and straightforward mechanisms to attract meaningful local participation. Community forestry concepts and programs are relatively new in Cameroon. Despite explicit Government commitment to helping communities manage forests for their own benefit, significant portions of benefits from community forests have been captured by logging and trucking businesses. Although the number of community forests has continued to increase over the past five years, current efforts appear to be generally unsustainable and fail to significantly contribute to rural poverty alleviation.

79. Work in this policy area will help improve community forestry approaches, regulatory frameworks, and activities in the field stressing quality over quantity, especially in the case of community forest initiatives which have proved problematic in the past. The program will be guided by the recommendations of a comprehensive 2004 DFID-financed Review of Community Forestry undertaken

by the Government. Community forest initiatives such the Fuelwood Masterplan will seek to replicate successful schemes undertaken in Niger and Mali.

80. *Conditions for Board approval* include the publication of a study on the use of forest sector revenues by local communities in fiscal year 2003, completion of the conversion of ONADEF into ANAFOR, and the selection of a qualified contractor to carry out a community forest scheme financed through HIPC funds (*Projet Gestion Communautaire des Ressources Forestières et Fauniques*, or RIGC).

81. *Milestones* marking implementation in this policy area will include the incorporation of recommendations of the 2004 Community Forestry Review into community-based forest management schemes. All requests by local communities interested in initiating new community forestry activities, or in exercising priority rights on sales of standing timber *Ventes de Coupe* (VC) will be followed up diligently. To strengthen the community forest framework, MINFOF will introduce new regulations and implement a field program to develop five fuelwood masterplans and community woodland management operations around urban centers in the northern regions. New regulations and incentives to make tree planting more attractive will also be adopted, and a planting program targeting a minimum of 1,500 people, local groups and investors will be developed by MINFOF in collaboration with and implemented through ANAFOR. Milestones also include a series of evaluations of community forest initiatives carried out by the Government in collaboration with technical and financing partners.

82. *Conditions* set down for release of the second tranche involve the successful implementation of at least 10 high quality community-based management plans as reflected in their respective progress reports. These management plans will integrate social, economic and biodiversity conservation concerns adequately. Release of the third tranche requires the reassignment of all plantations on state-owned gazetted forest lands previously managed by ONADEF.

83. *Outcomes* relating to this policy area apply to a comprehensive incentive framework in place to stimulate communities to engage in and benefit from: (i) community-based management of natural forests and hunting zones; (ii) tree planting; and (iii) woodland management and trade of wood fuels. It is also expected that the reassignment of plantations and delegation of management responsibility from the State to other entities will mark the end of Government engagement in costly production activities in which its comparative advantage proved to be limited.

(v) Policy Area 5: Strengthening Institutions, Training and Research

84. The proposed operation will support capacity building across forest institutions. It will stimulate the Government to make investments in infrastructure and human resources enabling MINEP and MINFOF to develop sufficient capacity to fulfill their mandates in the framework of the forest policy and the regulatory instruments created through SACIII. Capacity building will begin with upgrading management procedures and practices to bring MINEP and MINFOF into compliance with the requirements of recently approved national procurement and public finance management reforms. Work in this policy area will entail rehabilitation of physical infrastructure, staff redeployment, staff training, and procurement of equipment. The operation will also support the final stages of restructuring the National Office for the Development of Forests (ONADEF) into the streamlined National Agency for Forest Development (ANAFOR), and the launch of ANAFOR as a promoter of plantation schemes implemented and largely financed by individuals, organized groups, and the private sector.

85. Support under this policy area will address the disconnect between Cameroon's well advanced forest policies and the weakness of institutions, including scarce, poorly equipped and un-motivated staff in the field, and decrepit infrastructure.

86. *Conditions for Board approval* demonstrate strong commitment to re-launching forest and environment programs as well as a sound understanding of the challenges at hand. They include the

preparation of annual workplans by the technical Ministries and the parliamentary approval of budget resources consistent with the FESP and the FEDPG operation. All key positions in MINEP and MINFOF have been filled. MINFOF and MINEP introduced a Finance Ministry-approved computerized financial management system that is in line with the requirements of the public finance management reform. The steps by which national budget and external funding are made available to MINFOF and MINEP are clearly defined. The Government also prepared a procurement plan and the first bid documents consistent with the recent procurement reform.

87. *Milestones* in this policy area will reflect key steps toward enabling Government institutions to provide essential public services and interact productively with local communities, industry and the civil society at large. This will include improvement of infrastructure, rendering Forest and Environment Ministry planning and evaluation units operational, and ensuring that MINFOF and MINEP are able to produce and review their annual workplans effectively. It will also include the rehabilitation of 40 percent of MINFOF's field offices (postes forestiers), provision of training programs on forest related policies and regulations, and improving human resource management through improved accountability and recognition of performance. Interaction with civil society will be through bi-monthly meetings with industry, multi-partner provincial level consultations at the time of work plan and preparation and monitoring. Finally it will include various public information activities on using the internet, the press and the radio to maintain and enhance sector transparency.

88. *Conditions* set for release of the second tranche relate to financial management within the Forest and Environment Ministries, which will have fully deployed computerized financial management and control systems by the tranche release date. The SICAF system will be fully rolled out at central, provincial, and departmental levels, and be fully compatible with the DEPMI system used by the Ministry of Finance and Economy. Release of the third tranche is conditional on the improved status of those infrastructure and facilities that are slated for rehabilitation especially at the field level.

89. *Outcomes* in this policy area revolve around a revitalized Forest and Environment Ministries, well endowed with the human and technical resources sufficient in quantity and quality to perform the role expected of them in the following areas: oversight of forest and environmental policies, enforcement of laws applicable to forests and wildlife, assessment of the social and environmental impacts of human activities in forest ecosystems, productive interaction with industry and other private sector economic partners, collaboration with communities, NGOs and civil society in the management and conservation of forests and wildlife resources. It is also expected that ANAFOR will be fully established in its advisory role in the field of private and community plantation schemes.

C. Agreed Actions and Conditions

90. Agreed actions and conditions under the proposed FEDPG operation will peg tranche release to progress in the implementation of the overall Government FESP and to the satisfaction of specific conditions. Its progress will be appreciated through milestones which will measure the performance of the FESP as a whole and its annual workplans. Conditions for Board approval (completed before negotiations), conditions for disbursement, and milestones are presented in the Operation's Policy Matrix shown in Annex 1. This matrix is featured in the Government's letter of Development Policy for Forests and the Green Environment. Major development partners adopted the matrix as a means to measure progress and coordinate financial and technical support.

91. In addition, the disbursement of the Grant is subject to broader conditions *(see Box 1)* to be satisfied at all time during program implementation and reviewed at the time of tranche release. These conditions seek to ensure that the integrity of the operation's reform package is maintained and that appropriate conditions continue to exist for successful implementation of the Government program.

Box 1 Conditions to be met at all time and reviewed at the time of tranche release

- The Government forest and environment program as reflected through the agreed milestones and annual workplans is generally on track and consistent with the reform framework established through the SAC III.
- A sound macroeconomic framework is maintained.

92. Financing will be arranged in three tranches, the first to be released on completion of prior action and the other two following satisfaction of tranche release conditions.

Box 2: Conditions for Board Approval and Release of the First Tranche

- Government adoption of the FEDPG *Environmental Impact Mitigation Plan* (EMP) and funding for first year's relevant activities included in the draft 2005 national budget for the forest sector.
- Suitable premises and a team of adequately trained and fully equipped staff are assigned to effectively monitor implementation of the FEDPG EMP.
- Regulations on environmental impact assessment are issued.
- The *Environment Impact Assessment*, including the EMP, the *Resettlement Policy Framework*, and the *Indigenous Peoples Development Plan* disclosed in two national newspapers and made accessible to the public in municipal administration facilities.
- Terms of reference for main EMP activities beginning in January 2005 made publicly available.
- Examination of Forest Management Plans (FMP) for all concessions (UFAs) awarded prior to 2000 and approval of those deemed to conform with requirements
- Status report describing all forest violations, penalties applied, transactions concluded and pending between January 2000 and August 2005. Updated ledger of forest violations created.
- Forest Ministry's comprehensive regulatory system adopted: chain of custody control, control methods and procedures, and procedures for applying sanctions against forest crimes.
- Work programs for eight Focus UTOs prepared and ready for implementation.
- Baseline data available to measure the management effectiveness of all national protected areas.
- Study completed on the use of FY2003 forest sector fiscal revenues by local communities.
- ANAFOR restructuring completed, with personnel reassigned according to plans, management structures, the FY2005 work program, and financial control structures.
- Qualified contractor selected to carry out the HIPC-funded Capacity Building for Forest Community Management (RIGC) project.
- Forest Ministry management positions filled and job descriptions revised.
- A new coded budget and accounting system approved by the Finance and Economy Ministry (MINEFI) and adopted by the Forest and Environment Ministries.
- The Directors of Budget and Treasury instructed by MINEFI to allocate budget lines to MINFOF and MINEP, into which external funding will be made available by external partners.
- MINFOF and MINEP financial management and control computerized; the SICAF system is operational and fully compatible with the DEPMI system used by MINEFI.
- MINFOF and MINEP 2005 Annual Work Plans consistent with the FEDPG, and include national and external resources as part of their 2005 budget proposals to Parliament.
- Procurement plan prepared and bid documents ready for launch for the main goods and services of the FY05 workplan.

Box 3: Conditions for Release of the Second Tranche

- Allocation of funds for implementation of annual work plans is consistent with Medium Term Expenditure Framework estimates and at least 75 percent of the budget allocated in the previous year will have been made available in a timely fashion and used for program implementation.
- The FY 2005 EMP activities implemented and adequate institutional capacity for social and environmental monitoring created.
- Examination completed of Forest Management Plans of all UFAs allocated prior to January 2002, and of all Simple Management Plans (*Plans Simples de Gestion*) for community forests attributed before June 2005. Signed contracts with companies meeting requirements and implementation of appropriate measures, including the withdrawal of concession if appropriate, for companies failing to meet requirements.
- Two additional Focus UTOs created (Management Effectiveness Score, MES <20); three are equipped with essential management tools (20<MES <40), three have achieved a modest but still reasonable management effectiveness (40<MES<55)[6].
- Ten community-based management plans successfully implemented.
- MINFOF and MINEP computerized financial management and control systems are well established, the SICAF system used at central, provincial and departmental levels, and all are consistent with the DEPMI system used by The Ministry of Finance and Economy.

Box 4: Conditions for Release of the Third Tranche

- Allocation of funds for implementation of annual work plans is consistent with Medium Term Expenditure Framework estimates and at least 75 percent of the budget allocated in the previous year will have been made available in a timely fashion and used for program implementation.
- The impact of the FEDPG is evaluated based on TORs developed through a participatory process and the report is made public.
- Illegal logging is totally under control in all unallocated UFAs in 2004 and in all protected areas.
- One additional Focus UTOs is created (Management Effectiveness Score, MES <20) ; one is equipped with essential management tools (20<MES <40), three have achieved a modest but still reasonable management effectiveness (40<MES<55); and three have achieved a good level of management effectiveness (MES >55)[7] . The national Biodiversity strategy is updated, and part of the Deng Deng forest where primates cans still be found has been transformed into a wildlife reserve.
- At least 90 percent of the plantations established on state-owned forest gazetted land and previously managed by ONADEF are reassigned to appropriate management structures to competitively-awarded plantation contracts, to new UFAs or integrated into existing UFAs, contracted to local communities management; degazetted in urban centers, integrated into parks and other protected areas or environmental protection zones with no production purposes.
- Rehabilitation of at least 50 offices or other infrastructure at the technical directorates, and provincial and departmental levels.

[6] Minimum scores to be achieved in each UTO are as follows: Ndongoro (6), Bakossi Kupe (17), Bouba Bek & Nki (29), Mbam Djerem (31), Campo Ma'an (37), Korup (44), Bénoué (47) et Waza (50)

[7] Indicative scores to be achieved in each UTO are: Ndongoro (17), Bakossi Kupe (26), Bouba Bek & Nki (43), Mbam Djerem (46), Campo Ma'an (52), Korup (57), Bénoué (59) and Waza (62).

V. IMPLEMENTATION OF THE PROPOSED GRANT

A. Implementation, Monitoring and Evaluation

93. *Implementation.* The Finance, Forest and Environment Ministries will be responsible for implementing this operation on behalf of the Government. Their responsibilities will be in line with their normal institutional mandates. Applicable procedures will be those of the Government of Cameroon. World Bank support will be channeled through the Ministry of Finance and Economy which will maintain overall responsibility for coordinating Government activities, and for commissioning external audits to assure ministerial compliance with financial management, administrative, and procurement procedures. The Forest and Environment Ministries in turn will be directly responsible for implementing the FEDPG program and for satisfying the conditions of tranche release. To this end, MINFOF's and MINEP's work programs and budgets submitted annually for Parliament's approval will be structured to reflect the milestones agreed upon for the overall program and the conditions for tranche release. Provincial delegations of the Forest Ministry will carry out activities in the field, and both the Forest and Environment Ministries will expand collaboration with local governing bodies, community organizations, NGOs, and the private sector.

94. The two Ministries' work in implementing the FEDPG program will focus on essential regulatory, law enforcement, and public service functions. Program activities like resource inventories, facilitating the elaboration of management plans, environmental education, and managing community forests and hunting areas will be contracted out to other partners and service providers. The Government will commit to procure essential specialized technical assistance in the fields of financial management, procurement, auditing, international monitoring and auditing to ensure the quality of implementation.

95. *Sustainability and replicability* concerns have been integrated into program design from various perspectives. From an institutional and financial perspective the FESP has been mainstreamed into permanent national institutional settings, a medium term sector policy, medium terms funding priorities and national financial management mechanisms. It has also been integrated into a ten-year multidonor sector development program which enjoys strong support, funding and funding commitments from key Development Partners. These Partners have chosen to use the FESP as a means to harmonize their sectoral goals, objectives, funding and monitoring arrangements. To this end, the representatives of Canada, Germany, France, the Netherlands, the United Kingdom, the European Union, the African Development Bank, the World Bank, FAO, UNDP, WWF, SNV and IUCN have signed, on January 5, 2006, a long-term agreement called Code of Conduct (Annex 3). The potential for replication of biodiversity conservation and program mainstreaming into regional development planning and management is high given the Program's adoption of internationally recognized environmental monitoring tools (the PAME Tool Kit), its support to certification processes and its strong links with broader public sector reform processes, decentralization, national environmental policies, legislation and safeguards.

96. At FESP's completion recurrent costs will have grown only modestly (around US$3 million per year) compared to the pre-FESP situation. US$2 million of these would finance the management of protected areas, a field in which there is growing international support and for which the FESP intends to develop innovative long term funding mechanisms. Financial program sustainability is ensured by the fact that the Government is by far the largest contributor to the FESP. The 2006-2010 Forest and Environment Sector Medium Terms Expenditure Framework shows that a steady flow of national financing will continue after the end of planned IDA and GEF support, when the most intense phase of new investments will have been completed. One should also note that national funding for most FESP supported activities is generated within the forest and environment sector. Based on existing legislation, part of the funding is mechanically apportioned to FESP institutions and programs and submitted to Parliament as part of the national budget approval process.

97. *Monitoring and evaluation* for the FEDPG program was designed to: (i) foster accountability and transparency in the management process; (ii) provide the Government and donors common and realistic reference and measurable parameters to measure progress; (iii) record progress in relation to milestones and conditions for tranche release; (iv) engage stakeholders in information sharing; (v) integrate financial planning and execution with physical and geographic information on work program implementation, milestones and tranche release conditions; and (vi) identify implementation problems and propose corrective measures.

98. The starting point for the monitoring and evaluation system is the policy matrix that details the issues the operation intends to address, the outcomes expected, the milestones of the Government program, and the parameters chosen for tranche release. This matrix is common to the Letter of Sector Development Policy and the present operation. Definitions, baselines, and values of expected results were worked out during program preparation to facilitate monitoring by the Government and other interested parties. Particular emphasis was placed on indicators of results rather than process indicators. Annex 10 provides a description of the operation's M&E system, including performance parameters, baselines and targets values. To ensure that FEDPG performance reflects appropriately the broader performance of the of the forest and environment sector, the FEDPG monitoring system will extend beyond measuring program specific indicators to also include indicators that reflect the country's overall performance in environmental management, governance and social equity in the forest sector.

99. Progress in some of the sensitive areas such as wildlife and biodiversity conservation, management of national parks and reduction of illegal logging will be measured through well defined protocols which leave minimum room for subjective interpretation and minimize risks of conflicting perceptions regarding performance. For example, progress in protected area management will be scored according to the "Tracking Tool" developed by the World Bank/WWF Alliance, consistent with the recommendations of the World Commission on Protected Areas Management Effectiveness. Progress in the fight of illegal logging will be measured in terms of variations in the length of logging roads located within unallocated forest concessions and national parks, observed in time series of satellite images interpreted in collaboration between the Government and the Global Forest Watch Program of the World Resources Institute. Parameters, baselines values, methods and sources to review time series of relevant parameters are integrated into the program's monitoring system.

100. While various departments of the Ministries of Finance, Forests and Environment will be involved in gathering and analyzing program relevant information, monitoring of overall program implementation will be centralized by the Cooperation Division of the Ministry of Forests. This division will consolidate monitoring reports, maintain relations with national and international partners, consolidate annual work programs, and monitor satisfaction of tranche release conditions. The Environmental Impact Assessment Monitoring Unit of the Environment Ministry will monitor and report on the implementation of the FESP environmental management plan. MINFOF's provincial delegations will be the focal points of the Monitoring Unit, and in that capacity they will be in charge of collecting necessary data at local levels; they will also be in charge of disseminating reports at the provincial level. External evaluations and audits of accounts will be undertaken under the auspices of the Ministry of Finance and Economy. Most of the baseline, progress data and reports produced under this Program will be made publicly available though the website www.minef.cm, along with other sector performance and governance data.

101. Implementation reviews will build upon the positive experience gained during the supervision of the forest component of SAC III (P054443), and will incorporate the recommendations issued by the December 2002 QAG Quality of Supervision Assessment for this operation. DFID will supplement World Bank supervision by posting two specialists with time bound contracts with the Bank at the World Bank resident mission in Yaoundé. The specialists will assist the task team leader and facilitate communications among the various stakeholders involved in the operation.

B. Fiduciary and Procurement Aspects

102. A Medium-Term Expenditure Framework for the forest and green environment sector, reflecting the PRSP's forecasts, has been integrated into the country's overall MTEF, and budget allocations approved by Parliament as part of the national budget. The sectoral MTEF and the year 2006 approved budget reflect well the Government commitment to provide adequate resources to finance the FESP.MINEFI will transfer appropriate amounts of funds into a Treasury account managed by MINFOF and MINEP. The mechanism of transfer will be consistent with the principles and procedures established in the course of the national reform of public finance. Nevertheless, given the relative novelty of the mechanism, the Minister of Finance and Economy has issued an instruction to the Directors for Budget and Treasury as well as to concerned Ministries' staff detailing the procedures that must be followed and based upon which financial management reviews and audits will be conducted (summary in Annex 13).

103. By helping focus the attention of central financing authorities and technical ministries, and by including the adequacy of financial management among the key issues for Bank supervision, the present operation is expected to result in smoother transfers of national funds to MINFOF and MINEP, while improving central control over expenditures, and creating accountability for results. Implementation of the Program will reflect the outcome of Cameroon's public finance management reform. With this in mind, MINFOF, MINEP and MINEFI have adopted new budget codes which facilitate fund allocation and expenditure oversight by central financial authorities. Reflecting the importance of securing high quality financial management to MINFOF and MINEP as they implement the FEDPG, the European Union approved two-year funding for a financial management expert who is currently in place helping MINFOF and MINEP use the financial management procedures issued by the MINEFI, and establish computer capabilities to manage financial data at the central and field levels. Additional short-term assistance in this area will be provided under the Basket Fund, as appropriate.

104. Following a Country Procurement Assessment Review (1999), the PRGF (2000-2002), the HIPC Assessment and Action Plan (September 2001) and a Country Financial Accountability Assessment (CFAA) in June 2002, the Government of Cameroon has embarked on a number of far reaching reforms: (i) reforming the public finance management regulatory instruments; (ii) improving the budget preparation process; (iii) reforming the budget nomenclature; (iv) integrating the information system of the Ministry of Finance and Economy by linking the system used by the Budget and Treasury directorates; (v) assigning sector ministries responsibility for authorizing the payment of their expenditures; (vi) starting the definition of a reform of internal auditing; (vii) closing numerous accounts open in commercial banks; and (viii) and creating of a Government audit office, the *Chambre de Comptes*. Progress in various elements of these reforms was reflected as HIPC completion point triggers. A World Bank review of August 2004 and a March 2005 WB/IMF Joint Staff Assessment of Cameroon's PRSP progress report reveal good progress in many areas.

105. Regarding the public finance agenda, the Integrated Financial Management System (IFMS) is now operational, budget expenditures are now classified on an administrative, economic, and detailed functional bases. Law 2003/005 which specifies the responsibilities, organization, and functioning of the external control audit body for state finances (*Chambre des Comptes*) of Cameroon's Supreme Court was adopted by the National Assembly during the March 2003 session and promulgated by the Head of State on April 21, 2003. The President and two members of the audit court were nominated in 2004 and the remaining 15 financial magistrates are currently being nominated. The newly created Audit Institution is expected to become operational shortly. Until recently, implication of line ministries in budget preparation has been modest. The unified budget codes newly adopted by the central economic authorities and technical Ministries are expected to help better budget tracking through execution and payments. In preparation for the proposed operation, budget preparation by the Ministries in charge of Forests and Environment followed the procedures recommended in the public finance review and introduced budget planning and execution systems in line with MINEFI's new standards.

106. *A comprehensive Fiduciary Risk Assessment (FRA) focused on the FEDPG* was completed in January 2005. Given the Grants' link with overall public expenditure management and fiduciary control systems, the assessment used the forest sector as the entry point but extended its analysis beyond the forest sector. While the public financial management systems of Cameroon continue to present significant fiduciary risks, the Government has demonstrated strong commitment to public finance reform and made important progress in improving public financial management over the past two years. All new systems and regulations have been designed, but are not yet fully operational and concerns remain over some areas of budgeting, expenditure controls and the absence of an operational supreme audit institution (*cout des comptes*). The Fiduciary Risk Assessment found that the current level of fiduciary risk is B/C (medium/high), but that trends are positive with respect to most indicators. A summary of the risk assessment is in Annex 12. The Assessment arrived at a number of recommendations that the Government committed to implementing prior to and during the FEDPG in order to limit fiduciary risks. Among other recommendations: (i) developing a financial management and audit system for the newly created ANAFOR; (ii) closing special funds cash accounts in commercial banks, entrusting transactions to a public accountant and systematizing audits; (iii) giving Forest and Environment Ministers full authority to authorize expenditures; (iv) making internal quarterly fiscal reports and quarterly expenditure reviews mandatory at MINFOF, and MINEP during the implementation of the FEDPG; (v) requiring MINEP and MINFOF financial directors to issue administrative accounts presenting details of budget execution, and the Public Accountant to issue the *compte de gestion* or Public Accountant Report at the end of each fiscal year.

107. *The public procurement system has been profoundly reformed* over the last three years. Administrative transparency and accountability have been promoted through systematic monitoring of procurement by specialized commissions and independent observers, as well as by ex post monitoring by independent auditors. A new procurement code was adopted in September 2004, articulating clear rules for bidding and defining the different types of bids, thresholds, and procedures. A new procurement regulatory agency, the *Agence de Regulation des Marchés Publics* (ARMP) was created, and is fully operational as are specialized tender and control commissions, and appointed independent observers.

108. Important progress in procurement reform notwithstanding, a recent review conducted by an independent auditor revealed that bad practices like subdividing contracts in order to remain below central contracting limits persist, technical files are at times of a low quality, technical evaluations not as objective as they should be, tender processes experience delays between commitments and payment orders, and cases of misconduct are not adequately pursued and sanctioned.

109. The Government has agreed that quality of implementation of new financial and procurement procedures by MINFOF and MINEP should be audited annually. The audits will examine adequacy and compliance with procedures, highlight difficulties, recommend remedial action and draw lessons to be used as procedures are applied to other sectors and in the context of the first PRSC for Cameroon.

C. Disbursement and Auditing

110. *Disbursement.* The proposed GEF and IDA grants will follow the Bank's relevant guidelines for development policy operations. Disbursements will be in three tranches, one to be released at effectiveness based on Board conditions met before negotiations, and two tranches to be released as relevant conditions are met. The disbursement of the first tranche will coincide with the beginning of the Cameroonian fiscal year. As per Program design, subsequent disbursements will be geared to the budgets of following years. In the event of delays in fulfilling second and third tranche agreed conditions, disbursements will be delayed accordingly. Such delays will be taken into account at the time of the preparation of annual work plans and budget preparation. The expected time to disburse the IDA and GEF resources is four years, and its expected closing date December 31, 2009.

111. In line with a preference explicitly expressed by the Government, IDA and GEF funds will be deposited into an account opened by the Government at the *Caisse Autonome d'Amortissement* of Cameroon (CAA). Funds will be made available to MINEP and MINFOF through an account labeled PSFE (FEDPG) in local currency opened by the Treasury Department at the Bank of Central African States (BEAC), in amounts consistent with IDA-GEF budget support and Government-approved budgets and workplans. The first tranche of IDA and GEF funds will be deposited upon Board approval. Proceeds of the second and third tranches will be deposited after all respective conditions are met. If, after depositing in the CAA account, the proceeds of the Grant are used for ineligible purposes as defined in the Development Grant Agreement, the Bank will request the Borrower to either: (a) return the amount to the account, or (b) refund the amount directly to IDA and GEF.

112. *Auditing.* The deposit account at the *Caisse Autonome d'Amortissement* and the Forest and Environment Ministry local currency accounts opened by Treasury at the BEAC will be audited annually by auditors acceptable to the Bank and in line with terms of reference satisfactory to the Bank. The audit of the deposit account at the CAA will verify that Bank funds were received in the account and disbursed into the Treasury. In keeping with specific recommendations of the Fiduciary Risk Assessment (Annex 12), audits of the MINFOF and MINEP account at Treasury will also be conducted to verify that adequate funding was transferred in a timely manner to MINFOF and MINEP for work program implementation and that the use of funds was in line with administrative and financial management procedures and other applicable national directives. Receipt of audit reports, including action plans that address identified weaknesses, will be required along with reports on the satisfaction of tranche conditions at the time of second and third tranche release.

113. For added security, audits of MINEP's and MINFOF's accounts will be carried out quarterly. These audits will be carried out by a Public Accountant until the *Chambre des Comptes* is fully operational. At the end of the fiscal year, MINEFI's Director for General Affairs will issue an "administrative account" and the Public Accountant will present a revenue and expenditure account.

D. Poverty and Social Aspects

114. The FEDPG operation will help a wide array of beneficiaries including the national economy, local governing bodies, and the Cameroonian population at large. The forest sector operation is primarily designed to secure the natural resource base and benefit the poor. Results promoted under this operation take place in rural areas where 84 percent of the poor live and where 64 percent of all inhabitants are poor. While the forest sector is already and by far the first source of employment and cash income in these areas, the emphasis that FEDPG places on improving forest management is expected to result in significant increases in forest-based rural incomes.

Beneficiaries	Benefits
The national economy of Cameroon	Sustainability of public sector entities, increase of rent capture and collection
Forest industry	More responsive institutions, more predictable investment climate
Rural communities located in forest and savanna areas	Community empowerment, increased participation, forest based-revenues flowing to local communities
State and local economies, local communities, the rural sector at large	Improved forest management, long term sustainability of production of selected products and services
Cameroon population at large, including future generations, communities living off the resources, and global biodiversity	Conservation of regionally and locally endemic species within their native habitats
Communities living within the production landscape targeted by the operation	Environmental benefits such as aquifer protection, pollution mitigation, fish spawning ground protection
National and local governments, communities within the production areas	Financial and economic benefits from improved collection and structure of taxes, more equally shared revenues from timber, NTFP and wildlife

115. *Revenues to Communities and Local Governing Bodies.* This operation will consolidate and further increase the revenues accruing to local populations in the form of a 40 percent share of area taxes to local governing bodies and 10 percent to local communities. This income will allow local governing bodies to finance social infrastructure, council budgets, rural roads and other local investments, while leveraging further financing from nationally-funded decentralization initiatives like FEICOM and donor-financed rural development schemes like the Cameroon Community Development Program Support Project (PNDP).

116. *Benefits to community forest activities.* Significant social benefits will stem from improvement and more rigorous implementation of community forestry frameworks and other regulations aimed at preserving and enhancing local people's modern and traditional rights and entitlements. While recognizing the shortcoming of the current community forestry programs, the preparation team was satisfied that fundamental instruments are in place to ensure that social issues are addressed in ways that give voice to and empower rural communities, invite public scrutiny, and enhance accountability. Particularly meaningful social benefits are expected to accrue from the operation's focus on strengthening community rights to trees located outside of gazetted forests, facilitating accountability in rent-transfers to rural populations, and securing respect for the rights of local people when determining the boundaries of gazetted forests and national parks. Particularly strong links have been created between community-based and wildlife management activities, which is expected to yield economic benefits to the poor while benefiting the environment. This is the case for example for Community-Managed Hunting Zones (ZICG) in which local communities will receive support to enforce their exclusive right to manage wildlife either directly or in collaboration with external partners of their choice.

117. *Benefits to Indigenous People and Vulnerable Groups.* The FEDPG operation will help ensure that laws and regulations defending the rights of Pygmies and other forest-dependent groups are fully enforced, especially their rights over hunting grounds and other forest resources crucial to their subsistence and cultural survival. The Pygmies have been identified among the specific beneficiaries of the activities promoted by this operation. These indigenous peoples are more dependent on forests than other groups, and hunting and gathering activities generate up to 65 percent of their livelihood. Formerly full-time hunters and gatherers ranging over large areas of uninterrupted forest, Cameroon's 30,000 Aka, Baka, and Bakola peoples have become increasingly sedentarized into about 300 settlements or 'bases' in 33 councils by the expansion of logging and agriculture. Traditionally more balanced relations between Pygmies—as hunters and suppliers of labor—with other groups have given way to dependency on

villages for cash income and government social services. While not attempting to fundamentally alter the interaction between indigenous and other economic actors, the proposed operation will strengthen the Pygmies' customary and modern rights, expand their influence in forest management decision making, and extend the concept of community forests to those settled along roadsides.

E. Economic and Financial Aspects

118. As IDA and GEF support takes place within the broader framework of a government-led multi-donor forest and environment sector program (the FESP), its preparation included economic, financial, and incremental cost analyses of the FESP as a whole. Analyses were conducted from the perspectives of local people, the private sector, the state, and the global community (for global externalities).

119. *Costs.* A detailed costs analysis of the FESP has been carried out to appropriately reflect sectoral expenditures into the medium term expenditure framework and outline the nature and amounts of technical and financial contributions by partners. The total cost of the FESP would be US$154 million[8]. Of these costs, US$122 million is for investments and US$32 million for recurrent costs over a period of three to four years – about US$10million per year. Estimated physical and price contingencies amount to US$10 million and US$13 million respectively. Foreign exchange content represents 11 percent of total costs. Program costs were divided into direct, indirect (for activities such as environmental monitoring and information, forest zoning and control, elaboration of a strategy, regulatory framework and funding mechanism for protected areas) and institution strengthening. Indirect and institutional strengthening costs represent more than 60 percent of total cost. For the purpose of calculating rates of return, costs for each of the five policy areas supported under the Program were allocated to productive components, while institution strengthening costs were accounted for in the overall assessment of the Program.

120. *Economic analysis.* The Government Forest and Environment Sector Program is economically viable. Economic viability is sensitive to indirect costs, with the Economic Rate of Return (ERR) ranging from 13 to 18 percent when these costs are taken into account. It is positively influenced by returns from forest management, which when omitted from the overall economic analysis, reduces the ERR to 8.7-10.7 percent. When hypothetical non-timber benefits are included, the ERR improves from 11-16 to 13-18 percent. Economic viability is also sensitive to changes in forest utilization costs, and ERR increases from 11-16 to 13-20 percent following a 10 percent reduction in logging costs.

121. *Expected benefits.* Both commercial and community forest management activities show attractive economic returns. For commercial forestry, improved processing efficiency and increased relative prices of secondary species have a notably strong positive impact on the ERR, which drops to 1–5 percent when both parameters remain constant. Plantations show attractive economic returns on direct costs, and are viable both with respect to direct and indirect costs when carbon sink benefits are accounted for. Over 150 community forests, providing communities with annual incomes in excess of US$20,000 per year over 25 years can potentially be established under the program supported by this operation. While fuelwood-based economic activities show positive economic returns only in the best case scenario, accounting for unquantified environmental benefits such as watershed protection and non-timber forest products improves the economic viability of the sub-component, and these activities are financially viable from a community perspective. Finally, from a global perspective, the operation will yield significant environmental benefits by maintaining functioning ecosystems rich with secondary biodiversity and wildlife populations in both protected areas and production forests. The network of effectively managed protected areas will maintain forest cover in production and community forests, and serve as a source of substantial carbon sequestration and biodiversity.

[8] US$154 is the program cost as determined at appraisal, This cost differs from the program cost as shown in the Medium Term Expenditure Framework due to cost adjustments occurred in the process of Annual Work Planning projections.

122. Unquantified benefits will be derived from reorganized forest institutions that ensure effective law enforcement, maintain a healthy investment climate and a level playing field, capture forest revenue shares due to the state and local communities, and preserve the environment. These benefits will take the form of: (i) overall risk reduction for the sector; (ii) sustainable income and employment generation; (iii) global environmental benefits; access to international funding and certification; (iv) improved confidence of international investors; (v) increased efficiency of the public administration; and (vi) an enhanced relationship between private and public operators.

123. Additional unquantified benefits will accrue from the effective implementation of management plans, which will hopefully push industry towards product diversification, research of new market niches, and higher processing yields.

124. *Financial analysis.* The analysis shows that the FESP is financially attractive overall. Implementing forest management in commercial forest concessions is generally viable. The sensitivity analysis shows that forest management is highly sensitive to timber processing efficiency and relative prices of secondary species, which improve significantly 'with FEDPG scenario'. Similarly, community-based forest management is financially attractive for forest communities who harvest, process timber for the local market and collaborate with larger companies for the harvesting and trade of more valuable timber species which would not find larger return locally. Investments in plantations show positive returns, and even game hunting revenues indicate potential to adequate reward investments. At the national level, the FESP will help secure the natural resource base, which would in turn generate a sustainable stream of annual fiscal revenues in excess of US$65 million and incremental tax receipts of about US$12 million per year following improved recovery and reduction in illegal logging and underreporting.

125. In term financial sustainability, the overall cost of the Government Program equals 1.4 percent of GDP in 2001 (US$9.2 billion in constant 1995 prices), 2 percent of the external debt (US$6.7 billion in constant 1995 prices) and 16 percent of the external debt service (US$791 million in constant 1995 prices). Once completed, this Program will increase Government recurrent costs by around US$3 million a year, around US$2 million of which will be for managing protected areas. These costs could be significantly reduced through donor-assisted trust funds, and park management concessions. While these and other options to reduce running costs will be purposefully explored during the life of the operation, the approved sector Medium-Term Expenditure Framework makes adequate provisions to meet the increased level of running costs beginning in 2008.

126. *Incremental cost analysis.* In meeting GEF strategic priorities, and by specifically targeting the framework for improved protected area management as well as the capacity of national institutions and staff, GEF support helps expand the FESP to ensure the creation of 0.2 million hectares of newly protected, highly intact mangrove forests in areas known to have the highest number of species in Cameroon. Furthermore, it will considerably contribute to the effective management of 1.9 million hectares of core protected area not including the forest and wildlife resources in the peripheral zones of the targeted protected areas. Without GEF funds, it is likely that national forest zoning would be carried out exclusively for timber production, with community forests and protected areas planned and managed independently of each other. GEF leveraging will help incorporate biodiversity into national forest planning and conservation outcomes in protected area. Finally, GEF support will help the Government regulate and impose fees on recreational hunting thus expanding and improving management of National Protected Area and Wildlife Fund.

F. Environmental Aspects

127. Through its focus on sectoral policy, institutional reform, law enforcement, regulation of production forests and environmental monitoring, rehabilitation of degraded national parks and biodiversity conservation sites, the FEDPG will have a positive impact on the environment.

128. In preparing the proposed operation, it was determined that the FESP is likely to have a significant effect on the country's environment and forests. In particular, the Government conducted comprehensive environmental and social studies which were publicly disclosed in ten provincial locations in Cameroon. It also produced an Indigenous Peoples Development Plan (IPDP) which was widely circulated in the international community and specifically discussed in a publication entitled "*Implementation of International Commitments on Traditional Forest-Related Knowledge: Indigenous People's Experiences in Central Africa*". Presented at the Expert Meeting on Traditional Forest-Related Knowledge in San Jose, Costa Rica in December 2004, the publication cited the Government Indigenous People-related policies and the IPDP and other program features of the FEDPG as good practice.

129. *Environmental and Social Impact.* The Government reflected the findings of its preparatory environmental and social studies into the design of the FESP. These studies (Annex 6) found that the impacts on the environment were mostly positive. No large-scale or irreversible adverse impacts on the environment were foreseen, nor will any displacements of people or construction of large sensitive infrastructure result from the operation. The recommendations issued by the social and environmental studies focused on strengthening ministerial capacity to monitor, evaluate, and mitigate the environmental impacts of activities taking place in the forest environment. Despite the significant shortcomings in implementation capacity that currently exists, these studies concluded that Cameroon's forest sector policies and legal instruments are adequate to address the environmental concerns that could arise in connection with the FESP. The proposed operation will support the development of a mitigation plan against potential undesirable impacts, which defines tasks, timing, costs and responsibilities for specific mitigation measures.

VI. RISKS, RISK MITIGATION AND EXIT STRATEGY

130. *Risks and Risk Mitigation.* The operation carries significant risks associated with political and financial sustainability. For the Bank, there are also fiduciary and reputational risks. The FEDPG integrates comprehensive measures to address or mitigate each risk and is phased and sequenced to build institutional capacity to address the risks effectively. Conversely, there are equally important political, economic and reputational risks associated with not supporting the operation. The Bank has invested significantly in sector reforms over the past five years in Cameroon. There is the risk that inaction will result in the reversal of positive reforms, a halt to progress in partially reformed institutions, new systems and structures. Additionally, this program will help regulate the green environment sector, prevent abuse by interest groups, harness the forest's contribution to social and economic development, reduce poverty, promote environmental sustainability, and improve governance. The potential downside associated with inaction far outweighs the risks associated with the operation itself. It should be noted that the operation's legal agreement between the Bank and the Government makes satisfactory progress a condition for disbursement of the second and third tranche, allowing for periodic review of performance and agreement on remedial action, and will stipulate other standard remedies in case of significant slippage of the program.

131. *Risk that recent reforms may be reversed* following the HIPC completion, and that this operation's tranche release measures may be reversed after the release of the final tranche. OED reviews of the use of conditionality in forest operations recognized the risk that governments may reverse policy reforms once disbursement pressures subside. This risk appears relatively modest for this particular operation. Most of the politically sensitive operation-supported reforms endured and were further refined following disbursement of the SACIII forest tranches. Rather than pushing for new ambitious reforms, the proposed operation will allow Cameroon to stay the course in a reform process that is already well underway. As these reforms relate to commitments made in the HIPC and PRSP frameworks, they were characterized by very inclusive public information processes. In designing this operation, the Bank team was aware that given the operation's size and the country's macro-economic context the operation could rely very little on leverage for success, and that instead it had to build upon consensus and Government

commitment. These reforms enjoy the President's personal support and have become Cameroon's hallmark in international forestry fora and events. It is therefore unlikely that the Government will backtrack on the policy package supported by this operation.

132. *Risk that unexpected developments may make it difficult for the Government to make adequate budget allocations* for forest sector development during the life of this operation. Funding of the proposed operation will take place through the normal Cameroonian budget allocation and expenditure process. As such, successful implementation will require approval of adequate allocations to the forest sector in the national budget, and timely transfer of funds to MINFOF and MINEP. The risk that unforeseen developments will render the Government unable or unwilling to approve such allocations is mitigated by the fact that most of the national investment resources are generated within the forest sector and that, based on existing legislation, part of these resources can be automatically apportioned to finance forest programs and submitted as for Parliament's approval as part of the national budget. The risk of inadequate Government resources is further mitigated by the attractiveness of the financial package available through the second and third tranche releases, which are specifically conditional on the adequacy of national budget allocations. Finally, the fact that the IDA, the GEF, and DFID have adopted a common disbursement mechanism and identical or complementary benchmarks, and that other Development Partners may do so in the future, should keep this risk within a manageable range. In the very specific case of delicate conservation areas such as Campo Ma'an and Mbam and Djerem significant non-Government funding sources have been established to supplement and compensate for possible shortfalls in national budget outlays. These include a trust fund administered by FEDEC and funds made available by NGOs such as WWF and WCS which carry out specific fund raising campaigns on behalf of these conservation areas

133. *Risk that Government financial management and procurement capabilities may prove inadequate*. The Government's capacity to implement the operation will depend upon the ability of concerned government agencies to use the new financial management and control system, and the reformed procurement procedures. Assessed in January 2005, fiduciary risks involved in the operation were found to be medium/high; the recommended mitigation measures reinforced specific elements of public financial management and procurement reforms and were endorsed by the Government. The Ministry of Finance and other Government authorities are especially committed to ensure smooth implementation of the FEDPG because this operation has been explicitly selected as a test case for budget support mechanisms to be expanded to other sectors under the planned PRSC operation. Finally, financial management, procurement and other areas of fiduciary concern are the key elements of a long term technical assistance that is already in place with MINFOF and MINEP (in financial management) and that will be reinforced through the GTZ-executed, DFID- and CIDA-financed Basket Fund for Technical Assistance to the FESP. The recruitment process for the financial and administrative experts has been completed by the GTZ-IS. The DFID contribution to the Basket Fund has been confirmed and the first installment of funds has been transferred to the Government in November 2005.

134. *Risk that institutional changes may undermine smooth program implementation.* Rapid changes in the institutional environment, overlapping and conflicting mandates by forest and environment institutions, and resistance to facing new challenges have undermined the effectiveness of Cameroon's forest and environment programs in the past. To address the risks typical of a problematic institutional setting, the FEDPG placed institutional restructuring at the center of the dialogue with Government. During its preparation, seemingly un-reformable institutions such as ONADEF disappeared and the Ministry in charge of forests agreed to shed all its non public service mandates. The responsibilities for environmental program implementation and environmental monitoring, once the territory of the same Ministry, have been appropriately assigned to two different Ministries. The overlap of responsibilities between MINFOF and MINEP for the management of protected areas, a potential source of conflict, was resolved in December 2005 through a Presidential Decree which amended these Ministries' respective mandates. While the sector features a good institutional setting at this time, the risk of future institutional

problems cannot be discarded. To manage this risk, the FEDPG's strategy has been to link disbursements to the achievement of specific measurable results rather than to the reimbursement of expenditures by one or another institution.

135. *Bank reputational risk* related to the controversy over forest operations in the humid tropics. Given the interest that forests and environment generate in civil society, this operation is likely to attract significant external scrutiny and may entail reputational risk for the World Bank. Such risk is inherent to the theme (forests) rather than to the content of the operation. In the context of forestry related work undertaken in the frameworks of the SAC III and the Chad-Cameroon Pipeline, the Bank team has developed significant sector knowledge and created networks that will enable the FEDPG team to deal effectively with requests for information and external criticism.

136. In deciding to move forward with the present program, the Bank team realized that working in a country such as Cameroon environmental issues are bound to pose reputational risks whether or not the Bank is engaged with a specific forest/environment operation. The country is home to world-famous rainforests, unique biodiversity, indigenous populations, and at the same time one of the largest exporter of processed tropical timber in Africa and a partner in the Chad Cameroon Pipeline. Whenever criticism of the Bank becomes vocal, poorly informed constituencies and critics would quickly question the Bank's capacity to avert or correct environmental and related social problems. Direct involvement in operations like the FEDPG will greatly enhance the Bank's own sector knowledge and influence, while anticipating opposition attributable to insufficient public information.

137. *A communications strategy* has been established by the Government of Cameroon in collaboration with the Bank's External Development Communications service to address potential expressions of interest and concern for the public. On the Government side, this strategy is based on three major axes. The first focuses on the ministerial capacity to communicate key policy messages externally and among the institutional actors involved. The second focuses on public environmental awareness initiatives, and the third on grassroots dissemination of specific information concerning the rights and obligations of people living near and within forest areas. On the Bank side, this strategy will involve proactive outreach initiatives aiming at disseminating internationally high quality information about the FEDPG and recent achievements made by Cameroon in forest sector governance and environmental stewardship. It will also involve expanded capacity for program oversight and communication efforts so that all potential internal and external communication enquiries can be dealt with rapidly and effectively. Trust Fund resources have been obtained and used to accompany the launch of the operation and additional resources will be sought during implementation. Such expanded communication efforts will be matched with increased allocations of supervision budget.

138. *Exit Strategy.* If the above or other unexpected unfavorable circumstances were to prevent the operation from achieving its goal, an exit strategy has been devised. It is based on the Bank's role as enabler and catalyst behind the Government's Forest and Environment Sector Program. This Program was launched in June 2004 as a Government program without waiting for Bank approval or support. The FESP is in fact a shared responsibility of the Government of Cameroon and all its development partners. As a result, Bank's exposure will be diminishing overtime as support for the Program is secured by other sources. The Bank will be able to withdraw, if necessary, without major disruption to the efforts initiated with the operation's support and without leaving a legacy of inflated recurring costs for the Government.

ANNEX 1: POLICY MATRIX OF KEY ACTIONS AND INDICATORS

COMPONENT 1. ENVIRONMENTAL REGULATION AND INFORMATION MANAGEMENT

ISSUE	CONDITIONS FOR TRANCHE RELEASES AND MILESTONES			OUTCOMES
	TRANCHE 1	TRANCHE 2	TRANCHE 3	
Insufficient institutional capacity, information, and resources to monitor the implementation or impacts of Cameroon's forest and environmental policies and programs.	**Adoption of the FEDPG Environmental Impact Mitigation Plan (EMP) and funding for first year's relevant activities included in the draft 2005 national budget for the forest sector.** **Suitable premises and a team of adequately trained and fully equipped staff are assigned to monitor implementation of the FEDPG EMP.** **Regulations on environmental impact assessment are issued. The decree on EIA is satisfactory to the Bank.** **The EIA, including the EMP, Resettlement Policy Framework and Indigenous Peoples Development Plan are disclosed in two national newspapers and made accessible to the public in municipal administration facilities.** **Terms of reference for main EMP activities launched in January 2005 are made available.**	**FY 2005 EMP activities are carried out with adequate institutional capacity for social and environmental monitoring.** *The Environment Ministry is responsible for monitoring the FEDPG, in addition to assuming CPSP's current responsibility for monitoring the Chad-Cameroon Pipeline project.* *An Environmental Information Management System is deployed, consolidating the EMIS of CPSP, the Information Management System of CIDE, and other complementary systems. The consolidation exercise is the subject of a workshop held by the Ministry.*	**FEDPG impacts are evaluated based on terms of reference developed through participatory processes.** *Reports on the social and environmental impacts of FEDPG produced and mitigation actions of the EMP implemented..* *Public service functions of the Environment Ministry are strengthened and the Ministry's information system effectively monitors environmental impacts including those carried out by the CPSP.*	Adequate regulatory instruments and institutional capacity enable the Environment Ministry to monitor and evaluate the social and environmental impact of national forest policies and programs, particularly the impact of the FEDPG. Public consultation mechanisms and collaboration with civil society are improved. The public has access to information on the environment and the management of public environmental goods.

* Agreed verification instruments and documentation in italics

COMPONENT 2. SUSTAINABLE MANAGEMENT OF PRODUCTION FORESTS

ISSUE	CONDITIONS FOR TRANCHE RELEASES AND MILESTONES			OUTCOMES
	TRANCHE 1	TRANCHE 2	TRANCHE 3	
The small number of Forest Management Plans (FMPs) for large scale, long-term commercial forest concessions (UFAs) which have been approved or implemented in the field – despite the formal legal requirement that an FMP be in place before logging begins.	**FMPs of all UFA concessions awarded prior to 2000 are reviewed and rated for their compliance with requirements.** **The Forest Ministry adopts a comprehensive regulatory system detailing the chain of custody control, control methods, and policies and procedures for applying sanctions against forest law infractions.**	**Examination completed of all FMPs for UFAs allocated prior to January 2002. Examination completed of all simple management plans for community forests attributed before June 2005. Signed contracts with companies meeting requirement and implementation of appropriate measures (including the withdrawal of concession if appropriate) for companies which do not meet requirements.** *A policy adopted by the Ministries in charge of Industry, Forests and Wildlife which promotes a sustainable forest industry and includes incentives to narrow the gap between sustainable forest production and processing capacity, increases processing yields, adds value and improves international competitiveness.* *The Ministries in charge of Planning, Land Administration, Forests and Environment, Agriculture and Animal Husbandry, agree to a common approach to land use/zone planning for areas not yet covered (Zones 6 and 7 and the Northern Provinces). A specialized firm is recruited to undertake socio-economic surveys, mapping and other land-use-planning-related works.* *A computerized log tracking system is operational and is able to trace timber flows from the forest to the port. The system is fully integrated with other monitoring and control tools such as SIGIF and PRSF and into normal forest control operations.* *Reports on forest violations and calculation of penalties are prepared using computer based formats and spreadsheets linked to SIGIF and PRSF data. Information sharing system established to report on forest violations between the Ministries of Forests, Justice and Finance.* *Forest control operations carried out by the Central Control Unit and/or province-level control brigades cover all UFAs and VC once a year. A special operation against illegal logging is conducted in all unallocated UFAs and all PAs. The Independent Observer participates in at least 50% of the control missions carried out by the UCC and/or control brigades.*	**Illegal logging is under control in all unallocated UFAs in 2005 and in all protected areas.** *A draft land use/zoning plan for Zones 6 and 7 and the Northern Provinces is discussed at a seminar organized by the Ministry in charge of Forests and Wildlife with collaboration from the Ministry of Planning, Land Administration and Environment. The plan is revised and proposed for adoption.* *The log tracking system is upgraded to trace timber flows from the stump to the port, and a new system to monitor flows from the port to the export markets is launched.* *The Ministry in charge of Forests and Wildlife develops and institutes service standards for its public functions, particularly services it provides to communities and commercial forestry companies.* *Forest control system is effective.*	100 percent of production forests allocated, 75 percent managed according to approved FMPs with the remainder having FMPs under preparation. Illegal logging is halted or very significantly reduced in state managed forests (in production and protected areas), and violators of the forest code are actively and publicly pursued. A draft land use plan is prepared collaboratively by concerned Ministries and through a highly participatory process. Information on the status of forests and protected areas is of high quality and accessible to the public.

COMPONENT 3. MANAGEMENT OF WILDLIFE AND PROTECTED AREAS

ISSUE	CONDITIONS FOR TRANCHE RELEASES AND MILESTONES			OUTCOMES
	TRANCHE 1	TRANCHE 2	TRANCHE 3	
Insufficient capacity to manage the 14 percent of Cameroon's territory that is zoned as protected areas. Weak infrastructure and limited financial, human, and physical resources severely limit Cameroon's capacity to manage, monitor and guard the 14 percent of national territory zoned as protected areas.	**Work programs for eight UTOs are prepared and ready for implementation.** **Baseline data are available to measure the management effectiveness of all Cameroon's national parks.**	**Two Focus UTOs with Management Effectiveness Scores of less than 20 (MES <20). Three are endowed with essential management tools (20<MES <40), and three have achieved a modest but reasonable MES (40<MES<55).**[9] *MINFOF issues a Process Framework stipulating local people's rights and obligations in protected areas, particularly with respect to: (a) modalities of access, (b) type of activities allowed, (c) implementation of agreed regulation, and (d) conflict resolution mechanisms and application of sanctions.* *Sufficient staff and equipment are assigned to enable focus UTOs to achieve the expected MES.* *Systematic reporting in the MINFOF Violation Ledger records all forest and wildlife violations in protected areas.* *Community-based wildlife management plans adopted and implementation started for at least two areas contiguous to UFAs. Number of management plans being implemented.* *Anti-poaching measures included in contracts with CAMRAIL and HFC CAMPO are well executed. Sanctions against CAMRAIL and HFC (or its successor) are applied in cases of non-compliance to agreed measures.*	**One Focus UTO with MES <20 is being created. One UTO is endowed with 20<MES <40, three have achieved a 40<MES<55, and three have achieved a good MES > 55.** *Baseline socio-economic surveys completed in all eight focus UTOs.* *Staff and equipment are provided so that focus UTOs achieve expected management effectiveness.* *For UTOs in northern provinces, the zoning plan identifies integrated agro-sylvo-pastoral areas as well as areas under natural ecosystem regime.* *Boundary lines of four focus UTOs are visibly marked and a mechanism is in place for their upkeep.* *Management plans are approved and implementation started in five of the focus UTOs.* *Adequate staffing, equipment, and resources are provided for communities to implement wildlife management plans in two areas contiguous to UFAs.* *Government launches national campaign to inform public on the health hazards related to consumption of illegal bushmeat. Reports on national campaign.* *To conform with the 2003 Wildlife and Protected Area Strategy the following are revised: (a) regulations: revision of decree 95/466 on concession procedures, surveillance, contractual obligations in ZIC/ZICCG, & community access to wildlife management, (b) institution: autonomous PA and wildlife management, delegation of non essential functions to private entities and local communities, and (c) financing: utilization and distribution of revenues and taxes, diversification, budget and financial control, partnership with foundations, etc. [Decree, contracts, status of new institution].*	50 percent of protected areas achieve a satisfactory management effectiveness rating. Endangered species are effectively protected. Local communities participate in management of protected areas and hunting zones. Forest logging companies implement biodiversity protection measures in concessions located near ecologically sensitive areas. The foundation for modern & autonomous management of protected areas & wildlife has been created.

[9] Minimum scores to be achieved in each UTO are as follows: Ndongoro (6), Bakossi Kupe (17), Bouba Bek & Nki (29), Mbam Djerem (31), Campo Ma'an (37), Korup (44), Bénoué (47) and Waza (50).

COMPONENT 4: COMMUNITY MANAGEMENT OF FOREST RESOURCES

ISSUE	CONDITIONS FOR TRANCHE RELEASES AND MILESTONES			OUTCOMES
	TRANCHE 1	TRANCHE 2	TRANCHE 3	
The benefits of community management of forest resources do reliably accrue to the communities themselves, and have too often been captured by the logging industry or trucking business. Significant efforts are required to: - help communities take responsibility for managing community forests and their benefits, - stimulate tree planting through specially targeted incentives and support, - reassign state owned plantations to more appropriate and management and use, and - stimulate the creation and management of community woodlands for fuelwood, particularly around urban centers in the drier regions of the country.	**Study completed on the use of FY2003 forest sector fiscal revenues by local communities.** **Completion of ANAFOR restructuring. Personnel reassigned according to plans, management structures, FY2005 work program, and financial control structures in place.** **A qualified contractor is selected to implement the HIPC funded RIGC – Capacity Building for Forest Community Management project.**	**10 community-based management plans (*plans simples de gestion*) are successfully implemented.** *3,000 hectares of ONADEF plantations on state-owned gazetted forest land are reassigned to more appropriate management, be they competitively-awarded plantations, new or existing UFAs, local communities, parks, protected areas, environmental protection zones, or degazetted in urban centers.* *The 2005 community forestry work program takes into account the key recommendations of the 2004 Community Forestry Study.* *All community requests to exercise their priority rights on Ventes de Coupes and all requests to establish community forests are processed. All rejections are justified and notified to concerned communities within reasonable period.* *MINFOF enacts regulations to facilitate: (a) the development of community woodland management and fuelwood masterplans around urban centers, and (b) tree planting schemes by communities, individuals and investors.* *Units are created to help establish community-based woodland management schemes and fuelwood masterplans around urban center in the north.*	**All plantations established on state-owned forest gazetted land and previously managed by ONADEF are reassigned to appropriate management structures.** *50 community-based management plans successfully implemented.* *ANAFOR providing advise on plantation techniques, materials, economics, and financial resources to at least 1,500 interested farmers or groups.* *Five or more organized groups engaged in woodland management and fuelwood marketing under a per- urban fuelwood master plan.*	A comprehensive incentive framework stimulates communities to engage in and benefit from: (i) community-based management of natural forests and hunting zones; (ii) tree planting; and (iii) woodland management and trade of wood fuels. All state-owned plantations and other areas previously under ONADEF's responsibility reassigned to more appropriate management structures.

COMPONENT 5: STRENGTHENING INSTITUTIONS

ISSUE	CONDITIONS FOR TRANCHE RELEASES AND MILESTONES			OUTCOMES
	TRANCHE 1	TRANCHE 2	TRANCHE 3	
A large gap exists between the well advanced forest policy and regulatory framework and the weakness of institutions charged with their implementation. Since the 1980s. The Ministry in charge of Forests and Wildlife staff numbers have declined and there has been little significant investment in infrastructure, equipment and training.	**Previously vacant management positions in MINFOF are filled and their job descriptions revised.** **The coded budgeting and accounting system approved by MINEFI is adopted by MINFOF and MINEP.** **The Minister of Finance and Economy instructed the Directors of Budget and Treasury to allocate to MINFOF and MINEP the budget lines into which external funding will be made available.** **MINFOF and MINEP financial management and control are computerized, the SICAF system is operational, compatible with the DEPMI system used by MINEFI.** **MINFOF and MINEP 2005 annual work plans are consistent with the FEDPG and include national and external resources as part of the 2005 Budget proposal for Parliament.** **The procurement plan is prepared and bid documents are ready for launch for the main goods and services of the FY2005 workplan.**	**MINFOF and MINEP computerized financial management and control systems are well established, the SICAF system used at central, provincial and departmental levels, and consistent with the DEPMI system used by MINEFI.** *The Ministry in charge of Forests and Wildlife planning and monitoring units (SG, DAG, DCP, and DP) are fully operational.* *MINEP's participatory monitoring and evaluation system is operational and a report details the conduct of the 2005 workplan.* *Training on policy, law and regulation is completed and human resource management improved through the introduction of performance awards among other measures.* *All positions are filled according to the MINFOF institutional reform plan.* *Regular consultation with the private sector (comités consultatifs) through at least six meetings a year.* *Improvement of MINFOF infrastructure, equipment, and physical resources.* *Multi-partner consultations held at the provincial level to prepare and monitor annual work plans.*	**Rehabilitation of at least 50 offices or other infrastructure at the technical directorates, and provincial and departmental levels.** *40 percent of all field level forest offices (postes forestiers) rehabilitated, effectively connected to relevant administrations, and providing expected services.*	Revitalized public institutions are able to provide fundamental oversight and management services at the field level. ANAFOR is successful in its new capacity to support private tree planting and has shed the old functions of ONADEF. MINFOF effectively enforces forest laws and regulations and maintains a constructive dialogue with the private sector and civil society.

ANNEX 2: SUMMARY DESCRIPTION OF THE FOREST AND ENVIRONMENT SECTOR PROGRAM

The Government FESP will adopt a broad sectoral lending approach consisting of five program components:

1. *Regulation and information management*
2. *Production forests management*
3. *Protected area, biodiversity & wildlife management*
4. *Community forest resources management*
5. *Institutional strengthening, training & research*

1. Regulation and Information Management

Program component 1 entails an *estimated cost of US$7.49 million* and consists of three subcomponents:

1. *Environmental regulations and impact assessment.* Law number 96-12 August 5, 1996 endowed the Government of Cameroon with a comprehensive legal framework for managing the environment. This subcomponent equips the FESP with the standards, regulations, and legal reference required to effectively administer that framework and enforce its provisions. In this capacity it will contribute to the: (i) preparation of environmental standards, (ii) drafting of environmental regulations, (iii) development of training and information resources for law enforcement, (iv) preparation of a guide and training course on environmental impact assessment, (v) conduct of environmental audits, and (vi) active exploration of financial resources and fiscal mechanisms to assure sustained impact assessment over time.
2. *Multi-resources inventories and Mapping.* The vegetation map of Cameroon available today was released over a decade ago and is outdated. Cartographic and multi-resource inventories are required to inform natural resource management at the country level, particularly in the northern and western zones. Among the outdated or nonexistent information resources the FESP will be required to update or develop is an operative database covering both timber and non-timber forest products. This resource will be essential to monitoring changes in Cameroon's forest cover and to informing responsive sector and national policy.
3. *Communications and environmental awareness.* The availability of information and information resources is a necessary but not sufficient condition of successful dissemination. Based on the understanding that effectively disseminated and useful information is generally demand driven, the Program targets public awareness of environmental issues, and awareness of the environment-related information resources that are available (and needed) among those most likely to use them. This purpose will be served by a carefully crafted environmental awareness campaign and communications strategy that comprises the third element of the information management Program component.

2. Production Forest Management

The second Program component entails an *estimated cost of US$30.68 million* and pertains to forest management plans, regulatory enforcement, and sub-sector development and value added within Cameroon's production forests. It will be implemented through five subcomponents:

1. *Completion of the Country Zoning plan.* Cameroon validated a forest zoning plan in 1995 which provides the basis for dividing the country's forest estate between large and small scale production forests (UFAs and VCs), community managed forests, and protected areas – some of which are withdrawn entirely from production based on their biological representativeness and diversity. The 1995 zoning exercise's coverage of production forests was however incomplete,

and has yet to be extended beyond production forests in the humid south. Since the zoning plan should be completed before any further forest concessions are awarded, the imperative becomes an urgent sectoral priority. And since forest zoning pertains to protected and non-production biodiversity and habitat conservation areas covered by Program component 3 (below), its significance is not limited to production forests. Zoning of state forests into production areas, parks, and reserves is carried out with a provision that these areas remain under continued forest cover. Other areas, assigned to rural use zone, may under certain conditions be converted from forest to other land uses, including agroforestry, agriculture, other economic use or human settlement.

2. *Forest Management Plans.* In the humid forest production zone, the FESP will help strengthen all parties' capacity to undertake and oversee implementation of forest management plans. This subcomponent will work closely with the forest industry and local communities. It will help national institutions and other bodies to ensure effective supervision of the design and implementation of forest management plans for production forests. For a management plan to be approved and implemented, the concession has first to be gazetted, which involves a long administrative and public consultation process. About 40 UFAs have been already gazetted by the Administration. The objective of the Program is to gazette all the 91 UFA concessions within five years. It is worth clarifying that the project will not finance the design or implementation of forest management plans *per se*. This will be the responsibility of the private sector. The private sector will finance the management plans out of its own or borrowed funds to satisfy the law that make management plans mandatory for all concessions. Similarly the Program will not finance any activity in forest concessions which fall within the responsibility of the private sector.
3. *Wood Industry Development Planning.* This subcomponent consists in elaborating and starting implementation of an industrialization strategy to ensure sustainable use of forest products, through diversified processing, increased addition of value, and reduced waste. It will establish incentives to favor modern and diversified forest industry.
4. *Control operations and sanctions.* The sustainable management of forest resources suffered from an absence of control operations and related sanctions. MINEP will reinforce its capacity to monitor and oversee logging activities, a consistent strategy of control will be established and control missions will be well resourced. Moreover the Ministries of Forest, Finance and Justice will collaborate closely to effectively follow up contentious cases and recover sanctions.
5. *Valorization of Non-Timber Forest Products (NTFP).* Very little attention has been given to non-timber forest products until now, although they are the source of alimentation and medicines of most of the rural population. The objective of this sub-component is to promote NTFP and make demand and supply meet both on the national and the international market.

3. Protected Area, Biodiversity and Wildlife Management

Component 3 of the FESP Program entails an *estimated cost of US$33.15 million*, and consists of eight interrelated subcomponents:

1. *Biodiversity planning & zoning.* During the preparation phase of the FESP, a scientific consultation led to the definition of an updated network of protected areas and parks representing over 90 percent of Cameroon's national biodiversity, and covering nearly 17 percent of the country's surface. FESP will support the validation and management of this network. The protected area network will be managed in the context of landscapes and regional zoning plans determining land-use and modalities thereof. Wildlife corridor functions will be established and biodiversity hotspots will be identified within forest concessions and sport hunting zones (ZICs) located in the periphery of protected areas. The establishment of community hunting zones is an important element of this landscape approach.
2. *Knowledge & information management.* The Program seeks to establish a management information system (MIS) linking socio-economic and biological inventories with management

plans. The MIS will periodically inform managers of the protected areas in order to improve monthly and annual planning cycles. A large number of national and international partners are actively involved in basic and applied research and this subcomponent aims to promote coordination and complementary activities between them.

3. *Participatory protected areas & community wildlife areas management:* This subcomponent aims to develop a legal framework that encourages central/local and public/private partnerships and co-management, and that secures a redistribution of income from protected area and wildlife management to local communities. The Program will further strengthen ongoing efforts to involve local populations in the management of protected areas, by formally recognizing their roles and stakes in decision making processes, and giving them priority access to NTFPs and wildlife resources in peripheral areas.
4. *Design & implementation of protected area management plans.* The resources the Government has dedicated to biodiversity conservation over the last 10 years have proven insufficient. This sub-component aims at strengthening Government capacity to manage wildlife resources in national parks and protected areas and to develop and carry out effective wildlife management and anti-poaching strategies. Training, awareness building, and partnership coordination activities will target responsible law enforcement teams working in protected areas. Management plans will remain the principal tool for protected area management and the Program will devote special attention to their elaboration. In sport hunting zones and community managed hunting zones, MINFOF will ensure compliance with the *cahiers de charge* agreed upon with both private and community concession holders.
5. *Optimization of economic benefits of protected areas & hunting zones.* The existing legal framework has put into place the necessary mechanism to maximize the contribution of wildlife to local community livelihoods, local and the national economy as a whole. Finance Law provisions stipulate that 10 percent of lease taxes from sports hunting be allocated to local communities, 40 percent to the rural council, and the remaining 50 percent to the national treasury. Existing legislation also enables communities to establish community hunting zones, the exploitation of which shall be carried out for the benefit of the communities themselves. Where these hunting zones are in the non-permanent forest estate, they can be attributed to local communities (*Zones d'Intérêt Cynégétique à Gestion Communautaire* - ZICGC) which may lease them to third parties with requisite experience in the domain. Thus far, the contribution of protected areas to local and national economies has been minimal. Ecotourism, technology transfer, access fees to protected areas, fees from grant of access to research, etc. are all means through which protected areas can contribute to local and national economies, but none have realized their full potential. Complementary roles and functions between the Ministries of Environment, Forestry, and Tourism need to be defined and institutionalized at the central level to assure coherence and synergy – but operational planning must focus on the local level, where ecotourism activities take place.
6. *Legal and institutional reform of protected area and hunting zones management.* The principles of institutional reform are laid out in Component 5, and stress the programming, monitoring, and evaluation functions of Government departments. With respect to protected areas and hunting zones, these principles apply to the MINFOF's Directorate responsible for Fauna and Protected Areas (DFAP), whose services require substantial streamlining at both the central and field levels. Toward this purpose, the functions of the present GEF Secretariat of the National Biodiversity Conservation Program (PCGB) will be integrated into the Environment Ministry. Work will start by strengthening DFAP's capabilities, allocating tasks at the divisional and provincial level, standardizing management tools, and redeploying, recruiting and training staff. Once this phase is completed consideration will be given to the option of giving this Directorate greater organizational autonomy, including management of trust fund resources.

7. *Sustainable financing of wildlife & protected areas.* A number of funding initiatives are underway. Within the context of the Chad-Cameroon Pipeline, a small off-shore trust fund named FEDEC has been set up specifically to provide long-term (20 year) co-funding for Campo Ma'an and Mbam & Djerem National Parks. Another initiative is the Cameroon Highlands Conservation Foundation (CAMCOF), which is in the process of obtaining additional GEF funds through UNDP. A third initiative is underway to set up a trust fund for the Sangha Tri-National, the first transborder protected area in Central Africa. The FESP foresees a national consultation on funding mechanisms to coordinate these related initiatives.
8. *National Biodiversity Strategy and Action Plan update.* In 1996 the Government of Cameroon established, under the auspices of the MINEF, an Inter-Ministerial Committee to start the elaboration of a National Biodiversity Strategy and Action Plan (NBSAP). The first draft was produced in November 1998, but was not validated until 2002. While the objectives of the NBSAP remain relevant, more recent developments require the Plan to be updated. These developments include: (i) changes in the political landscape, (ii) the Yaoundé Declaration of 1999 and subsequent Conference of Ministers for the Central Africa sub-region (COMIFAC), (iii) the HIPC process and the Cameroon Poverty Reduction Strategy Paper, and (iv) the implications of the FESP. A new Inter-Ministerial Committee should be established to review and update the NBSAP and a national forum should amend and validate the new version.

4. Community Forest Resources Management

Program component 4 of the FESP entails an *estimated cost of US$26.44 million*, and will be implemented through three subcomponents:

1. *Capacity building for community forest and natural resource management.* The Forest Law and its complementary regulatory texts—in particular the *Arrêté conjoint* MINEF/518—promote the community-based management of natural resources. The technical and managerial capacity of communities to effectively administer forests and game zones, as well as the institutional capacity of agencies mandated to support community land management and agroforestry, are related priorities. A subcomponent devoted to this purpose will seek to establish linkages with the Community Development Program, and to assist local communities in using their assigned shares of the RFA tax on concession areas.
2. *Reforestation and forest regeneration.* The Program will initially concentrate on support to small-scale tree planting activities by individuals, groups, and communities in northern and western regions of Cameroon, where silvicultural successes have already been proven. Demonstration plantations will be established in other regions to promote new and appropriate plantation techniques. The newly created ANAFOR will support these private and collective plantations.
3. *Masterplan for sustainable domestic energy supply.* This subcomponent will also focus on northern regions, promoting regulatory amendments related to woodland regeneration and managed fuelwood harvesting, assisting in the implementation of community master plans to supply fuelwood to urban markets, and creating incentives for local enterprises.

5. Institutional Strengthening, Training & Research

Component 5 entails an *estimated cost of US$87.53 million* and is implemented through four subcomponents:

1. *Reorganizing the National Office for the Development of Forests into the National Agency for Forest Development.* The reorganization of ONADEF into the streamlined and more specialized ANAFOR was among the reforms promoted by SAC IIII. It was enacted by two Presidential decrees and a joint Environment and Forest and Finance Ministry *Arrêté* in June 2002. ANAFOR's mandate pertains to the promotion of financially viable and environmentally sustainable community and private plantation schemes. The reorganization itself however proved

a slow and difficult process requiring intensive internal negotiation and high-level political backing. This Program subcomponent will help complete ANAFOR's transition and will strengthen the new agency's capacities.

2. *Strengthening the Environment Ministry.* An institutional review carried out in the preparation of the FESP demonstrated weak capacities of the Ministry at different levels: (a) organizational level, (b) human resource management, (c) material resource management (d) financial resource management; and (e) legal and regulatory instruments. Strengthening through the FEDPG will focus on MINEP's concerns in the field of the *"green environment"*, particularly in the areas of policy formulation, oversight, enforcement of regulations, interfacing with partners and performance monitoring.
3. *Rehabilitating education and research in forestry and environment sector.* Cameroonian forest and environment education and training facilities (National Forestry School in Mbalmayo, (ENEF), Garoua Wildlife School (EFG), Dschang Agriculture University, (FASA), Regional Agriculture Center, (CRESA)) offer an appropriate mix of courses but are weak. The present program sub-component will strengthen these institutions by improving program content, supporting the training and recruitment of teachers, rehabilitating buildings, acquiring new equipment, and promoting their affiliation with regional and international partners, including scientific institutions. While the FESP will not conduct specific activities in the research sector during its initial stage, the *Institut de Recherche en Agronomie pour le Développement* (IRAD) is planning to integrate forest and environment research and science in Cameroon.
4. *Capacity building and decentralization.* A number of Government sector agencies are to devolve a substantial part of their responsibilities—particularly productive functions–to the private sector, NGOs, and community organizations. The FESP and FEDPG will help prepare these actors to take up functions and activities relinquished by public institutions. It will do so through the award of small contracts for works and services to be provided, information about income generating activities becoming available for which the Government can provide training and technical guidance.

ANNEX 3: CODE OF CONDUCT ADOPTED BY THE FOREST AND ENVIRONMENT SECTOR PROGRAM (FESP) SUPPORTING PARTNERS

The following pages reproduce the signed copy and the English translation of a collaboration agreement signed on January 5, 2006 by the representatives of Canada, Germany, France, the Netherlands, the United Kingdom, the European Union, the African Development Bank, the World Bank, FAO, UNDP, WWF, SNV and IUCN. By signing the Code of Conduct these Development Partners expressed their commitment to using the Forest and Environment Sector Program as the framework through which they will harmonize and align their assistance to Cameroon in the areas of forest and environment.

PROGRAMME SECTORIEL FORETS ENVIRONNEMENT

CODE DE CONDUITE DES PARTENAIRES

I - Contexte

1. En 2001, le Gouvernement du Cameroun a annoncé la préparation d'un ambitieux Programme Sectoriel Forêts Environnement[1] (PSFE) pour lui permettre de renforcer la mise en œuvre sur le terrain de sa Politique Forestière, afin de résorber le décalage entre le cadre législatif et réglementaire en place et la réalité de terrain qui ne permet pas de stopper la dégradation des ressources naturelles du Cameroun.

2. Les partenaires au développement ont massivement manifesté leur soutien à cette initiative et se sont engagés à aider, de façon concertée, le Gouvernement du Cameroun (GdC) à la préparation et la mise en œuvre d'un tel programme. Ainsi, parallèlement aux engagements pris par le Gouvernement du Cameroun portant sur la revue institutionnelle, la foresterie communautaire, la protection de la Biodiversité, la stratégie de contrôle et la fiscalité décentralisée, les Partenaires se sont engagés conjointement dans une démarche d'harmonisation de leurs appuis au PSFE. Le présent Code de conduite ci-après désigné Code, formalise cet engagement.

3. Le Code s'appuie sur les résolutions prises par la communauté internationale en mars 2005 et contenues dans la Déclaration de Paris sur l'Efficacité de l'Aide au Développement, telles que l'appropriation, l'harmonisation, l'alignement, les résultats et la responsabilité mutuelle.

4. Le Code s'inscrit également dans la dynamique sous-régionale, promue par la COMIFAC, pour la promotion de la gestion durable et la conservation des écosystèmes forestiers d'Afrique Centrale.

5. Les Signataires du Code ou « Partenaires » reconnaissent que la fragmentation de l'aide et le manque de coordination des différents appuis au secteur Forêts Environnement au cours des 10 dernières années, ont considérablement nui à l'efficacité de l'aide dans ce secteur. Ils s'engagent donc conjointement à harmoniser leur appui dans le cadre exclusif du Programme Sectoriel Forêts Environnement élaboré par le GdC.

6. Les Partenaires s'engagent à respecter les principes suivants.

II - Principes fondateurs du Code

[Actions dans le cadre des politique/stratégie nationales]

7. Les Partenaires reconnaissent que leurs appuis doivent s'inscrire dans le cadre des politique et stratégie nationales en matière de forêts et d'environnement, dont le Programme Sectoriel Forêts Environnement constitue le cadre et le tableau de bord.

8. Les Partenaires comprennent que le GdC assurera la coordination des actions d'appui des Partenaires et leur cohérence avec les autres programmes nationaux en faveur de la réduction de la pauvreté et de l'utilisation durable des ressources naturelles.

[1] Dans le cadre du PSFE, « Environnement » s'entend Environnement Vert et ne prend pas en considération Environnement Brun et Environnement Gris.

[*Renforcement des structures nationales - Etat et société civile*]

9. Les Partenaires s'engagent à reconnaître la responsabilité les structures institutionnelles nationales dans la mise en œuvre du PSFE et à ne pas mettre en place, dans la mesure du possible, des structures parallèles de gestion de leur aide.

10. Ce faisant, les Partenaires souhaitent renforcer durablement les capacités des structures nationales, en terme de planification, de suivi-évaluation et de gestion administrative et financière. Les Partenaires s'engagent à apporter leur appui au renforcement des capacités, notamment au travers d'une assistance technique (voir para 18).

11. Les Partenaires appuient l'idée de mettre en place des mécanismes permettant de renforcer également les capacités des acteurs non étatiques, qui jouent un rôle important et croissant dans la mise en œuvre d'activités, tant productives que de conservation, liées aux ressources forestières –produits ligneux, non-ligneux, fauniques-.

*[*Approche basée sur les résultats*]

12. Les Partenaires s'accordent sur le fait que leur intervention doit être ciblée sur l'atteinte de résultats, identifiés conjointement avec le GdC. Une matrice de déclencheurs indiquant les résultats attendus pour le décaissement des tranches successives de financement, a été validée au cours de la mission d'évaluation du PSFE en mai 2004 par le GdC et les Partenaires. Elle indique pour chacune des composantes les résultats critiques sur un horizon de cinq ans ; elle servira de grille d'analyse des progrès réalisés au cours des cinq premières années de mise en œuvre du PSFE.

13. En outre, une matrice de suivi sectoriel a également été élaborée par l'ensemble des partenaires du secteur, en complément à la matrice des déclencheurs et sera utilisée pour la planification annuelle, le suivi et l'évaluation du PSFE pour sa première phase de cinq ans.

[*Utilisation des procédures nationales - Objectif à terme : Appui budgétaire*]

14. Les Partenaires s'engagent à fournir, en temps voulu, une liste indicative fiable d'engagements au titre de leur appui au PSFE sur une période donnée, afin d'aider le GdC dans son exercice de planification. Ils s'efforceront de baser la programmation de leur appui sur le cycle de planification et de programmation du GdC.

15. Les Partenaires s'accordent sur la nécessité de progresser conjointement vers un appui budgétaire ciblé au PSFE. Toutefois, l'adhésion des différents Partenaires à ce mécanisme financier pour le PSFE dépendra à la fois des progrès qui seront réalisés par le GdC dans l'amélioration de la gestion des finances publiques et des cycles internes des différents partenaires.

16. Les Partenaires conçoivent que le GdC aura besoin d'assistance technique et d'expertise pour lui permettre d'apporter les améliorations requises et s'engagent à aider au financement de ces besoins.

[*Mécanismes financiers communs - Fonds Commun*]

17. Les Partenaires ont mis en place un mécanisme financier commun « Fonds Commun » permettant de financer l'Assistance technique et la formation requises dans le cadre de la mise en œuvre du PSFE. Le Fonds commun a pour objectifs de :

- Fournir, de manière rapide et efficace, l'assistance technique et la formation requises par le MINFOF/MINEP, selon les priorités inscrites dans les Plans de travail des Ministères pour la mise en œuvre du PSFE et pour atteindre les résultats conjointement identifiés ;
- Renforcer les capacités financières et administratives du MINFOF dans la mise en œuvre et la gestion du Fonds commun en particulier et du PSFE en général ;
- Mobiliser des financements extérieurs pour le PSFE tout en réduisant les coûts de transaction du financement bilatéral et en harmonisant les procédures de cette assistance.

Au cours des deux premières années, le Fonds commun sera géré conjointement par le Ministère en charge des Forêts et la GTZ-IS. Un contrat de service a été signé le 9 mai 2005 entre le MINFOF et la GTZ-IS.

18. Les Partenaires s'engagent à utiliser, autant que faire se peut, le Fonds commun pour fournir de l'Assistance technique au PSFE.

III - Modalités de mise en œuvre du Code – Coordination des Partenaires

[*Partage de l'information - Recherche de consensus*]

19. Les Partenaires s'engagent à partager systématiquement les informations pertinentes relatives au secteur Forêts Environnement pour améliorer l'efficacité de leur appui au secteur en recherchant les synergies possibles. Le Cercle de Concertation des Partenaires du MINFOF/MINEP (CCPM) constitue un cadre privilégié d'échanges au travers des réunions mensuelles et du partage de l'information par Internet (mail list).

20. Les Partenaires s'engagent, autant que faire se peut, à rechercher dans le cadre du CCPM, des consensus sur des points cruciaux touchant au secteur Forêts Environnement, pour lesquels une harmonisation des positions est souhaitée. Les positions consensuelles ainsi adoptées, seront alors transmises aux Autorités compétentes et présentées comme la position de la Communauté des Partenaires au PSFE.

[*Harmonisation des conditionnalités*]

21. Les Partenaires s'engagent à s'accorder sur un nombre restreint de conditionnalités/mesures préalables afin de donner au GdC une meilleure lisibilité des attentes des différents Partenaires. La matrice des déclencheurs, conjointement validée au cours de la mission d'évaluation du PSFE en mai 2004, définit les principales attentes des Partenaires vis-à-vis du GdC pour les cinq prochaines années.

22. Les Partenaires chercheront à harmoniser leur approche en ce qui concerne les évaluations d'impact sur l'environnement, ainsi que les questions relatives à des domaines transversaux tels que le respect des droits des populations indigènes, l'égalité homme/femme.

[*Missions conjointes*]

23. Les Partenaires s'engagent à mettre en place des dispositifs communs de suivi et d'évaluation du PSFE. Ils organiseront des missions conjointes de supervision du Programme et oeuvreront, de façon générale, à limiter le nombre de missions de terrain en recherchant les synergies d'intervention.

[*Partage des interventions sur base des avantages comparatifs*]

24. Les Partenaires ont acquis des compétences propres dans le cadre de leur appui au secteur Forêts Environnement. Ils s'engagent donc à tirer pleinement parti de leurs avantages comparatifs et à assurer la complémentarité de leurs appuis respectifs dans la mise en œuvre du PSFE.

25. Dans le cadre d'une répartition de leurs interventions, basée sur les avantages comparatifs respectifs, les Partenaires décident d'identifier des chefs de file pour les principales sous-composantes/activités du PSFE.

Adhérents au Code de Conduite

26. Le Code de Conduite est ouvert à tous les partenaires internationaux, adhérant aux principes sus-évoqués.

Yaoundé, le 5 janvier 2006

Pour le Gouvernement du Canada
S.E. M. Jules Savaria, Haut Commissaire

Pour le Gouvernement de République Fédérale d'Allemagne
M. Ralph Holzauer, Premier Secrétaire d'Ambassade

Pour le Gouvernement de la République Française
S.E. M. Jean-François Valette, Ambassadeur

Pour le Gouvernement du Royaume des Pays-Bas
S.E. M. Norbert Braakhuis, Ambassadeur

Pour le Gouvernement du Royaume-Uni
S.E. M. Richard Wildash, Haut Commissaire

Pour la Commission Européenne
S.E. M. *Javier Puyol, Ambassadeur, Chef de Délégation*

Pour la Banque Africaine de Développement
M. Denis Tankoua, Coordonnateur du Bureau de Programme National

Pour la Banque Mondiale
M. Marcus Repnik, Représentant Résident

Pour l'Organisation des Nations Unies pour l'Alimentation et l'Agriculture
Mme Daoulé Diallo-Ba, Représentant Résident

Pour le Programme des Nations Unies pour le Développement
Mme Sophie de Caen, Représentant Résident et Coordonnateur Résident du Système des Nations Unies

Pour le Fonds Mondial pour la Nature (WWF)
M. Laurent M. Somé, Représentant Régional pour l'Afrique Centrale

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Pour l'Organisation Néerlandaise de Développement (SNV)
M. Pascal Cuny, Conseiller

Pour l'Union Mondiale pour la Nature (UICN)
M. Daniel Ngantou, Directeur Régional pour l'Afrique Centrale

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FOREST AND ENVIRONMENT SECTOR PROGRAM

CODE OF CONDUCT

Background

1. In 2001, the Government of Cameroon announced the preparation of an ambitious Forest and Environment Sector Programme[10] (FESP) to enhance on-the-field implementation of its forestry policy and thus bridge the gap between the legal and regulatory framework in force and the reality on the field, which does not make it possible to curb the degradation of natural resources in Cameroon.

2. The majority of development partners demonstrated their support for the initiative and committed to jointly help the Government of Cameroon to prepare and implement the said programme. Thus, in addition to the commitments made by the Government of Cameroon regarding institutional review, community forestry, biodiversity protection, control strategies and decentralised taxation, partners unanimously committed to harmonise their support to FESP. This Code of Conduct, hereafter designated Code, formalises such commitment.

3. This Code is based on the resolutions made by the international community in March 2005 and contained in the Paris Declaration on Aid Effectiveness, especially ownership, harmonisation, alignment, results and mutual accountability.

4. This Code is also in keeping with the sub-regional dynamics encouraged by COMIFAC, for the promotion of sustainable management and conservation of the Central African forest ecosystems.

5. The signatories or « Partners » to this Code recognise that fragmentation of assistance and lack of coordinated support to the Forest and Environment sector over the last ten years has seriously perturbed the efficacy of assistance in the sector. They therefore jointly undertake to harmonise their assistance exclusively within the framework of the Forest and Environment Sector Programme prepared by the GoC.

6. The partners commit to uphold the following principles.

Basic principles of the Code

[*Actions within the framework of national policies/strategies*]

7. The Partners recognise that their assistance must be in keeping with national forest and environment policies and strategies for which the Forest and Environment Sector Programme constitutes the regulatory frame and the trend chart.

8. The Partners agree that the GoC shall coordinate the support of Partners and ensure their consistency with other national programmes on poverty alleviation and sustainable use of natural resources.

[*Strengthening national structures: State and Civil society*]

9. The Partners commit to render national institutional bodies accountable for the implementation of FESP and, as much as possible, not to set up concurrent bodies to manage their assistance.

[10] Within the framework of FESP, « Environment means » the green Environment and does not include the brown and grey environments.

10. In so doing, the Partners wish to build the planning, monitoring-evaluation and administrative and financial management capacities of national structures in a sustainable manner. The Partners commit to provide their support for capacity building particularly through technical assistance (see para 18).

11. The Partners support the idea of putting in place mechanisms that enable to build the capacities of non-etatic actors which are playing an increasingly important role in the implementation of forest resources-related production and conservation activities – timber, non-timber and wildlife products -.

[*Results-oriented approach*]

12. The Partners agree that their actions must aim to achieve the objectives jointly identified with the GoC. A results matrix validated during the FESP evaluation mission in May 2004 by the GoC and the Partners, defines for each component the critical objectives to be attained over a period of five years. The matrix will serve as the grid for analysing the progress made during the first five years of implementation of FESP.

13. It is understood that the matrix is not exhaustive and that a more comprehensive system of sector monitoring shall supplement it.

[*Use of national procedures – Long-term objective: Budgetary support*]

14. The Partners commit to eventually provide a reliable indicative list of commitments representing their assistance to FESP over a given period, so as to ease planning by the GoC. They shall endeavour to base the programming of their assistance on the planning and programming cycle of the GoC.

15. The partners agree on the need to jointly work towards providing earmarked budgetary support to FESP. However, the adherence of the different Partners to this financial mechanism shall depend on both the improvement made by the GoC in public finance management and the internal cycles of the different Partners.

16. The Partners foresee that the GoC will need technical assistance and expertise to achieve necessary improvements and commit to help fund such needs.

[*Joint funding mechanisms – Basket Fund*]

17. The Partners have put in place a joint funding mechanism referred to as « Basket Fund » to fund the technical assistance and the training required within the framework of implementation of FESP. The objectives of the Basket Fund are as follows :

- Rapid and effective provision of technical assistance and training required by MINFOF/MINEP, pursuant to the specifications described in the Work Plans of the different ministries, for the implementation of FESP and to attain set common objectives;
- Build the financial and administrative capacity of MINFOF in the implementation and management of the Basket Fund in particular and FESP in general ;
- Mobilise external funding for FESP while reducing the cost of bilateral funding transactions and harmonising the procedure for such assistance.

During the first two years, the Basket Fund will be jointly managed by the Ministry in charge of forests and the GTZ-IS. A service contract was signed on 9 May 2005 between MINFOF and GTZ-IS.

18. The Partners commit to use the Basket Fund as much as they can to provide technical assistance to FESP.

Conditions of implementation of the Code – Partner Coordination
[*Information sharing – consensus building*]

19. The Partners undertake to systematically share all pertinent information relating to the Forest and Environment sector so as to improve the efficacy of their assistance to the sector through coordinated action. The Consultation Forum for Partners of MINEF (CCPM) constitutes a choice forum for exchanges via monthly meetings and information sharing on the Internet (mail list).

20. The Partners undertake to, as much as possible within the context of CCPM, seek consensus on key issues touching on the Forest and Environment sector, which require common positions. The common positions thus adopted shall be forwarded to the relevant authorities and presented as the position of the partner community vis-à-vis FESP.

[*Harmonisation of conditionalities*]

21. The Partners commit to institute a limited number of preconditions /measures in order to allow the GoC have a better understanding of the expectations of the different Partners. The results matrix jointly validated during a FESP evaluation mission in May 2004 defines the main expectations of Partners vis-à-vis the GoC over the next five years.

22. The Partners shall seek to adopt a common approach in respect of environmental impact assessment as well as issues relating to cross-cutting domains such as respect of the rights of indigenous peoples, gender equality, etc.

[*Joint Missions*]

23. The Partners commit to set up joint monitoring and evaluation mechanisms for FESP. They shall organise joint programme-evaluation missions and shall, in general, seek to limit the number of field missions by means of common intervention synergies.

[*Distribution of roles on the basis of comparative advantages*]

24. The Partners have acquired specific skills within the framework of their support to the Forest and Environment sector. They thus commit to take full advantage of their comparative advantages and to ensure that their support is complementary in the implementation of FESP.

25. As part of the distribution of roles based on their respective comparative advantages, the Partners have decided to identify the leaders of the main sub-components/activities of FESP.

ANNEX 4: THE MULTI-DONOR BASKET FUND FOR TECHNICAL ASSISTANCE

Cameroon's Forest and Environment Sector Program (FESP) is a national program developed jointly by the Government of Cameroon, the donor community and NGOs over the last three years. It was adopted in May 2004 as a common sector development framework for government institutions, local governing bodies, communities, the private sector, NGOs, and donors active in the forest domain.

Scope of the Basket Fund

The technical assistance to be provided during the FESP implementation is to be financed jointly by interested donors through a pooling arrangement known as the Basket Fund (BF). The BF is designed to build sufficient capacity to implement the FESP, and will:

- Provide funding for quick, targeted and efficient provision of the technical assistance and training envisaged in the FESP, as well as any equipment directly related to this capacity building.
- Enhance the financial and administrative capacity of the Ministries (MINFOF and MINEP) in charge of implementing the FESP.
- Support capacity building of the Ministries to enable them to implement, monitor and evaluate the FESP activities.
- Enhance donor coordination and minimise transaction costs for the Ministries.
- Attract it is hoped additional external funding in support of the FESP through the establishment and demonstration of an efficient financing mechanism.

Components and Financing

Technical assistance for the implementation of FESP is estimated at CFAF 13,389.53 million with components as follows:

Program Components CFAFm	Training and technical assistance for FESP (5 years)	Program cost for initial 2 year period	Equipmt cost for initial 2 year period	Total Cost for initial 2 year period	Secured funding through projects	Balance to be financed
Environmental management capacity e.g. establishment of a management system, assessment of management plans of forest concessions and communal forests.	578.35	433.76	43.38	477.14	74.00	403.14
Sustainable management of production forests e.g. development of forestry sector industrialization plan, uniform log tracking system, computerization of penalties.	2,352.18	1764.14	176.41	1940.55	40.00	1900.55
Management of wildlife and protected areas e.g. formulation and adoption of wildlife development & community management plans, anti-poaching measures	968.00	726.00	72.60	798.60	844.00	-45.40
Community management of forest and wildlife resources e.g. development of community forestry action plans, adoption of CF Review results, consultancy support in tree planting	2917.00	2187.75	218.78	2406.53	463.00	1943.53
Institutional capacity building e.g. training on forestry policy, monitoring and evaluation system development, communication strategy	6574.00	4930.50	493.05	5423.55	226.00	5197.55
Total CFAm	**13,389.53**	**10,042.15**	**1,004.15**	**11,046.36**	**1,647.0**	**9399.36**
Total £m	14.079	10.558	1.05684	11.615	1.732	9.883659

* Figures are indicative only (exchange rate 950 CFA /£)

Fund Management, Consultation and Decision-Making Processes

Decisions on the specific use of BF resources will be made through the regular Ministerial annual planning process (planning builds from inputs at field level to proposals for each programme component)

and guided by the FESP Steering Committee and the BF Management Committees (Management Committee and Management Unit).

Initially the Ministry of Forest and Fauna (MINFOF) will manage the BF jointly with GTZ International Services (GTZ-IS). The BF management contract was signed by MINFOF and GTZ-IS on May 9, 2005. GTZ-IS is fully accountable for the financial management of the BF in the first phase through oversight of the agreed management procedures and processes elaborated in the Manual of Procedures. Full management responsibility for the BF will be transferred to the MINFOF in a second phase when sufficient capacity has been built.

Contributions to the Basket Fund

DFID has committed £4m to the Basket Fund from FY 2005. Canadian CIDA has confirmed its intention to participate in the BF. French Cooperation has indicated its interest in contributing too, though whilst its main contribution is subject to Cameroon achieving Completion Point in the HIPC process, it envisages providing modest resources in FY 2005. Germany and the Netherlands are also considering supporting the mechanism.

ANNEX 5: FOREST AND ENVIRONMENT SECTOR POLICY LETTER[11]

1. ACHIEVEMENTS

1. Sector Resources and Policy

The dense humid forests of Cameroon cover a surface area of about 19.598 million hectares (that is 41.2 percent of the national territory) in the southern part of the country, which also has forested savannahs and forest galleries covering about 4.3 million hectares. According to the overall assessment of surface area carried out within the framework of the National Environment Management Plan of 1996, dense forests and wooded savannahs cover a surface area of 21.070 million hectares, some 45 percent of the national territory. However, these forests have undergone and continue to undergo significant changes as a result of logging, exploitation of natural resources, and transformation into farmlands and for other uses.

In order to ensure the growth and sustainable development of the forest sector, the Government of Cameroon has over the last ten years initiated far-reaching reforms touching on the institutional and regulatory frameworks of the sector. Such reforms were embodied in the creation of the Ministry of Environment and Forests in 1992, the formulation of a new Forestry Policy published in 1993, the adoption of a new Forestry Code in 1994 and an Environment Code in 1996. The Ministry of Environment and Forests gave way to the two successor Ministries established by Decree number 2004/320 on 8 December 2004: the Ministry of Forests and Fauna (MINFOF) and the Ministry of Environment and Protection of Nature.

The new forestry policy is an important component of the National Environment Management Plan. It also falls in line with the agricultural policy. The 1994 Law to lay down Forestry, Wildlife and Fisheries Regulations and the 1996 Law to institute the Framework Law relating to the management of the Environment, establish a policy and strategy framework that centers on the following aspects:

- Sustainable management of forests, with the creation of a permanent forest estate and the setting up of Forest Management Units (FMUs) to replace forest permits.
- Contribution to economic growth and poverty alleviation by ceding part of the income from tax revenue to councils, creating jobs and allocating community forests.
- Participatory management through consultation with the civil society and the private sector, sensitisation of rural populations about their responsibilities, and permanent dialogue with the international community.
- Conservation of biodiversity through a national network of protected areas.
- Building the capacity of the public sector in the performance of its traditional key functions and the transfer of productive functions to the private sector.
- Putting in place a legal framework conducive to the development of the private sector, based on long-term conventions and industrialisation.
- Harmonisation of the regional management system through a zoning plan.
- Improvement of governance through increased transparency and systematic dissemination of information to the public.

Besides, this policy is given greater momentum by government guidelines that lay emphasis on new policy challenges such as poverty alleviation, decentralization and good governance. It is also consistent with international guidelines on the environment laid out at the Rio Earth Summit in 1992 and Johannesburg Summit of 2002. An Emergency Action Plan (EAP) supplemented these actions in 2000, by laying emphasis especially on the fight against poaching and overall streamlining of the sector. The Emergency Action Plan itself has been integrated into the Forest and Environment Sector Program (FESP).

[11] The present annex presents the English translation of an original in French that was signed by the Government. Copy of the original follows this translation.

2. Cameroon's commitments at regional and international levels

During the Central African Heads of State Summit in March 1999, Cameroon reaffirmed its national and sub-regional commitment to ensure sustainable management of the forest ecosystems of the Congo Basin. Concerted management of sub-regional forest resources decided upon by Heads of State in the Yaoundé Declaration of 17 March 1999 thus received the backing of the international community through resolution No. 54/214 of the United Nations. The Convergence Plan that resulted thereof and was approved by the Conference of Ministers in charge of Forests in Central Africa (COMIFAC), was adopted at the last Heads of State Conference of the Central African Forestry Commission on 5 February 2005 in Brazzaville. This Plan is a compilation of the National Specific Programs of signatory States, which should contribute to the attainment of convergent objectives that translate into reality the resolutions of the Yaoundé Declaration of March 1999. Cameroon's FESP, which is the Convergence Plan implementation program at national level, will strive to be the national response to COMIFAC programs.

Cameroon's commitment to ensure sustainable management of natural resources at the international level has been translated in the signing of several regional and international conventions on forest and biodiversity. These conventions include the following:

- The Agreement to set up the Lake Chad Basin Commission (1964)
- The Convention on the Conservation of Nature and Natural Resources (Algiers, 1968)
- The Convention on the Protection of Cultural and Natural Heritage (Paris, November 1972)
- The Convention on International Trade in Endangered Species (CITES – Washington, March 1973)
- The African Timber Organisation (ATO – Bangui, 1974)
- The Agreement on the Joint Management of Flora in the Lake Chad Basin (Enugu, December 1977)
- The International Agreement on Tropical Timber (Vienna, 1983)
- The Central African Cooperation Agreement on Wildlife Conservation (Libreville, April 1983)
- The Vienna Convention on the Protection of the Ozone Layer (Vienna, March 1985)
- The Montreal Protocol on the Control of Chlorofluorocarbons (Montreal, September 1987)
- The Convention on Climate Change (June, 1992)
- The Convention on Biodiversity (Paris, October 1994)

3. African Forest Law Enforcement and Governance (AFLEG)

Like most African countries, Cameroon committed to be part of the initiative launched in 1989 by the G-8 countries to combat illegal exploitation, illicit trade in forest products and corruption in the forest sector.

This initiative aims to stimulate, at the highest political level, the will of the international community to curb these scourges in order to ensure sustainable management of our forest resources. This explains why the efforts made by Cameroon to meet this imperative have, over the last ten years, been marked by political, legislative and institutional reforms, and adoption of basic instruments that should promote conservation and sustainable management of natural forests.

This concerns especially the following:

- Adoption of a forest exploitation system that makes use of development plans aimed at ensuring sustainable management of production forests;
- Improvement of forest governance by setting up a legal framework conducive to the development of the private sector, which guarantees transparency in the process of allocating forest concessions and supervising exploitation activities, the major innovation being the use of call for tenders and the presence of independent observers;
- Adoption of Principles, Criteria and Indicators (PCI) for sustainable management of forests in Cameroon in December 2004 is one of the links in the certification chain.

Progress made in terms of reforms geared towards the conservation and sustainable management of forests in Cameroon is remarkable, and thus deserves to be appraised and evaluated. However, this is an exacting process that requires the collaboration of all stakeholders in the sector.

Cameroon is determined to pursue these reforms. The concern here is to ensure rational management of a national heritage of great importance while mainstreaming future needs. We do not have the right to deprive future generations of the benefits that we are deriving from the forest today.

4. The Sector Reform Plan

On the basis of progress made and in order to consolidate the first phase of the essentially institutional and legislative reform of the forest sector, a second phase of reforms was launched with the support of the Bretton Woods Institutions, who mainstreamed a forest sector component into the Third Structural Adjustment Credit (SAC III) granted to Cameroon. This component is based on the following three key objectives of the forestry policy:

- Sustainable management of the resource;
- Stimulation of economic growth and contribution to poverty alleviation especially by ceding to councils and communities part of forestry revenue, job creation in the timber sector and community forests managed by communities themselves and;
- Development of a dynamic and efficient private sector.

The main reforms encouraged include the following:

Competitive allocation of exploitation permits. Forest exploitation permits (Forest Management Units, Sale of Standing Volume) are allocated by means of a competitive procedure on the basis of technical and financial criteria. File selection is carried out by an interministerial commission that includes an independent observer who contributes to improve transparency in the permit allocation procedure.

Planning of allocation of exploitation permits. In order to ensure rational management of its natural resources, the Government of Cameroon designed a concessions allocation planning strategy (UFAs) in 1999 and provided clarifications concerning the different types of existing permits. This strategy was updated in April 2004 and envisages the allocation of all forest concessions by 2006. Such planning constitutes an important instrument both for forestry and taxation services as well as forest exploitation companies.

Setting up the Forestry Revenue Enhancement Programme (PSRF). Placed under the twin supervision of the Ministries in charge of Forestry and Finance, the PSRF was set up in June 1999 to strengthen the hitherto very weak forestry-tax collection capacity. The PSRF centralises the collection of forest exploitation-specific taxes and common law taxes for big companies. Since the creation of the programme, the Ministry of Finance and Economy has recorded a significant increase in forest tax revenue (excluding export taxes): from FCFA 10 billion in 1998/1999, FCFA 29 billion in 2000/2001 to FCFA 40 billion in 2002/2003, at a time when the taxation system is fully operational and recovery rates reach 90 percent.

Forestry taxation reform. An economic and fiscal audit was conducted under the joint responsibility of the Ministries of Finance and Forestry by an internationally recognised Committee of Expert Economists. The objective of the audit was to redefine the framework for sharing the revenue deriving from the exploitation of forest resources between the Government of Cameroon, private operators and the population. The final report of that audit which was validated in March 2000, made a number of recommendations which gave rise to major reforms adopted by the National Assembly. Such reforms include:

(i) Competitive allocation of forest exploitation permits;
(ii) Establishment of a deposit system;
(iii) Clarification of Industrial free zones;
(iv) New forest products taxation modalities.

Some reforms are still not implemented. These include the quota system for timber exports and the setting up of a system for equitable distribution of the share of forest royalties paid to local councils and communities (Equalisation Fund).

Definition of the rules relating to forest development plans. Order No. 222/MINEF of 25 May 2001 defines the rules for the preparation, design and monitoring-control of development plans in forest concessions. It provides a detailed practical guide to all stakeholders involved in the sustainable management of forest resources.

Establishment of a bank deposit system. Forest exploitation permits are granted to operators after due payment of a bank deposit that covers all the risks of non-compliance with fiscal and environmental commitments. This system is aimed at discouraging speculative practices which are very rife in the forest sector.

Supervision of management plans. Partnership with two internationally recognised environmental NGOs has made it possible to strengthen the ability of the Ministry of forestry to supervise management plans and allows for operational monitoring of exploitation activities in forested areas in Cameroon. The convention signed between the Government and Global Forest Watch - World Resource Institute (GFW), allows for the monitoring of forest exploitation activities in permanent and agro-forestal estates by means of advanced satellite imagery technologies. A map of the road network within FMUs and Sale of Standing volumes is produced each year. A second contract has been signed with Global Witness (GW) which is expected to participate as independent observer in the supervisory activities carried out by the Ministry in charge of Forestry. Such activities range from field missions to the handling of all litigations. GW ensures that supervision procedures are upheld at every stage and is responsible for signalling any abnormalities to the Ministry of Forestry.

Promotion of Community forests. Order No. 518/MINEF/CAB of 21 December 2001 offers local communities the possibility to use their right of pre-emption over surrounding forests. This right makes it possible for them to suspend any allocation of the forest concerned to a trading company for a period of two years during which the community may choose to transform it into a community forest.

Restructuring ONADEF. Such restructuring is in conformity with the objective of redistributing forest sector roles, with government services concentrating on traditional roles (policy formulation, supervision and control) and productive functions being delegated to private operators. Presidential Decrees No. 2002/155 and 2002/156 of 18 June 2002 modified the designation, the articles of association, the mandate and funding modalities of ONADEF. The restructuring of ONADEF gave birth to the National Forestry Development Agency (ANAFOR) whose mission is to promote economically profitable and environment-friendly forest plantations both in the private sector and in the local communities.

2. THE CHALLENGES TO OVERCOME

1. Harmonisation of institutional capacity and reform objectives

There is a big disparity in terms capacities for forestry and wildlife legislation implementation. Besides, there is no framework for the harmonisation and coordination necessary for the smooth development of various support projects. In addition, the support of the international community is very scattered and is translated by a great many uncoordinated projects, ill-appropriated by national institutions and with moderate impacts on the field. Over 60 projects under the supervision of the Ministries of Forest and the Environment and over ten under the supervision of other Government services (mainly the Ministry of the Plan, Programming and Regional development, the Ministry of Agriculture and Rural Development and the Ministry of the Economy and Finance) currently have components that are more or less related to the protection, renewal and valorisation of natural resources. These projects annually take up close to FCFA 10 billion of external funding in the forest-environment sector alone, to which should be added the national counterpart funds.

2. Enhancement of popular participation in the management of forest and wildlife resources

In spite of the prescriptions of the current forestry policy that recommends the participation of the population in the conservation and management of forest resources, such participation remains limited. This is due especially to the unclear definition of the roles of the civil society and the local communities, which do not have adequate skills and organisational capacity needed for proper management of the redistributed resources, the weak technical management capacity of NGOs and the great distrust between them and the forestry administration, the difficulties for economic operators to move from the stage of "logger" to the stage of management forester.

3. Securing a significant share of Forest Revenues for community development

During the period from 2000 to 2004, over FCFA 25 billion was distributed to councils and local governments as their share of the royalty from the acreage under exploitation for commercial purposes. An audit and other studies were also carried out on the use of almost all of the said funds. In spite of these positive developments, much is still to be done to allow for more transparent and participatory planning of investments and more efficient control of expenditure.

4. Stepping up the fight against poaching and illegal exploitation of natural resources

The ability of the Ministry of Forestry and Wildlife to carry out controls, follow-up offences and mete out sanctions is still relatively limited. In spite of the involvement of an independent observer in the control activities of the Ministry of Forestry and Wildlife, performances are still moderate. Only greater organisation of all the phases of the control chain by the Ministry of Forestry and Wildlife may ensure lasting results and make it possible to build on the contributions of the independent observer, especially by publishing the record of offences and informing the public about the litigations between the Ministry and forest sector economic operators.

5. Speeding up the mainstreaming of environment-friendly measures in forest production activities

Over six years after the entry into force of the Framework law on the management of the environment in Cameroon, environmental concerns have remained administrative formalities within the context of forest management operations. It is therefore necessary to ensure rigorous application of environmental management plans, especially in some forest management units situated near protected areas where environmental assessments are a key precondition. Besides, it will be necessary to strengthen and step up the operational abilities of the institution in charge of the environment and of advisory bodies such as the National Advisory Committee on the Environment and Sustainable Development (CNCEEDD).

6. Protected areas – National parks

A network of protected areas has been developed especially over the last fifteen years, thanks to the Biodiversity Conservation and Management Programme in Cameroon (PCGBC). Wildlife protected areas cover 7 211 819 hectares representing 15.1 percent of national territory.

This surface area is distributed as follows: 10 National parks; 10 Wildlife reserves; 1 Wildlife Sanctuary; 3 Zoological gardens; 40 Hunting zones; 16 community-based hunting zones which have been placed at the disposal of village communities. The technical and financial management of community-based zones is the responsibility of the populations who may, if they so desire, seek the technical assistance of the staff of the Ministry of Forestry and Wildlife.

Besides, a method of assessing efficient management of all national parks has been established.

7. Expansion and Participatory management of protected areas

The different measures taken to this effect include the following:

a) Economic operators in leased hunting zones are obliged to respect the specifications which stipulate the social projects to be carried out for the benefit of the surrounding population.

b) In addition to such social projects, communities benefit 50 percent of lease taxes which are annual and per hectare, and shared on a pro-rata basis of 40 percent to the councils and 10 percent to communities. Cameroon also instituted rules that allow for consultation of the local populations both at the level of creation, demarcation and management of protected areas.

c) Consolidation of protected areas within the national territory and setting up of cross-border protected areas. The Conventions relating to the Sangha Cameroon (Lobéké National Park), the C.A.R. (Dzanga Sangha National Park) and Congo (Nouabale Ndoki National Park) complexes as well as the Gahanga-Gumti (Nigeria) and the Tchabal Mbabo (Cameroon) complexes have been signed. Agreements between the Dja Wildlife Reserve (Cameroon), Minkébé (Gabon), Odjala Reserve (Congo) on the one hand, and the Korup (Cameroon) and Cross River (Nigeria) on the other hand are being prepared.

d) Fight against poaching, especially through the setting up of a central Anti-Poaching Unit, a National Committee and Provincial Committees to this end. Such committees involve transport companies (CAMRAIL and CAMAIR).

These measures are coupled with regional initiatives such as CEFDHAC, COMIFAC, OCFSA, ECOFAC, WWF, CARPE and compliance with standards and international conventions (CITES).

8. Extension of programmes to arid and mountainous regions

As a result of its geographical position, Cameroon is part of the sudano-sahelian zone threatened by desertification. Forest ecosystems are fragile, often because of overexploitation by the population for subsistence.

Research carried out over the last ten years on species, modes of settlement and management, makes it possible to propose suitable solutions for reforestation, agro-forestry and management of rural and urban peripheral zones with a view to fixing the soil, restoring fertility, producing fuel wood and lumber, fodder, food products and financial revenue from the sale of forest products.

Urban periphery and agro-forestry reforestation programs in savannah and forested areas shall be partly implemented (directly or indirectly) by ANAFOR in accordance with the national program for the planting of private and community forests.

3. PROSPECTS AND COMMITMENTS FOR 2005 – 2015

Future prospects centre on solving problems and reviving the sector. They are based on the consolidation of the reform framework established through SAC III and the revival of sector development programmes through the Forest and Environment Sector Programme.

1. Consolidation of the reform framework

In spite of the progress that Cameroon has made during the last ten years towards sustainable management of forest resources and improvement of governance and transparency, illegal exploitation of resources is still a disquieting phenomenon that jeopardises all of the progress already made. This phenomenon can only be entirely eradicated and forest resources sustainably managed if we commit to uphold the SAC III reform framework and pursue its implementation. The table below is a recap of the reforms introduced and highlights overall reform implementation indicators.

REFORMS	REFORM IMPLEMENTATION
Competitive allocation of exploitation permits	Transparent allocation of forest exploitation permits (quality of bidding documents) Participation of an independent observer in the permit allocation committee meetings and forwarding of reports Exclusion of companies convicted of major infringements of forestry legislation and regulations
Planning of forest concessions allocation	Allocation of forest concessions according to the programme elaborated
Forestry Revenue Enhancement Programme	Collection of forest-sector specific taxes (PSRF annual report) Collection of fines and damages arising from offences (PSRF annual report) Effective payment of all bank deposits (PSRF annual report) Setting up a system for fair redistribution of RFA shares (equalisation fund)
Forestry taxation reform	Pursuance of fiscal reform implementation Effective and efficient consultation between the Government (MINEF-MINFB) and the private sector
Sustainable management of forest concessions	Regular meetings of the Technical assessment committee of management plans and the Inter-ministerial Committee for the approval of management plans Number of concessions allocated since two years that have management plans approved by the administration Number of final conventions signed
Supervision of management plans	Regular monitoring of forest exploitation with satellite imagery (road map available each year) Participation of an independent observer in MINEF control activities
Promotion of community forests	Transparent application of the right of pre-emption for local communities Effective start of the RIGC project (with HIPC resources)
Restructuring of ONADEF	Execution of ANAFOR working programme in accordance with the guidelines laid down by the reform of that institution
Combating illegal exploitation	Charging all established offences; application and collection of penalties Exclusion of all companies guilty of serious offences from submitting tenders for exploitation permits, and even suspension of valid permits in their keeping

2. Better environmental monitoring and implementation of international conventions and standards

The setting up of the two Ministries should allow for greater visibility and clarification of the roles of the different stakeholders. This should enable us tackle environmental problems unequivocally, given that the Permanent Secretariat for the Environment in the former MINEF was unable to go beyond the monitoring of a few conventions. The main mission here which consisted in setting the different standards in all sectors of activity was not carried out. Even the implementing instruments of the 1996 Framework law on the environment were not drafted. By setting up the Ministry of the Environment and protection of Nature, the Government is thus endowing itself with an ambitious environmental policy that covers all sectors, wards off the confusion that has always characterised environmental problems seen by the general public as limited to the Forest and Wildlife sector. The Ministry mainstreams all the sectors concerned so as to handle the cross-cutting nature of environmental actions.

3. The National Forest and Environment Sector Programme

This programme appears as a choice forum for the implementation of forestry policy during the next decade. Through the Forest and Environment Sector Programme, the Government seeks to secure multifaceted assistance for the effective implementation of its policy of sustainable and participatory management of forest resources, so that they contribute significantly to improve the national economy as well as the living environment and standards of the populations. Priority areas of such support include capacity-building of national institutions in terms of human, material and financial resources to enable them effectively implement the policy on the field. Such strengthening is to be achieved through implementation of institutional reforms envisaged within the framework of institutional review, and support of public and private efforts towards the sustainable management of forest and wildlife resources at the economic, ecological and social levels.

The Programme approach adopted for its preparation and implementation will also enable the Government to use FESP as a coordination framework for all actions that contribute to achieving the objectives of the country's forest and wildlife policy. FESP is thus conceived of by Government as a national sector development programme open to funding from all donors, the civil society, NGOs and the private sector. Through this programme, the Government seeks to endow itself with a control panel that will enable it pilot, monitor and control this sector with full knowledge of the situation on the ground. Funding of part of the programme in the form of budgetary support should also make it possible to build the technical and financial capacities of the administration.

The onus of implementation of FESP also lies with the three other groups of stakeholders that are the private sector, the civil society and donors. While the public sector will henceforth seek to concentrate on its traditional duties, the private sector will take care of production functions as a responsible partner concerned about upholding the laws and regulations in force. The civil society will participate in the implementation of FESP as partner and observer of compliance with the rules of the game by all stakeholders. Donors and development partners will participate in the implementation of FESP by harmonising their approaches and selecting the components they intend to finance and support, depending on their interests and programme cycles.

FESP is thus the framework-programme for the implementation of the forestry policy that essentially aims to ensure the conservation and sustainable management of forest ecosystems with a view to meeting the local, national, regional and world needs of present and future generations over the next ten (10) years, and aims to mobilise the possible contributions of various stakeholders including donors, NGOs and the civil society.

Funding of the Programme during its first years will be done on the basis of the results obtained and assessed with the triggers summarised in the table appended hereto[12].

Yaoundé, 1 March 2005

Minister for the Environment and Protection of Nature

HELE Pierre

Minister for Forestry and Wildlife

EGBE ACHUO Hillman

[12] Translation from a signed original in French. Follows the FEDP policy matrix. This matrix is the same used for the FEDPG and is presented in Annex 1.

REPUBLIQUE DU CAMEROUN
Paix-travail- Patrie

REPUBLIC OF CAMEROON
Peace- Work- Fatherland

POLITIQUE SECTORIELLE FORET ET ENVIRONNEMENT VERT

1. LES ACQUIS

1.1 Ressources et politique sectorielle

Les forêts denses humides du Cameroun, selon la FAO (1997) s'étendent sur une superficie d'environ 19,598 millions d'hectares (soit 41.2 % du territoire national) dans la partie méridionale qui comprend également des savanes arborées et des galeries forestières couvrant environ 4,3 millions d'hectares. Les forêts denses et les boisements de savane couvrent une superficie de 21,070 millions d'hectares (soit 45 % du territoire national) suivant l'évaluation globale des superficies effectuée dans le cadre du Plan National de Gestion de l'Environnement (1996). Toutefois, ces forêts ont subi et continuent à subir des changements importants soit par l'exploitation du bois et des ressources naturelles, soit par la transformation en terres agricoles et d'autres aménagements.

Afin de placer le secteur forestier camerounais sur une voie de croissance et de développement durable, le Gouvernement camerounais y a entrepris depuis plus d'une dizaine d'années de réformes profondes tant sur le plan institutionnel que réglementaire. Elles se sont traduites notamment par la création en 1992 d'un Ministère en charge de l'environnement et des forêts, l'élaboration d'une Nouvelle Politique Forestière publiée en 1993, l'adoption d'un nouveau Code Forestier en 1994 et d'un Code de l'Environnement en 1996, par la création de deux Ministères, l'un en charge des Forêts et de la Faune et l'autre en charge de l'Environnement et la Protection de la Nature suivant le Décret N°2004/320 du 8 décembre 2004.

La Nouvelle Politique Forestière se veut une composante importante du Plan National de Gestion de l'Environnement. Elle vient également en appui à la politique agricole. La Loi de 1994 portant Régime des Forêts, de la Faune et de la Pêche et la Loi de 1996 portant Loi-Cadre relative à la Gestion de l'Environnement consacrent un cadre politique et stratégique qui s'articule autour des axes suivants :

- la gestion durable des forêts, avec l'établissement d'un domaine forestier permanent et la création des Unités Forestières d'Aménagement (UFAs) en remplacement des licences forestières ;
- la contribution à la croissance économique et à la lutte contre la pauvreté à travers la rétrocession d'une partie des recettes fiscales aux collectivités, la création d'emplois et la mise en place des forêts communautaires ;
- la gestion participative à travers la concertation avec la société civile et le secteur privé, la responsabilisation des populations rurales et le dialogue permanent avec la communauté internationale ;
- la conservation de la biodiversité à travers un réseau national d'aires protégées ;
- le renforcement du secteur public sur ses fonctions essentielles et le transfert des fonctions productives au secteur privé ;
- la mise en place d'un cadre réglementaire favorable au développement du secteur privé axé sur des conventions de long terme et l' industrialisation ;
- la mise en cohérence du système d'aménagement du territoire grâce à un plan de zonage ;
- l'amélioration de la gouvernance avec l'augmentation de la transparence et le recours systématique à l'information publique.

Cette politique est par ailleurs renforcée par des directives gouvernementales qui mettent l'accent sur de nouveaux enjeux politiques que sont la lutte contre la pauvreté, la décentralisation et la bonne gouvernance. Elle est également en cohérence avec les orientations internationales en matière environnementale (Sommet de Rio - 1992, Sommet de Johannesburg - 2002). Un plan d'actions d'urgence (PAU) est venu compléter ces actions en 2000, en mettant notamment l'accent sur la lutte contre le braconnage et l'assainissement général du secteur. Le Plan d'actions d'Urgence lui-même a été intégré dans le Programme sectoriel Forêt-Environnement (PSFE).

1.2. Les engagements du Cameroun sur le plan régional et international

Lors du Sommet des chefs d'Etat d'Afrique Centrale en mars 1999, le Cameroun a réaffirmé ses engagements politiques au niveau national et sous-régional dans le domaine de la gestion durable des écosystèmes forestiers du Bassin du Congo. La gestion concertée des ressources forestières de la sous-région décidée par les Chefs d'Etat dans la Déclaration de Yaoundé du 17 mars 1999, a ainsi reçu le soutien de la communauté internationale à travers la résolution n°54/214 par les Nations Unies. Le Plan de convergence qui en est résulté ayant été approuvé par la Conférence des Ministres en charge des forêts de l'Afrique Centrale (COMIFAC), a été adopté à la dernière conférence des Chefs d'Etat de la Commission des Forêts d'Afrique Centrale le 5 février 2005 à Brazzaville et reste un document présentant la compilation de chacun

des programmes spécifiques nationaux des Etats signataires, programmes qui devront concourir à atteindre les objectifs convergents qui traduisent dans les faits les résolutions de la Déclaration de Yaoundé de mars 1999. Le PSFE du Cameroun, programme de la mise en œuvre de ce plan de convergence au niveau national, devra s'employer à être la réplique nationale des programmes de la COMIFAC.

L'engagement du Cameroun pour la gestion durable des ressources naturelles à l'échelle mondiale s'est par ailleurs traduit par la signature de plusieurs conventions à l'échelle régionale et internationale relative à la forêt et à la biodiversité. Ces conventions sont :

- Accord sur la création de la Commission sur le Bassin du Lac Tchad (1964) ;
- Convention sur la conservation de la nature et des ressources naturelles (Alger, 1968) ;
- Convention sur la protection de l'héritage culturel et naturel (Paris, nov 1972) ;
- Convention sur le commerce international d'espèces menacées d'extinction (CITES - Washington, mars 1973) ;
- Organisation africaine du bois (OAB - Bangui, 1974) ;
- Accord sur la régulation conjointe et la flore dans le Bassin du Lac Tchad (Enugu, décembre 1977) ;
- Accord International sur les bois tropicaux (Vienne, 1983) ;
- Accord de coopération des pays d'Afrique centrale relatif à la conservation de la faune sauvage (Libreville, avril 1983) ;
- Convention de Vienne sur la protection de la couche d'ozone (Vienne, mars 1985) ;
- Protocole de Montréal sur le contrôle des chlorofluorocarbones (Montréal, sept 1987) ;
- Convention sur les changements climatiques (juin, 1992) ;
- Convention sur la diversité biologique (Paris, octobre 1994) .

1.3 Application des législations forestières et la gouvernance en Afrique (AFLEG)

Le Cameroun à l'instar de la plupart des pays africains avait jugé utile de s'engager à l'initiative lancée en 1998 par les pays du G-8 soucieux de lutter contre l'exploitation illégale, le commerce illicite des produits forestiers et la corruption dans le secteur forestier.

Cette initiative vise à stimuler, au plus haut niveau politique, la volonté internationale de juguler ces fléaux afin d'assurer une gestion durable de nos ressources forestières. C'est pourquoi, les efforts déployés par le Cameroun pour faire face à cette

exigence ont été marqués, au cours des dix dernières années, par des réformes d'ordre politique, législatif et institutionnel et la mise en place des instruments de base devant favoriser la conservation et la gestion durable des forêts naturelles.

Il s'agit notamment de :

- L'adoption d'un système d'exploitation forestière qui se fait à travers des plans d'aménagement visant la gestion durable des forêts de production ;

- L'amélioration de la gouvernance forestière par la mise en place d'un cadre réglementaire favorable au développement du secteur privé, et qui se traduit par la transparence dans le processus d'attribution des concessions forestières et de contrôle d'activités d'exploitation avec, comme innovation majeure, l'appel à la concurrence et la présence d'observateurs Indépendants ;

- L'adoption des Principes, Critères et Indicateurs (PCI) du Cameroun en décembre 2004, pour une Gestion durable des Forêts au Cameroun est un des maillons de la certification.

Les progrès enregistrés notamment en terme de réformes en direction de la conservation et de la gestion durable des forêts au Cameroun sont remarquables et méritent d'être évalués et appréciés en conséquence. Mais, il s'agit d'un processus de longue haleine faisant appel à la collaboration de tous les intervenants du secteur.

Le Cameroun est déterminé à poursuivre ces réformes. Il s'agit en fait d'assurer, de manière rationnelle, la gestion d'un patrimoine national de grande importance en tenant compte des besoins futurs. Nous n'avons pas le droit de priver les générations futures des bienfaits que nous procure aujourd'hui la forêt.

1.4 Le plan de réformes sectorielles

Sur la base des acquis et en renforcement de la première phase de réformes essentiellement institutionnelles et législatives du secteur forestier, une seconde phase de réformes a été lancée avec l'appui des Institutions de Bretton Woods, qui ont intégré dans le troisième crédit d'ajustement structurel (CAS III) accordé au Cameroun, une composante dédiée au secteur forestier. Cette composante se fonde sur trois objectifs essentiels de la politique forestière:

- la gestion durable de la ressource ;
- la génération de la croissance économique et la contribution à la lutte contre la pauvreté notamment par la rétrocession aux communes et communautés d'une

partie des recettes forestières, par la création d'emplois dans la filière-bois et des forêts communautaires gérées par les communautés elles-mêmes et,
- le développement d'un secteur privé dynamique et efficace.

Les principales réformes ainsi promues sont les suivantes :

Attribution compétitive des titres d'exploitation. Les titres d'exploitation forestière (Unités Forestières d'Aménagement, Ventes de Coupe) sont attribués selon un processus de compétition sur la base de critères techniques et financiers. La sélection des dossiers est effectuée par une Commission interministérielle, au sein de laquelle siège un observateur indépendant qui contribue à l'amélioration de la transparence dans l'attribution des titres.

Planification de l'attribution des titres d'exploitation. Dans le cadre d'une gestion rationnelle de ses ressources naturelles, le Gouvernement du Cameroun a défini en 1999 une stratégie de planification d'attribution des concessions (UFAs) et a apporté une clarification quant aux différents types de titres existants. Cette stratégie a été remise à jour en Avril 2004 et prévoit une attribution de l'ensemble des concessions d'ici 2006. Cette planification constitue un outil important à la fois pour les Administrations forestière et fiscale et les sociétés d'exploitation forestière.

Création du Programme de Sécurisation des Recettes Forestières (PSRF). Le PSRF, placé sous la double tutelle des Ministères en charge des Forêts et des Finances, a été mis en place en juin 1999 pour améliorer la capacité de recouvrement des taxes forestières–jusque-là très faible. Le PSRF centralise le recouvrement des taxes spécifiques à l'exploitation forestière ainsi que les taxes de droit commun pour les grandes entreprises. Depuis la mise en place de ce Programme, le Ministère des Finances a enregistré une augmentation substantielle des recettes fiscales forestières (à l'exclusion des taxes d'exportation) : de 10 milliards de FCFA en 1998/99, 29 milliards de FCFA en 2000/01 à 40 milliards en 2002/2003 au moment où le système de taxation est pleinement en place et les taux de recouvrement atteignant les 90%.

Réforme de la fiscalité forestière. Un audit économique et fiscal a été mené sous la responsabilité conjointe des Ministères chargés des Finances et des Forêts par un comité d'experts économistes de renommée internationale. Cet audit avait pour objectif de redéfinir un cadre de partage de la rente liée à l'exploitation des ressources forestières entre le Gouvernement du Cameroun, les opérateurs privés et les populations. Le rapport final de cet audit, validé en Mars 2000, a fourni un certain nombre de recommandations qui ont donné lieu à des réformes majeures adoptées par l'Assemblée Nationale, parmi lesquelles :
(i) attribution par voie compétitive des permis d'exploitation,

(ii) mise en place d'un système de cautionnement,
(iii) clarification des zones de Points Francs,
(iv) nouvelles modalités de taxation des produits forestiers.

Certaines recommandations restent encore en suspens, notamment le système de quota à l'exportation des grumes et la mise en place d'un système de redistribution équitable de la quote-part de la redevance forestière accordée aux communes et communautés locales (Fonds de péréquation).

Définition des règles relatives aux plans d'aménagement des forêts.
L'Arrêté 222/MINEF, signé le 25 Mai 2001, définit les règles d'élaboration, de mise en place et de suivi-contrôle des plans d'aménagement dans les concessions forestières. Il fournit un guide pratique détaillé pour tous les acteurs impliqués dans la gestion durable de la ressource forestière.

Mise en place d'un système de caution bancaire : les titres d'exploitation sont délivrés aux opérateurs après constitution d'une caution bancaire qui couvre les risques de non respect des engagements fiscaux et environnementaux. Ce système a pour objectif de décourager les pratiques spéculatives, courantes dans le secteur forestier.

Supervision des plans d'aménagement : un partenariat avec deux ONGs environnementales de renommée internationale a permis de renforcer les capacités du Ministère chargé des Forêts dans le domaine de la supervision des plans d'aménagement et offre un suivi opérationnel des activités d'exploitation dans les zones forestières au Cameroun. La convention signée entre le Gouvernement et Global Forest Watch – World Resource Institute (GFW), permet de suivre les activités d'exploitation forestière dans le domaine permanent et le domaine agroforestier aux moyens de technologies avancées d'imagerie satellite. Une carte de la distribution du réseau routier à l'intérieur des UFAs et des VC est notamment produite chaque année. Un deuxième contrat a été signé avec Global Witness (GW), qui est chargé de participer, en tant qu'observateur indépendant, aux activités de contrôle menées par le Ministère chargé des Forêts, depuis les missions de terrain jusqu'au traitement de tous les cas contentieux. GW s'assure de la conformité des procédures de contrôle à chacune des étapes et est chargé de signaler toute anomalie au Ministre chargé des Forêts.

Promotion des forêts communautaires : l'Arrêté 518/MINEF/CAB, signé le 21 décembre 2001, instaure la possibilité pour les communautés locales de faire usage d'un droit de préemption sur les forêts dont elles sont riveraines. Ce droit de préemption leur permet de suspendre toute allocation de la forêt concernée à une société commerciale, et ce pendant une période de deux ans au cours de laquelle la communauté peut choisir si elle souhaite l'ériger en forêt communautaire.

Restructuration de l'ONADEF : cette restructuration est conforme aux objectifs de redistribution des fonctions au sein du secteur forestier, avec une concentration des services administratifs sur les tâches régaliennes (définition des politiques, supervision et contrôle) et une délégation des fonctions productives aux opérateurs privés. Les Décrets présidentiels 2002/155 et 2002/156 du 18 Juin 2002 ont modifié la dénomination, les statuts, le mandat et les modalités de financement de l'ONADEF. La restructuration de l'ONADEF donne naissance à l'Agence Nationale de Développement Forestier (ANAFOR) dont le mandat est de promouvoir, auprès du secteur privé et des communautés locales, les plantations forestières économiquement rentables et respectueuses de l'environnement.

2- LES DEFIS A SURMONTER

2.1 Mise en cohérence de la capacité institutionnelle avec les ambitions des reformes.

Un fort décalage existe au niveau des capacités pour la mise en œuvre de la législation forestière et faunique, en outre on notait l'absence d'un cadre de cohérence et de coordination nécessaire au développement harmonieux de divers projets d'appui. De plus, l'appui de la communauté internationale est très dispersé et se matérialise par un grand nombre de projets épars, mal appropriés par les institutions nationales et enregistrant des impacts mitigés sur le terrain. Plus de 60 projets sous tutelle des Ministères chargés des Forêts et de l'Environnement et plus d'une dizaine sous tutelle d'autres administrations (principalement le Ministère de la Planification, de la Programmation du Développement et de l'Aménagement du Territoire, le Ministère de l'Agriculture et du Développement Rural et le Ministère de l'Economie et des Finances) ont en effet actuellement des composantes plus ou moins liées à la protection, au renouvellement et à la valorisation des ressources naturelles. Ces projets absorbent ainsi annuellement près de 10 Milliards FCFA de financements extérieurs dans le seul secteur forêt-environnement, auxquels il convient d'ajouter les fonds de contrepartie nationale.

2.2 Amélioration du niveau de participation des populations à la gestion des ressources forestières et fauniques.

Malgré les prescriptions de la politique forestière actuelle qui recommande la participation des populations à la conservation et à la gestion des ressources forestières, cette participation reste faible. Les insuffisances s'expliquent par une définition peu claire des fonctions de la société civile et des communautés locales qui accusent un déficit important en matière de compétences et d'organisation pour une bonne gestion des ressources redistribuées, la faible capacité technique des ONG en matière de gestion

et la forte méfiance qui existe entre elles et l'administration forestière, les difficultés de passage des opérateurs économiques du stade de « bûcherons » à celui d'exploitants aménagistes.

2.3 Rétrocession des Redevances Forestières Annuelles pour le développement rural communautaire.

Au cours de la période 2000-2004, plus de 25 milliards de FCFA ont été distribués aux_communes et aux communautés décentralisées comme quote part de la redevance de superficie des zones soumises à exploitation commerciale. L'utilisation de la presque totalité de ces fonds ont également fait l'objet d'audit et d'autres études. Malgré ces évolutions positives, beaucoup reste à faire pour permettre une planification plus transparente et participative des investissements et un contrôle de la dépense plus efficace.

2.4 Amélioration des performances en matière de lutte contre le braconnage et l'exploitation illégale des ressources naturelles.

Les capacités de contrôle du Ministère chargé des Forêts et de la Faune restent encore relativement faibles tant au niveau du contrôle que du suivi des contentieux et de l'application des sanctions. Malgré l'association d'un observateur indépendant aux activités de contrôle du Ministère chargé des forêts et de la Faune, les résultats restent sont mitigés. Seule la mise en place d'une plus forte organisation pour toutes les phases de la chaîne de contrôle du Ministère chargé des forêts et de la Faune peut assurer des résultats durables et capitaliser les apports de l'observateur indépendant notamment par la publication du sommier des infractions et la mise à la connaissance du public des informations relatives aux contentieux qui l'opposent aux opérateurs économiques exerçant dans le secteur forestier.

2.5 Accélération de l'intégration des mesures environnementales aux activités de production forestière.

Plus de six ans après la mise en vigueur de la loi-cadre relative à la gestion de l'environnement au Cameroun, les préoccupations environnementales sont restées des formalités administratives dans le cadre des opérations d'aménagement forestier. Il est donc nécessaire d'assurer une application rigoureuse des plans de gestion environnementale notamment dans certaines unités forestières d'aménagement à proximité des aires protégées où les évaluations environnementales constituent un préalable essentiel. Par ailleurs, il faudra renforcer et rendre plus fonctionnelle l'institution en charge de l'environnement, ainsi que les structures consultatives telles

que la Commission Nationale Consultative de l'Environnement et le Développement Durable (CNCEEDD).

2.6. Aires protégées – Parcs nationaux.

Le réseau des aires protégées a été développé surtout au cours des 15 dernières années grâce notamment au programme de conservation et de Gestion de la Biodiversité au Cameroun (PCGBC). Les aires protégées de Faune couvrent 7211819 ha soit 15.1 % du territoire national.

Cette superficie est repartie comme suit : 10 Parcs nationaux ; 10 Réserves de Faune ; 01 Sanctuaire de Faune ; 03 Jardin Zoologiques ; 40 Zones d'intérêts Cynégétiques ; 16 Zones d'intérêts Cynégétiques à Gestion Communautaire qui ont été mises à la disposition des Communautés villageoises. La gestion technique et financière des zones à gestion communautaire incombe à ces populations qui peuvent si elles le désirent, solliciter l'assistance technique du personnel du Ministère en charge des forêts et de la Faune.

Par ailleurs, une situation de référence d'efficacité de gestion de tous les parcs nationaux est établie.

2.7. Expansion et Gestion participative des aires protégées :

Les différentes mesures entreprises à cet effet :

1) Les opérateurs économiques des zones de chasse affermées sont astreints au respect des cahiers de charge qui leur prescrivent des œuvres sociales au profit des communautés riveraines.

En plus desdites œuvres sociales, les collectivités bénéficient de 50% des taxes d'affermage qui sont annuelles et par hectare au prorata de 40% pour les Communes et 10% pour les Communautés. Le Cameroun s'est doté également d'une réglementation qui permet aux populations locales d'être consultées tant à la création et la délimitation des aires protégées qu'à la gestion de celles-ci

2) La consolidation des aires protégées à l'intérieur du territoire national et la création des aires protégées transfrontalières. Les conventions des complexes de la Sangha Cameroun (Parc National Lobéké), RCA (Parc national de Dzanga Sangha) et Congo (Parc National de Nouabale Ndoki) et celles de Gahanga-Gumti (Nigéria) – Tchabal Mbabo (Cameroun) sont déjà signées. Celles entre la réserve de la faune du Dja (Cameroun)- Minkébé (Gabon) Réserve d'Odjala (Congo) d'une part et Korup (Cameroun) – Cross River (Nigeria) d'autre part sont en cours de préparation.

3-) La lutte contre le braconnage notamment à travers la mise sur pied d'une Unité Centrale de Lutte anti- braconnage, d'un comité national et des comités provinciaux en charge de cette opération. Ces Comités associent les sociétés de transport (CAMRAIL et CAMAIR).

4-) Ces mesures sont couplées aux initiatives régionales que sont : CEFDHAC, COMIFAC, OCFSA, ECOFAC, WWF, CARPE et au respect des normes et conventions internationales (CITES)

2.8. Extension des programmes en faveur des régions arides et des régions de montagnes

Le Cameroun de par sa position géographique, fait partie de la zone Soudano-Sahélienne menacée par la désertification. Les écosystèmes forestiers sont fragiles, souvent du fait de leur surexploitation par les populations pour la subsistance.

Les résultats de la recherche au cours de la dernière décennie tant au plan des espèces que des modes d'installation et de gestion, permettent de proposer des solutions adaptées en matière de reboisement, d'agro-foresterie et de gestion des terroirs ruraux et périurbains visant à fixer les sols, à restaurer la fertilité, à produire du bois de chauffe et de service, du fourrage, des produits alimentaires mais également des revenus monétaires par la vente des produits forestiers.

Les programmes de reboisement périurbain et d'agro-foresterie dans les zones de savane et de forêt seront mis en œuvre en partie (directement ou indirectement) par l'ANAFOR suivant le programme national des plantations forestières privées et communautaires.

3. LES PERSPECTIVES ET LES ENGAGEMENTS POUR LA PERIODE 2005-2015

Les perspectives d'avenir se focalisent sur la solution des problèmes et la relance du secteur. Elles sont fondées sur la consolidation du cadre de reformes établies à travers le CASIII et la relance des programmes de développement sectoriel par le biais du programme national Forêts Environnement

3.1. Consolidation du cadre de réformes

Malgré les avancées remarquables que le Cameroun a accomplies au cours de la dernière décennie dans le domaine de la gestion durable des ressources forestières et de l'amélioration de la gouvernance et de la transparence, l'exploitation illégale des

ressources reste un phénomène inquiétant et compromettant pour l'ensemble des efforts déjà réalisés. Ce phénomène ne pourra être totalement éradiqué et les ressources forestières ne pourront être effectivement gérées de façon durable qu'à la condition que nous nous engagions à maintenir le cadre des réformes du CAS III et à persévérer dans leur mise en oeuvre. Le tableau ci-dessous fait un récapitulatif des réformes introduites par le CAS III et signale des indicateurs globaux de suivi de mise en œuvre de ces réformes.

REFORMES	MAINTIEN DU CADRE
Attribution des titres d'exploitation par voie compétitive	Attribution transparente des titres d'exploitation forestière (qualité des dossiers d'appel d'offre) Présence d'un observateur indépendant aux Commissions d'attribution des titres et transmission des rapports Exclusion des sociétés responsables d'infractions majeures à la législation et réglementation forestière
Planification de l'attribution des concessions forestières	Attribution des concessions conformément à la planification élaborée
Programme de Sécurisation des Recettes forestières	Recouvrement des taxes spécifiques au secteur forestier (Rapp. Ann. PSRF) Recouvrement des amendes, dommages et intérêts liés aux infractions (Rapp. Ann. PSRF) Dépôt effectif de toutes les cautions bancaires (Rapp. Ann. PSRF) Mise en place d'un système de redistribution équitable des quote-part de la RFA (fonds de péréquation)
Réformes de la fiscalité forestière	Exécution continue des reformes fiscales Concertation effective et efficace entre les Administrations (MINEF-MINFIB) et le secteur privé
Aménagement durable des concessions forestières	Réunions régulières de la Commission d'analyse technique des plans d'aménagement et du Comité interministériel d'approbation des plans d'aménagement Proportion des concessions attribuées depuis plus de 2 ans ayant un plan d'aménagement approuvé par l'Administration Nombre de conventions définitives signées
Supervision des plans d'aménagement	Suivi régulier de l'exploitation forestière par imagerie satellite (carte du réseau routier disponible chaque année) Présence d'un observateur indépendant dans les activités de contrôle du MINEF
Promotion des forêts communautaires	Application transparente du droit de préemption pour les communautés locales **Démarrage effectif du projet RIGC (sur financement PPTE)**
Restructuration de l'ONADEF	Exécution des programmes de travail ANAFOR conformément à l'orientation donnée par la réforme de cette institution
Lutte contre l'exploitation illégale	Verbalisation de toutes les infractions constatées ; application et recouvrement des pénalités Exclusion de toutes les société responsables d'infractions graves, des appels d'offres pour l'obtention de titres d'exploitation, voire suspension des titres en cours de validité

3.2 Meilleur suivi environnemental et application des conventions et normes internationales :

Avec la mise en place des deux ministères, on devrait avoir une visibilité plus nette et une clarification des rôles des différents acteurs. Ce qui devrait nous permettre d'aborder les problèmes environnementaux de manière sans équivoque car le Secrétariat Permanent à l'Environnement de l'Ex-MINEF a été incapable d'aller au –delà du suivi de quelques conventions. L'essentiel du travail à faire, la mise en place des différentes normes dans tous les secteurs d'activités n'a pu être réalisée même les textes d'applications de la loi cadre sur l'Environnement de 1996 n'ont pu être élaborés. Avec l'avènement du Ministère de l'Environnement et de la Protection de la Nature, le Gouvernement se donne des moyens d'une politique environnementale ambitieuse couvrant tous les secteurs et permettant d'éviter la confusion qui a toujours existé sur les problèmes environnementaux que le grand public limite à ceux existant dans le secteur Forêts et Faune et prendre ainsi une hauteur sur l'ensemble des secteurs concernés pour traiter de la transversalité des actions environnementales.

3.3 Le Programme National Sectoriel Forêt-Environnement :

Ce Programme se positionne en tant que cadre unique de mise en œuvre de la politique forestière au cours de la prochaine décennie ; à travers le Programme Sectoriel Forêt-Environnement, le Gouvernement voudrait obtenir un appui multiforme dans la mise en œuvre effective de sa politique de gestion durable et participative des ressources forestières, afin de les amener à contribuer de manière significative à l'amélioration de l'économie nationale, du cadre et du niveau de vie des populations. Dans cet appui attendu, figure en bonne place le renforcement des institutions nationales en moyens humains, matériels et financiers pour les rendre capables d'exécuter efficacement cette politique sur le terrain. Ce renforcement passe nécessairement par la mise en place des réformes institutionnelles préconisées dans le cadre de la revue institutionnelle et le soutien des efforts publics et privés dans la mise en place d'une gestion durable des ressources forestières et fauniques sur le triple plan économique, écologique et social.

Avec l'Approche Programme choisie pour son élaboration et sa mise en œuvre, le PSFE permettra également au Gouvernement de mettre en place un cadre cohérent pour toutes les interventions qui concourent à la réalisation des objectifs de la politique forestière et faunique du pays. Il est ainsi conçu comme un programme national de développement sectoriel établi par le Gouvernement, mais ouvert au financement de tous les bailleurs de fonds, ainsi qu'aux contributions de la société civile, des ONG et du secteur privé. Par ce programme en effet, le Gouvernement voudrait pouvoir disposer enfin d'un tableau de bord qui lui permette d'assurer le pilotage, le suivi et le contrôle de ce secteur en toute connaissance de cause. Le financement d'une partie du programme

sous forme d'appui budgétaire devrait également permettre un renforcement des capacités techniques et financières au sein de l'administration.

Mais la mise en œuvre du PSFE incombe également aux trois autres groupes d'acteurs qui sont: le secteur privé, la société civile et les bailleurs de fonds. Alors que le secteur public cherchera désormais à se concentrer sur les tâches régaliennes, le secteur privé s'occupera des fonctions de production en partenaires responsables et respectueux des dispositions légales et réglementaires. La société civile participera à la mise en oeuvre du PSFE en tant que partenaire et observateur du respect des règles du jeu par tous les acteurs. Les bailleurs de fonds et les partenaires au développement participeront au PSFE harmonisant leurs approches et se positionnant sur les composantes qu'ils entendent financer et accompagner en fonction de leurs intérêts et cycles de programmation.

Le PSFE est donc le programme-cadre de mise en œuvre de la politique forestière qui vise fondamentalement la conservation et la gestion durable des écosystèmes forestiers en vue de répondre aux besoins locaux, nationaux, régionaux et mondiaux des générations présentes et futures sur les dix (10) prochaines années et vise à mobiliser les contributions possibles des différents acteurs (Bailleurs de fonds), y compris celles des ONG et de la société civile.

Le financement du programme au cours des premières années se fera sur la base des résultats obtenus, évalués par des déclencheurs résumés dans le tableau ci-après annexé.

Yaoundé, le 01 MARS 2005

Le Ministre de l'Environnement et de la Protection de la Nature

HELE Pierre

Le Ministre des Forêts et de la Faune

EGBE ACHUO Hillman

MATRICE DES POLITIQUES ET RESULTATS ATTENDUS
ACTIONS PREALABLES ET CONDITIONS DE DECAISSEMENT
(Conditions de décaissements en **GRAS**, *Actions Attendues* en caractères normaux, [indicateurs] entre crochets)

DOMAINE	*CONDITIONS DE DECAISSEMENT DES TRANCHES DE FINANCEMENT ET ACTIONS ATTENDUES POUR CHACUNE DES TRANCHES*			**RÉSULTATS**
	TRANCHE 1	*TRANCHE 2*	TRANCHE 3	
DOMAINE I –SUIVI ENVIRONNEMENTAL ET SOCIAL				
Les politiques nationales camerounaises reconnaissent l'importance fondamentale du suivi socio-environnemental et de l'évaluation d'impact. Toutefois les outils et la capacité institutionnelle nécessaires à l'application des politiques environnementales restent inadéquates particulièrement en matière: d'évaluation des impacts, des directives sur le zonage, les bases de données intégrées sur l'utilisation des terres ; l'information publique sur les questions environnementales.	**ACTIONS PREALABLES** **Adoption du plan d'atténuation des impacts environnementaux et financement des activités prioritaires inscrit au projet de budget 2005 pour la première année.** [Copie du plan d'atténuation des impacts environnementaux officielle incluant son budget approuvé par un arrêté du Ministre en charge de l'Environnement.] **Renforcement en moyens et personnel (dont formation) de la structure du Ministère en charge de l'Environnement pour permettre le Suivi et Evaluation des Impacts sur l'environnement** (le cette structure doit spécifier le type de renforcement). [Une équipe de cadres qualifiés et l'équipement essentiel seront mis à la disposition de la structure par décision du MINEP] **Texte d'application concernant le suivi d'impact sur l'environnement est publié.** [Arrêté jugé satisfaisant par la Banque et publié par Ministère en charge de L'Environnement] **Publication dans au moins deux journaux locaux de l'Arrêté sur les EIE, incluant le plan d'Atténuation des impacts environnementaux, le cadre de politique de délocalisation et le plan de développement des Peuples indigènes et facilité d'accès de ces documents par le public dans les communes. Disponibilité des Termes de références pour toutes les activités planifiées pour début 2005.**	**CONDITIONS DE DECAISSEMENT** **Mise en œuvre des Activités du Plan d'atténuation d'impact au cours de l'année budgétaire 2005 et capacité institutionnelle pour le suivi socio – environnemental créé** [Taux d'exécution des mesures d'atténuation.] *ACTIONS ATTENDUES* Accroissement du Personnel, équipement et du niveau de responsabilité du Ministère en charge de l'Environnement de suivre la mise en œuvre du PSFE et de jouer un rôle plus actif dans le suivi dans le cadre du projet Pipeline Tchad-Cameroun. [Nombre et qualité des rapports de suivi environnemental sur le PSFE et Projet Tchad- Cameroun produits par an.] Mise en place d'un système de gestion de l'information environnementale (SIGE) qui tient compte de l'EMIS (Système de Gestion de l'Information Environnementale en cours de mise en place auprès du CPSP), du CIDE (Centre d'Information et de Documentation sur l'Environnement) et d'autres systèmes complémentaires. Le Ministère en charge de l'Environnement organisera un atelier invitant pour consolidation toutes les institutions disposant ou ayant un plan de développement d'un SIGE au Cameroun. [Premiers rapports de données environnementales produites par le Ministère en charge de l'Environnement]	**CONDITIONS DE DECAISSEMENT** **Les impacts des activités du programme PSFE sont évalués quant à leur adaptation et niveau d'exécution sur la base des termes de référence développés suite à un processus participatif et le rapport est mis à la disposition du public.** [Rapports d'évaluation produits et rendus disponibles aux partenaires concernées et au grand public.] **ACTIONS ATTENDUES** Rapports sur les impacts socio-environnementaux du PSFE produits et plan d'atténuation de ces impacts mis en œuvre. [Rapport de mise en œuvre du plan d'atténuation des impacts socio-environnementaux] [% d'actions de atténuation exécutées.] Renforcement des fonctions de service public du Ministère en charge de l'Environnement et le système d'information suit effectivement les impacts environnementaux incluant ceux mis en place par le CPSP [Nombre et qualité des rapports de données environnementales.]	Les instruments adéquats et la capacité institutionnelle sont créés permettant au Ministère en charge de l'Environnement d'évaluer l'impact socio-environnemental des investissements et des politiques nationales, et plus particulièrement l'impact du PSFE. Les mécanismes de consultation publique, le dialogue et la collaboration avec la société civile sont améliorés. L'accès du public aux informations sur l'environnement et la gestion des biens publics est facilité.

DOMAINE II – GESTION DURABLE DES FORETS DE PRODUCTION				
Alors que la gestion durable des forêts de production est essentielle pour la stabilité environnementale et le maintien de la contribution des forêts à la croissance économique, très peu de plans d'aménagement ont été approuvés et sont actuellement en exécution.	ACTIONS PREALABLES **Examens des plans d'aménagement pour toutes les concessions attribuées avant 2000; approbation de ceux jugés conformes.** [% de plans d'aménagement examinés sur l'ensemble des concessions attribuées avant 2000.] [Nombre de copies de lettres rejets/ approbations disponibles au Ministère en charge des forêts] **Etat de toutes les infractions, pénalités appliquées, transactions effectuées et cas en cours de traitement pour la période janvier 2000-août 2004. Mise à jour du « Sommier des infractions» .** [Rapport bilan sur les infractions disponible au Ministère en charge des forêts.] **Adoption de la chaîne de contrôle, procédures et méthodes de contrôle et procédures de sanction contre les délits forestiers.** [Acte réglementaire du Ministère en charge des forêts.]	CONDITIONS DE DECAISSEMENT **Examen des plans d'aménagement pour toutes les concessions attribuées avant Janvier 2002 et des forêts communales existantes. Signature des Conventions définitives avec les entreprises et adoption de toute autre mesure appropriée (allant jusqu'au retrait des concessions) pour les entreprises n'étant pas en règle.** [Copie des Conventions définitives et communications aux entreprises disponibles au Ministère en charge des forêts] [% de plans d'aménagement examinés, sur l'ensemble des concessions attribuées avant 2002.] *ACTIONS ATTENDUES* Adoption par le Ministère en charge des forêts et le Ministère en Charge de l'Industrie d'une politique d'industrialisation du secteur forestier, visant entre autres à : réduire le décalage entre la production durable des forêts camerounaises et la capacité de transformation industrielle; promouvoir la transformation de l'outil industriel vers l'accroissement du rendement matière, la valeur ajoutée et la compétitivité. [Nouvelles politiques et réformes adoptées conjointement par le Ministère en des forêts et le Ministère en charge de l'Industrie.] Définition conjointe notamment par le Ministère en charge des forêts, le Ministère en charge de l'Agriculture, le Ministère en charge de l'élevage et le Ministère en charge de l'Aménagement du Territoire des approches et des modalités d'exécution du Plan de Zonage pour les zones 6/7 et les Provinces septentrionales. Recrutement d'un bureau d'étude spécialisé pour la réalisation de certains travaux (par exemple, cartographie, enquêtes socioéconomiques etc.) du plan de zonage. [Taux d'exécution des sous-activités du plan de zonage.] Un système informatisé de suivi du bois du parc à bois au port (logtracking) est intégré aux opérations ordinaires de contrôle forestier et harmonisé avec les autres dispositifs de contrôle tels que le SIGIF et PSRF. [Nombre et qualité des rapports issus du système de tracabilité]. Informatisation des canevas de PVs et le calcul des pénalités. sur la base du SIGIF et PSRF, mise en place d'un système de suivi des délits forestiers commun entre le Ministère en charge des Finances, Ministère en charge des forêts et Ministère en charge de la Justice . [Nombre et qualité des rapports produits.] Les contrôles effectuées par l'UCC et/ou les brigades de contrôle provinciales couvrent toutes les UFA et les Ventes de Coupes une fois par an. Une initiative spéciale contre l'exploitation illégale dans les UFAs non encore attribuées et dans les APs est réalisée. L'Observateur indépendant participe à au moins 50% de missions de contrôle de l'UCC et/ou des brigades de contrôle provinciales. [Rapport sur les opérations de contrôle dans les UFA non encore attribuées et des Aires Protégées, Rapports de l'Observateur indépendant.]	CONDITIONS DE DECAISSEMENT **L'exploitation illégale est maîtrisée dans toutes les UFA non attribuées et dans les aires protégées.** [Aucune nouvelle route observée par analyse comparative des images satellites (de 2003 et 2007)]. *ACTIONS ATTENDUES* Séminaire national organisé par le Ministère en charge des forêts, le Ministère en charge de l'Agriculture et le Ministère en charge de l'Aménagement du Territoire , pour discuter l'ébauche du Plan de Zonage des zones 6/7 et les Provinces septentrionales finalisé et soumis pour adoption. [Acte du Séminaire et Ebauche de plan de zonage.] Extension du système d'information SIGIF à toutes les délégations provinciales et départementales concernées. [%Nombre de délégations provinciales et départementales équipées et connectés au SIGIF/PSRF.] Le système informatisé de suivi du bois (logtracking) est amélioré pour assurer la traçabilité du bois à partir de la souche, et un système de traçabilité du port aux marchés d'exportation est lancé. [Qualité de rapports issus et évaluation externe du système de traçabilité.] Le Ministère en charge des forêts codifie et respecte les procédures et le temps des services rendus au public, et plus particulièrement ceux relatifs au bon déroulement des activités industrielles, commerciales et de foresterie communautaire. [Un manuel des procédures reflétant les normes de déontologie , rapport des services rendus sur une base semestrielle des observations.] [Taux de diminution des plaintes relatives aux prestations du Ministère en charge des forêts.] Consolidation des opérations de contrôle forestier. [Réduction à 5 ou moins du nombre des cas d'exploitation illégale hors limites dépassant 500 m³ constatés par l'Observateur Indépendant sur une période de 12 mois.] [Taux de diminution du rapport entre les UFA avec infractions constatées et celles ou aucune infraction n'est constatée.]	100% des forêts de production sont allouées, 75% sont gérées selon des plans d'aménagement approuvés et les UFAs restantes disposent de plans d'aménagement en préparation. L'exploitation illégale dans le domaine permanent de l'Etat (concessions et Aires protégées) est arrêtée ou fortement contenue, les délinquants sont activement et publiquement poursuivis. La préparation du plan de zonage repose sur une solide collaboration intersectorielle et un processus participatif. Le système d'information nationale sur statut des forêts et des Aires protégées est de haute qualité est accessible au grand public .

DOMAINE III - GESTION DE LA FAUNE ET DES AIRES PROTEGEES				
Le Cameroun dédie environ 14% de son territoire national aux aires protégées. Pourtant la conservation de la biodiversité demeure inefficace, les infrastructures sont inexistantes, les ressources humaines insuffisantes et faiblement gérées et certains instruments sont absents. Le PSFE suivra plus particulièrement l'évolution de l'efficacité de gestion des 8 UTO dits « témoins », dont la situation de référence, telle que mesurée par un Score d'Efficacité de Gestion (SEG), est : Ndongoro (4),Bakossi Kupe (12), Bouba Bek & Nki (24), Mbam Djerem (22), Campo Ma'an (33), Korup (40), Benoue (43) et Waza (47).	**ACTIONS PREALABLES** **Les programmes de travail des 8 UTO témoins sont conçus et prêts à être mis en œuvre.** [Nombre de plans de travail adoptés par Ministère en charge des Aires Protégées.] **La situation de référence d'efficacité de gestion de tous les parcs nationaux (UTO ou pas) est établie.** [Nombre de parcs nationaux ayant une situation de référence exprimée sous forme de Score d'Efficacité de Gestion (SEG).]	**CONDITIONS DE DECAISSEMENT** **Parmi les UTO témoins, 2 sont en cours de conception (SEG<20), 3 possèdent les bases d'une gestion minimale (20<SEG<40), 3 possèdent un système de gestion modeste (40<SEG<55).** [Score d'Efficacité de Gestion (SEG) est pour Ndongoro (6), Bakossi Kupe (17), Bouba Bek & Nki (29), Mbam Djerem (31), Campo Ma'an (37), Korup (44), Bénoué (47) et Waza (50).] [L'évaluation sera conduite par un expert indépendant sur la base de termes de référence conjointement élaborés par les Ministère en charge des Aires Protégées et les partenaires du PSFE.] **ACTIONS ATTENDUES** Elaboration et adoption par le Ministère en charge des Aires protégées des procédures spécifiques limitant l'accès aux aires protéges par les populations riveraines, y compris (a) les modes d'accès, (b) types d'activités acceptées dans le plan de gestion, (c) modalités d'application des procédures convenues, et (d) règlement des conflits et sanctions. [Cadre de procédures ou « Process framework » adopté.] Pour 3 des 8 UTO témoins, établissement de la situation de référence relative aux communautés riveraines pour le suivi et évaluation du « process framework ». [Rapport sur la situation de référence disponible.] Pour les 8 UTO témoins, mise à disposition du personnel, d'équipement, d'infrastructures et d'assistance afin qu'elles puissent obtenir les SEG anticipés. [% d'actions de renforcement (personnel, équipement, infrastructure, assistance) mises en œuvre.] Inclusion systématique des délits contre la faune et les aires protégées dans les sommiers des infractions tenu par Ministère en charge des Aires protégées. [Présence d'infractions sur la faune dans les sommiers des infractions.]	**CONDITIONS DE DECAISSEMENT** **Parmi les UTO témoins, 1 est en cours de conception (SEG<20), 1 possède les bases d'une gestion minimale (20<SEG<40), 3 possèdent un système de gestion modeste (40<SEG<55), et 3 disposent d'un système de gestion relativement performant (SEG>55).** [L'évaluation sera conduite par un expert indépendant sur la base de termes de référence conjointement élaborés par les Ministère en charge des Aires Protégées et les partenaires du PSFE.][Score *Efficacité de Gestion (SEG) est pour Ndongoro (17), Bakossi* Kupe (26), Bouba Bek & Nki (43), Mbam Djerem (46), Campo Ma'an (52), Korup (57), Bénoué (59) et Waza (62)] Révision de la Stratégie Nationale et Plan d'Action Biodiversité. [Document de stratégie révisé et adopté.] **ACTIONS ATTENDUES** Pour les 8 UTO témoins, établissement de la situation de référence relative aux communautés riveraines pour le suivi et évaluation du « process framework ». [Rapport sur la situation *de référence disponible.*] Pour les 8 UTO témoins, affectation ou maintien à disposition du personnel, d'équipement et d'infrastructures et d'assistance afin qu'elles puissent obtenir les SEG anticipés. [Nombre d'actions de renforcement (personnel, équipement, infrastructure, assistance) mises en œuvre.] Pour les UTO du Nord, finalisation du plan de zonage délimitant les zones à vocation « naturelles » de celles à vocation « agro-sylvo-pastorales » et/ou habitées. [Plan de zonage finalisé et validé.] Pour 4 des 8 UTO témoins, matérialisation sans équivoque des limites des parcs nationaux et des limites entre les zones naturelles et zones agro-sylvopastorales et/ou habitées au sein des ZIC/ZICCG., et mise en place d'un mécanisme pérenne d'entretien annuel de ces limites. [Nombre de parcs nationaux matériellement délimités]	50% du réseau des Aires protégées du Cameroun atteignent un niveau satisfaisant dans l'efficacité de gestion ; les espèces menacées sont efficacement protégées. *Les communautés locales* sont impliquées dans la gestion des APs et des zones de chasse. Les compagnies privées s'engagent contractuellement dans la conservation de la biodiversité dans les forêts de production en zones écologiquement *sensibles. Les fondement* d'une gestion plus moderne et plus autonome de la faune et des aires protégées sont développés.
		Conception et adoption d'au moins 2 plans d'aménagement et de gestion communautaires de la faune ou autre PFNL dans des espaces contiguës à 2 UTO. [Nombre de plans d'aménagement en cours d'exécution.] Exécution des mesures anti-braconnage prévues dans les	Pour 5 des 8 UTO témoins, conception ou mise à jour, et adoption de plans d'aménagement et de gestion. [Nombre de plans d'aménagement en cours d'exécution.] Gestion et mise à disposition du personnel, d'équipement, d'infrastructures et d'assistance pour la mise en œuvre partielle des 2 plans d'aménagement et de gestion communautaires. [	

		cahiers de charge des UFAs limitrophes des APs, et dans les plans d'atténuation d'impact environnemental des sociétés CAMRAIL et les repreneurs des concessions HFC CAMPO Application des pénalités prévues par les engagements contractuels en cas du non respect. [Rapports de mise en œuvre des mesures antibraconnages prises par CAMRAIL et les repreneurs des concessions HFC- Preuves d'application des pénalités en cas de non respect des engagements pris].	Rapport sur les ressources disponibles (personnel, équipement, infrastructure, assistance).] Mise en conformité avec la Stratégie de Conservation de la Faune et des Aires Protégées du Cameroun (Fev, 2003) (a) de la réglementation: révision décret 95/466: statut, procédures d'affermage, contenu & suivi cahier des charges & surveillance des ZIC/ZICCG, accès des population à la gestion des ressources fauniques ; (b) des institutions : autonomisation gestion des AP & de la Faune, optimisation des fonctions transférées, dévolues, sous traitées & en régie ; et (c) des financements : utilisation & ventilation des recettes, fiscalité, diversification, contrôle budgétaire & financier, partenariat avec fondations, etc. [décrets, contrats, statuts]. Campagne de sensibilisation organisée par Ministère en charge de la Faune, Ministère en charge de la santé publique, Ministère en charge de l'élevage, et Ministère en charge de la recherche scientifique afin de sensibiliser le public sur les dangers de la consommation de viande de brousse mal conservée. [Nombre de campagne faisant l'objet de comptes rendus.] Etablir la situation de référence relative aux communautés riveraines des 8 aires protégées pour le suivi et évaluation du « process framework ». [Rapport sur la situation de référence disponible.]	

DOMAINE IV – GESTION COMMUNAUTAIRE DES FORETS				
La Foresterie communautaire est relativement récente au Cameroun. Malgré la volonté affirmée du Gouvernement de développer davantage ce cadre au profit des communautés locales, une partie des forêts communautaires sont détournées au profit des compagnies privées. L'exploitation des zones boisées et du bois de feu bénéficie davantage aux transporteurs qu' aux communautés locales. Les plantations d'arbres par les individus, les agriculteurs et les autres investisseurs ne bénéficient pas encore d'un appui suffisant . Des efforts importants restent à faire notamment : i) aider les communautés à prendre leurs responsabilités dans la gestion des forêts communautaire et leurs bénéfices ; ii) stimuler la plantation d'arbre à travers les incitations et appuis ciblés ; iii) réaménager les plantations anciennement sous tutelle de l'ONADEF selon des options de gestion plus adaptées ; iv)Stimuler la création et la gestion des ressources en bois de feu par les communautés particulièrement dans les centres urbains des régions sèches du pays	ACTIONS PREALABLES **Etude sur l'utilisation des recettes fiscales 2003 versées aux communautés locales (l'étude réalisée en 2003 pourrait servir de modèle).** [Draft du rapport préparé sous l'impulsion du Ministère en charge des finances et disponible pour consultation à la Banque et aux autres partenaires] **Finalisation de la restructuration financière et humaine de l'ANAFOR. Personnel déployé selon les plans. Mise en place des organes de gestion. Programmes de travail 2005 établis. Mise en place des Structures de contrôle financier** [Rapport des activités mises exécutées, Programme d'activités 2005.] [Nombre de PVs et contenu des délibérations de réunions du conseil d'administration de l'ANAFOR.] **Sélection du maître d'œuvre pour le projet RIGC (Renforcement Institutionnel Gestion Communautaire).** [Copie du contrat et programme de travail disponible au Ministère en charge des forêts.]	CONDITIONS DE DECAISSEMENT **Exécution satisfaisante des plans simples de gestion dans 10 forêts communautaires** [Rapport d'avancement] *ACTIONS ATTENDUES* Un premier lot d'au moins 3000 ha des plantations réalisées dans les réserves de l'Etat et anciennement sous tutelle de l'ONADEF, font l'objet de réaménagement selon les options de gestion suivantes: conventions de gestion attribuées à des privés par voie compétitive, convention de gestion avec des groupements locaux, transformation en UFA ou intégration aux UFA existantes, transformation en aires protégés à des fins non productives (conservation et/ou protection), intégration aux parcs et/ou réserves de protection existants, et déclassement des plantations en zone urbanisée. [nombre d'ha ayant changé de statut de gestion.] Prise en compte des recommandations-clés de la revue de la foresterie communautaire (réalisée en 2004) dans le plan de travail 2005. [% de recommandations clés prises en compte.] Toutes les requêtes relatives au droit de préemption et toutes les demandes d'établissement de forêts communautaires sont traitées et 100% des rejets sont motivés dans des délais raisonnables. [% de requêtes traitées, , acceptées, rejetées] [Taux de rejet comprenant au moins une motivation de rejet.] Adoption de textes réglementaires spécialement conçus pour favoriser : a) le développement de plans directeurs d'approvisionnement en bois de chauffe ; et b) les initiatives de plantation par les privés et de communautés. [Copy des textes de textes réglementaires adoptés.] [Nombre de textes réglementaires sur le développement de plans directeurs et sur les initiatives de plantations rédigés et discutés avec les partenaires.] Création des cellules chargées des plans directeurs d'approvisionnement en bois de chauffe dans les Provinces septentrionales (Activités demandant des apports en Assistance Technique). [Nombre de Cellules créées.]	CONDITIONS DE DECAISSEMENT **Toutes les plantations exécutées dans les réserves de l'Etat et anciennement sous tutelle de l'ONADEF, font l'objet de réaménagement selon les options de gestion suivantes: conventions de gestion attribuées à des privés par voie compétitive, convention de gestion avec des groupements locaux, transformation en UFA ou intégration aux UFA existantes, transformation des Aires protégés à des fins non productives (conservation et/ou protection), intégration aux parcs et/ou réserves de protection existants, et déclassement des plantations en zone urbanisée.** [nombre d'ha ayant changé de statut de gestion] *ACTIONS ATTENDUES* Mise en œuvre satisfaisante d'au moins 50 plans simples de gestion des forêts communautaires. [Nombre de plans simple de gestion mis en œuvre.] [Echelle de qualité.] Fourniture par l'ANAFOR d'appui conseil en plantations (espèces, techniques de plantation, matériel génétique, recherche de financement) pour 1500 (ou plus) individus ou groupes intéressés à la plantation d'arbres [Hectares de plantations réalisées avec l'appui de l'ANAFOR, Rapport Annuel d'activités ANAFOR.] Création de 5 (ou plus) structures organisées pour la gestion des boisements naturels et des marchés de bois de chauffe, établies dans le cadre des plans directeurs autour de centres urbains. [Nombre de structures créées.] [Nombres d'emplois crées.] [Volumes de bois de chauffe vendus par mois.]	Les communautés rurales tirent bénéfice d'un cadre plus incitatif et transparent, pour la i) gestion des forêts communautaires, ii)des zones de chasse, iii)les initiatives de plantation d'arbres et la gestion durable des boisements naturels en zone de forêt sèche. Les plantations anciennement sous tutelle de l'ONADEF sont réaménagées sous différents régimes (conventions de gestion attribuées à des privés par voie compétitive, transformation en UFA ou intégration aux UFA existantes, convention de gestion avec les groupements locaux, déclassement des plantation en zone urbanisée, intégration aux parcs et/ou aires protégés à des fins non productives, réserves de protection).

DOMAINE V – RENFORCEMENT INSTITUTIONNEL				
Il existe un important décalage entre le cadre politique et réglementaire très avancé du secteur forestier et la faiblesse structurelle des institutions forestières Camerounaises. Depuis les années 80s, les effectifs du Ministère en charge des forêts et du Ministère en charge de l'Environnement n'ont pas cessé de décliner et aucun investissement significatif n'a été fait en infrastructures, équipements et formation.	**ACTIONS PREALABLES** **Assurer que les postes de responsabilité au sein du Ministère en charge des forêts et du Ministère en charge de l'Environnement soient pourvus et les profils des postes précisés.** [Nombre ou % de postes de responsabilités pourvus et à l'origine vacants.] **Une nomenclature budgétaire adaptée au budget de programme par objectif avec des passerelles avec la nomenclature actuellement en vigueur est approuvée par le Ministère en charge des Finances .** [Nomenclature approuvée par le Ministère en charge des Finances.] Le Ministre en charge des Finances et du Budget donne les instructions à ses collaborateurs, notamment le directeur du Budget et le directeur du Trésor afin que les lignes budgétaires du Ministère en charge des forêts et du Ministère en charge de l'Environnement affectées au PSFE soient identifiées et attribuées en fonction du ciblage des partenaires extérieurs. **[Note de service signé par le Ministre en charge des finances].** **Le système de gestion financière et de contrôle financier SAED est opérationnel au Ministère en charge des forêts et au Ministère en charge de l'Environnement , parfaitement cohérent avec le DEPMI, et s'appuie sur un réseau informatique.** [Evaluation technique du nombre et qualité des rapports financiers générés grâce au système.] [Echelle de qualité relative à la gestion financière (source : rapports d'audits).] **Adoption des PTAs pour l'année 2005, et inscription des ressources y afférant dans la proposition de budget 2005.** [Budget du PTA 2005 repris dans la Loi des Finances 2005.] **Le plan de passation des marchés est disponible et les dossiers d'appel d'offre pour les travaux, équipements et services de l'année 2005 sont prêts à être lancés.** [Plan de passation des marchés]	**CONDITIONS DE DECAISSEMENT** **La gestion financière et le contrôle du Ministère en charge de forêts et du Ministère en charge de l'Environnement sont bien établis, utilisent le système SAED au niveau du Centre, des provinces et des départements. La cohérence avec le DEPMI est assurée et les contrôle de gestion sont assuré par le Ministère en charge des Finances et les audits annuelles.** [Evaluation technique du nombre et qualité.] *ACTIONS ATTENDUES* Les services de planification et de suivi des Ministères en charge des forêts et du Ministère en charge de l'Environnement sont pleinement opérationnels. [Nombre de rapports de suivi produits.] Système participatif de suivi et évaluation mis en place par le Ministère en charge des Forêts et du Ministère en charge de l'Environnement est opérationnel et un projet du rapport d'évaluation pour l'année 2005 est disponible. [2005 M&E rapport de Suivi Evaluation 2005.] Tous les postes de responsabilités sont pourvus suivant le plan de réforme institutionnel [Rapport de la situation du plan de réforme]. Les sessions de formation sur la politique forestière sont achevées. La gestion des ressources humaines est améliorée avec la mise en place d'un système de récompense à la performance. [Nombre de sessions de formation organisées et qualité des formations.] [Nombre de récompenses autorisées sur la base du système de gestion des RH.] Affectation de tous les agents du Ministère en charge des forêts et du Ministère en charge de l'Environnement conformément au plan de réformes. [% d'agents du Ministère en charge des forêts et du Ministère en charge de l'Environnement affectés sur la base du plan de reformes.] Les comités consultatifs avec le secteur privé continuent a se tenir selon un calendrier régulier (six ou plus réunions par an). [Nombre de comités consultatifs opérationnels] [Nombre de PV de réunions.] Le renforcement des infrastructures et moyens du Ministère en charge des forêts et du Ministère en charge de l'Environnement est bien en cours d'exécution. [Taux d'exécution des activités de renforcement.] Consultation multi-parténaires sur l'élaboration et le suivi des PTAs du PSFE tenues au niveau des Provinces. [Nombre de consultations multi-parténaires organisées.] Stratégie et opérations de communication externe lancées par les Cellules de Communication du Ministère en charge des forêts et du Ministère en charge de l'Environnement avec l'appui d'assistance technique dans la phase de démarrage. [Stratégie de communication approuvée et rapport sur les premières actions.]	**CONDITIONS DE DECAISSEMENT** **Réhabilitation d'au moins 50 locaux au niveau des directions techniques, des bureaux provinciaux et départementaux (infrastructure, équipements, formation).** [Nombre de locaux au niveau central et décentralisé, écoles forestières etc.] Listing des infrastructures reconstruites ou restaurées, équipements achetés, écoles réhabilitées et le montant des dépenses effectuées durant la mise en œuvre du PSFE. *ACTIONS ATTENDUES* 40% des postes forestiers sont équipés, reliés au reste des services du Ministère en charge des forêts et en mesure de fournir les services qui leur sont propres. [% de postes forestiers reliés au reste du Ministère en charge des forêts].	Des institutions publiques revitalisées sont en mesure d'assurer sur le terrain l'exécution efficace des éléments fondamentaux de la politique forestière de gestion de ressources naturelles. L'ANAFOR a évolué dans ses nouvelles fonctions d'appui et a abandonné toute activité de production. Dans ses nouvelles fonctions, le Ministère en charge des forêts et du Ministère en charge de l'Environnement sont capables de garantir l'application des lois et règlements et d'entretenir un dialogue constructif avec le secteur privé et la société civile.

ANNEX 6: ENVIRONMENTAL AND SOCIAL ASSESSMENT REPORT SUMMARIES

1. SUMMARY OF ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

This study was realized by the Cameroon Ministry of Environment and Forests, with the support of a multidisciplinary team of national and international consultants. It comes within the framework of preparing the Forests Environment Sector Program (FESP). It is motivated by the double concern to optimize the environmental and social impacts of the Program during its execution and to ascertain if the program is generally in line with World Bank environmental and social policies. This report is based, not only on the contributions of consultants specialized in impact assessment, but also on the general work of sector analysis, of program formulation, of dialogue and public consultation including the institutional review of the forestry sector done by the Ministry with the support of FESP National Team since it was set up in January 2001.

Sector impact study relative to a national program

This impact study covers the entire forest and environment sector. It examines the sector policy developed by the Government since 1994 as well as the new FESP program conceived as an institutional support instrument for implementing this policy. It brings out action plan and mitigating measures with a view to reducing the negative impacts and optimizing the positive impacts of the program.

- *National geographic coverage.* The FESP covers the entire national territory, not limiting itself to specific sites. Program activities can therefore be developed anywhere in the ten provinces of Cameroon.
- *Sector thematic coverage.* As a support program for the implementation of the national policy for the management of forests and environment, FESP by definition covers all activity domains and problems linked to the sustainable management of the forestry ecosystems (in the broad sense), to the interfaces with land use planning, rural development, economic growth, industrial development and poverty reduction, as well as with biodiversity conservation.
- *Program lifespan and incremental planning.* FESP is destined to accompany the implementation of the Forest Policy over a period of 5 to 10 years. Specific Program activities are not therefore determined at inception, but rather will be defined annually according to a participatory programming mechanism.
- *Multi-donor involvement.* The FESP is a government program that will be supported by operations, projects and programs of a range of donors interested in the management of forests in Cameroon. It will provide a framework for coherence and synergy of international support in the sector, and will ensure that this external support is well in line with the framework of the national policy.

The present study comes within the framework of the cycle of preparing the World Bank support operation, but can serve as reference to other donors or technical or political Cameroon partners. The study has therefore taken into account those particularities inherent in the sector program approach. It consists of a sector strategic assessment and is therefore different from a classical impact study of the "project" type where activities are known with precision before hand and enclosed in time and space.

Baseline – the situation at Program inception

The third chapter of the study describes the state of affairs of the forests and environment sectors, largely by referring to related recent appraisals by MINEF and its partners. Forestry exploitation is the second economic sector after petrol. Non timber forest products, wildlife, and biodiversity in general are resources that represent potentially substantial sources of national income for Cameroon.

The Forestry Law of 1994, the New Forestry Policy of 1994 and the Environment Law of 1996 establish a political and strategic framework for the sustainable management of forests. Completed by PNGE and PAFN, this policy is coherent with international environmental guidelines (Rio Summit, the Heads of state's Summit of Yaoundé, 1999) and with the national strategy of the fight against poverty (PRSP). This policy is presently implemented thanks especially to a considerable plan of sector reforms executed through the third structural adjustment credit (SAC III). A plan of urgent actions (PAU) was developed to complete these actions by especially putting emphasis on the anti-poaching and on the stabilization of the sector.

The Forest Policy has already exhibited positive results, as well as the country's political will to promote sustainable management of forests, and the Government's recognition of their contribution to socioeconomic development.

- An indicative plan of land use allocation assigns forest spaces priority to rural development, forest management, or to nature conservation.
- More transparency, participation of independent observers in concession allocation commissions (access to resources), in forestry supervisory missions (management of resources).
- Direct sharing of revenue from forestry exploitation with local communities bordering forest concessions, and the regular publication of the various shares in the press.
- Opening up fauna and forestry resources to the community and decentralized management, and equally through contractual relations with the administration.
- The sharing of roles between the public and private sectors, with the State, the owner of forests and representative of the general interest, which concentrates on its stately functions; and the private sector assuming commercialization and execution functions often through contractual relations with the administration (delegated functions).
- A reform of forestry taxation, with the simplification of the procedures and the amelioration of the recovery capacity.
- A strengthening of the stately supervisory function to discourage poaching and illegal cutting of wood with especially the participation of independent observers and the participation of the civil society; support of international NGOs to fight against unlawful acts.
- The initiation of a partnership between the different users in a given area and complementary resources, aimed at associating sustainable management, the updating of customary laws and the respect of the practices of indigenous peoples.

This political commitment, even if it has to be permanently maintained and confirmed, no longer seems to be the main constraint in the execution of policies on the field. However, the sector policy is still laboring to be implemented at the national level due to an increasing discrepancy between the political framework on one hand, and the capacities of MINEP to ensure the implement this policy on the field, on the other hand.

- Consequences of the economic crises of the 80s and 90s, which have deprived the government of its means, limited the resources of the staff and contributed to disincentive and to the search for solutions independent of state officials.
- Political and administrative bottlenecks due to the slowness of the services of MINEF to act as partner of commercial agents to support them positively; lack of mediation practices (directly or in mobilizing NGOs and technical bodies) between commercial agents and local populations; insufficiency in the support to community activities (forests, hunting areas, game ranching).
- The difficulty to implement policy reforms with the new stakes: new decision centers and new scales of power. The democratic framework is there but the actors aren't yet ready to assume their rights and duties.

- Insufficient synergy between policies of different sectors: agriculture – animal breeding, hygiene – health – education, general investment framework.
- Stakes and tensions in local societies for access to power and to land ownership with the preponderance of a new elite of local leaders, the strengthening of feudal powers in the North and the rapid transformation of acephal societies in the south, making it difficult to build a partnership based on local democratic practices. The problem of the indigenous peoples who carry out their activities on very vast areas very difficult to determine.
- Lack of appropriation of support from international cooperation, and lack of sustainability of projects, duplication between scattered projects that supports the sector policy in a heterogeneous way.

The Forest Environment Sector Program

FESP is a national, sector and multi-donor program, which aims at supporting the Government in its implementation in the field of its policy of participatory and sustainable management of forestry and environment resources. This policy and the program that supports it have to contribute to improving the lives of rural populations and to fight against poverty, to ensure the everlastingness of forestry ecosystems and biodiversity conservation.

FESP articulates around five components, with one mainstreamed (institutional capacity building) and four themes:

1. Regulation, follow up and environmental information.
2. Development of production forests in the permanent forestry domain and valorizing forestry products.
3. Biodiversity conservation and the development of fauna resources.
4. Community management of forestry and fauna resources.
5. Institutional capacity building, training and research.

FESP puts emphasis on the building of the capacities of national institutions responsible for ensuring the sustainable management of forests. It aims at restoring their capacities to implement on the field forestry policy guidelines. It aims at reducing the present gap between policies known to be of good quality at the international level, and the weak capacity of national institutions to translate them on the field, and to ensure their supervision.

Analysis of Program impacts and mitigation measures

The FESP is intended to facilitate the effective implementation of forest and environment sector policy, and to slow the degradation of Cameroon's natural resource base which has persisted and in many instances accelerated since the early 1990s. It seeks to endow responsible ministries and government agencies with the capacity to administer and enforce the policies and regulations that comprise the sector policies.

The study tries to identify the positive and negative, social and environmental impacts of FESP for each of the five components. By the nature of the program approach developed here to support national policy, impacts are rather expressed in terms of risks than in terms of established facts.

Social risks. Despite the positive social impacts of forest development since the early 1990s in terms of job creation and rural infrastructure, markedly less progress has been evident with respect to access to financial benefits, civil society participation in forest management, or the provision of social services. These failings represent important missed opportunities which have deprived local communities of the full benefits of forest development, while the environmental impacts of that development have continued to erode the forest resource base – both in the rich, humid forests of the south and the fragile, dry forests of the north. Itinerant exploitation, without contributing to development, has not supported a sustainable development model. In the north, the degradation of fragile highland forests have had clearly negative impacts on the livelihoods of population groups that depend on it for wood.

These negative impacts of forest development are very largely attributable to the lack of institutional capacity to carry out Cameroon's Forest Policy, rather than to the Policy itself. The FESP's strong orientation on capacity building focuses sharply on narrowing the gap between policy and implementation, and as such represents a potentially decisive departure from the cycle of unsustainable development and exploitation that makes no contribution to development. This cycle shows no sign of slowing down or reversing itself by its own accord, and the risks of non-intervention are expressed below in the scenario without an FESP Program. The scenario *with* the Program realizes quite strong social benefits through the extension of forestry benefits to civil society, the development of community forestry, the role of local communities in supervision and monitoring, and continued job creation.

Two types of risk are manifested in the implementation of the Forest Policy itself:

- Excessive territorial specialization and limitation local populations' access to forestry resources (food, wood, arable land) during the processes of forest zoning, of classification of UFA and of parks. *(A risk taken into account in the Policy Framework for Access to Resources presented in Annex 4 of the study.)*
- Marginalization of some indigenous groups (pygmies) by ignoring their cultural specificities, which makes their inclusion in positive development outcomes much more difficult. *(A risk taken into account in the Indigenous Peoples Development Plan presented in Annex 6 of the study).*

Concerning environmental risks. Cameroon forestry ecosystems have been subject to strong destructive pressures for several decades: deforestation and soil erosion in the north; fragmentation, commercial poaching, and resulting species and biodiversity loss in the south. Here too, these impacts are more attributable to lack of institutional capacity in the last decade than to the Forest Policy itself. And here too, the contrast between the scenario with, and the scenario without a Program is striking. The FESP has a potentially profound positive impact on the environment, for much the same reason that it has potentially strong social impacts. The introduction and administration of management plans and control mechanisms promise particularly strong impacts, and substantially mitigate the risks associated with Program implementation:

- An increase in the hunting and poaching pressure due to the opening up of regions otherwise inaccessible and to organizing bush meat channels in which could be inserted illegal products of poaching. (*Mitigation measures include provisions for fauna preoccupations in the development plans of forestry grants, demarcation of new protected areas, and effective enforcement of an anti-poaching program.*)
- An overexploitation of agricultural and pastoral soils, water, fuelwood, PFNL, and other resources, particularly in the northern regions, resulting from an overspecialization of land uses. (*Mitigation measures include employing an integrated landscape approach to land use [12]– land planning approach to zoning rather than a primarily delimiting approach to forestry domains.*)

Extra-sector risks. Extra-sector environmental risks include forest penetration by farmers and pastoralists, mining activities, and agro-industries (particularly cotton in the north). Cameroon's three percent annual population growth rate implies significant increases in demand for agricultural products and increased pressure imposed on forests by agriculture. Zoning, local negotiation and the formalization of land allocations may offset these threats, but these will require a national land management and agricultural intensification programs.

The FESP at present appears to take little account of the cross sectoral implications of policies and sector programs relating to agriculture, animal production, and other sectors. And yet, coordination and negotiation with other sector programs—the PNGP in particular—is likely to become increasingly important as the decentralization process unfolds.

Mitigating measures. The study proposes measures aimed at mitigating negative impacts and optimizing positive impacts of the forestry policy and the support program for its implementation. Given the nature

[12] '*Aménagement du territoire*,' originally translated as 'town planning'

of the FESP program, measures are of two kinds: (a) specific recommendations to be integrated in the formulation of FESP from the final phase of technical preparation-conception of the components; and (b) proposals to set up a system of follow up – management of the impacts of the program which will be implemented during the larger implementation of the program.

The study has led to the following recommendations which have already been reflected in the Program documents prepared by the Government. It is important that these documents be equally reflected in the formulation of the support projects of partners of the FESP:

1. Adjustments in (i) the technical conception of the Program away from a more-or-less strictly forestry-related approach to a land use planning approach in areas not yet assigned a zone or land allocation; (ii) the conduct of preliminary consultations on the classification of UFAs and protected areas (iii) contractual relations with users of forests and sport hunting zones, (iv) encouragements to implement development plans and to build capacities of the administration for verifying plans and supervising on the field, (v) the implication and the role of populations in the management of natural resources, (vi) the clarification of the functions of the administration , NGOs, technical bodies, private contractors.
2. Steps to help change the mentality of the different partner groups concerned with a strategy of training and building capacities contributing to this change of mentalities, putting back in place a framework that encourages performance in administration: system of assessing and encouraging performance, sanction system, such as foreseen in the institutional review. Engaging the institutional reform.
3. An original system of participatory follow up – evaluation, with a plan of management and follow up of the environmental and social impacts based on quality, with follow up and management of the impacts at the decentralized level parallel to the annual planning process and to follow up – evaluation of the program, with continuous verification (screening) of activities of the program all through its implementation. Giving responsibilities to SPE, the perennial institution in charge of environmental monitoring.
4. A Plan of Development for Pygmies (PDPP) and the application of the procedures of classifying protected areas and of UFAs in the framework of the Master Plan of Access to Resources.

Analysis of Alternatives

In the absence of an FESP the current dynamic of individual, independently implemented projects lacking any programmatic relationship with one another is likely to continue. The projects may indeed yield positive micro-level impacts, but without affect on the capacity of national institutions and with little potential to reverse national level resource degradation or to secure any significant contribution to national economic development. No other prospective entrant shows the potential to reduce the gap between Cameroon's sound forest and environment policies and its limited capacity to implement and monitor those policies in the field.

As concerns the World Bank specifically, the alternatives in the *without FESP scenario* consist of two: cessation of support, or limiting support to individual sub sectors. In the clear absence of alternative channels of sector-wide support to Cameroon's forests and environment, a decision by the Bank to decline supporting the FESP would imply a decision to decline support to these sectors altogether. This would represent an outright repudiation of the policies that led the Bank to back Cameroon's ambitious program of reforms in the framework of SAC III. Given the achievements of that reform program and the clear indication of continued Government commitment to the reform process implicit in the Government's request for Bank support to the FESP, such a reversal could only indicate a change in attitude by the Bank itself. Resorting to selective, non-programmatic Bank support to geographically discrete projects would amount to a reversal that is scarcely less dramatic, and a renunciation (by the principle actor) of the network of involved partners the Bank was so instrumental in bringing together. Here too, such a reversal could only be construed as a reflection of attitude change within the Bank itself.

Plan of follow up and management of social and environmental impacts

The plan of monitoring and management of social and environmental impacts (PSGI) will be implemented by the Ministry of Environment and Nature Protection (MINEP). The capacity of this newly-created Ministry was upgraded in the process of program preparation, based on an Institutional Review.

Analysis of FESP in relation to World Bank safeguards

The FESP was reviewed in relation to the following safeguards:

- *OP/BP 4.01 – Environmental Assessment.* The environmental assessment was conducted independently by a team not associated with the FESP, and drew from a number of constructive public consultations and information sessions. It concluded that through its capacity building component the FESP will be able to ensure adequate monitoring, and mitigation of the environmental impacts of forest programs.
- *OP/BP 4.04 – Natural Habitats.* The Government Program contains explicit provision for the protection of natural habitats and the conservation of high value conservation forests. No Program activities bring about a conversion of natural habitats to other land uses, and the classification of areas as protected based on the biodiversity located therein represents systematic attention to the preservation of such areas. The Program is specifically defensive of natural habitats, anticipating agricultural, agro-industrial, and other sources of pressure that pose a threat of expansion into new, previously untouched areas. The erstwhile Ministry of Forests and Environment translated the results of the institutional review into an *institutional development letter*, marking the Government's commitment to cover the recurrent costs related to overseeing protected areas.[13]
- *OP/BP 4.20 – Indigenous peoples.* FESP will actively contribute to the juridical recognition of customary forms of land and resource use by indigenous peoples, and will ameliorate those applications of the Forest Law that have potentially adverse affects on those peoples. Preventive measures are defined in the Development Plan of the Pygmies (the summary of which follows this summary) to ensure that they fully benefit from the opportunities created by the new policies: creation of community forests, pre-emptive law, access to their share of surface charges, employment, protection of users' traditional rights. Moreover, the indigenous peoples will participate in local site follow up committees.
- *OP/BP 4.30 – Involuntary Displacement and Access to resources.* FESP does not include activities that can provoke involuntary displacements of populations. A master-plan and local consultation and negotiation procedures are in place to prevent and mitigate reductions of access to resources which could result from land use planning, classification of permanent forestry domain, and the creation of new protected areas.
- *OP/BP 4.36 – Forestry.* FESP has been conceived as a sector program that covers all the stakes linked to forests and the green environment throughout the national territory of Cameroon. FESP will moreover not directly fund forestry exploitation activities, but rather build the capacity of the administration and the operators to prepare and implement sustainable management plans. FESP will facilitate the development of independent certification.

Framework-Plan of Access to Resources

A Framework-Plan of Access to Resources is already largely operational and reduces the risks of access loss. The plan includes specific obligatory procedures for public consultation and the maintenance of users' rights in all circumstances.

Land use is regulated according to National Plan of Land Allocation (PNAT) and Operational Technical Units (UTOs). PNAT defines two main kinds of areas, the Permanent Forests Domain (DFP) and the Non

[13] The Ministry of Forests and Environment was succeeded by separate Environment and Forest Ministries in December 2004.

Permanent Forests Domain (DFNP). Each domain is itself cut out into major zone types (forest concessions, wildlife concessions, protected areas, community managed forests and wildlife concessions, council forests), which are each subject to the procedures of classification. (UTOs) are the territorial units of the project intended to include local populations in a participatory process of classification which compensates limitations to user rights in some zones with recognition in other zones and financial fallouts.

The classification procedures of zones are defined by the various 1995 decrees of implementation of the Forest Law, and are developed in three phases:

1. Local Information and consultations
2. Preparation of the classification file and the signature of the decree
3. The demarcation of land and issuing of land titles

These procedures have been tested and are already being applied in areas such as the National Parks of Campo Ma'an and Lobéké.

The 1994 Forest Law and its 1995 implementation decrees guarantee the user rights of local communities during the classification of a forest. All classification of the forestry sector therefore secures the customary rights of the local populations on these spaces and leads to the primacy of the management choices of the populations concerned on the national domain areas. Any modification to access rights to land and resources results from state-community negotiations. Demarcations can only therefore be validated in agreement with the local populations. The Forest Law stipulates that any classification of a forestry concession that would lead to the loss of access to resources is required to define compensations in partnership with the populations concerned. The technical specifications of contracting companies have to integrate compensation agreements. Finally, Order no. 518/MINEF/CAB of 21 December 2001 on the pre-emptive (first-users) right in the non permanent forestry domain fixes allocation modalities giving priority to local village communities, of any forest that can be reserved as a community forest.

FESP, in the framework of its component on the management of production forests, will ensure the execution of these procedures through the support of the holding of inter-ministerial departmental commissions in charge of zoning and classification, and will ensure the smooth functioning of already existing compensation mechanisms through institutional support for all the follow up and supervision activities.

In practice, it turns out that:

- The recognition of user rights is still little participatory and very normative.
- The extension of community managed zones is still determined by those of UFA, AP and ZIC and village territory and corridor zones are restricted to left-over territories.
- The transition from vast multi-usage village territories to specialized areas requires unrealistic behavior changes that are beyond the adaptive capacities of effected populations.
- The classification process entails many difficulties related to its complexity and heaviness,
- The classification procedures of Permanent Forest Domain are more rapid than those in the non-permanent forest domain and these results in contentious relations and the potential for conflict.
- Incomes that in principle come from the exploitation of the conceded zones are rarely assigned to the communities owing to their incapacity to present acceptable projects.

The specialization of areas is inescapable due to population growth, to the growing scarcity of some resources and to the appearance of new forms of forestry exploitation and agro-industry.

The Master-Plan for Access to Resources lays out four mitigation measures to assure that the division of areas is undertaken in a way that concerned stakeholders do not feel excluded:

1. A broad landscape approach that goes beyond the physical boundaries and needs of forest and wildlife conservation.
2. A supplementary phase of participatory consultation and validation at the inter-sector, inter-ministerial levels under the form of a regional and /or divisional workshop.

3. During these workshops, FESP support activities should be coordinated with projects and support activities to development in other sectors like agriculture, animal breeding, and in particular the PNDP.
4. In an ideal planning, classification (and the activities that result from it) should have only taken place subject to the use of these support activities.

Local Consultations

The impact study was subject to local consultations throughout its process. About ten consultations were held with local populations in six provinces: East, South West, South, North, Littoral, and Center. Two national workshops were organized and four joint multi-donor missions with the participation of NGOs were undertaken. The provisional report is moreover published and can be accessed in the provincial head quarters.

A consultation of the populations will have to be organized after the publication of the first version of EIE. When it will be finalized it will be made available in the different accessible public places (BM documentation centers, MINFOF, MINEP, local NGO headquarters, provincial delegations of MINEP).

Finally, a regular program of consultation of local populations on the social and environmental impacts of FESP is being elaborated by GoC with the support of CIFOR. Annex 6 of the study report summarizes this public consultation effort during and after the study.

Conclusions

The forest and environment sector policy that Cameroon has had in place since the early 1990s represent important improvements with respect to the earlier situation and has demonstrated concrete positive effects. However, it is still struggling to be put in place due to the persistent weakness institutional capacities of national institutions to implement it. The study shows that most of the negative impacts identified today in the sector follow not from the forestry policy itself, but from its non-application due to weak institutional capacity.

FESP aims at reducing the gap between the policy framework and the execution capacity of national institutions, to restore the capacity of MINEF's successor Environment and Forest Ministries to execute, follow up and supervise. In this way, the program – if it attains its objective – will have largely positive impacts both at the social and environmental levels.

All the same, the study has brought out some environmental and social risks that will accompany the implementation of this sector policy. The main ones are:

- At the environmental level: (i) the risk of increased poaching activities following the opening up of hitherto inaccessible land areas; (ii) the risk of overexploitation of agricultural and pastoral territories and other resources (firewood, water, PFNL, etc.), essentially in the northern regions, through the reduction of the surface areas resulting from the specialization of areas, to zoning and to different classifications (FCt, FC, ZIC, ZICGC, in the northern regions there will be no UFA).
- At the social level: (i) the risk of reducing access to resources through narrow and excessively strict land use directives in forests and to protected areas; (ii) the risk of conflicts between the concessionaires and the administration on one hand, and some social groups on the other hand if development outlines such as community forests or the distribution of forest revenue does not take place; (iii) marginalization of the indigenous Pygmies, the present compensation measures are not adapted to their cultural specificities.

Otherwise, it should be noted that extra-sector risks also weigh on the social and environmental performance of the FESP, such as the country's population growth rate combined with extensive agricultural production systems, or the malfunctioning of the judicial system. The Program should therefore develop links with other policies and programs outside the forestry sector, and operate in the larger context of global rural development strategy, the development of a state of law, poverty reduction, and private sector development.

The following plans are put in place to accompany the execution of the program:

- A Master-Plan of Access to Resources is already largely operational to reduce the risk of lost of access to resources. It especially includes obligatory procedures of public consultation and the maintenance of users' rights in all circumstances.
- A Development Plan of Pygmies has been prepared to ensure that Pygmies can fully draw on the opportunities offered by community forests, share charges, employment opportunities and to guarantee the quality of their mode of life.
- The MINEP is a Government permanent institution. One of its specific mandates is to monitor environmental impacts and follow up implementation of mitigation measures. The MINEP will be strengthened within the framework of FESP in order to develop the capacity of environmental monitoring and verification.

The study shows that subject to the use of the three plans, the program proposed is in conformity with the applicable safeguard policies of the World Bank: OP/BP 4.01, OP/BP 4.04, OP/BP 4.20, OP/BP 4.30, and OP/BP 4.36.

Recommendations formulated to optimize the impacts of the program are meant to be taken into consideration not only in the National Program prepared by the Government, but also in the national and international partner operations that will support this program.

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2. SUMMARY OF INDIGENOUS PEOPLES DEVELOPMENT PLAN

The Forest and Environment Sector Program (FESP) constitutes an important element of the GoC's strategy for poverty reduction. The FESP aims at sustainably managing natural resources to improve the living condition of the people and conserve biodiversity.

The FESP consists of five components:

- Environmental management of forestry activities
- Management of the production forests and the valorization of forestry products
- Biodiversity conservation and valorization of wildlife products
- Community based management of forest and wildlife resources
- Reinforcement of institutions, training and research

Given that Bank support to the national FESP will be in the form of a DPL (OP 8.60 applies to the operation) and that this support will not include specific investments, no safeguard policies are triggered. Nevertheless, as part of due diligence, the preparation team also reviewed the Government Program in the light of Bank safeguards on Indigenous Peoples (OD 4.20), and Involuntary Resettlement (OP/BP 4.12). According to the Operational Directive 4.20 '*special action is required, where Bank investments affect indigenous peoples, tribes, ethnic minorities, or other groups whose social and economic status restricts their capacity to assert their interests and rights in land and other productive resources.*' Following the OD 4.20, the main objective of this Indigenous Peoples Development Plan (IPDP) is to assure that the FESP will respect the dignity, rights and culture of the indigenous Baka, Kola and Aka Pygmies in Cameroon and enable situations in which '*mechanisms [are] devised and maintained for participation by indigenous people in decision making throughout project planning, implementation, and evaluation*', and to strengthen the institutions through which they can participate in their country's development. OD 4.20 recognizes that measures additional to those which are in place for the majority of the population might have to be implemented to enable indigenous peoples to benefit from the Program. This report shows how these goals can be achieved.

Legally, the 30,000 individuals gathered in or around 300 settlement in 33 councils who comprise Cameroon's indigenous peoples, are citizens with equal rights to all other citizens in the country. Yet they lack the de facto political influence, legal status, organizational, technical or economic capacity enjoyed by other groups.

The Baka, Kola and Aka peoples, who formerly ranged over broad areas of uninterrupted forest as full-time hunters and foragers, have increasingly been constricted to principally agricultural 'home bases' and outlying areas where some hunting and gathering is still practiced, though with different technology from the traditional net hunting. A traditional relationship of interdependence with village agriculturalists—with Baka, Kola and Aka supplying village labor during the hunting off-season, and villagers relying on pygmy production of meat and forest products from the wild—has given way to a state of increased dependence on villagers for cash income, work, and a few government-derived social services. Forest related interventions such as logging and biodiversity conservation have added to the marginalization, sedentarisation and impoverishment of the Baka, Aka and Kola, who are exceptionally dependent on forests – hunting and gathering generates more than 65 percent of their average livelihood. Such interventions have generally deprived them of traditional forest utilization rights with little or no compensation.

Has the increased dependence on farming, sedentary life for much of the year, and the desire to access social services transformed indigenous communities into simple citizens of Cameroon like others - a few ethnic groups among many others? *Decidedly not.* Not a single Baka, Kola or Aka is employed by Cameroon's civil service or is a member of one of the country's 339 councils. Prior to the implementation of an IPDP in the Campo-Ma'an region, only one of Cameroon's 13,000 villages had an indigenous leader. Even within the subdivisions, where IP form from 30 to 50 percent of the population, no leaders

are themselves Baka, Kola or Aka. Few possess identity cards enabling them to participate as citizens owing to the prohibitive US$ 25 cost of obtaining one. Nor do they have birth certificates, which are required for voter registration. Rough estimates of cash income indicate that IP households typically earn about one third of the average income of rural households in Cameroon. They have no way to acquire rights to 'community forests', 'communal hunting zones' or to defend their possession of the remnants of their 'homelands' from outside interests. Fundamentally, their settlements are not recognized 'communities,' and therefore they cannot interact legally with government services. While they are the most forest-dependent in Cameroon, they have no legally sanctioned access to the forests that provide more than two-thirds of their subsistence and income.

The FESP proposes mechanisms to improve the living conditions of local communities through the sustainable management of forest ecosystems, but in the present circumstance, IP communities are unlikely to be able to—or be enabled to—participate in or benefit from the Program without special provisions on their behalf. FESP implementation moreover entails serious risks for the indigenous Baka, Kola, and Aka Pygmies which likewise require special measures to mitigate:

- loss of control over land traditionally utilized by them as source of livelihoods
- loss of cultural and social identities, which are likewise associated to those lands
- increased marginalization
- increased dependence on other groups
- disintegrate for the decentralized system of administration
- reduced assistance from government services
- reduced capacity to defend their legal rights

The Government approved the 16 activities prescribed by the IPDP which are outlined below, eight of which were already approved by the PNDP. These activities are designed both to increase the benefits and positive impacts of the FESP, and to mitigate the potential risks listed above. By mutual understanding, only the full implementation of an IPDP and all its components fulfils the requirements of the OD 4.20, guarantees that the FESP respects the rights, dignity and culture of the indigenous people, offers them equal or better opportunities to participate in the benefits and achieves the development objective of the FESP and 'assures that the living conditions of the rural population are sustainably improved through the sustainable management of forest ecosystems'. Some of the recommended activities of the IPDP of the FESP were already adapted as Government policy and are marked in italic (PNDP 2003):

Establish equal legal opportunities

- Establish the necessary capacities to implement an IPDP following the OD 4.20
- Establish equal legal conditions for all indigenous people (ID-cards)

Establish equal legal conditions for all settlements of indigenous people (village)

- Establish community forests and/or communal hunting zones for all IP communities
- Establish new forestry regulations, which legalize the IP to utilize their land
- Establish a national policy on indigenous people.

Establish equal technical opportunities

- Provide the IP with technical capacities to participate actively in natural resource management.
- Provide the relevant GoC staff and other stakeholders with technical capacities to cooperate successfully with the IP.
- Promote research on the IP and provide space for information on the IP.

Establish equal financial opportunities

- Adjust the distribution patterns of the forestry revenue to provide the IP with the necessary funds to participate activities and decision making processes.

Establish equal organizational opportunities

- Facilitate the representation of IP in all forest related decision making bodies.
- Facilitate priority access for IP to forest related job opportunities.
- Establish a participatory monitoring and evaluation system for the IPDP.

Equal cultural opportunities

- Sensitize the Baka, Kola and Aka on the risks of the development process.
- Assist in capacity building among IP associations to preserve traditional knowledge, culture and livelihood patterns.
- Foster the creation of forums for communication and exchange between IPs and other ethnical groups and accompany this process of mutual understanding.

The main actors of this IPDP are the MINEP-led FESP, the sub-department of marginalized population in MINAS, MINAT, MINEPAT, NGOs working on indigenous peoples issues in Cameroon, associations of the indigenous people, and the Baka, Kola and Aka themselves. At the present level none of the primary stakeholders is able to implement an IPDP without further training and the assistance on an international technical advisory body, but all stakeholders are willing to act in accordance with the OD 4.20. To increase the synergy of the IPDPs of sector programs within the FESP and PNDP poverty reduction strategy, the IPDPs will be implemented jointly by independent steering committees at national, provincial and council level assembling all stakeholders. The establishment of these implementation structures will take time and will develop along with mutual discussions on the IPDP. During this pilot phase (1/2004 - 12/2004) an ad-hoc IPDP committee will start operations. The main focus will be on the establishment of the institutional framework, the sensitization of all stakeholders in general and the affected population in particular, the gathering of baseline data, and the establishment of community forests and communal hunting zones for all IP settlements.

It is assumed that the 16 activities of the FESP IPDP, with a financial volume of US$2 million—which amounts to less than one percent of the total FESP budget—are able to guarantee that the FESP is executed in accordance with the OD 4.20 and that the FESP:

- strengthens traditional systems of governance and embraces the notion of community dialogue and traditional chiefdoms for all ethnic groups;
- reduces poverty for all ethnic groups and lowers the degradation of natural resources;
- installs an effective management system of the natural habitats, which offers positive impacts to the entire population and the biodiversity (pro poor conservation);
- respects the dignity, rights and culture of the Baka, Kola and Aka;
- assures that the IP receive an equal or higher benefit from the FESP than other ethnic groups; and
- assists the IP to increase their legal, political, societal, economical, cultural and psychological situations.

3. SUMMARY OF THE ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN

An FESP social and environmental impact assessment was conducted by MINEP/MINFOF with the support of a multidisciplinary team of national and international consultants. The study was motivated by the dual need to maximize the programme's social and environmental impacts during its implementation phase and to compare the programme's general consistency with World Bank social and environmental policies.

In keeping with its duties, the Ministry of the Environment and Protection of Nature shall be responsible for monitoring the Environmental Management Plan (EMP), including the preparation of documents required for implementing, monitoring and overseeing the execution of mitigation measures.

The most important of such documents include regulatory instruments and specifications relating to the implementation of environmental impact assessments in the forest sector. The decree on impact assessments whose approval features among actions to be implemented prior to grant allocation, shall serve as basis for the drafting of regulatory instruments and specifications on environmental measures applicable in forest zones.

Within the context of FESP, MINEP shall be equipped to perform its duties of regulating and overseeing environmental standards. With the support of a specialized institution, MINEP shall prepare a manual or other such document to ensure verification of compliance with environmental standards laid down in the implementing decree of the environmental law (Law No. 96/12 of 5 August 1996). Such manual shall be used during the training of MINEP personnel, including managerial staff transferred to provinces and responsible for implementing the laws and regulations. The training sessions shall be extended to senior executives of the Department of Forestry, the Department of forests and protected areas (DFAP) and to senior officials of provinces responsible for supervising MINFOF activities.

Each year, in the month of September, MINEP shall draw up an Annual Work Plan (AWP) containing the activities of the EMP, especially (i) a MINEP job description in relation to the EMP, (ii) a list of the human and material resources to be used, (iii) environmental management promotion and protection activities, and (iv) a budget covering all MINEP operating and investment expenses. The AWP shall be accompanied by the progress report of the previous year.

There shall be prior deployment of staff and acquisition of essential equipment needed for FESP monitoring before the start of financial contributions from development partners.

Under the FEDPG the Government committed to fully implement and finance this EMP whose cost is estimated at US$2.94 million.

Content of the Environmental Management Plan

The EMP concerns measures that can detect, prevent or offset possible negative impacts. Given that certain environment-friendly measures had already been integrated in FESP-supported programmes, the EMP shall above all concern specific institutional capacity-building activities, as well as follow-up and external assessment activities that could not be part of the programme's major components. Also, given the sector-based nature of FESP, it will be mandatory for each major and selective investment financed within the context of, and outside the programme, to be subjected to specific analyses and impact mitigation measures, as required by Cameroon environmental laws.

There are basically two types of EMP measures: a) cross-cutting institutional enhancement measures; and b) component-based follow-up and possible impact mitigation measures.

Cross-cutting institutional enhancement measures. They are supposed to enable national institutions to identify and handle environmental issues within the framework of their traditional functions. The aim here is to increase the response capacity of MINEP and MINFOF services to the constant production and adaptation needs of the environmental normative, monitoring, oversight and protection framework. Such measures come to complement and lay focus on capacity-building activities already planned by FESP, by making such activities urgent and of top priority. They, for instance, will make it possible to strengthen

MINEP as soon as FESP is launched, and ensure that it accompanies the DFAP and Forestry Department (MINFOF) in the assessment, implementation, and control of the environmental impacts of FESP activities, as well as in the assessment, implementation and control of the necessary mitigation or compensation measures.

Component-based follow-up and possible impact mitigation measures. They include measures that were not already integrated in the programme. These are selected attendant measures of certain components and sub-components of FESP.

The EMP adopted within the context of FESP features in the table appended hereto.

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Minister of Environment and Protection of Nature

REPUBLIQUE DU CAMEROUN
Paix- Travail- Patrie

MINISTERE DE L'ENVIRONNEMENT ET DE LA PROTECTION DE LA NATURE

SECRETARIAT GENERAL

DIRECTION DU DEVELOPPEMENT DES POLITIQUES ENVIRONNEMENTALES

REPUBLIC OF CAMEROON
Peace- Work- Fatherland

MINISTRY OF ENVIRONMENT AND THE PROTECTION OF NATURE

SECRETARIAT GENERAL

DIRECTORY F DEVELOPMENT OF ENVIRONMENTAL POLICIES

PLAN DE GESTION DES IMPACTS ENVIRONNEMENTAUX DU PSFE

Introduction et responsabilité dans l'exécution du Plan.

Une étude des impacts sociaux et environnementaux du PSFE a été réalisée par le MINEP/MINFOF avec l'appui d'une équipe multidisciplinaire de consultants nationaux et internationaux. Elle a été motivée par le double souci d'optimiser les impacts sociaux et environnementaux du programme au cours de sa mise en œuvre, et de vérifier la conformité du programme par rapport aux politiques sociales et environnementales de la Banque Mondiale en vue de sa participation financière.

En ligne avec son mandat, le Ministère de l'Environnement et la Protection de la Nature aura la responsabilité d'assurer le suivi du Plan de Gestion de l'Environnement (PGE), y compris la préparation des documents requis pour la mise en œuvre, le suivi, et le contrôle de l'exécution des mesures d'atténuation.

Parmi ces documents, les plus importants sont les textes réglementaires et les cahiers des charges relatifs à la mise en œuvre des études d'impact sur l'environnement dans le secteur forêt. Le décret sur les études d'impact dont l'approbation figure parmi les actions préalables du Crédit, servira de fondement pour la préparation des textes réglementaires et des cahiers des charges relatifs aux mesures environnementales applicables dans les zones forestières (CCEnv).

Dans le cadre du PSFE, le MINEP sera équipé pour répondre à sa mission de régulation et de contrôle des normes environnementales. Avec l'appui d'une institution spécialisée, le MINEP préparera un manuel ou autre document permettant la vérification du respect des normes environnementales telles que définies dans le décret d'application de la loi sur l'environnement (Loi 96/12 du 5 août, 1996). Ce manuel sera utilisé dans le cadre de la formation de tout le personnel du MINEP, y compris les cadres affectés dans les provinces auxquelles revient l'application des lois et règlements. Ces sessions de formation seront étendues aux cadres du MINFOF en charge de la supervision des activités relevant de leur compétence.

Chaque année, au cours du mois de septembre, le MINEP préparera son Plan de Travail Annuel (PTA) portant sur les activités du PGE, notamment, (i) une description des tâches du MINEP en relation avec le PGE, (ii) une liste des ressources humaines et matérielles à utiliser, (iii) des activités de développement et promotion de la gestion et de protection de l'environnement, et (iv) un budget couvrant toutes les dépenses de fonctionnement et d'investissement du MINEP. Ce PTA sera accompagné du rapport d'activités de l'année précédente.

Une première affectation de personnel et l'acquisition d'équipements essentiels au suivi du PSFE aura lieu avant le démarrage des contributions financières des partenaires au développement.

Le présent PGE, dont le coût estimé est de 2.940.000 Dollars EU, est entièrement financé dans le cadre des ressources nationales, du Crédit IDA et du Don GEF mises en place dans le cadre du PSFE.

Contenu du Plan de Gestion de l'Environnement.

Le PGE porte sur des mesures capables de détecter, prévenir ou compenser des possibles impacts négatifs. Etant donné que certaines mesures environnementales ont déjà été intégrées dans les programmes appuyés par le PSFE, le PGE porte surtout sur des activités de renforcement institutionnel spécifiques, ainsi que sur des activités de suivi et évaluation externe dont la nature est telle que celles-ci ne pouvaient pas faire partie des composantes principales du programme. D'autre part, étant donné la vocation sectorielle du PSFE, il est inévitable que chaque investissement majeur et ponctuel financé dans le cadre et en dehors de ce programme fasse

l'objet d'études et de mesures d'atténuation d'impacts spécifiques, tel que requis par la réglementation environnementale Camerounaise.

Les mesures du PGE sont principalement de deux types : a) Mesures transversales de renforcement institutionnel ; et b) Mesures de suivi et d'atténuation des impacts possibles par composante.

Mesures transversales de renforcement institutionnel.

Elles devraient permettre aux institutions nationales d'identifier et de traiter les questions d'environnement dans le cadre de leurs fonctions habituelles. Il s'agit là d'accroître la capacité de réponse du MINEP et des services du MINFOF aux **besoins constants** de production et d'adaptation du cadre normatif, de surveillance, de contrôle et de protection de l'environnement. Ces mesures complètent et focalisent les activités de renforcement déjà prévues par le PSFE en leur donnant un caractère urgent et prioritaire. Elles permettront, par exemple de renforcer le MINEP dès le lancement du PSFE et s'assurer qu'il accompagnera le MINFOF dans l'évaluation, la mise en œuvre et le contrôle des impacts environnementaux des activités du PSFE ainsi que dans l'évaluation, la mise en œuvre et le contrôle des mesures de réduction ou de compensation nécessaire.

Mesures de suivi et d'atténuation des impacts possibles par composante.

Elles couvrent des mesures qui ne sont pas déjà intégrées au programme. Il s'agit là des mesures ponctuelles d'accompagnement des certaines composantes et sous-composantes du PSFE.

Le PGE arrêté dans le cadre du PSFE est présenté dans le tableau joint en annexe.

Yaoundé le 06 OCT 2005

Le Ministre de L'Environnement et La Protection de la Nature

Le Ministre
The Minister
The Environment and Nature Protection

HELE Pierre
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PLAN DE GESTION DES IMPACTS ENVIRONNEMENTAUX : MESURES PREVUES, RESPONSABILITES D'EXECUTION ET MOYENS DE MISE EN OEUVRE

ACTIVITES TRANSVERSALES DE RENFORCEMENT INSTITUTIONNEL DU MINEP

Activités à mettre en œuvre dans le cadre du PSFE	Service(s) concerné(s)	Période de mise en oeuvre	Moyens à mobiliser	Coût[1] en CFA x 1000	Coût en U.S.$/3 ans
Mise à jour de la réglementation et du cadre légal relatif à la mise en œuvre des attributions du MINEP, y compris préparation et suivi de mise en œuvre des textes juridiques relatifs à l'application et suivi des normes environnementales, des guides sectoriels relatifs au études d'impact sur environnement des activités forestières, des audits environnementaux, de la fiscalité et des obligations découlant des conventions internationales.	Cellule juridique du MINEP en collaboration avec la Direction des Forets, la direction des aires protégées et le MINEP	Permanent avec les priorités suivantes : • Faire le point des activités réglementaires en cours, (Juin 2005). • Organiser un atelier avec les partenaires (MINEP, MINFOF, industrie, ministère de la justice,... pour discuter des modalités de mise à jour du cadre réglementaire (Décembre 2005). • Mettre à jour la réglementation et préparer le manuel de l'environnement.	Renforcement cellule juridique du MINEP par : • Un juriste de l'environnement spécialement chargé du suivi du dossier « environnement ». • Des moyens informatiques additionnels pour la cellule juridique du MINEP • Un consultant international en droit de l'environnement pour la préparation et la facilitation des ateliers de discussion sur les modalités de mise en œuvre des activités de mise à jour de la réglementation et préparation du manuel environnemental.	60.000 pour l'An 1, 40.000 pour l'an 2 et 40.000 pour la durée restante du projet. Soit 140.000	280.000
Mise en place d'un Système de Gestion et de suivi de l'Information Environnementale (SGIE-forêt) dans le secteur forestier. Ce SIGE couvrira tous les mandats du MINEP y compris le suivi de la faune.	MINEP en collaboration avec le MINFOF.	Etude d'un système de gestion de l'information environnementale dans le secteur forestier (SGIE-Forêt) – Lancement janvier 2005 et fin de l'étude Décembre 2005. Mise en place du SGIE-Forêt et formation des cadres du MINEP pour son utilisation. Janvier 2005-Juin 2006.	Assistance technique pour l'étude; Formation des cadres MINEP DF et DFAP du MINFOF y compris cadres des structures déconcentrées. Acquisition de matériel pour le SGIE-Forêt. Plan de maintenance du SGIE-Forêt.	100.000 pour l'an 1, 100.000 pour l'an 2 et 70.000 pour la durée restante du projet. Soit 270.000	540,000
Définition et mise en œuvre d'une politique d'Information, d'Education et de Sensibilisation (IES) environnementale pour la protection du secteur forestier.	MINFOF et une cellule affectée à la préparation et au suivi des activités IES du MINEP.	Définition d'un programme d'action pour l'éducation, la sensibilisation et l'information sur la protection de l'environnement dans le secteur forestier (Décembre 2005). Production de matériel (brochure, recueils de textes, manuels d'utilisateurs du domaine public forestier et campagnes sur le terrain) Continue dans le temps à partir de Janvier 2006.	Assistance technique de spécialiste des médias et des campagnes d'éducation et de sensibilisation du public. Impression et publications de documents. Tenues d'ateliers de sensibilisation, d'éducation et de formation.	50.000 pour l'an 1, 75.000 pour l'an 2 et 20.000 pour la durée restante du projet. Soit 145.000	290.000
Sous-Total 1				**CFA 555.000**	**$1.110.000**

[1] Le budget de l'an 1 et l'an 2 sont basés sur les coûts estimés des activités déjà définies. Par suite, le budget est supposé refléter les montants nécessaires pour la maintenance des activités. Ces coûts n'incluent pas les salaires des fonctionnaires du MINEP mais incluent ceux des assistants techniques éventuellement recrutés pour aider à la mise en œuvre des activités.

MESURES D'ATTENUATION POUR LA COMPOSANTE AMELIORATION DES FORETS ET VALORISATION DES PRODUITS							
Activités à mettre en œuvre dans le cadre du PSFE	**Impacts potentiels sur l'environnement**	**Mesures de compensation, de réduction ou autres**	**Service(s) du concerné(s)**	**Période de mise en œuvre**	**Moyens à mobiliser**	**Coût[2] en CFA x 1000**	**Coût en en U.S.$**
Zonage des phases 5, 6 et 7. Zonage des savanes humides. Actualisation du plan de zonage de la partie sud du pays.	Risque d'accroissement de la pression sur les ressources naturelles dans des écosystèmes déjà fragile.	Evaluation externe des études techniques et socio-économiques de préparation du plan avec une attention particulière sur les aspects environnementaux et sociaux.	Le MINFOF en collaboration avec MINEP.	A partir de juillet 2005.	Assistance technique pour conduire l'évaluation des études techniques et socio-économiques. Assistance technique pour conduire le processus de consultation publique relatif au plan de zonage.	195.000 pour la durée du projet.	390.000
Classement des UFA, des forets communales et des réserves de production non concédées. Elaboration, et suivi de la mise en œuvre des plans d'aménagement et promotion de la certification des UFA et des labels pour les produits forestiers. Gestion des forêts de mangrove.	Risques liés aux conséquences d'une mauvaise préparation des plans d'aménagement. Changement de la composition à long terme des forets. Risque de dégradation des ressources forestières due à leur exploitation. Risques de limitation d'accès des populations voisines des forets aux ressources de la foret et de la faune. Risques socio-sanitaires avec l'expansion du VIH/SIDA. Potentiel impact sur les forets de mangrove.	Analyse globale des contraintes socio environnementales incluses dans les plans d'aménagement et dans le cahier des charges. Evaluation globale de la qualité des enquêtes socio-économiques et du processus de consultation.	Le MINFOF en collaboration avec les spécialistes IES.	Janvier 2005 et pendant tout le programme.	Opérateurs extérieurs pour la partie évaluation de la pertinence socio environnementale des plans d'aménagements. Consultation et formation des communautés riveraines des UFA.	50.000 pour l'an 1, 50.000 pour l'an 2 et 50.000 pour la durée restante du projet. Soit 150.000	300.000

[2] Le budget de l'an 1 et l'an 2 sont basés sur les coûts estimés des activités déjà définies. Par suite, le budget est supposé refléter les montants nécessaires pour la maintenance des activités. Ces coûts n'incluent pas les salaires des fonctionnaires du MINEP mais incluent ceux des assistants techniques éventuellement recrutés pour aider à la mise en œuvre des activités.

Identification des filières « produits forestiers non-ligneux ». Recherche-développement et appui aux filières « produits non ligneux » à développer.	Risque de pression accrue sur les produits non-ligneux. Risque de concurrence entre filières commerciales et besoins des communautés locales.	Mise en place d'un cadre réglementaire appropriée (cf. item sous parag 1 dessus). Information des populations sur leurs droits d'usage et droits de préemption.	Le MINFOF avec l'appui de la Cellule juridique du MINEPet des responsables des activités IES.	Janvier 2005 pour le travail de collecte de l'information sur les produits non-ligneux et Juin 2006 pour la mise en place du cadre réglementaire, et activité continue.	Assistance technique pour élaborer la méthodologie d'identification des produits non-ligneux, leur recensement, l'identification des filières « porteuses ». Assistance technique pour la préparation d'un cadre réglementaire. Consultation des populations & campagnes d'information.	135.000 pour la durée du projet.	270.000
Sous-Total 2						**CFA 480.000**	**$960.000**

MESURES D'ATTENUATION POUR LA COMPOSANTE CONSERVATION DE LA BIODIVERSITE							
Activités à mettre en œuvre dans le cadre du PSFE	**Impacts potentiels sur l'environnement**	**Mesures de compensation, de réduction ou autres**	**Service(s) du concerné(s)**	**Période de mise en œuvre**	**Moyens à mobiliser**	**Coût[3] CFA 1000**	**Coût en U.S.$**
Validation et adoption de la vision biologique et socio-économique pour la conservation de la biodiversité et la gestion durable des écosystèmes naturels. Adoption de plans de zonage. Classement et création de nouvelles aires protégées. Renforcement de la coopération transfrontalière pour la conservation de la biodiversité. Surveillance des aires protégées. Mise en place de procédures pour le suivi du contentieux.	Perte d'accès aux ressources de la biodiversité pour les communautés riveraines des aires protégées en cours de classement. Risque de manquer des ressources humaines pour maintenir le contrôle effectif de la conservation et de l'utilisation durable des ressources de la biodiversité.	Renforcement des capacités des services concernés Mise en œuvre du plan de réinstallation pour compenser les pertes d'accès aux ressources de la biodiversité. Formation des communautés affectées par l'établissement de nouvelles aires protégées. Information des populations sur leurs droits d'usage et droits de préemption.	MINEP	Janvier 2005 et activité continue durant le programme.	Assistance technique et organisation d'ateliers de validation des mesures arrêtées, et de formation pour les communautés affectées.	210.000 pour la durée du projet.	420.000

[3] Le budget de l'an 1 et l'an 2 sont basés sur les coûts estimés des activités déjà définies. Par suite, le budget est supposé refléter les montants nécessaires pour la maintenance des activités. Ces coûts n'incluent pas les salaires des fonctionnaires du MINEP mais incluent ceux des assistants techniques éventuellement recrutés pour aider à la mise en œuvre des activités.

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Mise en œuvre de la stratégie de lutte contre le braconnage. Elaboration des plans d'aménagement des AP et de conservation des espèces. Elaboration et mise en œuvre des plans d'action pour les autres sites de conservation potentielle.	Limitation de l'accès aux ressources naturelles pour les communautés voisines. Conflits potentiels entre utilisateurs. Pression accrue sur d'autres zones. Contribution au braconnage.	Mise en œuvre éventuelle des mesures prévues dans le cadre du plan cadre de réinstallation. Consultation avec les communautés concernées Programme d'information et consultation publique dans les zones concernées. Evaluation des programmes de lutte contre le braconnage.	Juin 2005.	MINFOF et unité IES	Assistance technique pour préparation : formation des personnels, élaboration des PA et du plan de réinstallation.	225.000 pour la durée du projet.	450.000
Sous-Total 3						**CFA 435.000**	**$870.000**
TOTAL						**CFA 1.470.000**	**$2.940.000**

ENVIRONMENTAL IMPACT MANAGEMENT PLAN: MEASURES PLANNED, EXECUTION RESPONSIBILITIES AND IMPLEMENTATION MEANS

MINEP CROSS-CUTTING INSTITUTIONAL ENHANCEMENT ACTIVITIES					
Activities to be implemented as part of FESP	**Service(s) concerned**	**Implementation period**	**Means to be mobilized**	**Cost in FCFA x 1000[14]**	**Cost in US$/3 years**
Updating the laws and legal framework relating to the implementation of MINEP attributions, including preparing and monitoring the implementation of legal instruments relating to the application and follow-up of environmental standards, sector-based guides relating to the environmental impact assessment of forestry activities, environmental audits, taxation and obligations resulting from international conventions.	MINEP Legal Unit in collaboration with the Department of Forestry, the Department of Protected Areas and MINEP.	Permanent with the following priorities: • Stock-Taking of ongoing regulatory activities, (June 2005). • Organization of a workshop with partners (MINEP MINFOF, industry, Ministry of Justice) to discuss modalities for updating the regulatory framework (December 2005). • Updating of laws and preparation of environmental management manual.	Reinforcement of MINEP Legal Unit with: • An expert in environmental law particularly responsible for monitoring the "environment" file. • Additional word processing means for MINEP Legal Unit. • An international consultant on environmental law for the preparation and facilitation of discussion workshops on modalities for the implementation of activities aimed at updating laws and preparing the environmental management manual.	60,000 for year 1; 40,000 for year 2 and 40,000 for the rest of the duration of the project. Making a total of 140,000.	280,000
Setting up an Environmental Information Management and Follow-up System in the forest sector (SGIE-forêt). The SGIE will cover all MINEP attributions including wildlife monitoring.	MINEP in collaboration with the Department of Forestry (DF) and the DFAP of MINFOF.	Study of an Environmental Information Management and Follow-up System in the forest sector (SGIE-Forêt) – Launching in January 2005 and end of study in December 2005. Setting-up of the SGIE-Forêt and training of MINEP officials to use it. January 2005 - June 2006.	Technical assistance for the study. Training of MINEP, Forest Department and DFAP of MINFOF officials, including officials of decentralized structures. Acquisition of equipment for SGIE-Forêt. SGIE-Forêt sustainability Plan.	100,000 for year 1; 100,000 for year 2 and 70,000 for the rest of the duration of the project. Making a total of 270,000	540,000
Definition and implementation of an Environmental Information, Education and Sensitisation (IES) policy to protect the forest sector.	DF-DFAP and a unit responsible for preparation and monitoring of MINEP IES activities.	Definition of an action programme for education, sensitisation and environmental protection in the forest sector (December 2005). Production of materials (brochure, compendium of instruments, user manuals for state-owned forests and sensitisation on the field) Continuous as from January 2006.	Technical assistance from media specialists, education campaign and public awareness programmes. Printing and publication of documents. Holding of sensitization, education and training workshops.	50,000 for year 1; 75.000 for year 2 and 20,000 for the rest of the duration of the project. Making a total of 145,000	290.000
			Sub-Total 1	**555,000**	**$1,110,000**

[14] The budgets of year 1 and year 2 are based on the estimated costs of already defined activities. Thereafter, the budget is believed to be a reflection of the amounts needed for sustaining the activities. These costs do not include salaries for MINEP staff, but include those of technical assistants who would have been employed to assist in the implementation of activities.

MITIGATION MEASURES FOR THE FOREST IMPROVEMENT AND PRODUCT VALORIZATION COMPONENT							
Activities to be implemented as part of FESP	**Potential impacts on the environment**	**Compensation, mitigation or other measures**	**Service(s) concerned**	**Implementation period**	**Means to be mobilized**	**Cost in FCFA x 1000**	**Cost in US$**
Zoning of phases 5, 6 and 7. Zoning of wet savannas. Updating the zoning plan of the southern part of the country.	Risk of increased pressure on natural resources in the already fragile ecosystems.	Outside evaluation of the technical and socioeconomic studies for the preparation of the plan, with special emphasis on environmental and social aspects.	Department of Forestry in collaboration with the MINEP.	As from July 2005.	Technical assistance for the evaluation of technical and socioeconomic studies. Technical assistance for public consultation on the zoning plan.	195,000 for the entire duration of the project.	390,000
Gazetting of FMUs, communal forests and non-allocated production reserves. Drafting and follow-up of implementation of FMU management and certification promotion plans, as well as labels for forest products. Mangrove forest management.	Risks related to poor preparation of management plans. Long-term change of forest composition. Risk of degradation of forestry resources as a result of their exploitation. Risk of limitation of access to forest resources and wildlife for people living near the forest. Social and health-related risks with the propagation of HIV/AIDS. Potential impact on mangrove forests.	Overall analysis of socio-environmental constraints included in management plans and in the specifications. Overall assessment of the quality of the socioeconomic surveys and the consultation process.	Department of Forestry (MINFOF) in collaboration with MINEP.	January 2005 and throughout the programme.	Outside operators for assessment of the socio-environmental relevance of management plans. Consultation and training of neighbouring communities of the FMUs.	50,000 for year 1; 50,000 for year 2 and 50,000 for the rest of the duration of the project. Making a total of 150,000	300.000
Identification of "non-timber forest products" sectors. Research-development and support to "non-timber products" to be developed.	Risk of increased pressure on non-timber products. Risk of competition between commercial sectors and local communities needs.	Setting up of an appropriate regulatory framework (see item under 1 above). Informing the people on their user and pre-emption rights.	Department of Forestry, DFAP (MINFOF) with the support of MINEP Legal Unit and IES activities officials.	January 2005 for collection of data on non-timber products and 2006 for instituting the regulatory framework, and continuous activity.	Technical assistance to design the non-timber product identification methodology, their inventory, identification of "promising" sectors. Technical assistance to prepare a regulatory framework. Consultation of the people and information campaigns.	135,000 for the entire duration of the project.	270,000
					Sub-Total 2	**480,000**	**$960,000**

MITIGATION MEASURES FOR THE BIODIVERSITY CONSERVATION COMPONENT							
Activities to be implemented as part of FESP	**Potential impacts on the environment**	**Compensation, mitigation or other measures**	**Service(s) concerned**	**Implementation period**	**Means to be mobilized**	**Cost in CFA 1000**	**Cost in US$**
Validation and adoption of the biological and socioeconomic vision for biodiversity conservation and sustainable management of natural ecosystems. Adoption of zoning plans. Classification and creation of new protected areas. Reinforcement of trans-border cooperation for biodiversity conservation. Monitoring of protected areas. Setting up of procedures for litigations follow-up.	Loss of access to biodiversity resources for neighbouring communities of protected areas undergoing classification. Risk of lacking the human resources to ensure effective control of biodiversity resources conservation and sustainable use.	DFAP capacity building. Implementation of resettlement plans to compensate the loss of access to biodiversity resources. Training of communities affected by the establishment of new protected areas. Informing the people on their user and pre-emption rights.	DFAP (MINFOF)	January 2005 and continuous activity throughout the programme.	Technical assistance and organization of workshops for the validation of measures taken, and for the training of affected communities.	210,000 for the entire duration of the project.	420,000
Implementation of poaching control strategy. Elaboration of protected areas management and species conservation plans. Elaboration and implementation of action plans for other potential conservation sites.	Limited access to natural resources for neighbouring communities. Potential conflicts between users. Increased pressure on other zones. Contribution to poaching.	Possible implementation of measures planned as part of the resettlement plan. Consultation with the communities concerned. Information programme and public consultation in the zones concerned. Assessment of anti-poaching programmes.	June 2005.	DFAP and EIS units.	Technical assistance for preparation, training of staff, elaboration of protected areas and resettlement plans.	225,000 for the entire duration of the project.	450,000
					Sub-Total 3	**435,000**	**$870,000**
					TOTAL	***1.470.000***	**$2.940.000**

ANNEX 7: MATRIX OF STAKEHOLDER PARTICIPATION PLAN

Aspects of Particular Relevance to GEF

KEY STAKEHOLDERS IN PROTECTED AREAS MANAGEMENT			
STAKEHOLDER	CAPABILITIES/CURRENT ROLE IN CAMEROON	INTERESTS IN FEDPG	POSSIBLE CONFLICTS/MITIGATION STRATEGY
Government	Policy & law enforcement Coordination and planning Resource allocation	Institutional capacity building Improved effectiveness of PA management Increased revenue capture Improved funding	Attracting international investment in global environment services is difficult in Cameroon, where protected areas generate little revenue and there is little confidence in Government capacity to manage protected areas. Recurrent costs of administering protected areas after Program completion represent 65 % of government spending on FESP – some US$2 million. • *Increasing revenue capture from wildlife and protected areas, supporting fiscal reform – including reform of ministerial Special Funds, securing donor provided funding sources like trust funds, and possible long term concessions of protected areas to private investors.* • *Strengthening capacity to manage protected areas transparently and effectively is a priority of FEDPG and should serve to raise confidence and thus invite international investment.*
Conservation NGOs	Implementing agencies Funding	Biodiversity conservation Improved collaboration with government in PA management Sustainable funding mechanisms	International conservation NGOs and projects take large responsibility for managing Cameroon's protected areas, assuming law enforcement and other roles more appropriately filled by state services. • *Promoting efficient state-provided services with capacity to take responsibility for piloting and managing Cameroon's estate of protected areas – thus encouraging active roles of NGOs that better capitalize on their relative advantages and on the condition that the Government represents an effective partner.*
Local communities (including indigenous people)	Low involvement in management Local labor supply	Increased empowerment Improved income from protected areas & wildlife Increased involvement in wildlife management through community managed hunting zones	Two types of social risks are generated by the implementation of the forestry policy: • *Excessive territorial specialization and limitation of access of the local populations to forestry resources (food, wood, arable land) during the processes of forest zoning.* • *Marginalization of some indigenous groups (pygmies) by ignoring their cultural specificities, which makes for their insertion in national development formats more difficult* The application of a Master Plan to Access to Resources lays down procedures for zoning that assure continued access to local and indigenous peoples to wildlife resources through the assignment of hunting areas. The FESP Indigenous Peoples Development Plan likewise focuses on measures to avoid or offset impacts which may further marginalize indigenous groups. To compensate for opportunity costs of local communities for natural resources set aside for global environmental services, the operation will endeavor to associate potential financiers of global environmental services (the recent CAMCOF and FEDEC trust fund initiatives are living examples).
Tour guides	Promote tourism Low involvement	Recognized partner with delegated responsibilities	Tourism development in Cameroon is hampered by a combination of factors that do not directly depend on environment sector policy. There is presently an increased effort by MINTOUR to involve the broad spectrum of government departments and other partners in the development of a national eco-tourism strategy. FESP will ensure active MINEP and MINFOF participation in this.

KEY STAKEHOLDERS IN FOREST AND WILDLIFE RESOURCE MANAGEMENT			
STAKEHOLDER	CAPABILITIES/CURRENT ROLE IN CAMEROON	INTERESTS IN FEDPG	POSSIBLE CONFLICTS/MITIGATION STRATEGY
Government	Policy development Coordination and planning Resource allocation Regulate and control access to the resource	Institutional capacity building Improved control of forest exploitation Joint programmatic funding Improved and sustained revenue Poverty reduction	Sustainable forest management is beneficial to Cameroon's economy in the long-term. Although conflicts of interest are likely to persist, the attractive returns from improving tax collection progress in this area a natural concern of the Government. Improvements in the general business climate and greater confidence in forest policy promise additional returns. The FESP contributes to each of these levels.
Private sector: wood industry	Resource management and exploitation	Improved business environment Effective government administration Improved image of the sector Increased processing efficiency and improved marketing	Private operators are prepared to see their financial margins reduced in the short run and to improve their long term processing and marketing performance Losers will be illegal logging firms. The investment climate in Cameroon's forestry sector may need monitoring to insure sufficient incentives for private sector to further invest in forest management and advanced wood transformation.
Private sector: game hunting	Wildlife management and exploitation for sport hunting Tourism infrastructure and facilities well developed	Improved business environment Reduced threats of wildlife poaching Strengthened protected area management authority as partner in wildlife management	Conflicts involving zoning land use allocations in the northern savannas require compromise among stakeholders. Long-term wildlife management under the FESP makes possible sharing of revenue from trophy hunting with local councils and neighboring villages have the potential to improve relations and reduce conflict. Game hunting revenues may well make investment in such activities attractive, with clear signs of willingness among local guides to carry out wildlife inventories in order to establish quotas and inform management plans.
Local Communities (including indigenous peoples)	Beneficiaries (revenue and labor opportunity) Management of community forest and wildlife areas	Empowerment to participate Improved access to resources Improved sharing in revenue Rural employment opportunities Capacity building	Community forest management is financially attractive for forest communities that gradually take over logging and processing from private operators (that presently work in partnership with local communities). Recently first-users rights to local villages in the allocation of forestry resources in the non-permanent domain were established. This gives village communities a clear advantage in gaining access to the resource. Local communities are increasingly aware of their rights and obligations through the active involvement of NGOs and civil society in monitoring and disseminating information on the forestry sector.
Local Councils	Beneficiaries	Strengthening role of council in decentralized management of recourses and revenue Sustaining revenue	Councils in Cameroon's forest areas receive some $10million revenue from forest exploitation. Councils could play a key role in ensuring local development financed from forestry revenue. While local councils are becoming more democratic and more accountable, they do not as yet have the capacity to take up their responsibility in local development. The World Bank and its international partners are actively supporting the PRSP and HIPC initiatives and the new PNDP, which aims at strengthening rural councils.
Traders and consumers of fuel wood, bushmeat and artisan (informal) timber sector	Informal sectors generating income and employment for a large proportion of rural and urban people	Organize fuel wood production and decentralized revenue collection Formalized access to wildlife resources through community hunting zones Formalized artisan timber sector with improved credit and finance facilities	Livelihoods among the rural poor depend on the large informal sector built around natural resource collection, but extraction rates are often unsustainably high, threatening livelihoods in the longer term. The challenge for FESP is to strike a balance between organizing and bringing the informal sector under control, and avoiding any denial of resources that would have a profoundly negative impact on current livelihoods. Poachers will be losers.
Civil Society	Governance & enforcement role	Improved governance Capacity building	Civil society will certainly gain in strength from the PSFE and play an increasingly important role in improving governance of the sector.

GENERAL STAKEHOLDERS IN FEDPG			
STAKEHOLDER	CAPABILITIES/CURRENT ROLE IN CAMEROON	INTERESTS IN FEDPG	POSSIBLE CONFLICTS/MITIGATION STRATEGY
MINFOF MINEP	Oversee and coordinate stakeholder participation Ensure enabling environment	Improved planning and inter-ministerial coordination Programmatic planning and budgeting Improved fiancé mechanisms and fund utilization Improved coordination amongst multilateral and bilateral partners	Insufficient Government and ministerial capacity to implement forest and environment sector policy leads to unacceptable risks: • The exhaustion of natural resources through unsustainable exploitation which fails to contribute to economic development. • Benefits of community forests continue to bypass the communities themselves. • Lack of civil society participation in FESP makes the Program less relevant. FESP should reduce the gap between policies and their application, strongly mitigating these risks while bringing the involvement of the international donor community on Government reform. A plan to monitor and manage social and environmental impacts (PSGI) will be implemented by MINEP whose will be strengthened under the Program. Presently the SPE does not have will be strengthened under the FESP. Weak implementation and absorption capacity by MINEP and MINFOF is a principal object of the FESP, the phased approach of which begins with financial mechanisms, clarification of roles, and the Ministries' planning capacity in central and external services.
Multilateral & bilateral partners	Funding Technical assistance Policy dialogue	Improved government and private sector performance Improved governance Funding cycle for FESP based on achieving results that will trigger transfers	Effective and transparent program implementation monitoring will be essential. As funding is based in pre-determined triggers transparency needs to be ensured to gain confidence of the different stakeholders, including government, in the process. In-principle the Government agreed to funding cycles based on triggers and the trigger indicators have been defined in such a way that they entirely depend on MINEP and MINFOF and not on other administration, for their achievement.

ANNEX 8: FINANCIAL AND ECONOMIC ANALYSIS AND INCREMENTAL COST ANALYSIS[15]

Introduction

Financial and economic and incremental costs analyses have been carried out for the Forest and Environment Sectoral Programme (FESP) of Cameroon. This summary document presents the results of both financial and economic analyses, a discussion of these results, their implications for Programme follow up and, additionally, the incremental cost analysis for the GEF funded aspects of the overall operation. Cost-benefit analysis (CBA) was used to assess the FESP financial and economic attractiveness even though improvements in natural resources management typically have long-term benefits that, once discounted, have limited impact on the CBA.

Cost Benefit Analysis

The costs of FESP amount to about US$127 million, including $113 million of investment costs and $14 million recurrent costs. Physical and price contingencies amount to $10 and 13 million respectively. Foreign exchange content represents 11 percent of total costs. FESP costs were divided according to direct, indirect (costs of support activities such as environmental monitoring and information, forest zoning and control, elaboration of a strategy, regulatory framework and funding mechanism for protected areas) and institutional strengthening (see table below). Indirect and institutional strengthening costs represent more than 60 percent of total FESP costs. For the purpose of calculating specific component rates of return, direct and indirect costs were allocated to productive components while institutional strengthening costs were accounted for in the overall assessment of FESP.

Benefits and Beneficiaries

The incremental benefits of the operation were defined based on the following assumption. The government will continue to require draft forest and protected area management plans. The institutional strengthening measures proposed by the FESP aim at improving the performance of the administration in terms of establishing the regulatory framework and carrying out effective control. This improved performance has been assumed to be a precondition for the implementation of natural resources management in forests and protected areas. On the one hand, this pre-condition would not be met through initiatives other than the FESP despite the current government requirement. On the other hand, without proper regulatory framework and control, the management plans of the forest concessions, community forests and protected areas, although already prepared, would not be implemented on the ground. This assumption enables the FESP to claim the totality of natural resources management benefits.

The main quantifiable benefits include timber and fuelwood from commercial and community forests as well as plantations, soil erosion prevention, carbon sink potential and the reduction in non-renewable energy consumption and increased fiscal receipts (as a financial benefit to the government).

A number of significant benefits were not quantified due to their nature or lack of data. These benefits include:

- **Immaterial benefits.** The establishment of a regulatory framework for sustainable management of forests and protected areas will (i) make the implementation of forest and protected area management possible (see par. below), (ii) reduce risk by securing user rights and allowing for a reliable input supply to the forest and tourism Indus tries; (iii) provide access to certification and international climate change funding mechanisms; (iv) significantly reduce distorting practices (such as illegal logging and poaching as well as forest and protected areas tax evasion) thus

[15] Costa and benefits presented in this annex are based on values determined during preparation and assessed at program appraisal, Differences in global cost figures are due to cost adjustment and updates made during preparation of the Medium Term Expenditure Framework and annual work plans.

encouraging a constructive behavior by all stakeholders in the forest and protected areas sub-sectors; and (v) improved confidence of international investors.

- **Incentive for positive change.** Forest management could trigger a more dynamic behavior by the private operators that could set in motion a process of rationalization and technological change of both logging and processing that would not take place without the management constraint. This process will be adopted by the more dynamic and responsive operators and will contribute to enhance the overall competitiveness of the sector.
- **Employment and income generation.** Long term income and employment would be maintained in the wood industry through the sustainable use of the resources. The rapid depletion of valuable species and the lack of diversification associated with the present unsustainable use of forests would lead to a dramatic reduction of the industry turnover in the long run. Additional income and employment would also be generated in the tourism and handicraft industry to the benefit of local populations through the creation of a protected areas network.
- **Non-timber benefits** such as hunting and fishing, minor forest products, watershed protection (including soil erosion prevention, flood mitigation and water infiltration), recreation, option and existence values, from both forests and protected areas were not quantified due to the lack of data. The sensitivity analysis has shown that accounting for non-timber benefits in commercial forest management can improve the economic viability of the FESP. Similar benefits that exist for community forests, and protected areas were also not quantified; and
- **Wood processing benefits** were not quantified because specific activities were not yet identified. This has an impact on the economic viability, as the costs of wood processing initiatives (elaboration of a wood processing policy, support increased efficiency of logging and wood processing and encourage the development of secondary and tertiary transformation) were accounted for in the analysis as part of the overall cost of the FESP.
- Only part of the benefits from institutional strengthening and the establishment of legal, regulatory and incentive frameworks were quantified under the form of increased fiscal receipts. The significant positive impacts associated with the increased efficiency of the public administration, the improved and less distorted working environment of the forest sector and the enhanced relationship between private and public operators could not be quantified.

These unaccounted benefits represent significant assets of the FESP and if quantified and accounted for will lead to a greater impact on the economic viability. Unaccounted benefits should thus be given equivalent weight as quantified benefits in the evaluation of the FESP economic performance and consequently in decision making. They should also be part of the rationale of the FESP.

Based on previous considerations, the winners from the FESP include: (i) logging and wood processing firms that would benefit from an extended time horizon on their forest title and timber supply and the reduction of the overall risk of the wood industry, an increased processing efficiency and improved marketing of secondary species encouraged by forest management, significant reduction of illegal activities that would provide level playing field conditions throughout the sector, access to forest product certification, international funding mechanisms for climate change, and improved confidence of international investors; (ii) local communities taking a lead role in community forestry that would benefit from increased revenues from community forests as well as increased employment following the appropriation of logging and processing activities (which is presently carried out by private operators); (iii) individual and community investors in plantations; (iv) producers and consumers of fuelwood; (v) individuals or local communities managing hunting reserves; (vi) the government that would increase fiscal revenues; (vii) communities living inside and around forest concessions that would enjoy a sustainable supply of non-timber forest products; (viii) workers of the timber, tourism and protected areas industry that would either keep their jobs or find a new one; (ix) tourists would be able to visit better equipped and biodiversity richer protected areas; and (x) the administration that would be able to work better and more efficiently. Losers would be illegal logging firms and poachers and to some extent small scale chainsawers practicing illegal logging.

RESULTS

Financial Analysis

Financial analyses were conducted for commercial logging in forest concessions and community forests, plantations and fuelwood production in community forests. Returns to Government's increased efforts on tax collection from forest and protected area were also assessed. Both direct and indirect stakeholders (workers of the timber, tourism and protected areas sectors who would gain from the implementation of FESP), were included in the analysis.

The results of the financial analysis are presented in the table below.

Activities	Stakeholders	Financial IRR *(range according to assumptions)*	
Commercial forest management	Private logging firms; and Local communities [a]	18% to 20%	
Game hunting [b]	Local communities managing hunting reserves Private managers of hunting reserves	Yearly net benefit: 5-10 million FCFA Yearly net benefit: 10-20 million FCFA	
Commercial community forest management	Forest management entities; Local communities; and Private logging firms	9.7% to 11%	
Fuelwood community forest management [c]	Forest management entities; Traders; and Consumers	Producer price: +18% Net benefit: –10% Consumer price: -3%	
Plantations	Private and community investors	Without carbon sink	With carbon sink
Eucalyptus Pine Teak		25% 9% 10%	31% 21% 18%
Tax collection	Government	On direct costs	On direct + indirect costs
		37%	7%

- *The financial impact on local communities living inside and around commercial forest concessions was not assessed due to limited availability of data.*
- *Preliminary estimate of yearly financial benefit from community and privately managed hunting reserves.*
- *Based on assumptions on changes in price elasticity. These estimates do not provide indications on the financial viability as they do not account for production costs.*

The results indicate that:

- Implementing forest management in commercial forest concessions is generally financially viable. The sensitivity analysis has shown that forest management is highly sensitive to both timber processing efficiency and relative prices of secondary species. These two parameters are assumed to improve in the 'with FESP scenario' following increased efforts on processing and marketing of wood as a means to overcome the short term impact on timber harvest associated with forest management. If these two parameters were not to show the anticipated improvements, forest management would not be financially viable. It should also be noted that forest management is seen by private operators as a contract with the government for securing long term usufruct rights on the forest resource. Private operators are prepared to have their financial margins reduced in the short run and are ready to improve their long term processing and marketing performance in order to overcome the financial impact of forest management.

- Similarly, community forest management is financially attractive for forest communities that gradually take over logging and processing from private operators (that presently work in partnership with local communities).
- Investment in plantations show positive returns especially when high yielding species are considered and/or carbon sink benefits are accounted for.
- Game hunting revenues seems to suggest that investment in that activity would be attractive.
- Returns to government efforts for improving tax collection are financially attractive.

The impact of the FESP on government spending (incremental recurrent costs at FESP completion) is around US$3 million (representing 2% of FESP total cost). Sixty five percent of this additional government spending (around US$2 million) is represented by the recurrent costs of the protected areas system after program completion. Its funding can be ensured through either donor-funded mechanisms (trust fund) or long-term concessions of protected areas to the private investors. These possibilities will be explored during program implementation.

Economic Analysis

The economic analysis has been carried out for each of the main productive components including commercial logging in forest concessions and community forests, plantations and fuelwood production in community forests as well as to assess the overall economic viability of the FESP. The economic attractiveness of the Program was also tested against the change of a number of parameters including processing efficiency, relative prices of secondary species, forest non-timber benefits, and logging cost.[16] The analysis suggests that the FESP is indeed economically viable, and more specifically:

- Commercial and community forest management show attractive economic returns;
- Plantations show attractive economic returns on direct costs (especially when carbon sink benefits are accounted for) and are viable on direct plus indirect costs if carbon sink benefits are accounted for;
- Fuelwood production shows positive economic returns only in the best case scenario. However, accounting for unquantified environmental benefits such as reduction of GHG from reduced natural gas consumption, watershed protection and non-timber forest products from sustainably managed forests would improve the economic viability of the sub-component;
- Economic viability of the FESP is sensitive to indirect costs with the economic rate of return (ERR) going from average returns of 18 to 13 percent when these costs are accounted for;
- Economic viability of the FESP is positively influenced by returns from forest management (when excluding costs and benefits of that sub-component from the overall economic analysis, the ERR falls to 8.7-10.7 percent);
- Improved processing efficiency and increased relative prices of secondary species have a strong positive impact on the economic viability of the FESP. When both parameters are left unchanged as compared to the without FESP scenario, the ERR drops to 1-5%;
- Economic viability of the Program is sensitive to non-timber forest benefits. When hypothetical non-timber benefits are included, the ERR improves from 11-16% to 13-18%; and
- Economic viability of the FESP is sensitive to reductions in logging costs. ERR increases from 11-16% to 13-20% following a 10% reduction in logging costs.

[16] Estimates from the international literature were used to test the changes in the economic viability of FESP. In general, these potential benefits are quite large. In the case of commercial forestry, these potential benefits represent between 4 and 20 percent of total benefits.

The results are presented in the table below.

Sub-components / scenarios	Economic Rate of Return	
Sub-component economic analysis		
	Direct costs	**Direct plus indirect costs**
Forest management	17% to 40%	12% to 18%
Community forestry [a]	15% to 16%	15% to 16%
Plantations	12% to 18%	6% to 12%
Fuelwood production and distribution [a]	6% to 10%	6% to 10%
FESP - Economic viability on direct costs		
Low returns scenario	15.2%	
Medium returns scenario	17.5%	
High returns scenario	24.4%	
FESP - Economic viability on direct plus indirect costs		
Low returns scenario	10.9%	
Medium returns scenario	12.6%	
High returns scenario	15.8%	
FESP Sensitivity analysis [b]		
Economic returns without sub-component on forest management	8.7% to 10.7%	
Processing efficiency unchanged as compared to 'without FESP'	5.5% to 10.3%	
Relative prices of secondary species unchanged as compared to 'without FESP'	7.3% to 11.9%	
Processing efficiency and relative prices of secondary species unchanged as compared to 'without FESP'	0.9% to 4.7%	
Hypothetical non-timber forest benefits (as a % of US$112/ha/an): +10% +20% +30%	 11.5% to 16.4% 12.1% to 17.2% 12.9% to 18%	
Logging cost reduction (fixed and variable): -5% -10%	 12.2% to 17.6% 13.8% to 20%	

Conclusions and recommendations

The results of the financial and economic analysis provide a strong basis for deciding to implement FESP. Significant non-quantifiable benefits (as discussed under pare 8) were not accounted for in the economic analysis, but are likely to have a significant impact on FESP's economic performance.

The FESP economic attractiveness could be further improved by (i) including measures allowing for a reduction of logging costs such as low impact logging and better use of forest management plans for fixed cost reduction; (ii) reducing indirect costs of FESP; and (iii) quantifying and accounting for non-timber and environmental benefits of forest and protected areas management.

The main recommendations are:

- From an economic standpoint, FESP should be implemented based on the positive indication of the ERR (reflecting the quantified benefits) as well as on the set of strong arguments associated with the above mentioned non-quantified benefits.
- Based on a potential constraint associated with the financial absorption capacity of both the administration and the forest industry, the indirect costs of the FESP should be reduced.
- Incentives to improve the short-term financial attractiveness of commercial forest management should be envisaged. These incentive could be (i) a reduction in the area stumpage fee following the certified implementation of forest management plans; and (ii) the establishment of forest concessions larger than 200,000 ha (which is presently the maximum allowed size per single operator) allowing for economies of scale for those operators that implement forest management.
- An institutional capacity for the evaluation of the non-timber benefits associated with forest management should be established.

- The distribution and equity impact of FESP on local communities in forests, industrial districts and protected areas should be carefully monitored.

Table 1: Synthesis of Economic & Financial Analysis

Economic Viability of FEDPC					Sensitivity Analysis			
	Indirect Costs	Direct Costs	DG	Unquantified Benefits	Increased indirect benefits	Reduction in annual logging costs	Reduction in FEDPC indirect costs and institutional strengthening	Reduction in costs and for increase in benefits of fuelwood production
SC 1.1 Environmental regulation & funding (US$ 1.054 million) SC 1.2 Environmental Monitoring (US$0.114 million) SC 1.3 Environmental Information (US$1.642 million)	SC 2.1 Forest zoning (US$2.364 million) SC 2.5 Forest control (US$3.106 million) SC 5.2 Strengthening of Ministry of Forest & Environment (US$50.130 million)	SC 2.2 Commercial forest management (US$5.707 million) SC 2.3 Wood processing (US$2.122 million) SC 2.4 Non-timber forest products (US$1.187 million)	Timber from commercial & community forests as well as plantations; Fuelwood, Soil erosion prevention, Carbon sink potential from plantations, & Reduction in non-renewable energy consumption	Overall risk reduction by securing user rights to forests & protected areas; Secure input supply in forest & tourism industry; Access to certification & international climate change funding mechanisms; Reduction of distorting practices like illegal logging & poaching, which will improve the overall working environment in forests & protected areas; Improved confidence of stakeholders & international investors; Hunting & fishing; Minor forest products; Watershed protection (including soil erosion prevention, flood mitigation, & water infiltration); Recreation; Option & existence values	Sensitive	Highly Sensitive	Not Sensitive	Not Sensitive
SC 5.2 Part of Strengthening of Ministry of Environment & Forests (US$50.130 million) SC 5.3 Training & Research (US$5.593 million) SC 5.4 FESAC Management (US$4.311 million)	SC 5.1 ANAFOR (US$1.886 million) SC 3.1 Protected area (PA) network established (US$0.556 million) SC 3.2 PA resource knowledge (US$2.178 million) SC 3.3 Population access (US$2.942 million) SC 3.6 Institutional framework (US$1.427 million) SC 3.7 Funding mechanisms (US$0..234 million) SC 3.8 Biodiversity strategy (US$0.110 million)	SC 4.1 Community forest management (US$3.416 million) SC 4.2 Plantations (US$9.292 million) SC 4.3 Fuelwood production (US$6.960 million) SC 3.4 Protected area management (US$20.708 million) SC 3.5 Income generation from protected areas (US$ 0.147 million)	Income from game preserve management	Recreation income generated by tourism activities Option & existence value of protected areas and related species	Financial Analysis			
					✓ Logging firms ✓ Local communities ✓ Private investors in plantations ✓ Private & community investors in game hunting reserves ✓ Government	✓ Commercial forest management ✓ Commercial community forestry ✓ Fuelwood community forestry ✓ Plantations ✓ Private & community game hunting management ✓ Tax collection		

GEF INCREMENTAL COST ANALYSIS

(i) Baseline Scenario

As the present operation represents the framework adopted by the international donor community for the forest and environment sector development, the baseline description coincides with the description of the FESP. The operation seeks to improve the institutional and organization capacity of MINEP and MINFOF to implement new policies and regulations for forest, wildlife and protected area management and timber industry development in partnership with communities and the private sector. The operation will disburse in tranches on the basis of agreed indicators and triggers. The operation will adopt a broad sectoral lending approach, and as such, donor contributions to the operation are notional and will be allocated through annual workplans based on the achievement of projected targets and triggers.

Overall the operation will focus upon the following policy areas or components: (1) Regulation and environment information management; (2) Production Forests management; (3) Protected area & wildlife management; (4) Community forest resources management; and (5) Institutional strengthening, training & research (see annex 2 on detailed project description).

The protected area and wildlife Management component aims at completing and sustainably managing a network of protected areas which will represent and conserve at least 90 percent of Cameroon's biodiversity covering x million ha. This will be done through zoning activities, environmental information management, protected areas participatory community management, and changes in the legal, institutional and funding mechanisms upon which biodiversity conservation ultimately depends.

The operation will also establish connectivity with, and improving management of, biologically important areas that are under production regimes such as production forest, community forests, and wildlife management areas.

(ii) Costs

The total baseline cost of the initial phase of the FESP supported through the present operation amounts to $115.4 million[17]. This represents both secured and planned funding for the FESP. A part of the planned funding amounting to 29.73 million would be met at least in part by contributions of other Development Partners including ACDI, EU, WWF, WCS, DFID, FEDEC. This funding gap will be partly offset by the GEF intervention. Total secured baseline costs for the FESP during the five-year program period are estimated at US$ 85.7 million in current value and include several sources of financing such IDA, DFID, EU and the German and Canadian bilateral cooperation. All baseline donor contributions will be allocated across the operation components on an annual basis, corresponding to the achievement of projected outputs and triggers. As envisaged, EU and DFID funding will be through budget support as is proposed for IDA and GEF funding. The Government of Cameroon's contribution to protected areas & wildlife is calculated by reallocating wildlife taxes toward the sector.

BASELINE FUNDING	
Funding Sources	**US$ million**
GoC	27.0
EU	2.0
DFID	15.0
CIDA	10.0
KfW	6.8
IDA	15.0
WWF	2.3
WCS	0.8
FEDEC	0.8
AFD	8.0
Funding gap	29.7
Total	**117.40**

[17] This was the base cost at the time of appraisal, and prior to GEF contribution. This cost differs from the program cost as shown in the Medium Term Expenditure Framework due to cost adjustments occurred in the process of Annual Work Planning projections.

GEF Alternative

By building upon this baseline, the proposed alternative will help the government of Cameroon implement and further refine the sector policy and institutional reforms initiated under the Third Structural Adjustment Credit, promote sustainable management of natural resources, improve sector efficiency, and enhance local and national revenue capture. The alternative operation will do so by strengthening national institutions and civil society, and creating the conditions for local communities and the private sector to invest in the management, conservation and development of forests and natural resources. Rather than pushing for new reforms, the proposed operation will allow Cameroon to stay on the course in a reform process that is already unfolding.

The GEF alternative will increase funds available for the implementation of the various program components and helping secure adequate attention and resources on behalf of the conservation and management of globally significant biodiversity. It will do so in the following ways:

- Fostering dialogue among right holders of protected areas, community forests, production forests, rural lands and operator of hunting zones. These actors would be approached by the operation as stakeholders of integrated land management ecosystem units (called UTOs), where biodiversity concern will be integrated into the overall UTO management plans.
- Deepening efforts to update strategies and regulations related to wildlife management, hunting, and collection of revenues to encourage community-based management of wildlife areas.
- Leveraging at least as much in-country resources as it disburses by improving wildlife tax collection (hunting concession and trophy fees) and bringing more transparency in the mechanism whereby resources for the Special Wildlife Fund (French acronym FSF) are collected, spent, and used to attract additional resources.
- Putting measurable increases of protected area management effectiveness at the center of the operation's disbursement mechanism.
- Ensuring that protected area management initiatives reach a critical the volume so as to attract sufficient Government and Development Partners' support to cover all protected areas.

In addition to the World Bank/GEF the following Partners help finance the GEF alternative:

- The French GEF (FFEM-US$1.1) and EU finance the management of the Faro and Bouba Ndjida National Parks where the last hunting dogs and black rhino of West Africa remain.
- EU and USA, along with other Partners, finance conservation of Dja, Lobéké, Boumba Bek & Nki in contiguous biodiversity rich areas extending in Equatorial Guinea, Gabon, CAR & Congo (funding not considered in the GEF baseline or as incremental finance).

System Boundary

The system boundary of the GEF alternative is the same as the FESP baseline. Without GEF financing, biodiversity improvement in selected sites would have to be more limited in quality and intensity. GEF would complement existing financing to secure more sustainable conservation of globally and nationally significant habitats, species and genomes within eight under-funded UTOs, namely (1) Waza with Lac Chad and Logone plains, (2) Korup, Takamanda and Rumpi Hills complex, (3) Bakossi & Mount Kupe complex, (4) Campo Ma'an & Campo-Marine complex, (5) Mbam & Djerem, (6) Ndongoro mangroves, (7) Boumba Bek/Nki complex et (8) Bénoué complex.

Incremental Costs

The total cost of the GEF alternative is estimated at US$126.53 million. The baseline cost for the operation is US$ 115.40. Therefore the incremental cost for this operation is estimated at $ 11.13 million. Of this amount, US$10.0 million GEF assistance has been sought. The remaining incremental cost will met by the FFEM (French GEF US$ 1.1) and other donors (US$ 0.3).

Benefits

Long term incremental benefits will include the creation of an institutional framework that demonstrates Cameroon's enhanced protected area management capabilities and attracts more and more sustainable funding for the conservation of the nation's protected area network.

Shorter term incremental benefits will include the setting up of conservation services and starting UTO management routines in selected locations on the ground. Without GEF contribution, the Government would be unable to use its own or borrowed funds for meeting all management requirements of these UTOs. Selected to be representative of Cameroon's entire protected area network, the selected UTOs (total area 1,859,300 ha) are among the most important in Cameroon. In addition, the GEF's contribution will help create a new 176,000-ha protected area of highly intact mangrove's forest in an area known to have the highest level of speciation in Cameroon.

The operation embodies a particularly important GEF strategic priority that is the mainstreaming of biodiversity in production landscapes. In line with this strategic priority, the FEDPG will help connect forests under different regimes and manage them according to an overall plan that takes biodiversity considerations into account. It is possible that without GEF support, the planned national forest zoning exercise would focus primarily, if not exclusively, on direct production of timber and NTFP, without consideration for globally relevant values, and without functional links between production and conservation forests.

By working directly with the Government the GEF will be able to leverage good policy decisions, strengthen the capacity and influence the program of national institutions, which is rarely the case for conservation donors who bypass national institutions and work on NGO-executed area-based project. By meeting the GEF's strategic priorities and targeting the framework for improved protected area management as well as the capacity of the national institution and its staff, FESP embodies some of the most important lessons learnt through conservation programs during the past decades.

ANNEX 9: PROTECTED AREA MANAGEMENT EFFECTIVENESS – BASELINE AND TARGET VALUES

1. Progress in the quality of management performance will be measured in each protected area using a parameter known as *protected area management effectiveness* or PAME. Scores will be assigned using a *"PAME Tracking Tool"*. The *tool* is based on 30 indicators whose combined evaluation provides a comprehensive assessment of management effectiveness. The tracking tool was developed by the World Bank/WWF Alliance, consistent with the recommendations of the World Commission on Protected Areas Management Effectiveness (WPCA), and with GEF's M&E policies requiring to (i) measure results and impacts (ii) provide a basis for decision making; iii) create sources of accountability; and iv) establish records and document lessons learned.

Summary of the WCPA PAME Evaluation Framework			
Elements of evaluation	**Explanation**	**Criteria assessed**	**Focus of evaluation**
Context	*Where are we now?* Assessment of importance, threats and policy environment	- Significance - Threats - Vulnerability - National context Partners	Status
Planning	*Where do we want to be?* Assessment of protected area design and planning	Protected area legislation and policy Protected area system design Reserve design Management planning	Appropriateness
Inputs	*What do we need?* Assessment of resources needed to carry out management	- Resourcing of agency - Resourcing of site	Resources
Processes	*How do we go about it?* Assessment of the way in which management is conducted	- Suitability of management processes	Efficiency and appropriateness
Outputs	*What were the results?* Assessment of the implementation of management programs and actions; delivery of products and services	- Results of management actions - Services and products	Effectiveness
Outcomes	*What did we achieve?* Assessment of the outcomes and the extent to which they achieved objectives	- Impacts: effects of management in relation to objectives	Effectiveness and appropriateness

2. Baseline PAME scores for all protected areas have been developed prior to the negotiations, and tranche disbursements will be linked to achieving PAME target scores that have been pre-agreed. These are shown in the following pages. The review of progress will be conducted in each protected area conducted by the Government in collaboration with at least one qualified international technical partner.

Protected Area	Korup			Ndongoro			Bakossi Kupe			Campo Ma'an			Boumba & Nki			Mbam Djerem			Benoue			Waza		
Donor	GEF/WWF			GEF/WWF			GEF			GEF/WWF			GEF/WWF			GEF/WCS			GEF/WWF			GEF		
Tranches A (2004); B (2006); C (2008)	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**
1. Legal status Does the protected area have legal status?	3	3	3	1	1	2	2	2	3	3	3	3	2	3	3	3	3	3	3	3	3	3	3	3
2. Protected area regulations Are inappropriate land uses and activities (e.g. poaching) controlled?	1	1	2	0	0	0	0	1	1	1	2	2	1	1	1	0	1	2	1	1	2	1	1	3
3. Law enforcement Can staff enforce protected area rules well enough?	2	2	2	0	0	0	0	0	0	1	2	2	1	1	2	1	2	2	1	2	2	1	2	2
4. Protected area objectives Have objectives been agreed?	2	2	3	0	0	1	0	1	1	0	1	2	0	0	1	0	1	2	2	2	2	2	2	2
5. Protected area design Does the protected area need enlarging, corridors etc to meet its objectives?	1	1	1	0	0	0	0	0	0	2	2	2	2	2	2	1	2	2	1	1	2	2	2	2
6. Protected area boundary demarcation Is the boundary known and demarcated?	2	2	3	0	0	0	0	0	1	1	1	3	1	1	3	2	2	2	2	2	3	2	2	2
7. Management plan Is there a management plan and is it being implemented?	2	2	2	0	0	0	0	0	0	1	1	2	0	1	1	0	1	1	2	2	2	2	2	2
Additional points *Planning*				-			-						-			-								1
8. Regular work plan Is there an annual work plan?	1	2	2	0	1	2	0	1	2	2	2	2	1	2	2	1	2	2	1	2	2	2	2	2
9. Resource inventory Do you have enough information to manage the area?	1	1	2	0	0	1	1	1	1	2	2	2	2	2	2	1	2	2	1	1	2	2	2	2
10. Research Is there a program of management-orientated survey and research work?	2	3	3	0	0	1	2	2	2	2	2	2	1	1	1	1	2	2	2	2	2	2	2	2
11. Resource management Is the protected area adequately managed (e.g. for fire, invasive species, poaching)?	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	1	1	2	1	1	2
12. Staff numbers Are there enough people employed to manage the protected area?	1	2	2	0	0	0	0	0	1	1	2	2	1	1	2	1	2	2	1	2	2	1	2	2

Protected Area	Korup			Ndongoro			Bakossi Kupe			Campo Ma'an			Boumba & Nki			Mbam Djerem			Benoue			Waza		
Donor	GEF/WWF			GEF/WWF			GEF			GEF/WWF			GEF/WWF			GEF/WCS			GEF/WWF			GEF		
Tranches A (2004); B (2006); C (2008)	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**
13. Personnel management Are staff managed well enough?	1	2	2	0	0	0	0	0	0	1	1	2	1	1	1	0	1	2	1	1	2	1	1	2
14. Staff training Is there enough training for staff?	2	2	2	0	0	0	0	0	0	1	1	2	1	1	2	1	1	2	1	1	2	1	1	2
15. Current budget Is the current budget sufficient?	1	1	2	0	0	1	0	0	1	1	1	2	0	1	1	1	2	2	1	1	2	1	1	2
16. Security of budget Is the budget secure?	1	1	1	0	0	1	0	0	0	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1
17. Management of budget Is budget managed to meet critical management needs?	1	1	2	0	0	1	0	0	1	1	1	2	1	1	2	-			1	1	2	1	1	2
18. Equipment Is there adequate equipment?	2	2	2	0	0	1	1	1	1	1	1	2	1	1	2	0	1	2	2	2	2	2	2	2
19. Maintenance of equipment Is equipment adequately maintained?	1	1	2	0	0	1	1	1	1	1	1	2	1	1	2	0	1	1	1	1	2	1	1	2
20. Education and awareness program Is there a planned education program?	1	1	1	0	0	0	1	1	1	1	1	1	1	1	1	0	1	2	1	1	1	2	2	2
21. State and commercial neighbors Is there co-operation with adjacent land users?	1	1	2	0	0	0	1	1	1	2	2	2	2	2	2	1	1	2	2	2	2	2	2	2
22. Indigenous people Do indigenous peoples resident or regularly using the PA have input to management decisions?				-						1	1	1	0	0	1	-			-			-		
23. Local communities Do local communities resident or near the protected area have input to management decisions?	1	1	2	0	1	1	1	1	1	1	1	2	1	1	2	0	1	2	1	1	1	2	2	2
Additional points *Outputs*	1	1	1	-			0	0	1	1	1	2	0	0	1	-			2	2	2	1	1	2
24. Visitor facilities Are visitor facilities (for tourists, pilgrims etc) good enough?	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	2	2	2	2	2
25. Commercial tourism Do commercial tour operators contribute to protected area management?	1	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	2	1	1	2

Protected Area	Korup	Ndongoro	Bakossi Kupe	Campo Ma'an	Boumba & Nki	Mbam Djerem	Benoue	Waza

Donor	GEF/WWF			GEF/WWF			GEF			GEF/WWF			GEF/WWF			GEF/WCS			GEF/WWF			GEF		
Tranches A (2004); B (2006); C (2008)	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**	**A**	**B**	**C**
26. Fees If fees (tourism, fines) are applied, do they help protected area management?	1	1	2	0	0	0	0	0	0	1	1	2	0	0	0	0	0	1	2	2	2	2	2	2
27. Condition assessment Is the protected area being managed consistent to its objectives?	2	2	2	3	3	3	2	2	2	2	2	2	2	2	2	3	3	3	2	2	2	2	2	2
Additional points *Outputs*	-			-			-			-			-			-			-			-		
28. Access assessment Are the available management mechanisms working to control access or use?	1	1	2	0	0	0	0	1	1	0	0	1	0	0	1	1	2	2	1	1	2	1	1	2
29. Economic benefit assessment Is the protected area providing economic benefits to local communities?	2	2	2	0	0	0	0	0	0	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2
30. Monitoring and evaluation *Planning/Process*	1	1	2	0	0	1	0	1	1	0	0	1	0	0	1	0	1	2	1	2	2	1	2	2
Totals	40	44	57	4	6	17	12	17	25	33	37	52	24	29	43	20	39	51	43	47	59	47	50	62

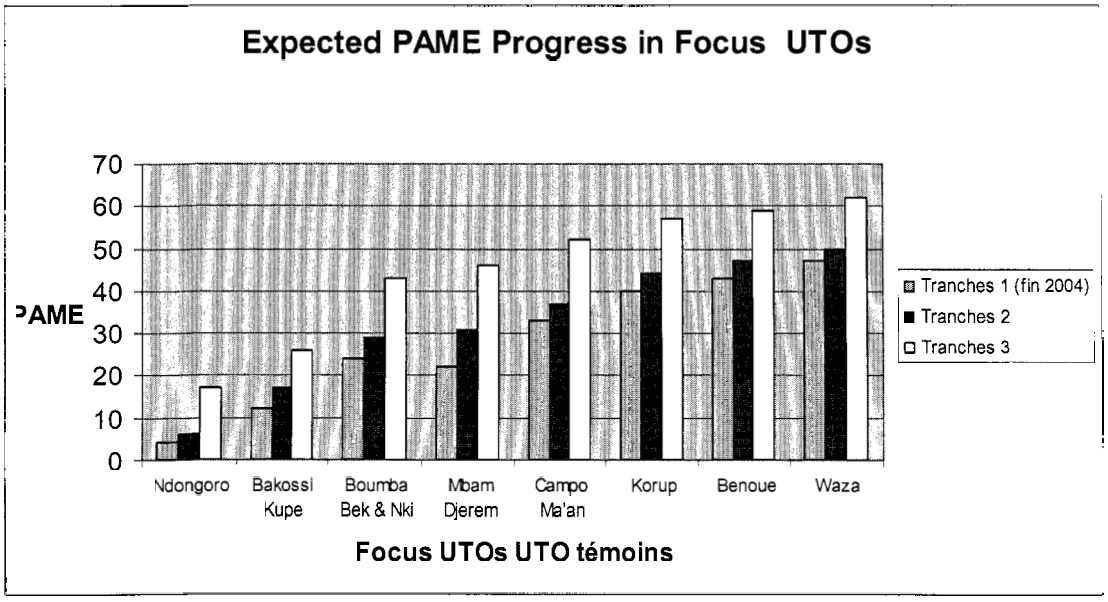
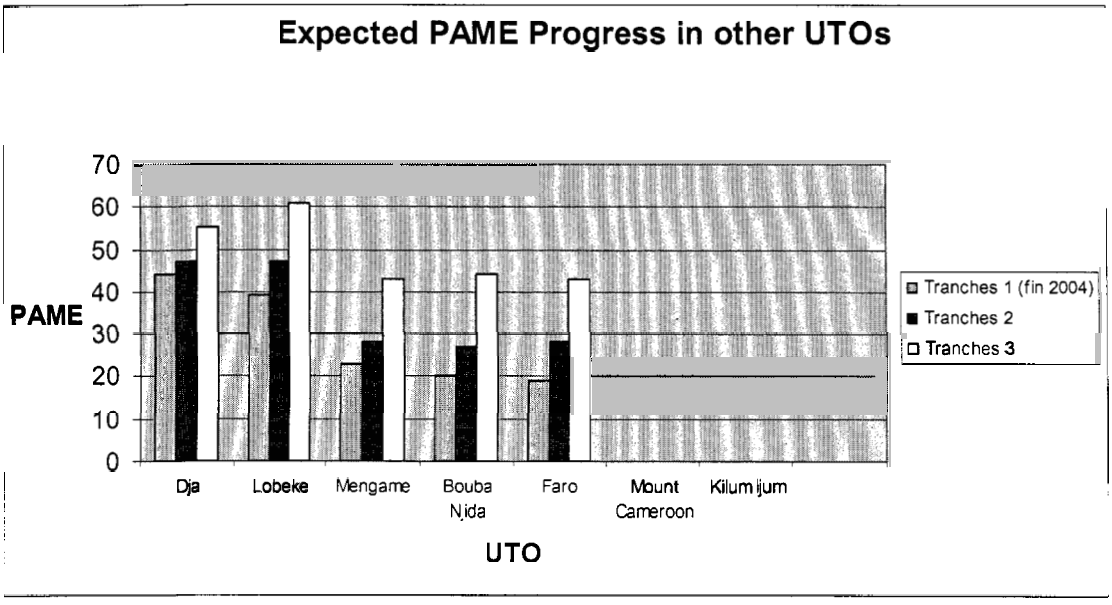


Table 2. Baseline PAME scores for other Protected Areas



ANNEX 10: MONITORING AND EVALUATION SYSTEM

Objectives and overall features of the system

1. *The FEDPG Monitoring and Evaluation* system has been designed to: (i) foster accountability and transparency in the management process; (ii) provide the Government and donors common and realistic reference and measurable parameters to measure progress; (iii) record how program progress milestones and conditions for tranche release are administered; (iv) engage stakeholders in information sharing; (v) identify implementation problems and propose corrective measures; and (v) integrate financial planning and execution with physical and geographic information on work program implementation, milestones and tranche release conditions.

2. The starting point for the monitoring and evaluation system is the policy matrix that details the issues the operation intends to address, the outcomes expected, the milestones of the Government program, and the parameters chosen for tranche release. This matrix is common to the Letter of Sector Development Policy and the present operation. Definitions, baselines, and values of expected results were worked out during program preparation to facilitate monitoring by the Government and other interested parties. Particular emphasis was placed on indicators of results rather than process indicators. For each condition and milestone featured in the matrix, the operation's M&E has developed appropriate outcome or process indicators and verification instruments as appropriate.

3. To ensure consistency between FEDPG performance and the overall forest and environment sector performance, the monitoring system goes beyond measuring program specific indicators to also include indicators that reflect overall economic, social and environmental performances. Progress in some of the sensitive areas such as preservation of biodiversity and management of national parks and reduction of illegal logging will be measured through well defined protocols which leave minimum room for subjective interpretation and minimize risks of conflict.

4. Progress in protected area management will be scored according to a "tracking tool" developed by the World Bank/WWF Alliance, consistent with the recommendations of the World Commission on Protected Areas Management Effectiveness. Progress in the fight of illegal logging will be measured in terms of variations in the length of logging roads located within unallocated forest concessions and national parks, observed in time series of satellite images interpreted in collaboration between the Government and the Global Forest Watch Program of the World Resources Institute. For both parameters, baselines values, methods and sources to review time series of relevant parameters are integrated into the program's monitoring system.

5. While various departments of the Ministries of Finance, Forests and Environment will be involved in gathering and analyzing program relevant information, monitoring of overall program implementation will be centralized by the Cooperation Division of the Ministry of Forests. This division will consolidate monitoring reports, maintain relations with national and international partners, consolidate annual work programs, and monitor satisfaction of tranche release conditions. The Environmental Impact Assessment Monitoring Unit of the Environment Ministry will monitor and report on the implementation of the environmental management plan. Ministry provincial delegations will be the focal points of the Monitoring Unit, and in that capacity they will be in charge of collecting necessary data at local levels; they will also be in charge of disseminating reports at the provincial level. External evaluations and audits of accounts will be undertaken under the auspices of the Ministry of Finance and Economy.

6. While the M&E system is fully integrated into the Cameroonian institutional environment, monitoring indicators have been determined in ways that allow and encourage the involvement of third independent parties in the follow up of the operation. In addition to monitoring indicators, the M&E system will undertake several thematic studies with a view of deepening analyses and find solutions to

problems identified during program implementation. Given the program's relatively short duration and the time lag necessary to adequately measure the operation's achievements against its development objectives, no formal impact evaluation exercise will be attempted as part of the present operation.

Actors: Managers and Users

7. *System managers* consist of the different services of the Cameroonian Government responsible for the Implementation, Monitoring and Evaluation (IME) of the Program. The principal managers are:

- The respective General Secretaries of the Ministries in charge of Forests and Environment responsible for strategically coordinating program implementation by ensuring the simultaneous availability of financial and material resources as well as the assignment of qualified staff to national and provincial levels. They will likewise research problems revealed in M&E, develop solutions, and discuss these with the Forest or Environment Minister.
- The *Division de la Coopération et des Projets* (DCP), linked to the General Secretary, will maintain relations with national and international partners, coordinating implementation of the FESP on a daily basis. It will also prepare annual work programs in accordance with the ongoing tranche.
- The Monitoring Unit, which is likewise linked to General Secretary, will be in charge of the FESP monitoring and evaluation system as it applies to centralized and decentralized services. In this capacity it will collect data for the production of reports and dashboards and disseminate monitoring products to all partners.
- The *Direction des Affaires Générales* (DAG) will ensure that the monitoring system is up-to-date in terms of financial and accounting information. The DAG will also ensure that an independent auditing firm, internationally known for its auditing capacities is recruited after an international bidding process.
- Provincial Delegations will be the focal points of the Monitoring Unit and in that context, they will be in charge of collecting necessary data at local levels; they will also be in charge of diffusing reports on monitoring at the provincial level.
- All relevant Directorates of the MINFOF and MINEP (*Direction des Forêts*, *Direction de la Transformation et de la Promotion*, the *Direction de la Faune et des Aires Protégées, among others)* —will be in charge of the overall monitoring of the component they are responsible for.
- The Environment Ministry will be in charge of implementing and monitoring the national environmental policy, controlling the mitigation plan of environmental impacts, and collecting data related to the mitigation plan.

8. *System users* include the Ministries of Forests, Environment, Finance, and Planning, which rely on the system's monitoring reports and dashboards to assess program implementation and, when necessary, take measures to improve it. The Committee in charge of implementing the resolutions of the 1999 Yaoundé Head of States Declaration on Forests, will serve as the steering committee of the FESP, meeting twice a year to assess Program implementation and propose recommendations to the Government based on monitoring reports. Additional system users include:

The General Secretaries of MINEP and MINFOF
Finance and Administration Directorate
The Cooperation and Project Directorate
The Monitoring Unit of the Planning Directorate
Provincial delegations

Local and international NGOs,
Private enterprises,
Civil Society,
Donors

Data

9. *Baseline data* have been collected for most parameters used in program monitoring. These will be refined by the monitoring team as it is in place and used to measure progress.

10. *Data sources.* The data sources (shown in monitoring tables below) will be where the data verifying the status of indicators will be found. The data source will be both institutions (public administration, private enterprises, NGOs, ect.) and the system of data collection set up by the national monitoring & evaluation team. The same sources will be used routinely to avoid inconsistencies and misinterpretations. However, it will possible to cross sources.

11. *Data collection.* Primary and secondary data will be recorded according to specified format by Monitoring Unit assisted by Provincial Delegations. Field missions will be organized in order to collect/verify data.

12. *Frequency* and schedule of data collection. The timing of data collection will be linked to that of monitoring system outputs: the monthly monitoring dashboard and the quarterly monitoring report. The monitoring dashboard which will consist of key indicators and main achievements described in a two page document produced by the Monitoring Unit at the end of each month, based on data collected at least one week before. The quarterly monitoring report (no more than 15 pages) which will be a full monitoring report assessing the progress made during the quarter will be produced by the Monitoring Unit at the end of each quarter. Consequently, the data collection will take place at least two weeks prior the end of each quarter.

Indicators

13. Indicators linked to triggers for tranche release are presented by component in tabular form at the end of this annex. During the first months of Program implementation however, a wider range of indicators will be defined to better cover all the activities of the FESP and give an in-depth view of changes in the Forestry and Environment sector.

Documentation

14. A M&E manual will summarize responsibilities, guidelines, procedures and format of documents that will be used for monitoring and evaluation.

15. Annual Work Plans will be prepared by the Directorate of Cooperation and Projects (DCP) and will include all the activities to be implemented during the year in accordance with the ongoing tranche. The AWP will be discussed and validated at the beginning of each year by all the stakeholders involved in the FESP during a one day workshop.

16. The Monthly Monitoring Dashboard (MMD) will be a two page document prepared by the Monitoring Unit, summarizing the major steps accomplished by the FESP along with key indicators each month.

17. Quarterly Monitoring & Evaluation Reports will be comprehensive documents presenting the achievements of the operation over a given quarter. No more that 15-page long (including annexes) these reports will be prepared by the Monitoring Unit.

Procedures

18. The national monitoring and evaluation team will collect data from various sources including from decentralized monitoring units. The national team will update the system, the MINFOF/MINEP website and will produce the MMD. The dashboard will be mailed to all stakeholders including donors.

19. Each quarter, the regional monitoring and evaluation team will collect data from various sources including regional monitoring teams. It will then update the system, the website, and produce the quarterly monitoring report that will include summary tables for each activity as well as financial information. The report will be sent to all stakeholders including donors.

20. At the end of each year, an annual report synthesizing the work done during the 12 past months will be produced and sent to all stakeholders. The report will be assessed at the beginning of each year during the annual workshop.

Integration of Progress Monitoring with Financial Management

21. The systems for financial management and progress monitoring will be interfaced to expenditures with execution of activities and achievement of results. The codification system used by the financial management system will be used by the monitoring system as well. Basically, the monitoring system will cover all activities with a particular emphasis on expected results. Each expected result will be assigned an indicator. The indicators could be weighted to better reflect the importance of certain results over others. The system will combine the indicators of results that will be supposed to trigger the release of tranches. This combination will be expressed in rate of completion of conditions related to tranche release as well as milestones related to annual workplans. A rate of completion of 100% will be required for tranche release conditions while 75 percent will be sufficient to determine whether or not the program is on track overall.

22. The monitoring and evaluation system will be a computerized one. Computers and software needed for the functioning of system will be acquired at the beginning of the Program through a national bidding process. The software provider will ensure necessary training and maintenance after the installation of the system. Overall, the system will be organized in a modular approach as follows:

- Central module: compiles the values of indicators, the deadlines and the financial information received from specific modules; prepares the periodic summary tables and responds to the requests from users.
- Module 1: monitoring of the implementation of activities; activities are broken down into tasks. The total of tasks equals 100%. The implementation is measured through the % of tasks achieved. This module has a particular sub-module focused on the implementation of institutional reforms.
- Module 2: monitoring of calendars; this module monitors timetable for each activity with a warning system for delays.
- Module 3: monitoring of indicators; monitoring of impacts and performance indicators with specific indicators for reforms activities.
- Module 4: monitoring of budget vs. activities; this module is a bridge between the financial system and the M&E system and allows the monitoring of actual and planned ratios budget/activities.

23. A GIS software will be linked to the monitoring system to obtain a synthetic view of the different activities implemented within the country. The GIS will act as an interface and in this capacity will act at two levels: (i) at the input level for inputs, it will allow the storage of indicator values; and (ii) at the output level, it will allow the formulation of information requests concerning an activity in spatial terms (and not by its name or code, as is the case in standard data base interfaces), and the provision of results in the context of a map.

24. The products of the system will be (i) a monitoring dashboard with key indicators only (agreed by actors), produced on a monthly basis, and (ii) a full quarterly monitoring report. The illustrations that follow give an overview of the system organization.

ANNEX 10 (CONT'D): MONITORING AND EVALUATION INDICATORS AND BASELINE VALUES

COMPONENT 1: ENVIRONMENTAL REGULATION AND INFORMATION MANAGEMENT

CONDITIONS AND MILESTONES	INDICATORS	VERIFICATION SOURCE	BASE VALUE	TARGET VALUE
FIRST TRANCHE				
Adoption of the FESP environmental impact mitigation plan (EMP) and funding for first year's relevant activities included in the draft 2005 national budget for the forest sector	The MINEP has officially adopted a EMP for the FESP implementation. (yes=1, no=0). The prorated portion of the 2005 EMP activities is made available to MINEP	Copy of the EMP Loi de Finances 2005	0 0	1 25%
Suitable premises and an adequately trained and fully equipped team within the MINEP to monitor and evaluate the implementation of FESP's EMP	The MINEP organization chart is approved (yes=1, no=0) Premises and equipment provided (yes=1, no=0) Percentage of high-level positions fulfilled(yes=1, no=0)	Act on the MINEP organization chart Satisfactory physical verification Official act nominating key staff	0 0 0	1 1 1
Regulations on environmental impact assessment are issued.	The procedures and norms for EIA are clearly defined by regulatory texts (yes=1, no=0)	Copy of new regulations on EIA and related texts	0	1
The EIA, including the EMP, Resettlement Policy Framework and Indigenous Peoples Development Plan disclosed in two national newspapers and made accessible to the public in municipal administration facilities.	Number of Newspapers where the summary of the EIA (and related documents) are published in French and English Number of Provincial Delegations where the EIA and related documents are made available	Copy of newspapers Provincial delegations	0 0	2 101
Annual Workplans for the first and second year of EMP implementation prepared and EMP implementation has started.	The MINEP produces its PTAs in consistency EMP (yes=1, no=0) Percentage of the 2005 EMP PTA activities implemented.	Activity report of the MINEP	0	1 25%
SECOND TRANCHE				
The FY 2006 EMP activities implemented and adequate institutional capacity for social and environmental monitoring created.	Effective presence of qualified staff in the field Availability of reliable information Structured frameworks for monthly field visits including guidance on what to monitor and how to report. Rate of implementation of mitigation measures.	*Ordres de Mission* per Province/actual staff days spent in monitoring trips in each province. Bimonthly reports and consolidated annual monitoring reports. Govt/WB field missions Govt/WB field missions	0 0 0 0	12/15 6/1 6 100
MINEP has a fully staffed and appropriately equipped FESP EMP Monitoring team at central and external levels). MINEP plays a more active role in monitoring the Chad-Cameroon Pipeline Project (function currently ensured by the CPSP)	Percentage of staffing and equipment of the Environmental Monitoring team of MINEP The MINEP participates to all meetings related to the monitoring of the environmental impacts of the Chad-Cameroon Pipeline Project	Official texts of nominations MINEP-CPSP collaborative efforts	0 0	100% staffing and over 50% equipment sccured 5

CONDITIONS AND MILESTONES	INDICATORS	VERIFICATION SOURCE	BASE VALUE	TARGET VALUE
An Environmental Information Management System created that consolidates the CPSP's EIMS (Système de Gestion de l'Information Environnementale), CIDE's Information System (Centre d'Information et de Documentation sur l'Environnement) and other complementary systems. A workshop held by the MINEP to present the major environmental information systems existing in Cameroon	The MINEP has created a Global Environmental Information Management System building upon existing EMIS within a (yes=1, no-0) MINEP organizes workshop and produces an annual report on environmental data availability in Cameroon (yes=1, no-0)	EIMS existence Workshop procceds and EMIS annual report on environmental data	0 0	1 1
THIRD TRANCHE				
The FY 2007 EMP activities implemented and adequate institutional capacity for social and environmental monitoring created.	Rate of implementation of mitigation measures Effective presence of qualified staff in the field Availability of reliable information	Structured framework for monthly field visits including guidance on what to monitor and how to report. *Ordres de Mission* per Province/ actual staff days spent in monitoring trips in each province Consolidated visit reports	0 0 0	12 12/15 12
The environmental impact of the FESP and the EMP are evaluated based on TORs developed through a participatory process and the report is made public.	The EMP (including IPDP) implementation is evaluated by a third party (yes=1, no=0) The EMP is audited by independent parties and the report is made public (yes=1, no=0)	EIA and EMP Evaluation reports completed and made available to the	0	1 audit a year and public disclosure in the 10 Provinces Delegation
Reports on the social and environmental impacts of FESP produced and mitigation actions of the EMP implemented	The EMP implementation is successfully implemented	Copy of the report	0	1
Public service functions of the MINEP are strengthened and the MINEP information system effectively monitors environmental impacts including those carried out by the CPSP	The EIMS monitored by the MINEP is regularly updated. Environmental data are made available	EIMS Reports on environmental data		Updated every 2 months

COMPONENT 2: SUSTAINABLE MANAGEMENT OF PRODUCTION FORESTS

CONDITIONALITIES, PRIORITY ACTIONS AND ACTIONS EXPECTED FOR TRANCHE	INDICATORS	VERIFICATION SOURCE	BASE VALUE	TARGET VALUE
FIRST TRANCHE				
Examination of Forest Management Plans (FMP) for all concessions (FMUs) awarded prior to 2000 and approval of those deemed to conform with requirements	% of Management Plans reviewed for the pre-2000 FMU % of pre-2000 FMU with a Management Plan approved	Reports of the Interministerial Commission in charge of analyzing the MP Copies of the notification to the company		100 % at least 75%
Status report describing all forest violations, penalties applied, transactions concluded and pending for January 2000 to August 2004. Updated ledger of forest violations	Quarterly publication of the status report and forest violation ledger (yes=1, no=0)	National newspapers / Internet	0	1
Adoption of MINFOF's comprehensive control strategy: Chain of Control, Control Methods and Procedures and Procedures for Applying Sanctions against forest crimes	The control strategy is officially adopted by the Minister of Forest (yes=1, no=0) A regulation on Control of forest activities is issued (yes=1, no=0)	*Journal Officiel* – National newspapers Copy of the regulation issued	0 0	1 1
SECOND TRANCHE				
Examination completed of all Management for FMUs allocated prior to January 2002 (included). The FMUs, allocated for more than 3 years, are managed under a definitive convention. Appropriate measures (including the withdrawal of concession if appropriate) are taken by Administration for companies which do not meet requirements.	Number of FMUs allocated before January 2002, with an approved Management plan Number of FMUs allocated before January 2002, with a signed gazetting decree Number of FMUs allocated before January 2002 (included managed under a definitive convention	Copies of the notification to the company and DF/MINFOF Statistics Gazetting Decrees from the PM Copies of the definitive Convention	66% 50% 0%	100% 100% 100%
A policy adopted by MINDIC and MINFOF which promotes a sustainable forest industry and includes incentives to narrow the gap between sustainable forest production and processing capacity, increases processing yields, adds value and improves international competitiveness	An industrialization strategy for forest sector jointly adopted by the MINDIC and MINFOF (yes=1, no=0)	Copy of strategy	0	1
The Ministries in charge of Planning and Land Administration, Forests, Agriculture and Livestock, agree to a common approach to finalize the land use/zoning plan for the Zone 5 and to launch the land use/ zoning plan for areas not yet covered (Zones 6 and 7 and the Northern Provinces) A specialized firm is recruited to undertake socio economic surveys, mapping and other land-use-planning-related works.	A land use methodology document jointly adopted by the MINFOF/MINPLAPDAT/MINFOF/MINADER/MINEPIA (yes=1, no=0) Recruitment of a consulting firm to undertake socio=economic survey and other land use planning related activities	Copy of the document Copy of the tendering documentation	0	1 1
Timber flows from the forest to the port are controlled through a computerized log tracking system. The system is fully integrated with other monitoring and control tools such as SIGIF and PSRF and into normal forest control operations.	A log tracking system operational (yes=1, no=0) The log tracking system is connected to the existing systems SIGIF and PSRF (yes=1, no=0)	Verification by Bank Verification by Bank	0 0	1 1

CONDITIONALITIES, PRIORITY ACTIONS AND ACTIONS EXPECTED FOR TRANCHE	INDICATORS	VERIFICATION SOURCE	BASE VALUE	TARGET VALUE
Reports on forest violations and calculation of penalties are prepared using computer based formats and spreadsheets linked to SIGIF and PRSF data. Information sharing system established to report on forest violations between the Ministries of Forests, Justice and Finance.	The SIGICOF is fully operational (yes=1, no=0) Rate of forest violation documented by a PV registered in the SIGICOF	Verification by Bank	pm pm	1 100%
The forest control operations are carried out by the National Brigade for Control and/or province-level control brigades cover all FMUs, VC and Community Forests once a year (event in unallocated FMUs), with the presence of the Independent Observer. The infractions reported during the field missions, as well as the penalties, are quarterly published in national newspapers. Contentious cases are handled in a timely manner by the relevant authorities.	Rate of coverage of FMUs (even unallocated), VCs and Community by the National and/or Provincial Control Brigades within a 12 month period Forest Violation Ledger regularly updated and published on the MINFOF website and/or in the national newspapers (yes=1, no=0) Rate of control mission led by the National/Provincial Brigades with the presence of the IO Rate of IO reports published	reports of the National and Provincial Brigades for control Internet and national newspapers Activity reports of the National and Provincial Brigades for control Internet	NA 0 NA	100% 1 at least 60% 100%
THIRD TRANCHE				
Illegal logging is under control in all unallocated FMUs in 2007 and in all protected areas	Evolution of the road network within the National Parks between 2005 and 2008	Satellite images from GFW	357 km	357 km[18]
Forest control system is effective	Number of cases of illegal logging exceeding 500m^3 reported by the independent observer within a 12 month period. Ratio between inspected UFAs where forest violations are reported and those where none are reported.	Ledger of violations MINFOF statistics (SIGICOF) / Independent Observer reports	Many 42%	Less than 5 less than 10%
The MINFOF, MINAT, MINPALPDAT, MINADER, and MINEPIA agree on a land use / zoning plan for Zones 6 and 7 and the Northern Provinces and submit it to the Prime Ministry for signature.	A zoning plan agreed by the MINFOF, MINAT, MINPALPDAT, MINADER, and MINEPIA (yes=1, no=0)	Joint proposal to the PM	0	1
Online access to SIGIF and selected PSRF data for delegations at the Province and Department levels	Rate of Provincial Delegations in the Forest zone connected to the SIGIF and to selected PSFR data Rate of Departmental Delegations in the Forest zone connected to the SIGIF	Reports of successful connection	0	100% 50%
The timber flows from the stump to the port are controlled through the computerized log tracking system log tracking system is upgraded to trace timber flows from the stump to the port	The log tracking system upgraded to monitor flows from the stump (yes=1, no=0)	Verification by Bank	0	1

[18] Data subject to being refined by WRI/Global Forest Watch based on new satellite images referring to same 2005baseline period.

COMPONENT 3: WILDLIFE AND PROTECTED AREA MANAGEMENT

CONDITIONALITIES, PRIORITY ACTIONS AND ACTIONS EXPECTED FOR TRANCHE	INDICATORS	VERIFICATION SOURCE	BASE VALUE	TARGET VALUE
FIRST TRANCHE				
Work programs prepared & ready for implementation for the eight reference UTOs (Focus UTOs)	Number of work plans adopted by the Ministry in charge of Protected areas	Copies of work plans		8
Baseline data are available to measure the management effectiveness of all Cameroon's national parks (Management Effectiveness Score, MES)	Number of parks for which baseline data have been gathered & expressed in the form of Management Efficiency Score (MES or SEG in French)	Report on the monitoring toll for the Management of the PA		8
SECOND TRANCHE				
The management in the 8 focus UTOs improves	Number of focus UTOs being created (MES <20) Number of focus UTOs being equipped with essential management tools (20<MES <40) Number of focus UTOs having achieved a modest but still reasonable management effectiveness (40<MES<55)	Field visits and independent assessment based on WWF Alliance Toolkit methodology	0	2 3 3
Local people's rights & obligations in and around protected areas are officially stipulated by the Ministry in charge of Protected Areas, particularly with respect to: (a) modalities of access, (b) type of activities allowed, (c) implementation of agreed regulation, & (d) conflict resolution mechanisms & application of sanctions	Process Framework issued as a regulation by Ministry in charge of Protected Areas on local people's rights and obligations in and around protected areas (yes=1, no=0)	Copy of the regulation	0	1
The preparation and adoption of community-based wildlife management plans (fauna and/or NTFP) are promoted around the UTOs	Number of community-based wildlife management plans approved around the UTOs	Copies of community-based wildlife management plans approved	0	2
Socio economic surveys conducted in focus UTOs to provide baseline information for monitoring & evaluation of the Process Framework	Number of focus UTOs where socio-economic surveys are carried out	Copy of the report		3
Systematic reporting of all violations in protected areas & against wildlife in the Ledger or of the Ministry in charge of Protected Areas	Rate of infractions in PA and against wildlife reported in the Violation Ledger. Cases brought to court, jail time served, penalties paid and other sanctions applied	Copy of up-to-date ledger	0	1
The CAMRAIL and HFC (or its successor(s)) commitments related to anti-poaching operations are executed consistently with the respective Cahier des Charges. The Administration sanctions CAMRAIL & HFC (or its successor(s)) in cases of non-compliance to agreed measures	Contracts with independent Assessors – Anti-poaching measures taken according to the Cahier des Charges, and effectiveness independently measured. Percentage of non-compliance cases sanctioned by the Administration	Contracts Reports on CAMRAIL & HFC's (or its successor(s)) MINFOF/MINEP	0	2 75% 100%

CONDITIONALITIES, PRIORITY ACTIONS AND ACTIONS EXPECTED FOR TRANCHE	INDICATORS	VERIFICATION SOURCE	BASE VALUE	TARGET VALUE
THIRD TRANCHE				
The management in the 8 focus UTOs improves	Number of focus UTOs being created (MES <20) Number of focus UTOs being equipped with essential management tools (20<MES <40) Number of focus UTOs having achieved a modest but still reasonable management effectiveness (40<MES<55) Number of focus UTOs having achieved a good level of management effectiveness (MES >55)	Field visits and independent assessment based on WWF Alliance Toolkit methodology		1 1 3 3
The Ministry in charge of Protected areas and Biodiversity updates the National Biodiversity Strategy & Action Plan, in coordination with all involved Ministries and partners.	Revised Strategy & Plan adopted by the Ministry in charge of Protected areas and Biodiversity (yes=1, no=0)	Copy of the new strategy and plan	0	1
Socio economic surveys conducted in focus UTOs to provide baseline information for monitoring & evaluation of the Process Framework	Number of focus UTOs where socio-economic surveys are carried out	Copies of the reports	0	8
The boundaries line of the UTOs, are visibly marked & a mechanism is set up for the upkeep of the boundary lines	Number of UTO where boundaries are marked	Field visits	0	4
Part of the Deng Deng forest becomes a wildlife reserve	Gazetting procedures well advanced or completed and protection on the ground started	Review of documents and field visits	0	1
The preparation and adoption of community-based wildlife management plans (fauna and/or NTFP) are promoted around the UTOs	Number of community-based wildlife management plans approved around the UTOs	Copies of community-based wildlife management plans approved	0	5
Biodiversity is monitored and trends are positive	Update of 2004 large mammals survey and other biodiversity parameters conducted by C. Néel, V. Vergnes, J Dupain 2004 at Campo Ma'an	Copy of report	0	1
Systematic reporting of all violations in protected areas & against wildlife in the Ledger or of the Ministry in charge of Protected Areas	Rate of infractions in PA and against wildlife reported in the Violation Ledger. Cases brought to court, jail time served, penalties paid and other sanctions applied	Copy of up-to-date ledger	0	1
The Ministries in charge of Fauna, Public Health, Scientific Research, Livestock inform the public about possible health hazards of illegally obtained & stored bushmeat	Launch of a National campaign on possible health hazards of illegally obtained & stored bushmeat (yes=1, no=0)	Report of the completion of the campaign National press	0	1
The Ministries in charge of wildlife and protected areas adopt the required adjustments to conform regulatory, institutional and financial frameworks with the 2003 Wildlife & Protected Area Strategy	Revision of the Decree 95/466 Provisions on (i) concession allocation procedures, (ii) supervision/monitoring, (iii) contractual obligations in ZIC/ZICCG, & community access to wildlife management (yes=1, no=0)	Copies of decrees and contracts	0	1

COMPONENT 4: COMMUNITY MANAGEMENT OF FOREST RESOURCES

CONDITIONALITIES, PRIORITY ACTIONS AND ACTIONS EXPECTED FOR TRANCHE	INDICATORS	VERIFICATION SOURCE	BASE VALUE	TARGET VALUE
FIRST TRANCHE				
The use by the communities of the forest sector fiscal revenues is assessed	Audit of the use by the communities of the FY2003 forest sector fiscal revenues completed (yes=1, no=0).	Completion report.	0	1
The ANAFOR restructuring is completed. The organizational chart as well as the FY2005 Annual work plan and budget are adopted by the Board.	Organizational chart adopted by the ANAFOR Board (yes=1, no=0). FY workplan and budget adopted by the Board (yes=1, no=0).	Minutes of the ANAFOR's Board meeting.	0 0	1 1
The MINFOF contracts with an organization to get support from a technical advisor and an accountant for the implementation the HIPC funded project-Capacity Building for Forest Community Management (RIGC *Renforcement Institutionnel Gestion Communautaire*).	Recruitment of TA (yes=1, no=0).	Recruitment documentation.	0	1
SECOND TRANCHE				
At least 10 comminity forests are either well managed or in the process of being well managed. Biodiversity concerns are also reflected in the *plans simples de gestion*..	Number of community forests successfully managed under an approved management plan. Number of gainful employment created of and level of revenues originating from the above 10 community forests.	Community Forest Unit (CFU) reports and independent consultant studies.	0 0	10 TBD
Endangered species are actively protected in community forests	Surveys conducted in community forests to identify the presence of threatened species and integrate protection measures into management plans.	Field visit reports concerning advise to and behaviour of communities with respect to sustainable hunting of not endangered species and protection of endangered ones	0	5-10
The ex--ONADEF plantations on state-owned gazetted forest land are reassigned to more appropriate management: to competitively-awarded plantation contracts; to new UFAs or integrated into existing UFAs; contracted to local community management; degazetted in urban centers, integrated into parks and other protected areas or environmental protection zones with no production purposes.	Number of hectares that have changed management status.	Copies of documents showing change in management status and field visits.	0	3000
The implementation of the 2006 community forestry workprogram takes into account the key recommendations of the 2004 Community Forestry Study	Community forestry workprogram and progress reports showing satisfactory implementation of 2004 study recommendations (yes=1, no=0).	Copy of the work program and progress report by independent consultants.	0	1
The Ministry of Forest improves the quality of service its delivers to communities to support community-based forest management.	Percentage of requests to establish a community forest processed in a timely manner (including the CF under the preemption right provision).	CFU activity report		100%
The MINFOF and other concerned Administrations adopt regulations and fiscal measures to stimulate a) the development of community woodland management and fuelwood masterplans around urban centers; and b) tree planting schemes by communities, individuals and investors.	Adoption of a regulation on incentives (yes=1, no=0)	Copies of regulations		1

Units are created in provincial delegations to help establish community-based woodland management schemes and fuelwood masterplans around urban center in the 3 Northern Provinces.	Number of well staffed, housed and equipped operational units (yes=1, no=0) Number of communities contacted and enrolled to participate in community-based woodland management schemes and fuelwood masterplans.	Govt reports and Govt/Bank/Donor Missions field mission reports. Communities met and interviewed by Govt/Bank/Donor Missions.	0 0	3 10
THIRD TRANCHE				
The community management of the forests is promoted and the communities receive support from the Administration and other partners to develop management plans (*plans simples de gestion).*	Number of community forests successfully managed under an approved management plan. Number of gainful employment created of and level of revenues originating from the above 10 community forests.	Community Forest Unit (CFU) reports and independent consultant studies.	0 0	50 TBD
The ex--ONADEF plantations on state-owned gazetted forest land are reassigned to more appropriate management: to competitively-awarded plantation contracts; to new UFAs or integrated into existing UFAs; contracted to local community management; degazetted in urban centers, integrated into parks and other protected areas or environmental protection zones with no production purposes.	% of hectares of land under management responsibility by ex-ONADEF changed management status.	Copies of contracts and or regulations MINFOF reports and field visits by joint Govt/WB missions	0	100%
The implementation of the 2006 community forestry workprogram takes into account the key recommendations of the 2004 Community Forestry Study.	Community forestry workprogram and progress reports showing satisfactory implementation of 2004 study recommendations (yes=1, no=0).	Copy of the work program and progress report by independent consultants.	0	1
Endangered species are actively protected in community forests	Surveys conducted in community forests to identify the presence of threatened species and integrate protection measures into management plans.	Field visit reports concerning advise to and behaviour of communities with respect to sustainable hunting of not endangered species and protection of endangered ones	0	5-15
ANAFOR provides advices on plantation techniques, materials, economics and financial resources to at interested farmers or groups.	Number of interested farmers or groups provided with ANAFOR advices on technical and financial aspects of plantations Hectares or hectares-equivalent of plantations established with ANAFOR's expert advice.	ANAFOR's Annual Activity Reports and field visits by joint Govt/WB missions.	0	1500 TBD
The woodland management and fuelwood marketing, under a peri-urban fuelwood masterplan, are activities generating revenues for local population.	Volume and value of fuelwood marketed in by local communities participating in fuelwood masterplan. Number of persons deriving a steady income from community based fuelwood production and marketing.	Activity reports of the organized groups.	0 0	TBD 200

COMPONENT 5: INSTITUTIONAL STRENGTHENING

CONDITIONALITIES, PRIORITY ACTIONS AND ACTIONS EXPECTED FOR TRANCHE	INDICATORS	VERIFICATION SOURCE	BASE VALUE	TARGET VALUE
FIRST TRANCHE				
Key MINFOF and MINEP management positions filled and job descriptions adjusted.	Key staffing positions filled (yes=1,, no=0)	Copies of regulatory texts.	0	1
A new budgetary nomenclature is adopted to conform to the result based-program.	Approval by the Ministry of Finance of the MINFOF/MINEP new budgetary nomenclature (yes=1, no=0).	Copy of the new nomenclature.	0	1
The Minister of Economy and Finance instructs the Directors of Budget and Treasury to allocate to MINFOF and MINEP the budget lines into which external funding will be made available consistent with the targeting of external partners.	Instruction on the FESP financing mechanisms issued by the Minister of Finance (yes=1, no=0).	Instruction from the minister.	0	1
The MINFOF and MINEP improve their financial management and control functions and put in place a computerized system (SICAF), consistent with the DEPMI system used by MINEFI.	SICAF is available at the central and provincial levels and the financial staff is trained (yes=1, no=0).	Activity report of the EU financing TA. MINFOF report.	0	1
MINFOF and MINEP prepare 2006 annual workplans and 2006 Budget proposal reflecting the FESP program for submission to Parliament approval.	Workplans consistent with the FESP (yes=1, no=0). Budget proposal in line with FESP planned activities.	MINEP and MINFOF PTAs. Budget proposal.	0 0	1 1
The MINEP and MINFOF are ready to acquire the main goods and services of the FY06 workplan.	Percentage of the Procurement plan and bidding documents prepared in line with the FY2005 workplan.	Copy of the procurement plan and bidding documents.	0	5
SECOND TRANCHE				
The computerized financial management and control system (SICAF) of MINFOF and MINEP is well established used at central, provincial and departmental levels Controls are committed by MINEFI through annual audits.	Percentages of financial managers using the SICAF at the (i) central, (ii) provincial, and (iii) departmental.	Field visits, and consultant reports	0	(i) 100% (ii) 100% (iii) 50 %
Planning and monitoring units (SG, DAG, DCP) in MINFOF and MINEP are fully operational.	Effective presence of qualified monitoring staff at HQ and in the field (yes=1, no=0). Structured frameworks for monthly field visits including guidance on what to monitor and how to report.	Ordres de Mission per Province/actual staff days spent in monitoring trips in each province. Bimonthly reports and Govt/WB field missions.	0 0	1 6/1
The participatory monitoring and evaluation system of the FESP is operational and report produced by the MINFOF and MINEP on the implementation of the 2006 workplan.	2006 M&E report. Ad-hoc studies on issues identified through the M&E system.	Draft annual monitoring report. And Govt/WB field missions.	0 0	1 2
Training on forest policy, law and regulations are completed. Management of human resources has improved including introduction of performance rewards.	Number of training days and quality of training material. Human resources management guidelines issued by MINFOF and MINEP (yes=1, no=0).	HR Service Activity reports. Govt/WB missions. Copy of guidelines.	0 0	2000 1
Suitable infrastructure and equipment are made available to MINEP and MINFOF structures according to the rehabilitation plan.	Number of new construction infrastructures build or number of existing premise rehabilitated (list to be worked out.	Copies of Govt reports. Govt/WB field missions.	0	10
Regular consultation with the private sector (*comités consultatifs*) (six or more meetings per year).	Number of meetings held.	Copies of minutes of meetings.	2	6
Multi-partner consultations held at the provincial level to prepare and monitor annual workplans	Number of consultations held.	Copies of minutes of meetings.		

CONDITIONALITIES, PRIORITY ACTIONS AND ACTIONS EXPECTED FOR TRANCHE	INDICATORS	VERIFICATION SOURCE	BASE VALUE	TARGET VALUE
Communication strategy launched by the Communication Units (Cellule de Communication) of the MINFOF and the MINEP with TA support in start up phase.	Adopted communication strategy and report of first actions.	Copy of progress report.		
THIRD TRANCHE				
Rehabilitation of infrastructure and equipment in the MINEP and MINFOF offices at the central, provincial and departmental levels	Number of new construction infrastructures built or number of existing premises rehabilitated	Copies of Govt reports and Govt/WB field missions.	0	50
Rehabilitation of field level forest offices (*postes forestiers*)	Percentage of field offices rehabilitated	Copies of Govt reports and Govt/WB field missions.		40%

BASKET FUND INDICATORS

OBJECTIVES	INDICATORS	SOURCE OF VERIFICATION	BASE VALUE	TARGET VALUE
Provide the necessary technical assistance and training in an effective manner, and according to priorities declined in MINFOF's and MINEP's work plans.	% of technical assistance mobilized according to plans, validated by the Management Committee. % of staff trained according to plans.	Copies of contracts Completion reports		at least 80% at least 80%
Strengthen administrative and financial management capacities of the MINFOF/MINEP in the management of the technical assistance as well as the Basket Fund.	Effective functioning of the Management Unit and the Management Committee: appropriate staffing (including civil servants) and equipment (yes=1, no=0) Manual of Procedures for the Basket Fund adopted (yes=1, no=0) Quality of financial operations (procurement, accounting)	Activity report / Minutes of the meetings Copies of the Mop Activity reports		1 1 Satisfactory
Mobilize external funds for the FESP while reducing transactional costs for the bilateral financing	Number of contributors and amount of external funds mobilized % of funds disbursed Rate of transactional costs reduced Contribution of the BF to the FESP financing	Copies of agreements Activity reports Annual reports/audit reports M&E reports of the FESP and MTEF/PSFE	2	4 at least 80% 50% 15%

SELECTED OVERALL SECTOR INDICATORS

THEME	INDICATORS	VERIFICATION SOURCE	BASELINE VALUE	TARGET VALUE
Institutional	• Ratio between funds effectively transferred to the MINFOF/MINEP and funds budgeted (FT/FB)	Public Treasury books	60%	100%[19]
	• Time elapsed between MINFOF and MINEP calls for funds and transfer of FESP funds from MINEFI to	WB/Govt joint mission findings Public Treasury books	90days	60 days
	• Timely availability of satisfactory MINFOF audit reports		60 days	30 days
	• MINFOF procurement transactions on schedule	MINFOF reports and WB/Govt joint mission findings	100 days	45 days
Management of forest, allocation of forest concessions and illegal logging	• Number of allocated FMUs before 2002 under approved management plans	MINFOF reports	66%	100%[21]
	• Number of companies engaged in forest certification processes	MINFOF reports / IO reports	4	10[22]
	• % of forest concessions allocated on a competitive basis in the presence of an independent observer	Reports of the Commission for the concession Allocation	61% ??	68% ??[23]
	• Ratio between the number of sanctions effectively applied and the number of decision of sanctions with regard to illegal exploitation	Independent Observer reports / SIGICOF	37%[20]	at least 90% (cases at court)
	• Evolution of the road network within non allocated UFAs the National Parks between 2005 and 2008	WRI /GFW remote sensing data MINFOF control unit reports and IO reports	357 km	357 km
	• Percentage of forest titles visited by a joint mission MINFOF/IO each year		70%	100%
Status of Biodiversity	• Status of vegetation and forest cover in protected areas and forest concessions (UFAs)	Comparison of time series of satellite images interpreted by the WRI/GFW	2004 data	No significant negaitive change or positive change
	• Change in presence of illegal access roads in National Parks between 2005 and 2008	WRI /GFW remote sensing data		
	Presence of endangered species, especially primates and elephants maintained and measured in selected area	Updates of existing survey at Campo Ma'an and surveys being conducted in other areas	2004 repor	No significant negaitive change or positive change
	• Consistent positive trends shown in the protected area management effectiveness through the Tracking Tool.	PAME measured in field surveys by environmental NGOs	2004 scores	Significant positive change
	• Positive trends shown in the fight of illegal trade of endangered species	Data on the Ledger of offenses against wildlife and status of prosecution of cases. Surveys of markets. Detailed study to interpret data	2005 Data by LAGA	Significant positive change

[19] Baseline by the Ministry and target value was fixed in Instruction signed by the Minister of finance and Economy on July 13, 2005 paragraph 13 p.2

[20] Global witness third report, April 2005. page 29

[21] Source: Management plan notification signed by the Minister in charge of forests and Wildlife and projection document on Titles allocation 2004, MINFOF

[22] WB Office records according to the Private sector presentation made on June 15, 2005 9TTF/IFIA/GFBC Forum

[23] Njoya Fochive et al draft report on status of industry in 2004 (BNPP/WB funding), April 2005

THEME	INDICATORS	VERIFICATION SOURCE	BASELINE VALUE	TARGET VALUE
Taxation and redistribution of revenues	• Sustained contribution of the forestry sector to non oil GDP	Economic dashboard Government's decisions	9,4%[24]	
	• Total value of forest sector fiscal revenues	PSRF / DI	US$ 76 millions	US$ 60 millions[25]
	• Forest sector fiscal data published annually	Annual report PSRF / DI		1 report/year
	• Recovery rate of forest fees	PSRF / DI	~ 80%	at least 90%
	• Delay in the allocation of the RFA forest revenues to communes and local communities	PSRF / Audit by an independent entity	around 2 months	Less than 1 month
	• Percentage of utilization of forest revenues by local communities according to a local development plan	Audit reports	pm	60%
	• Effective use of bank guarantees in case of non compliance	PSRF / DI	9	2[26]
Wood Industries	• A strategy on wood industries is adopted	MINFOF – MINDIC reports		yes
	• Volume & value of timber processed locally	MINFOF reports	837,847 m3 [27](US$ 434 million)	
	• Volume and value of log exports	MINFOF/ Customs reports	157,183 m3 [28](US$ 28 million)	
	• Percentage of wood processed locally with a second/third transformation		15%	40%
	• Formal employment in the wood processing industry	National Statistics	8,100[29]	11,000

[24] GFW, Cameroon Report 2005.
[24] Goc/IMF macro economic projection (2001-2015)
[25] Source PSRF and GOC/IMF macro economic projection 2001-2015
[26] Source: Audit report on PSRF, June 2005- HTR (baseline value)
[27] Source: Njoya Fochive draft report on BNPP/WB fund, April 2005
[28] Idem
[29] Idem

ANNEX 11: FOREST AND GREEN ENVIRONMENT SECTOR MEDIUM TERM EXPENDITURE FRAMEWORK

MTEF Selected Outcomes

Management of Production Forests

3.5 million hectares of production forests where implementation of approved management plan has been independently assessed on the ground

Management of Protected Areas

8 Selected Protected Areas, with a combined area exceeding 50% of Cameroon's overall protected area network achieve significant progress in the score of management effectiveness

Control of Illegal Logging

Illegal Logging under control in all Gazetted Production Forests and Protected Areas:

Forest and Green Environment sector medium term expenditure framework

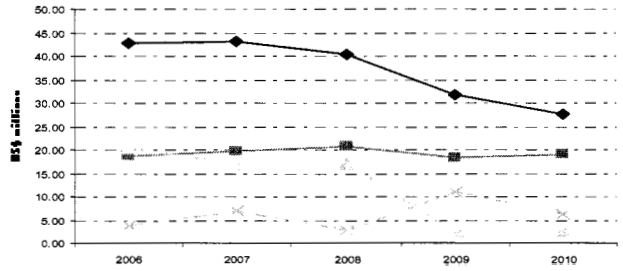
in millions US$	2006	2007	2008	2009	2010	Total
1. TOTAL EXPENDITURES (EXCLUDING SALARIES)	42.85	43.13	40.19	31.69	27.42	185.28
SALARIES	4.76	5.00	5.25	5.51	5.79	26.31
2. SOURCES OF FINANCING						
Domestic Sources of Finance	**18.57**	**19.54**	**20.72**	**18.39**	**18.94**	**96.16**
National Budget - Recurrent Costs	5.68	5.90	6.14	6.39	6.64	30.75
National Budget - Investment	4.32	4.49	4.67	4.86	5.06	23.41
Special Funds	6.67	6.86	7.05	7.14	7.24	34.95
HIPC resources	1.90	2.29	2.86			7.05
Preliminary Gap	**24.28**	**23.59**	**19.47**	**13.30**	**8.48**	**89.12**
External Sources of Finance	**22.39**	**18.73**	**17.73**	**2.26**	**2.26**	**63.37**
GEF Grant - Budgetary Support	3.80	3.10	3.10	0.00	0.00	10.00
IDA Credit - Budgetary Support	9.80	8.10	7.10	0.00	0.00	25.00
DFID Grant - Budgetary Support	1.20	2.80	2.80	0.00	0.00	6.80
Basket Fund	5.88	3.02	3.02	1.31	1.31	14.54
E.U. (Independent Observer)	0.76	0.76	0.76	0.00	0.00	2.28
France C2D	0.95	0.95	0.95	0.95	0.95	4.75
RESIDUAL GAP	**1.89**	**4.86**	**1.74**	**11.04**	**6.22**	**25.75**

MEDIUM-TERM EXPENDITURE FRAMEWORK
FOREST AND (GREEN) ENVIRONMENT SECTOR PROGRAM (FESP)

Exchange rate *525 FCFA/US$*

in millions US$	Years					
Objectives	**2006**	**2007**	**2008**	**2009**	**2010**	**Total**
Environmental Regulation and Information Management	**2.1**	**1.8**	**1.4**	**1.0**	**1.1**	**7.5**
Environmental Regulation and Financial Mechanisms	0.9	0.2	0.1	0.1	0.2	1.6
Environmental Monitoring	0.1	0.5	0.1	0.1	0.1	1.0
Communication and Environmental Awareness	0.4	0.6	0.6	0.2	0.2	2.1
MINEP Capacity Building	0.6	0.5	0.5	0.5	0.5	2.7
Socio-Environmental Mitigation Plan (pm)	0.8	0.8	0.4	0.4	0.4	2.8
Productive Forest Management	**9.0**	**8.1**	**6.0**	**3.8**	**3.7**	**30.7**
Transversal Costs (1)	0.1	0.1	0.1	0.2	0.2	0.6
Compietion of the country zoning plan	0.4	2.1	1.1	0.0	0.0	3.6
Forest Management Plan	2.4	1.8	1.6	1.5	1.6	7.4
Wood Industry Development Planning	1.9	0.4	0.2	0.4	0.3	3.2
Valorization of Non-Timber Forest Product (NTFP)	1.0	0.3	0.2	0.1	0.0	1.5
Control Operations and Sanctions	3.2	3.4	2.8	1.7	1.7	12.8
Protected Area, Biodiversity and Wildlife Management	**7.0**	**7.4**	**7.1**	**5.9**	**5.6**	**33.1**
Tranversal Costs (1)	0.1	0.1	0.1	0.1	0.1	0.3
Biodiversity Pannong and Zoning	0.7	0.2	0.2	0.2	0.1	1.4
Knowledge and Inofrmation Management	0.7	0.3	0.3	0.2	0.2	1.6
Participatory protected areas & Community Wildlife areas Management	0.6	0.5	0.6	0.5	0.5	2.7
Design and Implementation of PA Manamgemetn Plans	2.8	4.9	4.2	3.4	3.1	18.3
Optimization of econmic Benefits of PA and hunting zones	0.2	0.1	0.3	0.3	0.3	1.2
Legal and Institutional reform of PA and hunting zones management	0.2	0.2	0.2	0.1	0.1	0.8
Sustainable Financing of Wildlife and PA	0.8	0.1	0.1	0.0	0.0	0.9
National Biodiversity Strategy and Action Plan update	1.0	1.1	1.2	1.3	1.3	5.9
Community Forest Resources Management	**5.1**	**6.2**	**6.5**	**4.1**	**4.6**	**26.4**
Transversal Costs (1)	0.0	0.0	0.0	0.0	0.0	0.1
Capacity Building for Community Forest and Natural Resource Managemen	2.6	3.1	3.5	0.6	0.5	10.3
Reforestation and Forest Regeneration	1.2	1.3	1.6	2.4	3.2	9.7
Masterplan for sustainable domestic energy supply	1.2	1.8	1.4	1.1	0.8	6.3
Institutional Strengthening, Training and Research	**19.6**	**19.5**	**19.1**	**16.8**	**12.4**	**87.5**
Transversal Costs (1)	3.5	3.7	3.9	3.9	3.9	18.9
Transition of ONADEF into ANAFOR	0.4	0.0	0.0	0.0	0.0	0.4
Strenghtening the Ministry	12.7	13.5	13.2	11.8	7.9	59.1
Rehabilitating Education and Research in Forestry and Environment sector	2.1	1.6	1.3	0.9	0.3	6.2
Capacity Building and Decentralization	0.9	0.7	0.7	0.3	0.3	2.9
TOTAL	**42.9**	**43.1**	**40.2**	**31.7**	**27.4**	**185.3**

FESP Financing



1. TOTAL EXPENDITURES (EXCLUDING SALARIES) — Domestic resources(excluding salaries)

External resources — RESIDUAL GAP

ANNEX 12: FIDUCIARY RISK ASSESSMENT[30]

Summary assessment

1. The public financial management systems of Cameroon present significant fiduciary risks. There is political commitment to public finance reform and important progress has been made over recent years in improving public financial management systems. In many cases new systems and regulations have been designed, but these new systems are not yet fully operational. However, concerns remain over some areas of budgeting, expenditure controls and the lack of a credible audit institution. These impact risk at the national level, as well as at the forest and environment sector level. Overall, the risk rating for this sector operation is B to C, or medium to high with C reflecting the risks at the national level and without the proposed budget support and B the risk at the sector level with a positive direction of change in the majority of benchmarks.

Key Fiduciary Risks

2. Recent reviews have highlighted concerns over the overall management of the State finances. These concerns are echoed by the present Fiduciary Risk Assessment (FRA); in particular:

- At the budget preparation stage: lack of effective parliamentary involvement, weak links between the annual budget process and the PRSP and medium term forecasts, extra-budgetary expenditures and failure to reflect debts between the State and state owned enterprises in the budget.
- At the budget execution stage: delays in release of budget allocations, in-year cuts, numerous weaknesses in internal control (including use of shortcut arrangements, confusion between the roles of the authorising officers and accountants, poor control over staff costs, poor internal audit and poor control over arrears).
- At the accounting and auditing stage: the accounts are not comprehensive as debt is not recorded on balance sheets nor properly reconciled, the Audit Bench (Chambre de Compte) is not yet operational and Parliament does not have the capacity to analyse the accounts presented.

3. These risks will impact at the forestry sector level, although, in some cases the situation within the forestry sector is better than across government more generally. Significant issues specific to the forestry sector are as follows:

- the transition in 2005 from a single ministry (MINEF) into two new ministries (MINFOF and MINEP), which will pose challenges in terms of ensuring clear budget allocations that reflect the allocation of functions and of changes to organisational structures, staffing and management arrangements [31]
- the introduction of a new computerised financial management system to the field level in 2005.

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[30] The FRA was undertaken in late 2004 and for the most part is based on progress up to the end of the year; but more recent agreements over planned actions/ reforms to address identified problems have been reflected. The FRA will be reviewed annually.

[31] Throughout this annex (and the following table) the two new Ministries are referred to by their old acronym MINEF except where referring to issues related to the Ministerial split

- the continued operation of two special funds held in a commercial bank (established in the 1994 forest law). Expenditure through these funds amounted to 3.7% of total MINEF expenditure in 2004, but could potentially be higher. In 2005 additional controls were introduced which bring their administration in line with standard control practices for other government accounts. They should be covered by the regular internal audit from 2005 (this will be formally agreed and committed to during the negotiation of the budget support by the World Bank to the FESP).
- the need for a suitable financial management system and audit arrangements to cover the forestry parastatal ANAFOR once it becomes operational later this year, and risks associated with the cost of redundancies stemming from the re-organisation which resulted in ANAFOR.

Statement on Risk of Corruption

4. *At the Country level*, corruption is still common and the risk of leakage of funds from the system is be relatively high. The specific weaknesses in public financial management described in this FRA illuminate the associated risks of corruption in public financial administration particularly in weak internal controls, procurement, lack of internal and external audit and effective institutions of accountability. The problems in public financial management and corruption feature prominently in the PRSP and are also high on the agenda of the new Finance Minister. He appears convinced that unless Cameroon can seriously redress the problems in PFM and reverse its public image on corruption they will fail to attract the needed private investment in Cameroon. The PFM reforms underway for the past few years are systematically addressing problems of external audit (creating a Audit Bench), internal audit and procurement reform. Recently, the main donors supporting these processes (World Bank, IMF, EU, France, Canada) have agreed to develop a more harmonised approach platform approach in PFM which has the strong support of the Minister of Finance.

5. Very significant improvements have been noted since 1998 when Cameroon was at the bottom of the Transparency International index. Cameroon now ranks 129 out of 146 countries in the Transparency International index. In the more in-depth governance assessment of World Bank Governance and Corruption diagnostics (GRICS Indicators), Cameroon has improved its performance on the "control of corruption" from one of the worst in 1998 (4.4, ie 96% countries score better) to above the average for sub-Saharan Africa (25.1) in 2004 (GRICS Indicators, 96-04). However, as as poor working conditions and low civil service salaries prevail, tackling corruption remains a serious challenge.

6. The Government of Cameroon (GoC) has had a National Governance Programme in place since 1999, but until recently there has been little evidence of sanctions being brought against perpetrators of corruption. However, overhaul of the programme has been made a condition of the new IMF Staff Monitored Programme and a HIPC trigger. The second phase of the NGP has been launched with support of UNDP. The Government is stressing that this programme work with NEPAD and benefit from the Africa Peer Review Mechanism. It focuses, in particular on reforms in administration, justice, decentralisation, institution of democratic governance, establishment of Commission for Human Rights, reform of the electoral system and the establishment of the Chambre de Comptes (Audit Bench).

7. The Government has also committed to prepare legislation to enable the UN convention against corruption to be implemented in 2005 and has signed up to adhere to the Extractive

Industries Transparency Initiative. The Government is committed to publishing the results of an audit of the Oil Industry (currently underway) and is committed to publishing information on governnment oil revenues as part of the 2004 Account. The Minister of Finance has established a steering committee for development and implemetation of an EITI Action Plan which is strongly supported by the World Bank and IMF. After the election in December 2004, the new Prime Minister and Minister for Finance have signalled that the GoC is committed to renewing efforts to address corruption and inefficiency in government services. Recently, the Prime Minister established a high powered National Finance Investigation Agency whose purpose is to combat financial crime.

8. *At forest sector level*, major progress has been made over the last 5 years in fighting corruption. Many new systems and transparency measures have been introduced which serve to limit common avenues of systemic corruption, particularly in resource allocation processes and regulatory functions. They have introduced a competitive and scheduled logging title allocation system involving an independent observer on the Title Allocation Commission; introduced an independent observer for field level forest control activities and established satellite based monitoring for tracking illegal activities in both protected areas and more widely. A recent external review of the Independent Observer programme has concluded that there has been a marked decrease in illegal activity on large concessions and decline in institutional corruption in regulatory activities (CIFOR, 2005). The presence of independent observers in the forest sector has inspired their inclusion and presence in other sectors. The government also introduced a major overhaul of their revenue collection from forest operations establishing an extensive joint programme between the Ministries of Finance and Forests.

9. The Forestry Revenue Enhanced Program (FREP) and the reform of the forest tax system has resulted in large increase in forest revenue: from 6.4 billion CFAF in 1997 (pre reform) to CFAF 32.2 billion in 2002. In addition, the MINEFI introduced publicity measures for disbursement of forest revenue to local government in order to ensure that the funds be used for local development. While all these measures have reduced opportunities for corruption and introduced innovative systems for control, much remains to be done to address persistent corruption and new forms of illegal activity. In particular attention is now turning to improving the prosecution rate of offenders and imposition of meaningful sanctions (relative impunity is a significant issue). Independent Observer working with MINEF has developed a case tracking system to support MINEF's preparation for prosecutions and to support independent monitoring of forest crime.

10. Strengthening the capacity of the Units responsible for control operations and preparation of cases for prosecution is a key element of the FESP. The Government has demonstrated leadership in the sub-region in efforts to address forest governance problems: they have played an active role in the Africa Law Enforcement and Governance Ministerial Conference (2003) and follow up, and are among the first countries to express clear interest in entering a Voluntary Partnership Agreement with the EU to ensure trade in legal timber and in improving forest governance under the EU Forest Law Enforcement Governance and Trade (FLEGT) initiative.

Existence of a Credible Programme of Reform

11. Although there are major problems, the GoC, supported by the IMF, World Bank and other donors, has launched reforms to address them, at the sector level and across Government. Since February 2005, the GoC and donors working on PFM have begun to put in place a single dialogue in an effort to become more harmonized, coherent and long term in their approach to PFM reform.

All the on-going reform efforts are being linked to a single 'platform' and this is now the focus of dialogue with the GoC. Previously the reforms were supported as elements of different externally supported programmes. Agreements already established to guide the reform processes are monitored through various joint frameworks between Government and the World Bank /IMF: the SAC III, HIPC and IMF staff monitored program as well as the World Bank program of support to public financial management (PFM).

12. This FRA has identified some specific problems, particularly with internal controls over expenditure. These issues have also been identified in the joint GOC-donor PFM platform but specific detailed reform measures and their prioritization and sequencing have yet to be agreed.[32] That specific reforms in some areas are not yet agreed is not an indication that the reform program is not credible, rather that the platform approach being discussed aims to prioritize reforms in the first instance. The evident motivation of the present government and harmonized approach being taken by the donors involved is a good indication of sustainability.

13. World Bank/IMF assessments against the HIPC capacity benchmarks for tracking poverty reduction spending show a significant level of improvement from July 2001 (against 15 benchmarks: two A ratings, eight B ratings and five C ratings) to August 2004 (against 16 benchmarks: four A ratings, nine B ratings and three C ratings).

14. At the forest and environment sector level although reforms have been on-going for several years much remains to be done to put the policies and regulations into practice. The capacity of government and non-state actors to implement the reforms is limited and relationships between them is at times confused or conflictive. There is strong political support for them and they are high profile, as the GoC sees them as a pilot for this type of support in other sectors. There is thus considerable incentive for MINEF, the MINEFI and other Ministries to ensure they succeed. In addition to the measures referred to above in relation to corruption, major improvements achieved so far have been:

- Budget forecasting is consistent with the PRSP and annual work-plans built from field level needs;
- Expenditure tracking has been improved by improving budget nomenclature and computerising financial management and control systems. These systems will be extended to the provincial and district level in 2005.
- Application of the new procurement code and its associated regulations over the past year.

Short Term Safeguards

15. The disbursement arrangements for FESP limit, to some degree, the level of fiduciary risk for externally financed budget support. The budget support will be disbursed in three tranches. Disbursement will be dependent on the achievement of key outcomes which underpin the success of FESP. This feature of programme design should act as an incentive to achieve those reforms which feature as key outcomes and should reduce overall exposure because later tranches will not be disbursed without the agreed progress.

16. As the Audit Bench is not yet operational an annual independent audit will be carried out for the FESP. Arrangements have been agreed and are described in the Finance Ministers

[32] Specific measures are to be agreed during the next Joint World Bank/IMF Mission later this year

instructions to the Budget Directorate for the FESP. There will also be trimestrial expenditure reviews of MINEF, involving the MINEFI, the Prime Minister office and donors. The Finance Minister also makes provision for donors to serve as independent observers on the procurement commissions.

17. The Finance Ministers instructions indicate that externally financed budget support for FESP will be earmarked in a special account at the national bank and will not be subject to the usual 10% witholding (as contingency). It is likely that with the detailed FESP programme allocations and the "tagging" of external funding, FESP allocations will not be subjected to budgetary cuts or virements. Although some weaknesses are recognised in internal controls that are not yet being addressed by specific reform measures, safeguards to address them were not recommended. It is believed that the 'tagging' of external FESP support combined with improved financial management and reporting within the MINEF and an external audit will protect against inappropriate spending and virement.

18. Finally, MINEF's capacity to use new financial, procurement and contracting systems should be increased by the multi-donor basket fund which is being established to provide technical assistance in support of FESP implementation.

Benefits

19. Despite the risks highlighted above, the **development benefits** of budget support are expected to be significant. First, importance is being vested in FESP by MINEFI, as a test for introducing wider public finance management reforms. Thus, if successful, FESP may help pave the way for wider reforms and more flexible ways for donors to provide support both to this sector and more broadly. Second, budget support should enhance ownership of the reform process by the sector ministers and make them more accountable for results. There are shortcomings in the services provided, but improved public finance management at the sector and national level should improve staff management and increase accountability, creating the appropriate environment for the actions envisaged in FESP. Third, targetted budget support should improve the regular process of budget negotiation, allocation and execution between the MINEF and MINEFI. Management of donor project funds has created a parallel administration, often with staff enjoying significant salary and benefit enhancements. This is not sustainable. Budget support, with adequate safeguards, provides a better alternative. The targeted budget support may also serve as a catalyst for other donors switching from project to programme support through the state budget.

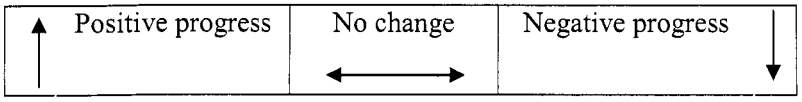
Description of the Detailed Fiduciary Risk Assessment

20. The detailed assessment of fiduciary risk is given in the table below, which (i) summarises the situation and rates fiduciary risk across government which will affect the sector; and then (ii) summarises the situation and rates fiduciary risk with regard to practices and systems used in the forest and environment sector. The risk rating for FESP reflects the situation within the forest and environment sector, which may be influenced to a significant degree by government-wide issues. Some benchmarks relate to the situation across government, with no scope for variation in the case of FESP. In such cases only one, overall assessment, is given.

21. Against each benchmark, risk is rated as A (low risk), B (medium risk), or C (high risk). Low risk applies to a situation where systems are sound and there is basic compliance. Medium risk

applies to a situation where there are some significant weaknesses in the systems and/or significant failings in compliance. High risk indicates a higher level of system weaknesses and/or compliance problems. The rating is based on an assessment of the current level of risk and does not take into account improvements (such as new laws or new systems) which have yet to take effect (e.g. are effectively still in the process of being implemented).

22. The arrow accompanying the risk rating represents the trajectory of change. This indicates the expected progress going forward based on actual evidence of progress. Cases where improvements of the systems have begun, but are not yet complete are reflected in the use of the trajectory of change arrows.



FIDUCIARY RISK MATRIX
GOOD PRACTICE PRINCIPLES AND BENCHMARKS –
CAMEROON OVERALL AND FOREST AND ENVIRONMENT SECTOR

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
1. A clear set of rules governs the budget process.	A budget law specifying fiscal management responsibilities is in operation.	**B**	↑	The budget planning and resource allocation framework clearly specifies responsibilities in the use of public funds. The overall macro-economic framework is prepared by the MINEFI Forecasts Directorate according to a method, which is based more on a logic of receipts than a logic of expenditure, and which is likely to ensure budgetary discipline. The investment budget was prepared by the ministry in charge of the Plan and the operating budget by the MINEFI, without sufficient collaboration. Government has now decided that the MINEFI will prepare both the investment and the operating budget, which should produce a more unified budget. A budget circular is used, but line ministries have not been sufficiently involved in the process. In 2004 this was addressed through pre-conferences (introduced for the 2005 budget preparation) to bring in sectoral priorities early in the process. This makes it even more important that spending ministry strategies are consistent with the MTEF. The National Assembly financial committee does not have sufficient expertise or time to effectively contribute to the budget process. Presently the budget law is based on the French law that was in use in the 1960's. Although comprehensive and robust, it is old fashioned and no longer considered best practice in many areas and a new organic budget law has been drafted. The new law will make the budget more output focused, accommodate a longer term perspective and increase the role of line ministries in budget execution by giving them more responsibility for certifying satisfactory receipt of goods/services. Because of the wide remit and sensitivities of the changes, there is no firm timetable for its presentation to the National Assembly. Progress with the development of the new law is closely monitored by the World
		B	↑	

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
				Bank and IMF, and they are hopeful that it will be tabled in 2006. MINEF welcomed the opportunity for presenting strategic objectives earlier in the process. In 2004, MINEF budget planning greatly improved, thanks to the elaboration of Annual Work Plans (PTA), but multi-year forecasting remains limited because staff find it difficult to specify the means to achieve objectives. This should improve thanks to training programs planned for 2005 under the FESP.
	Accounting policies and account code classifications are published and applied	**A** **A**	↔ ↑	Significant progress on this benchmark has been made over past years. It is now rated as A in HIPC benchmarking and is sufficient to track the PRSP. A new budget classification of international standards was introduced allowing functional, administrative and economic headings to be cross-referenced. It can be linked to the UN-supported Classification of Functions of Government (COFOG), thanks to a special table. This new budget nomenclature includes operating and capital expenditure. The budget headings include principal and secondary functions. In 2004, MINEF changed its account classification by adding to each line a code indicating the objective and program. The budget is now programmatic, fully consistent with the FESP components and activities. It will allow the DAG to track progress with activities and to combine budget allocations that contribute to specific results (i.e. investment in equipment, training and TA to support a specific activity). This improvement was agreed by the Budget Directorate, which intends to use the system in other ministries, demonstrating the quality of MINEF's work.
2. The budget is comprehensive	All general government activities are included in the budget	**B**	↔	The budget covers over 75% of the general government sector (as defined by the Government Finance Statistics). However, there are cross-debts between the State and CAMAIR, as well as certain State-owned enterprises and public service utilities (water, electricity, telephone), which are treated as offset and not included in the budget (the corresponding sums can be valued at 50 billion

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
		B	↑	CFAF). The quality of financial management of these parastatals is of the utmost importance, because deficits must be met from the State budget, with the risk of accumulation of arrears within the parastatals or cuts to line ministry allocations. Monitoring of finances of State owned companies is inadequate and institutional confusion between MINEPAT and Budget Department exacerbates the problem. Not all information on donor-financed operations is included in the budget. Line ministries need to ensure that this information is submitted in a form compatible with budget nomenclature. At MINEF, the 2005 budget for the FESP reflects all externally financed support. All donor contributions are tracked and translated into the budget nomenclature. At the sector level there is one newly created parastatal, ANAFOR, which promotes private and community-based plantations. Its budget is incorporated in the budget with MINEF and MINEFI allocations. Revenue collection in the forestry sector has improved, with a high recovery rate for forest fees and taxes (more than 90% for the RFA representing 50% of the forest revenue). The Forestry Revenue Enhanced Program was created in March 1999 to improve monitoring of fiscal revenues in the wood industry (Decree 99/370/PM). This program is implemented within the MINEFI in collaboration with MINEF. Its main objective is to increase the sector's contribution to the state budget. Better monitoring, along with the revision of the fiscal system, has resulted in an improvement in revenue collection from 6.4 billion CFAF for FY 1996/97 to 11.5 billion for FY 1998/99 and CFAF 32.2 billion for FY 2001/2002. FREP has also helped to improve the relationship between the tax and forestry administrations, provided better assistance to the taxpayer and helped in combating illegal logging, particularly through the diffusion of secured documents to forest operators.

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
				There is a statutory provision to share timber revenue with local government and communities. The revenue destined for local government is intended to finance rural development. The government has improved transparency (and disbursement) of these payments, and the use of the funds is also improving, but problems do persist as revealed in study completed at the end of 2004 (Ndjanyou &Majerowicz, 2004).
	Extra budgetary expenditure is not material	**C** **B**	↑ ↑	Extra-budget expenditures on government activities are significant. In 2003, the National Oil and Gas company (SNH) made some direct expenditure, which represented roughly 6% of total spending. Also, payments can be made by Treasury without prior commitment and authorization *("ordonnancement")* for items not included in the budget law, which are then booked on budget lines without taking into account the agreed appropriations. In 2004, the presidential election led to a significant increase of extra-budget expenditures and to treasury problems. It has been recommended to the Government to reintegrate in the budget extra budgetary spending by the SNH and publish annual audits to enhance transparency in the oil sector. In addition, the GoC is committed to EITI and improving transparency in financial management of the oil sector. There are two special funds at MINEF, but they are in the budget. These funds were established under the new Forest Code (1994) and operate using different payment procedures because the account is held at a commercial bank (procedures for commitments and authorization are the same as for all other expenditures). The funds were established to cover operational costs for forestry directly from forest revenue receipts and to meet short term funding gaps (and were established when the forest revenue collection function was transferred to the MINEFI). The budget bill sets a limit on possible transfers of forest revenue into these funds, but does not actually sanction these transfers; the decision to transfer funds is done on a case by case basis which explains why in practice MINEF has been unable to spend significantly from them. Historically, far less is transferred compared to the limits set. For example, the actual

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
				expenditures in 2004 represent 3.7% of the overall budget. The 2005 ceilings represent 38% of the overall budget. The new financial management system (SICAF) will record commitments, liquidations, authorizations for payment and payments from all funding sources (central allocations, special funds and external finance). In the past these funds were a major concern as there was no transparency or accountability in their use. However, in recent years tighter controls have been introduced and are operational, as evidenced by the relatively low expenditure from the special funds in 2004. There are clear guidelines for spending and the process of commitment, verification and authorization is the same for all other expenditures. Payment now requires two signatures, the Minister (MINFOF/MINEP), and the financial controller (Fund Accountant - C*comptable du Fonds*) will countersign all payments. Essentially the accounting system is the same, but the payment process is different compared to funds from the Treasury. **To improve transparency of these funds, these accounts should be included in the audits of the Ministry. (Formal agreement will be sought with GoC during WB negotiations to include these in the audits.)**
3. The budget supports pro-poor strategies	Budget allocations are broadly consistent with any medium-term expenditure plans for the sector or for the overall budget	C	↑	The PRSP contains medium-term forecasts for all priority sectors, including forecasts derived from MTEFs for the education and health sectors. However, in 2004 the connection of the budget to the multi-year forecasts was weak, with budgets well below PRSP forecasts. The letter for the 2004 and 2005 budget prescribes sectoral strategies/budget programs and the GoC is working on the establishment of an MTEF in several priority ministries. In the case of the health and education sectors which have been priority for MTEF the 2004 and 2005 budget allocations were based on MTEF, however, for the rest, the 2005 budget makes little reference to these medium-term projections. Thus, although progress is being made, the annual budget allocation is not yet clearly linked to MTEF. There is an ambitious target to introduce an MTEF into public

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
		B	↑	finance law by 2006. To play their part, line ministries will require capacity building. The WB has granted a PRSP Trust Fund that should help finalize 8 sector strategies and their respective MTEFs. In the mean time, sector ministries are expected to produce annual budgets that better reflect PRSP aims. Sector Ministries will want to introduce financial management systems that allow them to track progress with the PRSP down to the activity level. The central budget nomenclature does not readily do this and care will be needed to ensure that new systems are compatible with the MINEFI system. By contrast, at sector level, the 2005 budget is consistent with the10 year strategy set out in the FESP and PRSP. The Finance Minister places great importance on the FESP, in part as a test for introducing wider public finance management reforms, therefore there is little risk that the budget allocation will fail to support proposed and agreed annual workplans for the FESP. MINEF will introduce an MTEF for the 2006 budget.
4. The budget is a reliable guide to actual expenditure	Budget outturn shows a high level of consistency with the budget	C	↔	There is a high execution rate for the recurrent budget and a low execution rate for the investment budget with a marked discrepancy between the voted budget and the actual budget in some expenditure categories. From 2001-2003, recurrent expenditure had an average execution rate of 97%, but investment expenditure averaged only 67%. This is an improvement from 5 years ago when the execution rate of investment expenditure was only 57%. Execution rates vary between ministries. For example, over the three-year period from 2000 to 2003, education had execution rates frequently above 100%, while health and rural development have seen marked gaps between appropriations and actual allocations. The HIPC review rates execution rate as B based on combination of all budgets. Decisions by the central authorities to reduce commitments and complex procedures for disbursing funds create delays in the execution of the budgets. This issue is highlighted in the GoC/donor consultation document on PFM, but detailed additional reform

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
		C	↑	measures have not yet been agreed. The priorities for reform will be finalized during the next World Bank/IMF mission in August/September 2005. The public expenditure chain is characterized by lengthy procedures and multiple controls that hinder efficiency (discussed in B.7). The PRSP makes streamlining budget execution procedures and controls a priority. One of the objectives of this reform is to reduce the number of steps in the process. The four stages of the expenditure chain are as follows: (i) the government enters into an agreement with a private supplier or buyer to purchase a particular good or service (*engagement*); (ii) certification/verification that the goods/services have been delivered (*liquidation*), (iii) payment request sent to the treasury (*ordonnancement*); and (iv) the Treasury issues payment order (*paiement*). Each of these four stages can involve several transactions. The complex procedures for disbursing funds undermine the predictability of flows of resources to line ministries. As a result, sectoral ministries cannot properly plan their budgets and programs for the fiscal year. Problems with execution rates may also reflect accounting and reporting problems. Budgets are not always respected and some expenditures are not properly posted. When there is insufficient unused allocation against a budget line, expenditure relating to this line may be posted in Treasury accounting to another budget line (particularly a line with an imprecise description).These 'mis-postings' are not corrected. The result is that actual figures for any given budget line may not represent the true execution rate for that particular line. This limits the effectiveness of the ex ante control by the financial controllers at the commitment stage. The establishment of the planned external audit function should bring to light the extent of, and should help to deter his problem. Increasing the responsibilities of sector Ministers for the execution of budgets may also help (acting as a deterrent to mis-postings between ministries). At the moment line Ministers do not have sufficient responsibility for their programs, as the Minister of Finance is

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
				effectively the only authorizing officer. The new (draft) Organic Budget law will address this situation giving Ministers responsibility for authorizing expenditures for their programs, greater control for services rendered, and responsibility for certification of satisfactory goods/services received. The MINEFI systematically withholds a percentage of budget allocation to cover unexpected priority expenditure. These cuts undermine operational efficiency. Un-funded allocations are carried forward in the following budget, but deducted from the allocations for that year. These concerns over budget execution are highlighted in the PFM platform document, but additional detailed reform measures or sequencing have not yet been agreed (priorities and sequencing will be agreed later this year) (PFM Platform, June 2005). At MINEF, budget cuts in 2004 were 11% for investment expenditure and 21% for operating expenditure. This problem should be reduced in 2005 through the FESP finance mechanism, as the Minister of Finance Instructions for FESP state there will be no cuts on externally funded program and fund flow to FESP will be an important measure for subsequent disbursements of budget support. Furthermore, the Government has decided to pilot the delegation of authority for expenditure envisaged in the draft Organic Budget Law with the MINFOF/MINEP Ministers (in part because of the new financial management system operating in MINFOF and in part because of the priority status afforded to the FESP). This delegation of responsibility is explained in the Instructions from the Minister of Finance outlining finance mechanism for the FESP (Article 11). Some MINEF budget allocations are diverted from their originally intended purpose and this sometimes results in misuse of funds. This is due to MINEFI's lack of discipline in sticking to agreed budgets and tendency to unilaterally reallocate funds. MINEF has no information about the level of funds available. Thus, it commits expenditures without being sure that they will be paid. Through FESP risks should be reduced because external funding controls

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
				should be tighter and funds will be "marked" for FESP at the central bank. In addition, the introduction of computerized financial management at MINEF and MINEFI will improve transparency and make this problem, if it continues, more visible.
5. Expenditure within the year is controlled	In-year reporting of actual expenditure	C	↑ (modest)	**Internal Controls**: As noted above, budget execution is characterized by multiple controls that have proved a hindrance to budget execution and have failed to prevent the leakages and misuse of public funds. The CFAA conducted in 2002 reviewed the system of budget controls and made several recommendations for institutional reform. However, it appears that limited progress has been made in improving the efficiency of the process. While the tools to make the system work better, for instance management information systems, have improved, the system of budget controls remains cumbersome. Controls wielded by financial controllers working in line Ministries are operating satisfactorily. However, these controls are made difficult by the unilateral action of the Treasury Directorate (public accountant) who pays some expenditure directly without prior commitment, or agreement of the financial controller. Thus, the reconciliation between the accounts produced by the various information systems and those produced by the accountants are not effective (this issue discussed in Benchmark 6 also). The HIPC review concluded internal controls function only partially. The "*a priori*" and "*a posteriori*" internal audits suffer from an inadequate legal framework and weak capacity. "*A priori*" control with regard to physical accounting is particularly ineffective. The Treasury gets involved too early and as a result the division of responsibility in expenditure chain is undermined. In practice, the Public Accountant does not allow the Authorizing Officer to authorize payment of an expense until he is sure that there is sufficient cash available. This results both in delays in payments made to suppliers and a concern that the true amount of outstanding commitments are not properly recorded in the system (see Annex 1

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
		C	↑	for detail). The use of imprest accounts is declining with the introduction of PFM reforms (28 billion CFAF in 2003 down from 40 billion in 2000), but these are still considered too high. The problems in internal controls and treasury management are highlighted in a recent GoC/donor consultation document on PFM, but detailed additional reform measures have yet been agreed. The priorities and sequencing for reform will be finalized later in 2005. **Staff Wages**: Reforms are underway to establish a transparent link between the level of staff of each ministry and the corresponding budget allocation. However, budget guidelines for staff costs are unsatisfactory and fail to provide transparency or the capacity to analyze or compare staff costs. Furthermore, the wage bill is not calculated on the basis of actual personnel or an assessment of requirements to do the work of the ministries. A census in 2004 identified 6,000 ghost-workers (out a global staff estimated at 140,000). The Government has recently commissioned a follow up census (July 2005) to assess progress with reforms and the removal of ghost workers from the system. The wage bill, which in 2004 represents 34% of total expenditures, is not clearly recorded in the Budget law. The GoC has transferred responsibility for financial analysis of personnel issues to line ministries through introduction of SIGIPES. This will be introduced in MINEF in 2005The roll-out of SIGIPES (particularly to MINEF) will address some of these problems, particularly the elimination of ghost workers from the payroll. A significant number of temporary employees (about 13,000) are not paid, posing serious risk for the 2005 budget. Precise figures are not available, but most commentators agree this is a serious problem. For MINEF the arrears are approximately FCFA 150 million (or 8 months for approximately 200 staff). There are no reforms planned in this area. Line ministries report serious delays (up to 6 months) in disbursing recurrent funds. MINEFI blames this on fund shortages, especially

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
				acute in 2004 before the presidential election. Good progress is being made at MINEFI with the introduction of an integrated **Financial Management System** at central level. This is improving reporting and control at the central level and helping manage and report on the public expenditure chain: budgetary allocations, available appropriations, expenditure commitments, orders to pay, amounts taken in charge by the Treasury, payments to be made. Line Ministries should produce quarterly reports on budget execution, but since2003, many have stopped the production of these reports, because they do not have the required information systems, Many line ministries are now developing information management systems of their own, in part because there is no timetable to roll out the central MINEFI system and its high costs., These systems will enable easier tracking of expenditure down to the level of activities while being consistent and compatible with the system used by the financial controllers and MINEFI. The financial controllers working with MINEF at the provincial level are dependent on the *Gouverneur* (province) or the *Préfet* (district). They do not have sufficient independence and the quality of their controls suffers as a result. Furthermore information on budget appropriations should be given to each appropriation manager so they are in a better position to defend their original allocations and are more responsible for results. MINEF has made excellent progress over the past years with the development of a computerized budget and expenditure tracking system known as SICAF (prior to 2004, MINEF had no functioning financial management system and as such it was impossible to conduct even a simple audit). Presently operational at the central level at MINEF, it will be operational at the provincial level later in 2005 and subsequently to the district level as these become computerized. Training for staff in the new systems has commenced and will be expanded with finance of the Basket Fund. The implementation of SICAF should enable MINEF to produce quarterly fiscal reports. MINEF will conduct quarterly expenditure

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
				reviews, chaired by a representative of the Prime Minister, Ministry of Finance, MINEP and MINFOF as well as donors and produce regular progress reports of budget execution. These reviews could be done annually when the internal and external audit bodies become operational. A census of staff has already been completed and records cleaned. The results of this work are positive. The software (SIGIPES) used at the Personnel directorate was introduced in MINEF in late 2004. MINEF will now be responsible for managing personnel information and has set up systems to undertake these new responsibilities. This will strengthen HR management. MINEF will be responsible for payroll management from 2006, but is not expected to take charge of actual pay administration, but rather the management of all information for its workers. The problem of delays in fund disbursement from MINEFI are unlikely to pose a risk at sector level, because of the use of a specific cash account at the BEAC and assurances provided to the World Bank on the finance mechanism between the MINEF and MINEFI for FESP. MINEF has not experienced delays, because it receives regularly (in March and September) its own appropriations The recent reshuffle of government has split MINEF into two Ministries (MINFOF and MINEP). The 2005 budget allocates what would have been the MINEF funding between the two new ministries: (i) MINEP: Operating Budget = 378,069,000 CFAF (of which 23% of wages) Investment Budget: 125,000,000 CFAF and (ii) MINFOF: Operating Budget = 5,094,351,000 CFAF (of which 70% of wages) Investment Budget = 2,250,000,000. Across both ministries, the wage bill is 68.5% of operating expenditure. It is likely that from 2006 each ministry will establish separate services at the central level and provincial (General Administrative Director, General Secretary and Cooperation and projects Director) The Ministries are committed to maintaining the coherence and unity of the FESP and will manage it as a coherent and unified program with

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
				two executing agencies. The split in budget allocation will follow a logical divide in responsibilities for the results of different components. Oversight and direction for the program will follow the structures already established with MINFOF providing overall direction (this includes a facilitation committee with representatives from MINEP, Prime Minister, Finance and donors). FESP appears as a single budget line under MINFOF in the 2005 budget. Accounts will be separate, but aggregated at the level of a single accountant. The main risks associated with this institutional split are that the agreed responsibilities between the two executing Ministries (described in the Directive from the Prime Minister on FESP execution) are not adhered to thus requiring intervention from the MINEFI or Prime Minister's Office. **ANAFOR:** There is one newly created parastatal at the sector level, ANAFOR. It originates from a merger of two massively restructured institutions. The main risks associated with its creation are that the institutional reforms envisaged in the FESP (that it becomes an autonomous institution serving the needs of communities and private sector for technical advice, and providing inputs for plantation development) do not come to fruition. Support to ANAFOR through the FESP will be through agreed annual work plans with the sector Ministries for the provision of specific services. Its 2005 budget is 1.5 billion CFAF (1 billion from the MINEFI and 0,5 billion from MINFOF). Its transactions will be audited ex ante by a financial controller, but it has no accounting system in place. Once operational, it should be a priority for ANAFOR to develop a financial management system and external audit arrangements (to be agreed formally at WB negotiations).
	Systems operating to control *virement*, commitments and arrears	**C**	↔	*Virements* (re-allocations within the budget) are not performed in an open and transparent manner. However, this risk exists only for internally funded expenditure. External funds are not threatened by these practices. Controls over arrears are not satisfactory: (i) the system does not allow expenditure to be based on multi-annual programming and

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
		B	↑	therefore expenditures committed but not paid for within one year cannot be carried forward (mainly a problem for investments) and (ii) there is a poor inventory of arrears, partly as a result of outstanding commitments not being authorised for payment in a timely manner. These problems are being addressed through application of a new multi-annual programming law, which is timetabled to be passed in June 2006. Credits can be carried forward for specifically identified investment expenses that have been committed and received, but not paid for by the year end; financial controllers stop expenditure commitments in November to take stock of expenditure yet uncommitted, and expenditure committed but yet unauthorised. Cash flow management is made difficult by lack of timely information since transactions are not recorded on a daily basis. Since many accounts in commercial banks have been closed (134 remain open) the situation is improving year on year. The situation is monitored regularly by a liquidity plan committee (of concerned Directors), which has been meeting weekly since 2004. The arrears situation has deteriorated since 2003. The stock of domestic debt has never been properly assessed despite various audits at the *Caisse Autonome d'Amortissement (*CAA). Assessment is difficult because the failing of the internal control and reporting system. The situation is better at MINEF level as they have had little opportunity or experience with virement. At MINEF level, the Minister of Finance has instructed that committed expenditure for FESP not yet authorized during a given fiscal year will be carried over to the following fiscal year, without being deducted from the appropriations included in the budget of the new year. Formal agreement to this by the GoC has been explained in the Budget Instructions from the Minister of Finance.
6. Government carries out procurement in line	Appropriate use of competitive tendering rules	B	↑	The CPAR in 2000 found that procurement system conformed to classic models and ought to work satisfactorily but was impeded by

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
with principles of value for money and transparency	and decision-making is recorded and auditable	**B**	↑	inefficiency and non-transparent management. The 2005 assessment concludes that the GOC has implemented reforms that put the procurement process on solid ground and promotes competition and value for money. The legal and regulatory framework of the new procurement code, adopted in 2004, conforms to international standards, is characterized by respect for competition, transparency, efficiency and economy. Procurement tender Committees have been set up at national and local levels and are operational. Independent observers have been appointed to these committees, audits of some procurement exercises have been undertaken and the results of procurement processes are now published. A Procurement Regulatory Agency (ARMP) has been created and is operational. Regular ex-post audits are performed for public contracts. However, the independent annual audits commissioned by ARMP reveal that a lot remains to be done and the system works within a weak governance environment. Problems include subdividing contracts to stay below the central contracting limits, low quality technical dossiers, selection done on subjective basis, very long delays in the management of tender dossiers, very long delays in the procedures of commitment and order to pay and overcharging. Moreover, the Government hasn't brought proof of sanctions against identified cases of misconduct. The draft CPAR 2005 noted a number of challenges: the capacity and professionalism for procurement in both the public and private sectors; the integration of procurement processes in the systems for public financial management; the budget funding for managing the procurement processes; and the political commitment to enforcing the rules and regulations including the use of sanctions. The provincial representative of MINEF is the "maître d'oeuvre" of the FESP program that, as such, will authorize all services rendered and have oversight of the procurement process. MINEF requires capacity building to plan and operate to the new procurement system. The training and experience in jointly managing the multi-donor Basket Fund for TA and training, should further build capacity of MINEF in procurement. Under the new regulations,

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
				MINEF is not bound to accept the lowest tender and there have been instances of high cost winning bids with no compensating technical merit. However, the use of independent observers should increase accountability and transparency. **Monitoring is required to ensure that subdividing contracting limits does not circumvent competitive tendering rules**. The Finance Minister's Budget Instructions for FESP say that procurement will follow the GOC procurement procedures for central and provincial levels and invites donors to join tender commissions as independent observers (July 2005).
	Effective action taken to identify and eliminate corruption	C	↑	Corruption is widespread in Cameroon, which ranked last of 85 countries in the Transparency International Corruption perception Index in 1998 and 129th out of 145 in 2004. In the more in depth governance assessment of GRICS, Cameroon has improved its performance on the "control of corruption" from one of the worst in 1998 (4.4 (ie 96% coutries score better) to above the average for subsaharan africa (25.1) in 2004. (GRICS Indicators, 96-04). Nonetheless incentives and opportunities for corruption continue as poor working conditions and low civil service salaries prevail Tackling corruption remains a serious challenge. There has been a National Governance Programme in place since 1999, but until recently there has been little evidence of sanctions being brought against perpetrators of corruption. However, overhaul of the programme is a condition of the new IMF Staff Monitored Programme and a HIPC trigger. The second phase of the NGP has been launched with support of UNDP. The Government is stressing that this programme comes under NEPAD and benefits from the Africa Peer Review Mechanism. It focuses, in particular on reforms in administration, justice, decentralisation, institution of democratic governance, establishment of Commission for Human Rights, reform of the electoral system and the establishment of the Chambre de Comptes (Audit Bench). The Government has also committed to prepare legislation to enable the UN convention

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
		B	↑	against corruption to be implemented in 2005 and has signed up to adhere to the Extractive Industries Transparency Initiative. The Government is committed to publishing the results of an audit of the Oil Industry (currently underway) and is committed to publishing information on governnment oil revenues as part of the 2004 Account. The Minister of Finance has established a steering committee for development and implemetation of an EITI Action Plan which is strongly supported by the World Bank and IMF. After the election in December 2004, the new Prime Minister and Minister for Finance have signalled that the GoC is committed to renewing efforts to address corruption and inefficiency in government services. Recently, the Prime Minister established a high powered National Finance Investigation Agency whose purpose is to combat financial crime. There is an anti-corruption committee (Observatoire de la Bonne Gouvernance) but it hasn't really functioned, although recently some high-ranking officials have been penalized for misuse of public funds. Improvements to the public financial information systems may help reduce corruption. There can be no doubt that the cultural, bureaucratic and systemic problems at the national level play out at the sector level as well. However, Cameroon has used the forest sector to demonstrate its determination to tackle corruption. Reforms in the forest sector became a test case of the Government resolve, and prototype for governance reforms in other sectors as well as for other countries of the region. Many new systems and transparency measures have been introduced which have served to limit common avenues of systemic corruption, particularly in resource allocation processes and regulatory functions. They have introduced competitive and scheduled logging title allocation system involving an independent observer on the Commission ; introduced an international independent observer for field level forest control activities and established satellite based monitoring for tracking illegal activities in protected areas and on a grand scale. A recent external review of the Independent Observer programme has concluded that there has

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
				been a marked decrease in illegal activity on large scale concessions and decline in institutional corruption in regulatory activities (CIFOR, 2005). The presence of independent observers in the forest sector has inspired their inclusion and presence in other sectors. The government also introduced a major overhaul of their revenue collection from forest operations establishing a joint programme with the Ministry of Finance and Forests. The Forestry Revenue Enhanced Program (FREP) and the reform of the forest tax system has resulted in massive increase in forest revenue : from 6.4 billion FCFA in 1997 (pre reform) to CFAF 32.2 billion in 2002. In addition, the MINEFI introduced publicity measures for disbursement of forest revenue to local government in order to ensure that the funds be used as intended-- for local development. More recently, implementation of the sector's financial management information system (SICAF) is contributing to the fight against corruption. While all these measures have reduced opportunities for corruption and introduced innovative systems for control, much remains to be done to address persistent problems and new forms of illegal activity. In particular attention is now turning to improving the prosecution of offenders and imposition of meaningful sanctions. Independent Observer working with MINEF has developed a case tracking system to support MINEF's preparation for prosecutions and to support independent monitoring of forest crime. Strengthening the capacity of the Units responsible for control operations and preparation of cases for prosecution is a key element of the FESP. The Government has demonstrated leadership in the sub-region in efforts to address forest governance problems : they have played an active role in the Africa Law Enforcement and Governance Ministerial and are among the first countries to express clear interest in entering Voluntary Partnership Agreement with the EU to ensure trade in legal timber and in improving forest governance.
7. Reporting of expenditure is timely and accurate	Reconciliation of fiscal and bank records is carried out on a routine basis	**B**	↑	The most recent HIPC assessment on reconciliation of accounts rates this as A and achieving the benchmark (but this does not consider debt management or reconciliation with line ministries). In

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				November 2002, significant discrepancies between the Treasury and the Central Bank data were found, amounting to 1 percent of GDP. By March 2003, these unexplained discrepancies had been reduced to 0.3 percent of GDP. Since then, significant further progress has been made in the monthly production of reconciliation tables, including a disaggregated reconciliation by treasury office as well as a detailed listing of uncashed checks. As of September 2004, the unreconciled difference between the treasury and Central Bank accounts amounted to 300 millions CFAF (0.02% of GDP) (approximately £328,000). Consolidated debt flows are reported at State level, but reporting of consolidated debt stocks is not included in the State balance sheet. The system would allow this information to be included, but the GoC does not require it to be included in the National Accounts. Only the Debt Management Office (CAA) reports this information, although this is on a statistical rather than on an accounting system. There is no reform planned to rectify this presentation at present. Considerable progress has been made in improving the quality of the balance, but the treasury consolidated balance still takes 3 months to produce. Accounts reconciliation between authorising officers and accountants is not yet done, but as computerised systems are presently being introduced and the situation is improving. The transfer of financial information from the line ministries to the MINEFI financial information system (DEPMI) is done manually or by a simple computer network and not yet by computerised accounts consolidation. This problem is being addressed through the establishment of a Central Treasury Accounting Office, which will produce a consolidated treasury balance. MINEF is not implicated in this benchmark.
	Audited annual accounts are submitted to parliament within the statutory period	**C**	↑	The accounts are presented to Parliament within the twelve-month statutory period. However, the presentation of this document (called the budget review law (*Loi de Règlement*)) is neither comprehensive nor analytical. The preparation and adoption of an improved Loi de

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
		C	↑	Règlements is planned over the next three years. At the moment, it isn't prepared on the same level of detail as the Finance Bill, making judgment of performance against the original Bill difficult. It also contains some discrepancies with the treasury balance sheet and routine transactions are entered into the accounting system with a 6 months "complementary" period at the end of the fiscal year. It does not contain sufficient analysis to assist the National Assembly to hold Ministries to account for deviations against the budget. An improved reporting format has been developed and will be used to present the 2004 Accounts. Legislation does not currently prescribe an external audit before submission of the accounts to Parliament. In the absence of an external audit, accounts are certified by the Minister of Finance which is not independent. The Audit Bench (Chambre des Comptes) is being established (see below) and when operational, will certify the accounts. Parliament lacks the technical capacity to analyze the accounts presented. At MINEF, the implementation of SICAF has improved the quality and comprehensiveness of financial reporting for 2004. In addition, to improve transparency and reporting at the end of the fiscal year, the DAG at MINEF will issue an "administrative account" presenting the budget execution and the public accountant (PGT) will issue a "*compte de gestion*". The Basket Fund for technical assistance to the FESP will build capacity of DAG and MINEF for improved financial reporting.
8. There is effective independent scrutiny of government expenditure	Government accounts are independently audited	C	↑	Until recently, there was no external independent audit institution. On April 3rd, 2003, Parliament passed a law approving the creation of an Audit Bench (*Chambre des Comptes*), which will be attached to the Supreme Court. Its duty will be (i) to judge the accounts of the public accountants and (ii) to audit the accounts before they are presented to Parliament. The 2004 Accounts will be audited by the Audit Bench in 2005. In August 2004, the World Bank noted that

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
		B	↑	the Audit Bench was being established: three judges were hired and about twenty new financial judges *("magistrats financiers")* were to be appointed among the staff specialized in public finance. The establishment of the Audit Bench is a key reform backed strongly by external partners supporting PFM reforms (and as such is an important indicator for both HIPC completion point and the IMF staff monitored program). To compensate for the lack of an operational independent audit function, for FESP, the GoC has agreed with World Bank and DFID to arrange an annual independent audit. These arrangements are described in the Finance Minister's instruction note to the Budget Directorate for the FESP budget support mechanism. This should provide adequate safeguard to mitigate this risk assuming that the audit takes place as planned (this will be monitored regularly as part of annual FESP review). Against this mitigation measure, the sector risk is judged as B.

Principle	Benchmarks for Assessment	Rating A-C	Trajectory of change (predicted)	Overall assessment
	Government agencies are held to account for mismanagement	C	↔	The budget review law is insufficient, as it does not present a complete or detailed picture of expenditure. Reforms are underway to address this problem through more effective data management and computerized consolidation. The rules in force stipulate the accountability of the authorizing officers and of the public accountants. Today, this accountability cannot be judged nor sanctioned because of the absence of an effective Audit Bench. The Prime Minister is placing renewed effort into the National Governance Programme which aims to hold senior government officials to account for corruption and mis-management. Several recent high-profile cases reflect this renewed focus. He is developing the second phase of the program with support of UNDP and NEPAD and has suggested that it be reviewed under the Africa Peer Review Mechanism. In June, he established a high-powered National Finance Investigation Agency to tackle financial crime and money laundering. When passed, the new organic law will introduce reforms to make line ministers true authorizing officers, in charge not only of commitments but also of authorization for payment of expenditures. Payments will continue to be made by the public accountants maintaining the separation of accountant and authorizing officer functions.
	Criticisms and recommendations made by the auditors are followed up	C	↔	As noted above, there has not been any effective independent audit of Government expenditure. There is no external auditor and the legislative committee does not have the capacity to perform its oversight role. Audits have been undertaken by the "*Contrôleur Supérieur de l'Etat*" but this body reports to the President of Republic and no findings or actions have been made public. The problem cannot be satisfactorily addressed until the Audit Bench is functioning effectively. At the sector level, in absence of this function, the Minister of Finance will organize regular independent audits for FESP (as detailed in his Instructions on Finance Mechanisms, July 2005).

ANNEX 13: FINANCIAL TRANSFER MECHANISMS

The following text presents budget transfers and expenditures procedures used under the FEPDC. The diagrams shown at the end of the annex takes into account the following principles:

- The separation of authorizing officers' (*ordonnateur*, i.e. Budget Directorate) and accountants' functions (Services of the Treasury Directorate: *Agent Comptable Central du Trésor* (ACCT), *Payeur Général du Trésor* (PGT) and *Trésorier-Payeur-Général* (TPG).
- The term 'funds' is exceedingly broad and somewhat imprecise, and should be differentiated between (i) direct budget appropriations at the central level and *crédits délégués* at the local level, and (ii) the treasury necessary to pay for the expenditures. The first is carried out by the budget directorate, which authorizes the DGAs in line ministries at the central level, and local ministry representatives at the local level. The second is carried out by ACCT, which among other responsibilities, is in charge of providing with treasury the various public accountant at the central level (PGT) as well as the local level (TPG), by transferring treasury to sub-accounts open in the provincial offices of the central bank. The term 'fund' has thus been replaced either by 'appropriation' or by 'treasury.'
- Expenditures funded by internal resources will also been paid by the public accountants of the Treasury directorate.

The procedures followed under the FEPDC will conform to those now being introduced as the norm for all sectors. They can be described as follows:

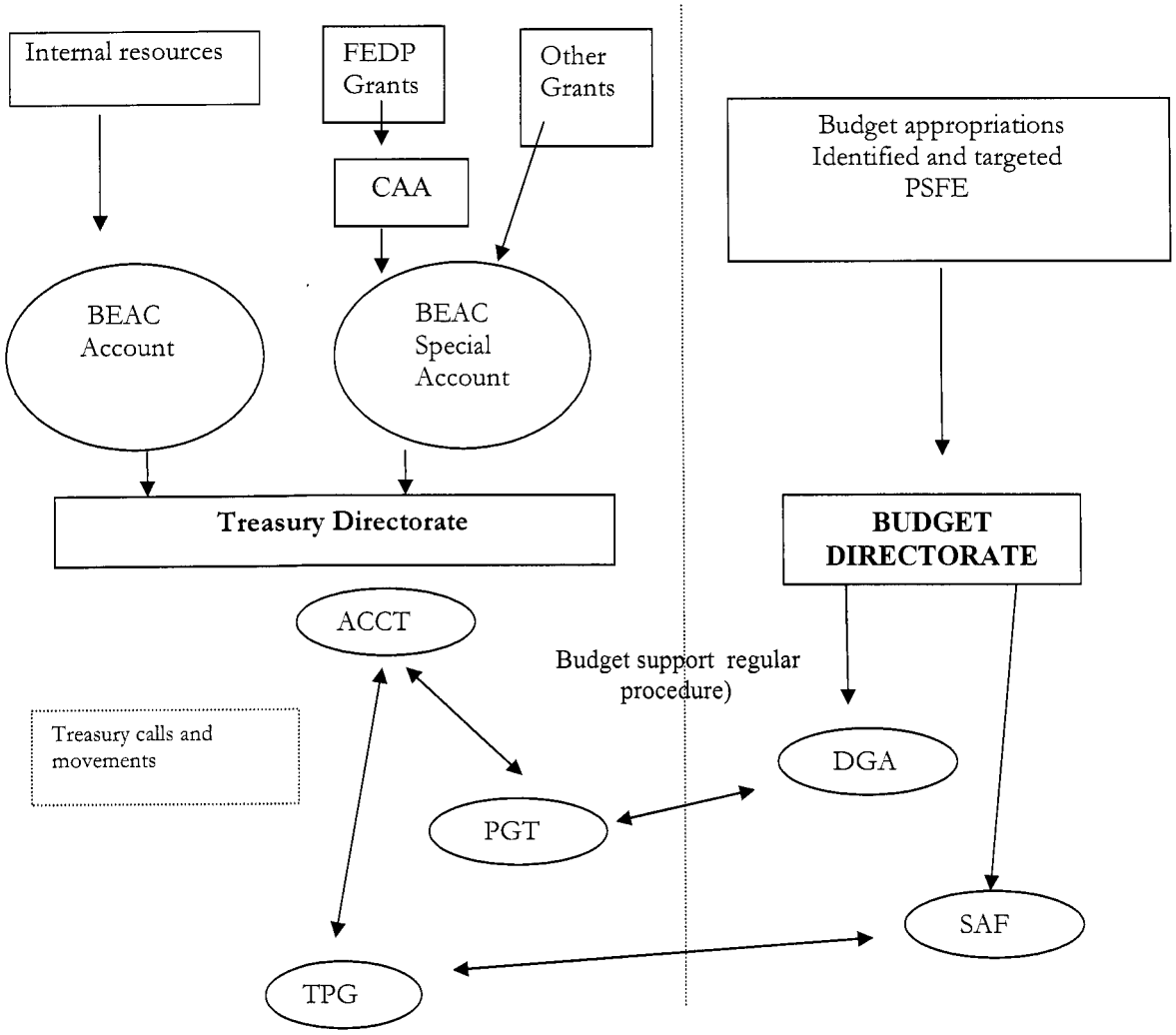
- The budget directorate provides budget appropriations to DAG (central level) and *crédits délégués* to SAF (local level) within a two month period necessary to record data according to the finance law and to share appropriations between the various beneficiaries. The timeline requires the budget directorate to hasten the process, which at present takes at least three months.
- On the basis of its appropriations, the DAG and the SAFs commit expenditures. The commitments are monitored by the financial controller regarding the existence of budget appropriations and the regularity of expenditures (conformity to rules).
- After delivery of goods or completion of work, the budget directorate at the central level, and its representative at the local level, issue an order to pay. The order is then sent it to the public accountant (PGT at the central level and TPG at the local level) who, after having applied the required controls, pays the expenditure to the supplier concerned.
- SAFs and TPGs send information and documentation of their transactions and expenditures to the central level on a monthly basis – a current area of weakness that will require progress.
- At the end of the fiscal year, the DAG should issue an 'administrative account' presenting details of budget execution and the public accountants a '*compte de gestion*.' The transactions recorded in both documents, containing inter alia the expenditures performed in the framework of FESP, should be compared and adjusted. The *compte de gestion* should be presented to the *Chambre des Comptes* to examine. At the national level, the General Account of the Finance Administration, which gathers information coming from DAG and from the public accountants, will serve as the basis for the budget review law.
- *A posteriori* audits should be conducted by the internal inspectors and the *Chambre des Comptes*. At present the *Chambre* is not yet operational and internal inspections do not function well. For this reason, quarterly expenditure reviews are strongly recommended during the interim until an

this reason, quarterly expenditure reviews are strongly recommended during the interim until an effective *a posteriori* audit system is in place, as a means of informing donors of any misuses of funds which may take place.

- Budget appropriations not used during a given fiscal year should be carried over to the following year, without being deducted from the budget of the new fiscal year. Certain expenditures moreover are by nature multi-annual, and the new organic law annual finance laws will abide by will take this into account.

PROCEDURE FOR BUDGET SUPPORT

Public accountants | Authorizing officers



Note :
ACCT : Agent Comptable Central du Trésor
PGT : Paierie Générale du Trésor (accountant at central level)
TPG : Trésoreries Paieries Générales (accountants at local level)
CAA : Caisse Autonome d'Amortissement (accountant of the debt)
DGA : Directeur Général Administratif (MINEF appropriations administrator at the central level)
SAF : Services Administratifs et Financiers (MINEF appropriations administrator at the local level)

ANNEX 14: STATUS OF BANK GROUP OPERATIONS

IDA AND IBRD ACTIVE PROJECTS

JANUARY 30, 2006

Sums given in US dollars Million

roject ID	FY	Purpose	IBRD	IDA	Cancel	Undisb.	Diff. between expect.& actual disb.	
							Orig.	Frm Revised
P048204	2000	CM-CAPECE Env Oil TA	0	5.77	0.00	3.70	3.26	0.00
P073629	2004	CM-Com Dev Prog Sup APL	0	20.00	0.00	14.70	-1.19	0.00
P074490	2003	CM-Douala Infrastructure	0	56.35	0.00	53.34	10.29	1.32
P075964	2005	CM-Edu Dev Capacity Building	0	18.20	0.00	16.27	0.03	0.00
P073065	2001	CM-MultiSectoral HIV/AIDS SIL	0	50.00	0.00	9.02	2.60	2.60
P065927	2000	CM-Pub/Priv Partnership & Growth	0	20.90	0.00	9.74	8.73	2.72
P054786	2003	CM-Railway Concession SIL	0	21.39	0.00	5.31	-0.51	0.00

STATEMENT OF IFC'S HELD AND DISBURSED PORTFOLIO

31 DECEMBER 2005

Sums given in JS dollars		Committed					Undisbursed				
FY Approval	Company	Loan	Equity	Quasi	Guar.*	Part.**	Loan	Equity	Quasi	Guar.*	Part.**
2006	AEF 3 T Cameroun	1.28									
1995	AEF Comp. Avicole	0.32									
2002	AEF FME- Gaz	0.00									
2000	AEF Hobec	0.44					0.26				
2005	AEF NOSA III	0.95					0.95				
1996	AEF Notacam	0.82									
1999	AEF Saicam	0.00		0.10							
2002	AEF UC-Pharm	0.00			2.28						
2000	BICEC	0.00	0.90								
1991/95	CICAM	0.00		2.27							
2000	COTCO	60.92				60.92					
1998/2003	Pecten Cameroon	44.00				58.32	19.8				
	Total Portfolio	108.72	0.90	2.53	2.28	119.23	20.9				

* Guarantee

** Participation (Loans booked by IFC on behalf of other Institutions)

Approvals Pending Commitment					
FY Approval	Company	Loan	Equity	Quasi	Partic
	None				
Total Pending Commitment:					

ANNEX 15: FUND RELATIONS NOTE

Press Release No. 05/236
October 24, 2005

International Monetary Fund
700 19th Street, NW
Washington, D.C. 20431 USA

IMF Executive Board Approves US$26.8 Million Three-Year Arrangement for Cameroon Under the Poverty Reduction and Growth Facility

The Executive Board of the International Monetary Fund (IMF) today approved a three-year arrangement for Cameroon under the Poverty Reduction and Growth Facility (PRGF) in an amount equivalent of SDR 18.57 million (about US$26.8 million) to support the government's program of economic reform and poverty reduction. The first disbursement under the arrangement will amount to SDR 2.65 million (about US$3.8 million).

The Executive Board also approved an additional amount equivalent to SDR 5.70 million (about US$8.2 million) in interim assistance from the IMF under the Heavily Indebted Poor Countries (HIPC) Initiative to be applied in the remainder of 2005 and through most of 2006.[1]

The last PRGF arrangement with Cameroon was approved in December 2000 (See Press Release No. 00/86) and expired in December 2004 after an extension of one year. The authorities subsequently requested a staff-monitored program (SMP) covering the first half of 2005 to build a performance track record. Performance under the SMP to date has been broadly satisfactory.

Following the Executive Board's discussion of the request by Cameroon, Ms. Anne O. Krueger, First Deputy Managing Director and Acting Chair, stated:

"The Cameroonian authorities made progress in improving economic policies in the first half of 2005 under their 2005 staff-monitored program (SMP). Implementation of the program resulted in a substantial fiscal adjustment, especially in non-oil revenue, and improved public financial management and reporting. Prudent policies have contributed to solid economic growth, low inflation, and a narrowing external current account deficit.

"At the same time, the reform agenda remains unfinished. Progress in structural reforms will need to be strengthened, particularly with respect to improving governance and the business climate, enterprise restructuring, privatization, and fuel price adjustments. There is also considerable room for further improvements in the structure of spending, transparency of government operations, budgeting, and budget execution procedures.

"The government's new medium-term program seeks to consolidate fiscal performance and invigorate structural reforms in order to build a sound basis for enhancing growth and reducing poverty. The reform priorities include strengthening non-oil revenue, increasing public investment in infrastructure, enhancing the transparency of financial management, restructuring public enterprises, and removing obstacles to private sector activity. Follow-up and monitoring of the quality of public spending—including spending of debt-relief resources—full implementation of the domestic debt repayment plan, and decisive improvements in governance will be important in rebuilding confidence and strengthening private investment. Also, the role of the Poverty Reduction Strategy Paper is to be enhanced through more explicit links in the budget and better coordination of priorities with donors.

"Successful implementation of the PRGF-supported program should enable Cameroon to meet the completion point trigger on the continued maintenance of macroeconomic stability. Cameroon has made progress toward implementing other completion point triggers. The government is committed to ensuring

that the resources released by debt relief, both before and after the completion point, are used for poverty-reducing and growth-enhancing expenditure. The mechanisms for appropriation, use, and monitoring of debt relief would need to be improved in coordination with creditors and donors. The authorities will need to continue on a sustained reform path and follow prudent borrowing policies, including beyond the completion point," Ms. Krueger said.

Recent Economic Development

Cameroon's macroeconomic performance through 2004 was solid with real growth registering about 4 percent and inflation remaining low. However, public finances deteriorated, poverty remained widespread and sustained economic growth was hindered by, among other obstacles, inadequate infrastructure, poor governance, low investment, and limited financial intermediation. In recent years, the business climate has also been adversely affected by the Treasury's accumulation of domestic payment arrears and the slow progress in restructuring loss-making public enterprises.

The authorities adopted an ambitious economic program for 2005 to address the obstacles to growth and to improve fiscal management, in line with the main recommendations of the ex post assessment. They asked the staff to monitor the program. Building on the broadly satisfactory implementation of the staff monitored program during the first half of 2005, the authorities have adopted a medium-term economic program to be supported by an arrangement under the Poverty Reduction and Growth Facility, which is Cameroon's third successive PRGF arrangement.

Program Summary

The Government's medium-term program aims to enhance growth and reduce poverty consistent with Cameroon's Poverty Reduction Strategy Paper so as to make progress toward the Millennium Development Goals (MDGs). It seeks to (i) remove impediments to private sector activity, including by accelerating the restructuring and privatization of loss-making public enterprises; (ii) strengthen the fiscal position and increase investment in physical and human capital; and (iii) safeguard longer-term fiscal sustainability.

The program's key macroeconomic objectives are (i) real GDP growth in the non-oil economy averaging at least 4.4 percent a year during 2005-08; (ii) inflation below 3 percent; and (iii) an external current account deficit (excluding official transfers) below 5 percent of GDP by 2008. Although oil production is expected to decline over the medium term, the authorities expect growth in the non-oil economy to strengthen as the business climate improves.

The medium-term fiscal strategy seeks to ensure the availability of resources to cover core expenditure independent of the level of oil revenue (or debt relief). The fiscal strategy also aims to strengthen priority spending while ensuring long-term debt and fiscal sustainability.

The authorities will continue to improve public financial management and the effectiveness of spending. They will focus on improving expenditure quality, efficiency, and control, as well as absorptive capacity.

Through their program, the authorities are seeking to meet the conditions for the HIPC Completion Point so as to achieve debt sustainability through debt relief. Overall the net present value of public external debt is projected to decline to 153 percent of exports (before completion point relief) at end-2005, and further to 54 percent at end-2006 after Cameroon receives completion point relief. Cameroon would be eligible for debt relief under the multilateral debt cancellation initiative when it reaches its HIPC completion point.

The PRGF is the IMF's concessional facility for low-income countries. PRGF-supported programs are based on country-owned poverty reduction strategies adopted in a participatory process involving civil society and development partners and articulated in the Poverty Reduction Strategy Paper (PRSP). This is intended to ensure that PRGF-supported programs are consistent with a comprehensive framework for macroeconomic, structural, and social policies to foster growth and reduce poverty. PRGF loans carry an annual interest rate of 0.5 percent and are repayable over 10 years with a 5½-year grace period on principal payments.

Table 1. Cameroon: Selected Economic and Financial Indicators, 2003-08

	2003	2004	Projections			
	Est.	Est.	2005	2006	2007	2008
	(Annual percentage changes; unless otherwise indicated)					
National income and prices						
GDP at constant prices	4.1	3.5	2.8	4.2	3.7	4.6
Of which: non-oil GDP	4.9	4.7	3.7	4.1	4.7	5.1
GDP deflator	0.3	2.2	1.7	2.9	0.9	1.6
Consumer prices	0.6	0.3	1.3	1.8	2.0	2.0
Nominal GDP (in billions of CFA francs)	7,917	8,377	8,757	9,395	9,826	10,447
Oil output (in thousands of barrels a day)	98	89	82	88	78	74
External trade						
Export volume	6.9	1.5	-5.3	6.2	1.3	3.2
Of which: non-oil sector	12.3	5.9	-3.7	4.8	5.0	5.4
Import volume	-0.6	9.4	1.0	2.8	3.0	3.2
Average oil export price (U.S. dollars per barrel)	27.3	34.9	45.3	48.0	43.3	42.0
Real effective exchange rate	2.9	0.4	...	...	...	...
Terms of trade	-0.8	-1.3	9.0	4.9	-11.1	-7.2
Money and credit (end of period)						
Broad money (M2)	-0.9	7.3	4.7	9.0	10.9	9.0
Velocity (GDP/average M2)	5.8	5.8	5.9	6.2	5.8	5.7
Discount rate (end of period; in percent)	6.0	6.0	...	...	...	...
	(In percent of GDP, unless otherwise indicated)					
Gross national savings	15.4	16.2	17.4	19.6	17.9	16.7
Gross domestic investment	17.5	19.2	19.8	20.7	21.2	21.6
Central government operations						
Total revenue (excl. grants)	16.1	15.1	16.9	17.8	17.1	16.6
Oil revenue	4.1	3.9	4.5	5.5	4.4	3.7
Non-oil revenue	12.0	11.2	12.4	12.3	12.6	12.8
Non-oil revenue (in percent of non-oil GDP)	12.8	12.0	13.3	13.3	13.4	13.6
Total expenditure	15.4	15.9	15.3	17.0	16.8	17.1
Noninterest total expenditure [2]	12.4	13.2	12.5	13.4	14.4	14.6
Capital expenditure [3]	1.9	1.8	2.4	3.7	3.8	4.3
Overall fiscal balance (excl. net changes in arrears)						
Excluding grants	0.7	-0.8	1.6	0.7	0.2	-0.6
Including grants	1.2	-0.7	2.0	1.2	0.3	-0.5
Primary balance [2 4]	3.4	1.9	3.9	3.4	2.3	1.7

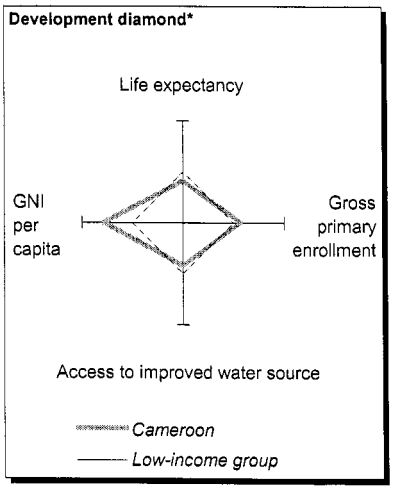
Non-oil primary balance (in percent of non-oil GDP)	-0.3	-1.5	0.8	0.6	-0.1	-0.3
External sector						
Current account balance (including grants)	-2.1	-3.0	-2.4	-1.2	-3.4	-4.8
NPV of external debt	39.0	35.8	31.1	27.5	24.6	22.1
	(In percent of exports of goods and services)					
External debt service (before debt relief)	26.0	23.0	20.2	17.1	15.2	13.6
External debt service (after debt relief)	8.7	7.0	6.7	3.6	4.0	4.2

Sources: Cameroonian authorities; and staff estimates and projections
1/ In percent of broad money at the beginning of the period.
2/ Excluding foreign-financed investment, restructuring expenditure and separation grants
3/ Excluding restructuring expenditure.
4/ Excluding external grants and privatization proceeds.

[1] The staff report on Cameroon is expected to be made available.

ANNEX 16: COUNTRY AT A GLANCE

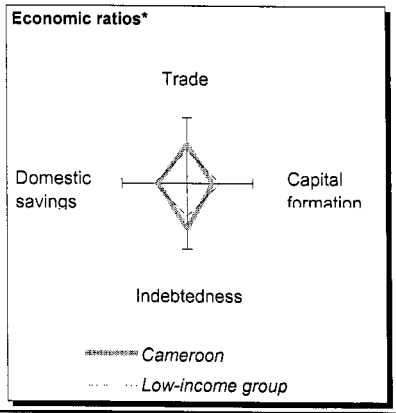
POVERTY and SOCIAL	Cameroon	Sub-Saharan Africa	Low-income
2004			
Population, mid-year *(millions)*	16.4	719	2,338
GNI per capita *(Atlas method, US$)*	800	600	510
GNI *(Atlas method, US$ billions)*	13.1	432	1,184
Average annual growth, 1998-04			
Population *(%)*	2.1	2.2	1.8
Labor force *(%)*	2.5	1.0	2.1
Most recent estimate (latest year available, 1998-04)			
Poverty *(% of population below national poverty line)*	40	..	..
Urban population *(% of total population)*	52	37	31
Life expectancy at birth *(years)*	48	46	58
Infant mortality *(per 1,000 live births)*	95	101	79
Child malnutrition *(% of children under 5)*	22	..	44
Access to an improved water source *(% of population)*	63	58	75
Literacy *(% of population age 15+)*	68	65	61
Gross primary enrollment *(% of school-age population)*	108	95	94
Male	116	102	101
Female	99	88	88



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

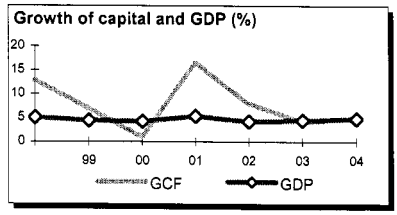
	1984	1994	2003	2004
GDP *(US$ billions)*	7.8	7.9	12.5	14.7
Gross capital formation/GDP	25.9	15.3	17.0	17.6
Exports of goods and services/GDP	33.5	22.1	25.5	25.0
Gross domestic savings/GDP	28.4	17.9	17.1	17.5
Gross national savings/GDP	24.9	11.3	14.5	16.0
Current account balance/GDP	1.8	-4.1	-2.5	-1.2
Interest payments/GDP	2.2	2.0	1.4	1.7
Total debt/GDP	37.2	104.9	75.5	63.7
Total debt service/exports	15.6	21.9	13.9	18.1
Present value of debt/GDP	..	..	40.7	..
Present value of debt/exports	..	..	157.4	..

	1984-94	1994-04	2003	2004	2004-08
(average annual growth)					
GDP	-2.7	4.6	4.5	4.8	5.3
GDP per capita	-5.5	2.3	2.4	2.8	3.5

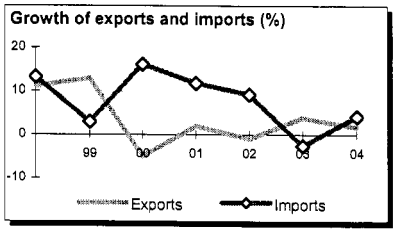


STRUCTURE of the ECONOMY

	1984	1994	2003	2004
(% of GDP)				
Agriculture	23.8	39.6	44.2	43.9
Industry	37.5	23.5	16.7	15.6
Manufacturing	12.1	9.9	8.7	7.9
Services	38.8	36.9	39.1	40.5
Household final consumption expenditure	62.0	72.1	70.9	71.0
General gov't final consumption expenditure	9.6	10.0	12.0	11.5
Imports of goods and services	31.0	19.5	25.4	25.0



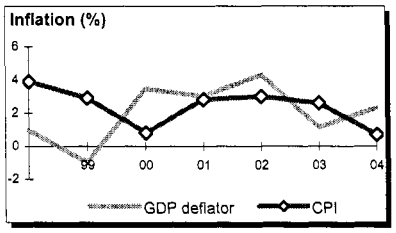
	1984-94	1994-04	2003	2004
(average annual growth)				
Agriculture	0.3	6.5	6.8	7.0
Industry	-4.3	6.1	7.0	7.2
Manufacturing	-1.4	7.7	8.7	8.9
Services	-4.3	1.3	1.8	2.1
Household final consumption expenditure	-2.1	5.6	4.6	5.8
General gov't final consumption expenditure	0.0	7.0	3.7	1.5
Gross capital formation	-10.5	7.5	4.1	5.0
Imports of goods and services	-4.3	9.6	-2.6	4.1



* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

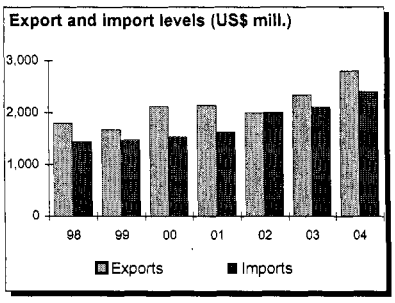
PRICES and GOVERNMENT FINANCE

	1984	1994	2003	2004
Domestic prices				
(% change)				
Consumer prices	11.5	12.7	2.6	0.7
Implicit GDP deflator	13.6	11.0	1.1	2.3
Government finance				
(% of GDP, includes current grants)				
Current revenue	22.4	10.1	18.8	18.4
Current budget balance	8.5	-5.9	4.3	4.0
Overall surplus/deficit	-0.1	-9.2	2.0	1.0



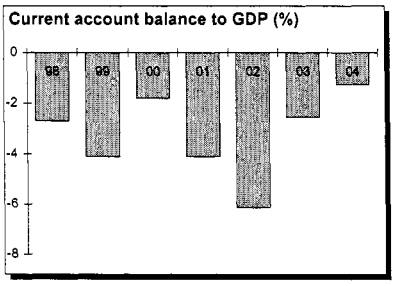
TRADE

	1984	1994	2003	2004
(US$ millions)				
Total exports (fob)	2,150	1,435	2,347	2,811
Oil and refined oil	1,299	604	408	378
Cocoa beans, butter, cake	218	175	476	537
Manufactures	90	204	432	470
Total imports (cif)	1,133	1,018	2,121	2,415
Food	71	189	227	255
Fuel and energy	17	7	54	51
Capital goods	362	314	426	430
Export price index *(2000=100)*	75	73	101	107
Import price index *(2000=100)*	39	74	102	103
Terms of trade *(2000=100)*	195	99	98	104



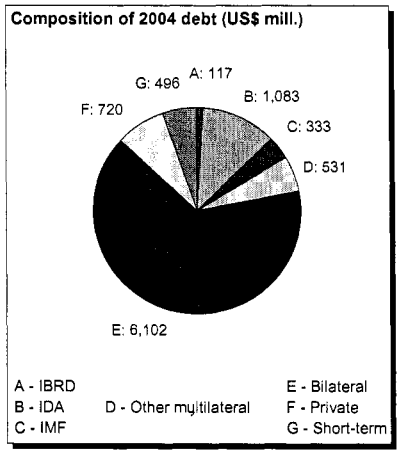
BALANCE of PAYMENTS

	1984	1994	2003	2004
(US$ millions)				
Exports of goods and services	2,612	1,737	3,188	3,726
Imports of goods and services	2,418	1,534	3,173	3,686
Resource balance	194	203	14	40
Net income	-53	-547	-530	-374
Net current transfers	0	20	199	151
Current account balance	141	-325	-317	-183
Financing items (net)	15	-9	231	258
Changes in net reserves	-156	334	86	-76
Memo:				
Reserves including gold *(US$ millions)*	..	14	114	119
Conversion rate *(DEC, local/US$)*	409.5	434.3	581.2	528.3



EXTERNAL DEBT and RESOURCE FLOWS

	1984	1994	2003	2004
(US$ millions)				
Total debt outstanding and disbursed	2,901	8,255	9,433	9,382
IBRD	205	679	145	117
IDA	222	406	944	1,083
Total debt service	416	382	449	684
IBRD	27	137	45	42
IDA	3	6	13	19
Composition of net resource flows				
Official grants	40	333	784	..
Official creditors	109	310	-46	-144
Private creditors	132	-59	-61	23
Foreign direct investment (net inflows)	18	-9	215	..
Portfolio equity (net inflows)	0	0	0	..
World Bank program				
Commitments	22	209	3	20
Disbursements	50	202	71	112
Principal repayments	11	84	42	45
Net flows	39	118	29	67
Interest payments	18	59	16	16
Net transfers	21	59	13	51



Note: This table was produced from the Development Economics LDB database. 8/24/05

MAP SECTION