### I. Project Context

**Country Context**

Despite significant natural resources, Cameroon’s economic growth is lagging behind its potential and has not had a lasting impact on poverty. Despite a fairly diversified resource base and a moderate reliance on petroleum revenues, Cameroon’s GDP growth dropped to 2.0 percent during the peak of the global crisis in 2009. The recovery of the economy started in 2010 and gained greater momentum in 2011 with estimated growth reaching 4.2 percent. The main drivers of this growth are in the non-oil economy, while oil activities continue to decline. A deteriorating infrastructure base, a weak business climate, and poor governance further limits economic growth from reaching the levels needed for sustainable poverty reduction. Per capita GDP growth has been even slower, averaging only 1.2 percent since 2000, which suggests that this growth has not fully benefitted all Cameroonian households. Furthermore, Cameroon has not been able to translate economic growth into poverty reducing measures.

As a result, overall poverty reduction has been stagnant since 2001. In 2007, 39.9 percent of the population lived in poverty and 26.1 percent lived in chronic poverty. As the population has continued to grow, the real number of people living in poverty increased from 6.2 million in 2001 to 7.1 million in 2007 and is expected to continue to rise. Moreover, the poverty gap declined by only approximately 7 percentage points between 1996 (19.09 percent) and 2007 (12.31 percent). This indicates that the nationwide poverty reduction target set by the first Millennium Development Goals (MDGs) will not be attained. Other MDGs will likely not be reached, either.

Poverty rates have actually increased in the northern rural areas. While the incidence of poverty has dropped in urban areas, rural poverty is high and increasing. In the East and Northwest regions, half the population is below the national poverty line. In the northern regions—Adamaoua, the North, and the Far-North—almost two-thirds of the population is below the poverty line. There were significant increases in poverty levels in these provinces between 2001 and 2007. Of these, the North and Far-North regions had the largest increases in poverty (of 13.6 and 9.6 percent respectively) and have the highest chronic poverty rate (51.8 percent in the North and 53.7 percent in the Far-North). Moreover, in contrast with many countries bordering the Sahel, population density in these areas is high. Nearly 40 percent of the individuals in the poorest income quintile live in the Far-North region, with a further 17 percent in the North.

Human Development indicators remain low. The 2011 UNDP Human Development Report ranks Cameroon 150th of 187 countries. The target date for health-related Millennium Development Goals has been postponed to 2020, as initial objectives are unlikely to be met by 2015. Maternal and neonatal mortality rates are high (669 deaths per 100,000 live births and 31.0 deaths per 1,000 live births, respectively). Under-5 mortality is 142 per 1,000 live births, higher than the low-income country average of 123 per 1,000 and child affects 36% of children under five (Unicef, 2009). HIV prevalence has, however, decreased from 5.5 percent in 2004 to 4.3 percent in 2011.

Moreover, vulnerability and food insecurity levels are high and will have a negative effect on long-term human development outcomes. Given that 45 percent of the population in Cameroon is engaged in subsistence agriculture, vulnerability to exogenous environmental, economic, and individual shocks is high. Geographically, the populous northern regions of Cameroon are located in the Sahelian and Sudano-Sahelian agro-ecological zones, which are subject to drought conditions, erratic rainfall patterns, and desertification. Only 37.1 percent of the total population was considered to be food-secure in 2007. Malnutrition in some of the northern regions is also very high, with 19.3 percent of children under the age of 5 suffering from hunger and food insecurity. The increase in food prices and the slowdown in economic growth and oil revenues in recent years have negatively affected the ability of the government’s long-term development strategy to improve the lives of poor and vulnerable groups.

Corruption is prevalent at all levels of society and hampers implementation of reforms and delivery of services. Cameroon ranks 134 out of 183 countries in Transparency International’s 2011 Corruption Perception Index. The fight against corruption has been stepped up in the past year by holding former ministers and high public officials accountable through the administrative and criminal justice systems. While the press in Cameroon is relatively free, Cameroon ranks poorly on indicators linked to voice and accountability, control of corruption and rule of law (World Governance Indicators).
II. Sectoral and Institutional Context

The Government of Cameroon puts emphasis on poverty reduction, although these efforts have not yet produced tangible results. The Government’s 2009 Development Strategy (Document de Stratégie Pour la Croissance et L’Emploi or DSCE) has been widely supported for both its vision and policy directions and underpins the government’s stated intention to invigorate the country’s economic development and to accelerate the slow speed of poverty reduction. Most of the efforts (such as school feeding and small public works) aimed at benefiting the poor and vulnerable have been made in the northern regions where poverty is the most widespread, but their limited scale and the persistently high poverty levels in these areas mean that they have so far failed to yield any significant improvements.

A recent review of social safety nets in Cameroon confirmed that existing safety nets are not appropriately designed to address either chronic or transient poverty. Cameroon has a number of small-scale and ad hoc safety net programs ranging from school feeding and fee waivers to small cash transfers for the indigent, and some temporary food emergency assistance. These programs account for only 0.23 percent of GDP and averaged 0.76 percent of total government spending from 2006 to 2010, with around 80 percent of this spending for emergency programs implemented in response to shocks such as droughts and floods. In an effort to mitigate the negative effects of the 2008 rise in food and fuel prices, the government launched a universal subsidy program, which by 2010 was costing the government around 1.4 percent of GDP and 6.4 percent of total expenditures. Unfortunately, these subsidies have been shown to not benefit the poor, mainly serving the urban middle class and supporting the operation of the domestic oil refinery. The program is a rapidly increasing burden on Government expenses, with fuel subsidies alone estimated to have reached around 3 percent of GDP in 2011 and are expected to exceed FCFA 400 billion in 2012.

There is no national social protection strategy (including safety nets) in Cameroon and there are no coordinated mechanisms for providing targeted support to the poor. Government spending on social programs targeted to the poor and vulnerable is low. Targeted programs (excluding universal subsidies) cover only 1 percent of the population. Because coverage of existing programs is low and because targeting to the most disadvantaged groups is weak, these programs have had only a very limited impact in terms of reducing household vulnerability and overall poverty.

The Government is showing a stronger commitment to tackling poverty and increase the effectiveness of Government spending. A safety net feasibility study undertaken in 2011 pointed out that an efficient social protection system could reach all of the chronic poor in Cameroon with the introduction of a small monthly targeted transfer at a cost of only about 0.7 percent of GDP (2010 prices), which is much less than is currently spent on safety nets and the subsidy program. Consequently, the government has decided to better target resources to the poor. As a first step, the proposed World Bank operation would help the Borrower by laying the foundations for a targeted safety net system to help vulnerable people to cope with poverty and shocks. Strategically, the proposed safety net system can also provide the government with an alternative to universal subsidies. The dialogue on establishing safety nets at the national level in Cameroon is a joint effort by the Bank, donors such as UNDP, UNICEF, and the World Food Programme (WFP), and all involved government agencies.

The authorities have taken the first steps towards institutionalizing safety net policy and building a safety net system in Cameroon. Because of the intersectoral nature of safety net programs, it is essential that the coordination and management unit be located within a strong and influential ministry with a mandate to coordinate. The Ministry of Economy, Planning, and Regional Development (MINEPAT) is well placed play that role and serve as an institutional home for social protection. In its involvement in the area of safety nets in Cameroon up to this stage, the Bank has closely collaborated with the MINEPAT and specifically with the Technical Committee for Monitoring (Comité Technique et Suivi or CTS), a multi-sectoral technical unit that operates as part of the ministry. MINEPAT, which has significant capacity and a broad institutional mandate for the coordination and management of economic development programs, will oversee the coordination of safety net system. In August 2012, the government established a cross-ministerial social protection steering committee tasked with guiding and supervising the activities for the set up of a Safety Net System. In September, the Government also created, under the supervision of the CTS, a Safety Net Unit (Unité de Gestion du Projet or UGP) with the responsibility of managing Safety Net projects, starting with the government cash transfer pilot and the subsequent IDA project. The coordinator and the other four key staff were formally nominated on October 29, 2012. Both MINEPAT and the CTS have demonstrated that they can coordinate all the government agencies and development partners involved in programs or projects, including those that involve more than one sector.

The proposed project aims to contribute to the second strategic theme in the Bank’s FY2010-13 Country Assistance Strategy (CAS) for Cameroon, which is “improving service delivery.” Specifically, the project will address the second main area under this theme: “to help establish an effective safety net system based on targeted programs.” During the preparation of the CAS, the Government, the Bank, and other development partners conducted an intense dialogue on poverty, food security and safety nets, which resulted in the preparation of several pieces of analytical work (see section below on lessons learned from the sector work for more details). On the basis of this work, a dialogue was initiated on the development of an IDA safety net project. Moreover, continuous discussions with the Ministry of Finance have confirmed that the government understands the lack of impact that its universal subsidies are having on the poor and recognizes the need to reduce costs and create viable alternatives.

The project is also consistent with the World Bank’s Africa Strategy in terms of reducing the vulnerability and increasing the resilience of the poor and vulnerable populations in Africa. This will be done by providing the necessary support to strengthen public institutions and to develop a safety net system that can deliver resources more effectively to the poor with poverty targeted programs and to limit the damaging effects of shocks on households. Moreover, consistent with the Bank’s global and Africa social protection strategies, the project aims to build a coordinated and targeted social safety net system in Cameroon. Within the framework of Cameroon’s development strategy (DSCE), the project is meant to contribute to improving the welfare of the chronic poor and to protect the vulnerable against shocks. The project is also consistent with the emphasis that the Bank puts on building safety net systems and fostering national learning and capacity in its social protection strategies.

Moreover, through its cash transfers and complementary accompanying measures and public works activities, the project will help poor households to support their consumption and engage in income-generating activities that will yield income to help them be more resilient to shocks.

III. Project Development Objectives

The project development objective (PDO) is to support the establishment of a basic national safety net system in Cameroon including piloting targeted cash transfers and public works programs for the poorest and most vulnerable people in participating areas of the country.
IV. Project Description

Component Name
- Component 1: Laying the Foundations of a Safety Net System and Supporting Project Management
- Component 2: Pilot Cash Transfer Program with Accompanying Measures to Boost Household Productivity
- Component 3: Public Works Program Pilot

V. Financing (in USD Million)

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VI. Implementation

The proposed institutional framework is designed to promote efficiency, learning and transparency and lay the groundwork for a sustainable safety net system. Following the Bank’s consultations with the Government and development partners and in accordance with the recommendations of the feasibility study, the CTS within MINEPAT will be the home for project oversight and coordination. A central safety net unit under the CTS (the UGP) will coordinate safety net programs and manage the IDA project and continue to manage the small government cash transfer pilot. This will ensure that the project is managed by a central policy and technical institution with long experience in managing development projects and in coordinating various government and non-government stakeholders to rally behind a common purpose. An inter-ministerial Social Protection Steering Committee will provide overall policy guidance on matters relating to set up of a safety nets system and eventually to social protection. In practice, the institutional and implementation framework will include the following structures:

At the central level:
- The Social Protection Steering Committee (Comité de Pilotage) will include representatives of various government ministries involved in social protection and will be responsible for policy dialogue and guidance. The Steering Committee may also involve technical and financial partners (TFP) as needed. Established by a decree from the Office of the Prime Minister on September 17, 2012 the Steering Committee will be chaired by the president of the CTS with the secretary general of the Ministry of Social Affairs, Women and Children, and Employment as vice chairs. In particular, with respect to the implementation of the project, the committee will be responsible for: (i) validating the roadmap for the implementation of the project and ensuring its operationalization; (ii) validating the geographical areas of project implementation and various documents such as operational manuals; (iii) overseeing the project’s implementation; and (iv) validating and disseminating results. The Steering Committee is also tasked with the overall supervision of activities related to the set up of a Safety Net System and eventually coordination of social protection in Cameroon.

- The Unité de Gestion du Projet (UGP) is the technical safety net unit which, under the supervision of the CTS and the guidance of the Steering Committee, will be responsible for: (i) the coordination of safety net programs; (ii) the day-to-day management of the setting up and implementation of the project including the cash transfer and public works programs; and (iii) the production of implementation progress reports and assessments every quarter, semester, and year, including financial reports. The UGP will also serve as the secretariat of the Steering Committee. The UGP will be a regular focal point for the Bank team in the course of preparing the project and will ensure that the requisite sustained support is provided by the government. The core members of the UGP will consist of government staff that work full-time on the project and are appointed and paid by the government. The project itself will pay for support staff and for contractual staff to support the UGP such as specialists who will not work full-time on the project. A small version of the UGP, in charge of preparing and implementing the government cash transfer pilot has already been put in place and it consists of five government staff including: (i) a project coordinator; (ii) a financial and administrative specialist; (iii) a field operations coordinator; (iv) a social marketing and accompanying measures specialist; and (v) an M&E specialist.

At the regional and local level:
- Two regional offices will be responsible for project implementation in the two poorest regions of operation with the largest share of beneficiaries (the Far-North and the North). These offices will be responsible for overseeing the implementation of the project in these two regions and will consist of three field-based staff (one field coordinator, one operations monitoring officer, and an assistant). In each of the three regions that do not have a regional office, a focal point working with the local MINEPAT representative, will be recruited and will be in charge of the follow-up of the project activities in that region.
- A network of field operators recruited by the project will supervise the implementation of the project at the department, commune, and village levels. Two field operators are planned for each commune where the project is being implemented, with an additional two operators responsible for each of the two urban areas. The field operators will also be present in the Far-North and North regions to work alongside the regional offices. The network of field operators will work under the guidance of the UGP project staff and will coordinate closely with the local authorities.
- The three full-time staff in each regional office, the field operators, plus any support staff and drivers will be recruited by the government and paid by the project on a temporary or part-time basis as needed.
- In addition, local government institutions (such as départements, communes, and mairies) and community committees will also be involved in project implementation and oversight at the local level, particularly in relation to communication activities, grievance mechanisms, and the targeting of communes, communities and households. The field operators (recruited by the project) will be coordinating the local targeting committees and the local committees of citizen control. Communal working groups (Groupes de Travaux Arrondissement or GTA) responsible for the coordination and local supervision of all the activities of the project will be set up. These groups will bring together representatives of the services of the state, municipality and civil society. It will be hosted in each commune by two local coordinators selected by the community in agreement with UGP project staff. They will be the main interlocutors of the communes and communities with the UGP project staff.
- Pre-existing Community Development Committees that were created under the auspices of the national PNDP project will be involved in the selection of the public works sites and subprojects. Each public works subproject will be selected and developed in accordance with the Communal Development Plans (Plan Communal de Développement or PCD) prepared by the PNDP for each commune in Cameroon.
These proposed institutional arrangements constitute the first steps towards the creation of a sustainable safety net system in Cameroon. By establishing the institutions needed for coordinating and managing a safety net program within the CTS and supporting a small cash transfer pilot, the Government has shown a strong commitment towards the establishment of a sustainable safety nets system. The CTS, which operates within the MINEPAT, is an experienced multi-sectoral technical unit responsible for the coordination and management of economic development programs and is therefore best placed to oversee the UGP. The five core management positions of the newly created technical Safety Net Unit (UGP) have been filled with government paid employees. This core unit represents a first step towards the commitment of the Government towards the creation of a permanent unit. For the management of the proposed project the UGP will be reinforced to have a level of staffing and technical skills suitable for a World Bank administered project of this size and complexity.

VII. Safeguard Policies (including public consultation)

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VIII. Contact point

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