Public Disclosure Authorized

Public Disclosure Authorized

Document of
The World Bank

Report No: 19627-CM

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 4.3 million

(Equivalent to US$5.77 million)

TO THE

REPUBLIC of CAMEROON

FOR A

PETROLEUM ENVIRONMENT CAPACITY ENHANCEMENT PROJECT

March 30, 2000

AFTE1 Environment Group
AFC07 Country Department
Africa Regional Office

CURRENCY EQUIVALENTS

Currency Unit = CFA Franc (CFAF)

US$ 1 = 651 CFAF

FISCAL YEAR

July 1 - June 30

ABBREVIATIONS AND ACRONYMS

AFD	*Agence Française de Développement* - French Development Agency
CAS	Country Assistance Strategy
COTCO	Cameroon Oil Transportation Company
CPSP	*Comité de Pilotage et de Suivi des Pipelines* (Pipeline Steering and Monitoring Committee)
CTNSC	*Comité Technique National de Suivi et de Contrôle des aspects environnementaux des projets pétroliers* (Chad) - Petroleum Projects Environmental Control and Monitoring National Technical Committee (Chad)
CTS	Cameroon Transport System
EA	Environmental Assessment
EIA	Environmental Impact Assessment
EMIS	Environmental Monitoring Information System
EMP	Environmental Management Plan
ERS	Environment, Route and Security (section of the PSMC)
EXXON	Exxon Mobil Corporation (USA)
GDP	Gross Domestic Product
GOC	Government of Cameroon
GTZ	German technical cooperation agency
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IDA	International Development Association
IDF	Institutional Development Fund
IEC	Information, Education, Communication
IFC	International Finance Corporation
IPP	Indigenous Peoples Plan
MESRS	Ministry in charge of Higher Education and Scientific Research
MH	Ministry in charge of Health
MINEF	Ministry in charge of Environment and Forestry
MINUH	Ministry in charge of Housing and Urban Development
MIS	Management Information System
MMWE	Ministry in charge of Mines, Water, and Energy
MINPAT	Ministry in charge of Public Investment and Regional Development
MOF	Ministry in charge of Finance
MSA	Ministry in charge of Social Affairs
MT	Ministry in charge of Transport
NGO	Nongovernmental Organization
OEEP	Offsite Environmental Enhancement Programs
PCU	Project Coordinating Unit
PDPP	Petroleum Development and Pipeline Project
PIM	Project Implementation Manual
PPF	Project Preparation Facility
PSMC	Pipeline Steering & Monitoring Committee
SNH	*Société Nationale des Hydrocarbures* - National Hydrocarbon Corporation
SOE	Statement of Expenditure
TOTCO	Tchad Oil Transportation Company
WBG	World Bank Group

Vice President:	Jean-Louis Sarbib
Country Director:	Serge Michailof
Sector Manager:	Charlotte Bingham
Task Team Leader:	Jean Roger Mercier

PETROLEUM ENVIRONMENT CAPACITY ENHANCEMENT (CAPECE) PROJECT

CONTENTS

	Page
A. Project Development Objective	
1. Project development objective	1
2. Key performance indicators	1
B. Strategic Context	1
1. Sector-related Country Assistance Strategy (CAS) goal supported by the project	1
2. Main sector issues and Government strategy	3
3. Sector issues to be addressed by the project and strategic choices	4
C. Project Description Summary	5
1. Project components	5
2. Key policy and institutional reforms supported by the project	8
3. Benefits and target population	8
4. Institutional and implementation arrangements	9
D. Project Rationale	9
1. Project alternatives considered and reasons for rejection	9
2. Major related projects financed by the World Bank and other development agencies	10
3. Lessons learned and reflected in proposed project design	10
4. Indications of borrower commitment and ownership	11
5. Value added of Bank support in this project	12
E. Summary Project Analysis	12
1. Economic	12
2. Financial	12
3. Technical	13
4. Institutional	13
5. Social	13
6. Environmental assessment	13
7. Participatory approach	14
F. Sustainability and Risks	14
1. Sustainability	14
2. Critical risks	15
3. Possible controversial aspects	16

G. Main Loan conditions 16

1. Effectiveness conditions 16
2. Other 16

H. Readiness for Implementation 16

I. Compliance with Bank Policies 16

Annexes

Annex 1: Project Design Summary 17
Annex 2: Detailed Project Description 21
Annex 3: Estimated Project Costs 35
Annex 4: Financial Summary 37
Annex 5: Procurement and Disbursement Arrangements 39
Annex 6: Project Processing Schedule 47
Annex 7: Documents in Project File 49
Annex 8: Status of Bank Group Operations 51
Annex 9: Country at a Glance 53
Annex 10: Summary of the Chad Cameroon Pipeline Project Environmental Documentation 55

Map number IBRD 30660 61

Cameroon
Petroleum Environment Capacity Enhancement Project

Project Appraisal Document

World Bank: Africa Regional Office, AFC07

Date: March 30, 2000		Task Team Leader: Jean-Roger Mercier		
Country Director: Serge Michailof		Sector Manager: Charlotte Bingham		
Project ID: CM-PE-48204	Sector: Environment	Theme: Institution Building		
Lending Instrument: Technical Assistance/Capacity Building		Program of Targeted Intervention:	[ ] Yes	[X] No

Project Financing Data [ ] **Loan** [X] **Credit** [ ] **Guarantee** [ ] **Other [Specify]**

For Loans/Credits/Others:
Amount (US$ m / SDR m): SDR 4.3 million (equivalent US$5.77 million)
Proposed terms: [ ] Multi-currency [ ] Single currency, specify
Grace period (years): 10 years [ ] Standard Variable [ ] Fixed [ ] LIBOR-based
Years to maturity: 40 years
Commitment fee: 0%
Service charge: 0.75%

Financing plan (US$ m):

Source	Local	Foreign	Total
Government of Cameroon	4.2	1.0	5.2
IDA	2.1	3.7	5.8
Total	6.3	4.7	11.0

Borrower: Republic of Cameroon
Guarantor: N/A
Responsible agency: Pipeline Steering and Monitoring Committee
Address: BP 955, Yaoundé, Cameroon
Contact Person: Chairman of the Pipeline Steering and Monitoring Committee (PSMC)
Tel: (237) 209860 Fax: (237) 204651

Estimated disbursements (Bank FY/US$M):	2001	2002	2003	2004	2005	2006
Annual	1.59	2.16	0.84	0.49	0.45	0.23
Cumulative	1.59	3.75	4.60	5.09	5.54	5.77

For Guarantees: N/A [ ] Partial credit [ ] Partial risk

Project implementation period: FY 2001-2006

Expected Effectiveness Date: September 30, 2000 *Closing Date:* December 31, 2005

A: Project Development Objective

1. Project development objective: (see Annex 1)

1. The objective of the present Cameroon Petroleum Environment Capacity Enhancement Project (CAPECE) is to develop and establish a national capacity in Cameroon for the environmental management and monitoring of the Petroleum Development and Pipeline Project (PDPP) that involves the construction and operation of an oil export pipeline from the Cameroon/Chad border to an offshore point near Kribi (Cameroon). This capacity will, on a medium to long term basis, also help Cameroon ensure the environmental sustainability of future projects, programs and policies in the petroleum sector. A parallel capacity building project is being prepared for Chad, with similar objectives.

2. Key performance indicators: (see Annex 1)

2. The implementation of CAPECE will allow the country to reap fully the benefits of the PDPP. In particular, the following is expected to happen:

- National environmental standards and norms in the petroleum sector are established,
- The PDPP meets environmental standards and norms,
- The Government of Cameroon develops its capacity to monitor and mitigate the environmental impacts of large infrastructure/energy projects, a condition for continued sound foreign investment in the country, and
- Information on the environmental and social safeguards implementation is disseminated to all relevant stakeholders.

B: Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project: (see Annex 1)

Document number: 15275-CM
Progress report: IDA/R98-14 **Date of discussion:** March 1998

3. The main goal of the Bank is to assist Cameroon in recovering lost ground in economic and social development as quickly as possible, while further restructuring its economy to remain competitive in a rapidly changing world. CAS objectives are to:

a) improve resource mobilization,
b) alleviate poverty, and
c) create a climate favorable for private sector development.

The attainment of these objectives will set the stage for faster growth, which is needed to sustain a more prolonged focus on poverty alleviation. CAPECE will mainly contribute to the first and third objectives.

4. The Petroleum Development and Pipeline Project represents a unique opportunity for Chad and, to a lesser extent, for Cameroon to alleviate poverty substantially through increased public investment in essential social sectors. The development and operation of the oil fields in Chad, the pipeline and all associated infrastructure in Chad and Cameroon are sponsored by a consortium of international oil companies, under Exxon's leadership, and involves: (a) the development of oil fields in the Doba area (Republic of Chad), including the drilling of about 300 wells and the construction of associated facilities

and infrastructure; and (b) (i) the construction of a pipeline 760 mm (30 inch) in diameter and about 1070 km in length from the Doba oil fields to Cameroon's Atlantic coast at Kribi (buried to about 1 m of depth), three related pumping stations, and ancillary facilities and infrastructure improvements, and (ii) the installation of an floating storage and offloading vessel (FSO) and related facilities and an 11 km submarine pipeline from the Atlantic coastline to the FSO. A company has been created to manage the project in Cameroon: Cameroon Oil Transportation Company (COTCO). The total cost of the PDPP has been estimated at around US$ 3.7 billion, with investment costs for the Cameroon Oil Transport Corporation (COTCO) and the Tchad Oil Transportation Company (TOTCO) estimated at respectively US$ 1,800 million and 300 million. The construction of the pipeline through Cameroon is scheduled to start in late 2001 and to last for about two years, while the first infrastructure works could begin during the second half of Calendar Year 2000.

5. The preparation of the PDPP project has involved the design of an Environmental Management Plan (EMP), in compliance with the World Bank Group's (WBG) policies. The Government's share of COTCO will be funded by IBRD and European Investment Bank (EIB) loans totaling about US$80 million. The EMP will be implemented in Cameroon in large part under the responsibility of COTCO, but also requires involvement by the Governments of Cameroon and Chad. In addition to sharing the responsibility for EMP implementation in Cameroon, the Government of Cameroon, together with COTCO has the responsibility for monitoring the environmental and social impacts of the PDPP. The EMP was finalized and approved by the Government of Cameroon (GoC) in June, 1999. These documents have been made available for public review and may be consulted by any interested party (see Annex 10 for a summary).

6. The construction and the operation of the pipeline is a major project that will provide significant income to the Cameroonian economy through transit fees, the Government's dividends from its share of COTCO, and taxes. Effective environmental protection will minimize the direct and indirect costs to Cameroon associated with this pipeline.

7. In its dialogue regarding the project with the Government of Cameroon, COTCO, the NGO community and other stakeholders, the Bank advocated the broadest possible "environmental protection", one that encompasses protection of the natural environment (natural resources, biodiversity, coastal areas), minimization of pollution risks (in particular, soils and water), and protection of vulnerable groups.

8. The project aims to enhance Government's capacity to protect the environment and mitigate the potential negative social and environmental impacts of the PDPP. It will, in particular, support the implementation of programs for compensation, prevention and management of health impacts, protection of cultural property, monitoring indigenous peoples development programs and biodiversity conservation schemes, and information sharing.

9. The design of the PDPP has accomodated environmental concerns by routing the pipeline through areas of minimum environmental impacts. In addition to these design features, the safeguard measures proposed in the EMP include:

- the use of appropriate design criteria, specifications and practices for the construction and operation of the works,
- the control, both by COTCO and by the Government of Cameroon, of the implementation of these criteria, specifications and practices,

- the implementation and monitoring of a compensation program for communities and individuals with prior use rights in land under the right of way,
- the implementation and monitoring of an Indigenous Peoples Plan (IPP) for the forest dwelling peoples living in the area crossed by the Atlantic Forest part of the pipeline route, and
- the implementation and monitoring of two Offsite Environmental Enhancement Projects (OEEP) established to compensate for generalized biodiversity loss in the Atlantic Coastal Forest and the semi-deciduous forest zones, respectively in Campo-Ma'an and in Mbam & Djerem (see map).

10. The last two activities will be funded and managed by an Environmental Foundation, witha Trust Fund in an amount presently estimated at US$ 3.5 m, provided by COTCO, to be drawn down over the operating life of the pipeline. More details on GoC's responsibilities in the implementation of the EMP are found in Annex 10.

11. The safeguard measures involve activities in the petroleum sector (prevention of oil spills and other construction and operation related issues) and four other sectors (rural development for the implementation of the IPP and of the environmental offsite enhancements, health for the prevention of disease transmission, education for the management of the Indigenous Peoples Plan and for cultural property protection, and transport for the associated infrastructure and the management of marine oil spills). COTCO will implement most of the safeguard measures. The Government of Cameroon is responsible for (i) controlling the proper execution of these safeguard measures and their consistency with national laws, regulations, norms and standards, (ii) monitoring the state of the physical and human environment around the pipeline and its associated infrastructure, and (iii) overseeing and supporting the management of the environmental offsets and the implementation of the IPP.

2. Main sector issues and Government strategy:

12. Cameroon is currently the fifth largest producer of petroleum in sub-Saharan Africa (behind Nigeria, Angola, Gabon and Congo-Brazzaville) with about 100,000 barrels per day. In 1998, legislation was passed to encourage foreign investment in petroleum and gas exploration and production. Incentives link taxes to the risk taken in prospecting for new fields. The recently opened oil fields are expected to compensate for a 10-15 percent decline in production from traditional sources. Oil makes up about a quarter of Cameroon's exports.

13. Natural resources in Cameroon are being rapidly, and in certain cases irreversibly, degraded and destroyed. In rural areas, biodiversity is decreasing, especially as deforestation continues at the approximate rate of 120,000 ha per annum (0.6 per cent of the natural forest area lost per annum). Desertification progresses in the North. Unprotected soils are washed away by water and wind erosion. The coastal zones are also under pressure. In urban areas, unmanaged household and industrial/commercial waste generate health hazards and water/air pollution is increasing.

14. The Government is increasingly concerned about environmental degradation. It prepared a National Environmental Management Plan (NEMP) in 1996, enacted major laws, including the Forest Law in 1994 and, in direct application of the NEMP, the Environmental Framework Law of 1996. Implementation decrees are currently being drafted (including for Environmental Impact Assessment (EIA) and pollution management), but have not yet been enacted. The strategy identified in the NEMP calls for a coordination function to be carried out by the Ministry of Environment and Forestry (MINEF), with sector Ministries assuming the main responsibilities for regulating and monitoring environmental

concerns in their respective areas. The NEMP includes a list of activities that need to be implemented, and represents a broad and long term effort to reverse the present negative environmental trends. It has yet to be fully integrated in sectoral policies, in particular in the energy sector. There is insufficient governmental capacity to enforce existing legislation, or to implement its NEMP. Coordination among the various governmental bodies and agencies involved in environmental protection is weak. The Permanent Secretariat for the Environment (PSE) has been established in the Ministry of Environment and Forestry (MINEF) only in late May 1999.

3. Sector issues to be addressed by the project and strategic choices:

15. The main issues that will be addressed by the project are the weaknesses of:

- the institutional arrangements for coordination of environmental management activities at the national level,
- the legal framework and related capacity of enforcement and monitoring to ensure a sound implementation and monitoring of the EMP of the PDPP, and
- the coordination processes among the various stakeholders, including NGOs.

16. The GoC has established, by the Decree 97-116 of July 7, 1997, a Pipeline Steering and Monitoring Committee (PSMC) under the trusteeship of SNH, the national oil company. The PSMC is an interministerial body mandated to oversee and monitor all environmental and social aspects of pipeline construction and operation. The PSMC has two arms:

(a) The "Comité de Suivi" (CS) which is the steering, monitoring and administrative arm. It is comprised of representatives of fifteen (15) ministries most involved in authorizing, overseeing, and monitoring pipeline construction and operation activities. The Executive General Manager of SNH chairs the CS and reports to the Presidency of the Republic. The CS is, among other things, responsible for ensuring that all the parties involved comply with their obligations under the EMP and the Compensation Plan for the PDPP.
(b) The " Permanent Secretariat " (PS) which is the operational arm of the PSMC. The PS is mandated to implement the PSMC missions at field level and to report to the CS.

17. A Presidential order (Arrêté Présidentiel) of August 24, 1999 has defined the operating and procedural rules of the PSMC and clarified further its mandates as stated in Decree 97-116. This order has also established the administrative structure of the PSMC, which will have six operational units to implement its mandates.

18. These texts materialize GoC's objectives to increase the efficiency and effectiveness of Cameroon's management and monitoring activities for the PDPP through a single coordinating body. This arrangement will minimize risks of overlapping jurisdiction and conflict between concerned public agencies and ministries.

19. Other Government agencies responsible for environmental management in the petroleum sector include the Ministry of Environment and Forestry (MINEF), the Ministry of Mines, Water and Energy (MMWE) with its Pipeline Inspection Service, the Ministry of Health (MH), the Ministry of Urban Affairs (MINUH), the Ministry of Higher Education and Scientific Research (MESRS), the Ministry of Transportation (MT) and the Ministry of the Interior. Other ministries have a secondary mandate. They all need capacity enhancement, including sufficient technical and financial resources to carry out their

mandates and improved staff motivation. The ability of the Government to address the impacts of the pipeline project is specifically constrained by:

- insufficient regulatory and legal framework,
- lack of legal basis for exerting authority,
- lack of logistical support (vehicles, communications),
- lack of financial resources, both for investment and operations, and
- insufficient knowledge of petroleum pipeline projects and their potential impacts among the concerned staff in the public sector,

20. To address these constraints and build capacity to deal with all environmental and social impacts of the pipeline, the CAPECE project will support field interventions and inter-ministerial coordination through the PSMC. It will help:

- clarify the mandates of the agencies involved, frame and define norms and procedures in their respective fields,
- strengthen the national capacity to manage and monitor the environmental and social consequences of development in the petroleum sector (pipeline, offshore facilities, industrial risks associated with the exploitation and transportation of oil), by building capacity in the relevant ministries (MINEF, MMWE, MINUH, MEM, MT, MESRS, Interior),
- strengthen Government capacity to promote biodiversity conservation and to manage and mitigate social impacts, including impacts on indigenous peoples, through collaboration with the private sector and NGOs, and
- promote the involvement of civil society in project execution through its IEC activities.

C: Project Description Summary

1. Project components (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

21. The primary responsibility for preventing, avoiding, mitigating, compensating and monitoring the environmental impacts of the PDPP will remain with the project sponsors. The roles of the public sector in preventing and in responding to the potential environmental and social impacts of the PDPP include:

- regulating the sector to provide a sound framework for making petroleum sector development in Cameroon more environmentally sustainable,
- delivering administrative authorizations on the basis of sound technical analysis performed by COTCO and checked by the PSMC,
- providing technical monitoring and control of the implementation of the mitigating measures by the sponsors,
- enforcing regulations on pollution control, health and nature protection,
- monitoring of the environmental and social impacts, and
- conducting Information, Education and Communication (IEC) activities on environmental matters related to the pipeline.

22. The environmental and social impacts of the project that require monitoring and mitigation are detailed in the EMP and the Compensation Plan for the PDPP (see Annex 10). The

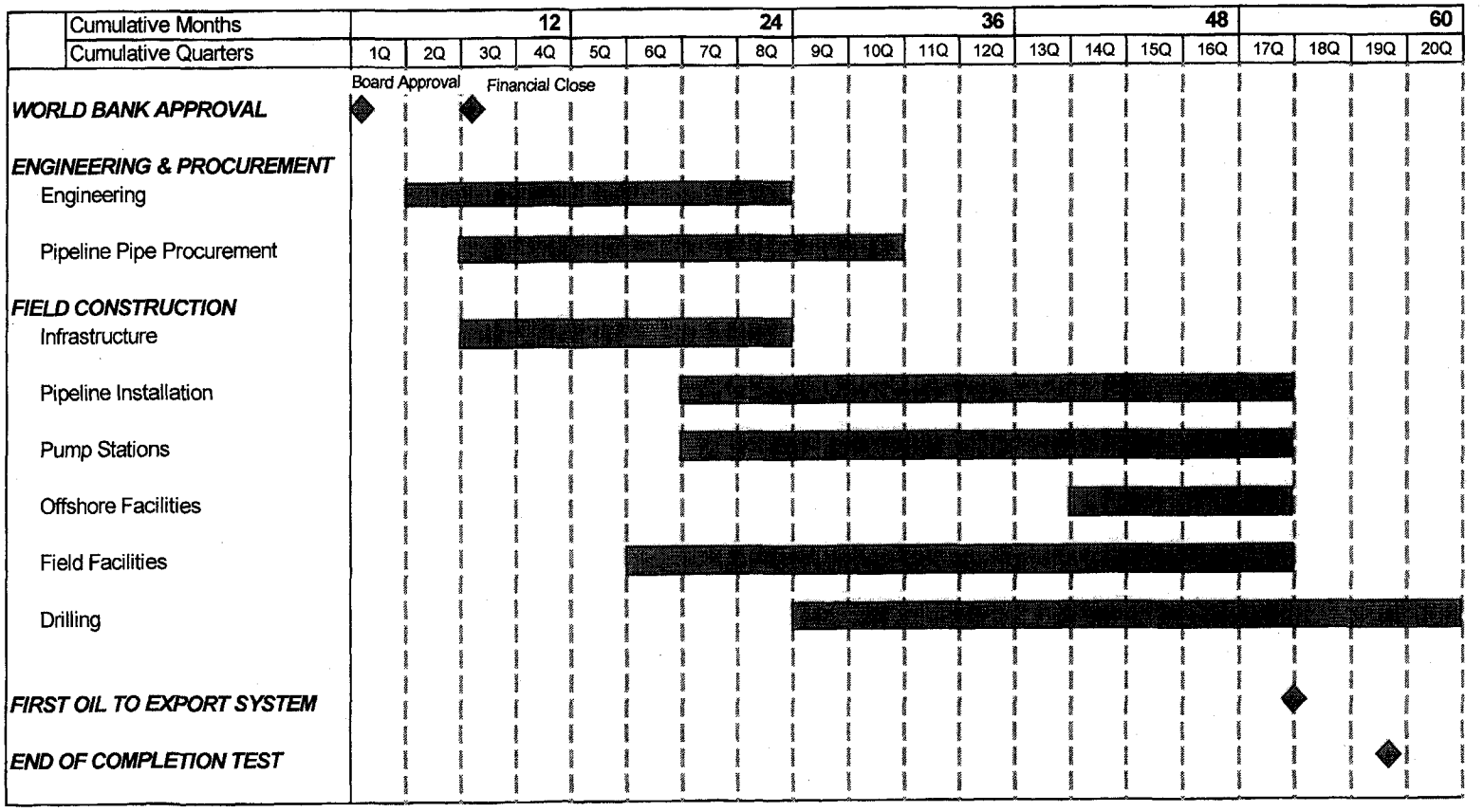
implementation of the safeguard measures by the Government of Cameroon in the framework of CAPECE will be linked to the implementation schedule for the construction and operation of the pipeline. During the eighteen-month period following expected project approval (PDPP schedule below), pipeline-related activities in the field will be limited to the development of a few infrastructure works and construction of storage facilities, while the engineering design of the oil field in Chad is being finalized. At the end of the period, CAPECE will have made it possible to have the regulatory framework in place, staff to have been trained and capacity built. Consistent with the schedule of construction of the PDPP, the major environmental and social activities to be implemented by the Government will be as follows.

Construction Period (year 1-4)	**Operational period (year 5-25)**
Participation in the final engineering design studies to help with the environmental norms and standards.	
Prevention of terrestrial oil spill risks & waste management.	Prevention and management of marine & terrestrial oil spill risks and waste management.
Monitoring & prevention of environmental health risks, including HIV/AIDS.	
Oversight of the environmental offsets.	Oversight of the environmental offsets.
Oversight of the Indigenous Peoples Plan (IPP).	Oversight of the IPP.
Participation in the Compensation Plan and monitoring of its impact.	
Prevention and management of wildlife biodiversity degradation during construction.	

23. The project will include the following components:

Component	Indicative Costs (US$M)	% of Total	Bank-financing (US$M)	% of Bank-financing
Development of an enabling regulatory framework and long term vision study for the petroleum sector	1.3	12.0%	1.25	21.7%
Strengthening Coordination Capacity	2.7	24.0%	1.04	18.0%
Strengthening Intervention Capacity in sectoral ministries and decentralized services in the field	5.3	48.0%	2.71	46.9%
Project Management, Monitoring & Evaluation	0.9	8.0%	0.77	13.3%
Contingencies	0.8	8.0%	0.70	12.0%
Total Project Costs	11.0	100.0%	5.77	100.0%
Total Financing Required		100.0%		100.0%

SCHEDULE - PETROLEUM DEVELOPMENT & PIPELINE PROJECT



2. Key policy and institutional reforms supported by the project:

24. The project will help improve the environmental performance of the GoC in the petroleum sector. Notably, it will:

- Strengthen PSMC's capacity to assume its role and responsibilities as defined by the presidential order of 8/24/99 and clarify the mandates and responsibilities of key agencies involved in the implementation of PDPP's environmental management and compensation plans,
- Enhance capacity for environmental assessment, monitoring, and emergency response in the petroleum sector,
- Enhance the legal and regulatory frameworks for environmental management at the national level by drafting the needed implementing regulations and strengthening the enforcement capacity, and
- Promote greater involvement of project-affected people and civil society in decision-making for sustainable development.

3. Benefits and target population:

25. The benefits to the Cameroon economy, and to its petroleum sector in particular, will be:

- environmental risks will be identified at an early stage, enabling mitigating action to be triggered within an appropriate timeframe,
- the net environmental impacts of the petroleum sector development will be positive; in particular, the tourism potential of the Kribi area will be maintained,
- the environmental offsite enhancements and the IPP will be implemented, and will improve governance performance of Cameroon in environmental management,
- the potential for social conflicts in the pipeline area will be minimized,
- environmental management capacity in Cameroon will be enhanced in the petroleum sector in a transparent and visible way; this in turn will help strengthen overall environmental management systems in the country and attract more foreign investment, and
- public opinion will become more aware of the environmental safeguards built into the project; this will demonstrate the benefit of conducting environmental assessment of large infrastructure projects, thereby creating a constituency for more sustainable development in Cameroon in the future.

26. The target population for CAPECE is:

- people living and conducting economic activities in the vicinity of the pipeline and its marine terminal,
- public servants and state-owned agency personnel in the petroleum, social and environmental sectors, and
- the public interested in the environmental and social aspects of the PDPP.

27. Particular attention will be paid under the project to:

- impacts on people affected by land acquisition,
- HIV/AIDS monitoring and impact on concerned people affected by the project in close collaboration with UNAIDS, and
- impacts on indigenous peoples in the area affected by the project.

4. Institutional and implementation arrangements:

28. According to the Presidential order of August 24, 1999, the PSMC has the mandate to monitor the implementation of the environmental management plans, to review public comments and respond to public inquiries on the environmental aspects of pipeline projects, and to prepare reports on environmental aspects of pipeline projects and operations. In this presidential order, the PSMC's executive arm, the PS, has been equipped with six sections: (a) environmental, route and security section, (b) administration and accounting section, (c) economy and finance section, (d) engineering and local resources mobilization section, (e) legal counsel section, and (f) communication and education section. All of these six sections will need capacity strengthening to carry out their new mandates. In addition, three field units will be established by the PSMC to ensure the implementation of its monitoring and coordination mandates on the ground. The field units will closely coordinate their field work with the decentralized services involved in overseeing and monitoring the various environmental and social aspects of pipeline construction and operations. The organigram of the PSMC is shown in Annex 2.

29. The project will assist PSMC through support at two levels: the central level for all the coordination and monitoring activities and, in the field, three mobile units (two terrestrial and one marine), which will closely monitor pipeline construction activities. Coordination will primarily concern seven ministries (those in charge of Environment and Forestry, Mines and Energy, Health, Urban Affairs, Interior, Transport, and Higher Education and Scientific Research). Logistical support provided under the project will be managed as a "pool" by the Permanent Secretariat. The Government will provide the oversight of the implementation of the IPP and the environmental offsets, conduct its share of the monitoring of the environmental and social impacts in coordination with COTCO's and the Bank's monitoring systems. PSMC will conduct Information-Education-Communication (IEC) activities aimed primarly at local populations, other ministerial departments and external stakeholders, in coordination with the COTCO's IEC activities. Accounting, financial and procurement management will be conducted by PSMC using World Bank acceptable procedures and processes. The procurement plan is being prepared and will be ready by effectiveness.

D: Project Rationale

1. Project alternatives considered and reasons for rejection:

30. Alternative scenarios were depicted to analyze (i) the without project situation, and (ii) alternative institutional arrangements. As to the non-project situation, there was a consensus among Government and non-government partners that, without CAPECE, the Authorities would be ill equipped to meet their obligations to implement and oversee safeguards under the PDPP. Additionally, it was emphasized that without the project, the Government's present inability to provide environmental oversight of the petroleum sector would be perpetuated.

31. As to the institutional scenarios, two alternatives were considered:
(i) use of the Ministry in charge of the Environment to lead the environmental capacity building process for the institutions concerned; and
(ii) focus on an interministerial body to target the specific areas for improvement within each relevant Ministry and agency.

32. The first alternative would have allowed the effort to operate within the institutional roles and mandates of Government institutions as defined in the 1996 environmental law (96/12). However, this option was considered very risky given current weaknesses in the areas where the mitigation and monitoring of environmental and social impacts of PDPP require most skills and expertise, and the limited

capacity MINEF has to mobilize and coordinate other Ministries and Agencies so that they can intervene in an orderly and timely fashion. The second alternative was preferred in view of its inter-institutional nature, its specific focus on the PDPP operation, and the easy access of SNH leadership to the President of the Republic to resolve conflicts and make decisions that are beyond the control of individual ministries. The use of the PSMC, under the trusteeship of the National Oil Corporation (SNH), an established operational unit, will allow fast service delivery in the field, where it is needed, and is the most efficient way to provide protection to the environment and the population within the present context of urgent mobilization. A longer term solution for environmental management of the petroleum sector in Cameroon will be established during the course of CAPECE implementation, based on a long term vision study (see details in Annex 2).

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned).

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
Bank-financed		Implementation Progress (IP)	Development Objective (DO)
Sustainable forestry management	SAC III (1998-2003)	S	S
Mitigating the environmental impact of linear infrastructure	Transport Sector Project (1997-2002) Railway Privatization project (2000-2004)	S N/A	S N/A
Improving public services delivery capacity	Health (1995-1999)	U	U
Other development agencies			
Improving biodiversity conservation - GEF	Biodiversity Conservation and Management (1997-2000)	S	S

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory), N/A: Not Applicable

3. Lessons learned and reflected in the project design:

33. Implementation of forestry-related conditionality under SAC III has required extended dialogue among Government, the Bank, the IMF, other donors, and the private sector. The lesson learned has been that transparent, open, and intensive dialogue, involving all elements of civil society as well as Government, is crucial for policy reform in this sector to be accepted and sustained. Continued, broad public debate and international attention is needed as part of the strategy to ensure that Government lives up to its commitments to environmental management in the context of the PDPP. The IEC activities of this project address this issue.

34. The Cameroon Transport Sector Project successfully piloted the approach of developing environmental management capacity within sectoral agencies in Cameroon. The project combines support for strategic environmental assessment at the sectoral level, with capacity building for managing and monitoring environmental impacts at the subsectoral (roads) level. The project demonstrates that sectoral environmental performance can be significantly improved if there is adequate political willingness and resources are made available for this purpose. CAPECE enhances environmental capacity in a multi-sectoral agency and aims at achieving both the sectoral efficiency and the overall coordination of interventions, in which the Ministry in charge of environment plays a major role.

35. The Cameroon Health Sector Project, in contrast, has demonstrated the limited absorptive capacity of public institutions in the health sector and the difficulty of reaching the poor with health services, particularly those in remote rural areas. New approaches need to be tried, including the delegation of basic health awareness activities and distribution of key supplies to civil society partners outside of government. CAPECE includes the involvement of NGOs for service delivery, and the design of the critical health management component is being done in close cooperation with UNAIDS.

36. The GEF Biodiversity Conservation and Management Project was designed to strengthen Government capacity to coordinate, control and support a variety of biodiversity conservation initiatives in the country. Although project activities have proceeded well at most of the project sites, Government coordination has been poor until recently. Following an extensive mid-term review, the project was restructured and extended with the addition of an action plan to improve Government performance. The site of Campo Ma'an, which includes a future biodiversity offset in the context of the PDPP, has been subject to logging pressure in the past and its proper management has been contested. However, the Government recently took the important step of providing improved protection to the core area at Campo Ma'an, as well as in Mbam & Djerem. The gazetting of two National Parks (Campo Ma'an for 264,064 ha, and Mbam & Djerem for 416,512 ha) has been officially published on January 6, 2000. The additional support to be provided under the PDPP Offsite Environmental Enhancement Program (OEEP), funded by the Environmental Foundation which will be established by COTCO, will complement the activities launched under the GEF project and help support sustained (25 years) implementation of the site management plan.

37. The preparation of the PDPP has included the formulation of an Environmental Assessment (EA) for which several rounds of improvement and fine tuning have been needed. The debate generated and questions posed by this EA process have demonstrated the extreme importance of a good communication strategy to fully inform all stakeholders (NGOs and media in particular) of the actual measures taken for the protection of the local environment in the pipeline project. This information needs to be based on solid data collection and processing, hence the importance of the monitoring activities funded under CAPECE. This experience has underscored the need for and the relevance of including IEC activities in the project.

4. Indications of Borrower commitment and ownership:

38. The PSMC was established to manage all activities related to the PDPP, including its environmental and social impacts. The environmental subcommission of PSMC worked with the project sponsors (COTCO) to design the environmental and social safeguards of the PDPP throughout the project preparation period. This subcommission includes representatives from MINEF, the Ministry of Urban Affairs, the Ministry of Research and Higher Education, the Ministry of Health, and the University. It is chaired by the representative from MINEF. In February 1999, PSMC launched a diagnostic study to identify the capacity building requirements for Government to assume its role in the management of the environmental impacts of petroleum sector development. The results of this study were discussed in a week long workshop with Bank staff in July and form the basis for the preparation of this project.

39. In March, 1999, the President of Cameroon hosted a meeting of the Congo Basin Heads of States on biodiversity and sustainable forest management. At this meeting, he reaffirmed the commitment of the Government of Cameroon to the sustainable management of its natural resources and biodiversity. In the same month, the Minister of Environment and Forestry established temporary legal protection for the areas intended to serve as environmental offsets in connection with PDPP and initiated the gazettement process. Shortly thereafter, key and politically difficult personnel and organizational changes were made in the Central Forestry Directorate (a new Director was appointed) and in the Departments in which the

offset areas are located. In late May, the Government selected the Permanent Secretary for Environment in MINEF, an appointment that should facilitate implementation of the NEMP. In August, the Prime Minister signed decrees creating the institutional structures for unified technical management of two key biodiversity areas, including Campo Ma'an. The gazettment of Campo Ma'an and Mbam Djerem National Parks took place on January 6, 2000. These actions indicate a renewed commitment on the part of the Government to improve environmental management and promote sustainable development.

5. Value added of Bank support in this project:

40. Bank support will build on previous Bank contributions to enhance the overall environmental management capacity of GoC, which started with an Institutional Development Fund (IDF) grant that helped support the NEMP process and continued with EA capacity building under the Transport Sector Project. The capacity built in the petroleum sector under CAPECE will expand the network of environmental management institutions in Cameroon. The project is also designed to coordinate with the NEMP II program funded by other donors (UNDP and Germany).

41. The PDPP will benefit from CAPECE and Bank support and involvement in the following ways:

- Helping coordinate the activities of seven major ministries (MINEF, MMWE, MINUH, MSA, MT, MESRS, Interior) will improve the efficiency and effectiveness of PDPP execution.
- Implementing the Bank's environmental and social safeguard policies will ensure that the environmental and social risks of the PDPP are minimized.
- Applying the Bank's experience with capacity building for environmental management worldwide has helped improve project design through an integrated approach (training, institution building, networking).
- Helping to design and supervise the long term vision study for the petroleum sector will encourage the use of an analytical approach that builds on the the Bank's experience.
- Bringing to bear the Bank's experience in the design and implementation of IEC strategies will help the Government improve its communication with internal and external stakeholders.
- Utilizing the partnerships of which the Bank is a part will offer a network that will enable the Government to build its environmental management expertise rapidly.

E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 7)

1. Economic (supported by Annex 4):

42. Valuing the benefits of additional environmental management capacity is a difficult task, complex for any capacity building project. However, the cost of the project to Cameroon is minimal in relation to the benefits Cameroon is expected to draw from the PDPP and, more generally, from a better managed petroleum sector (for instance, the Government Oil Spill Response Plan addresses the whole scope of potential oil spills in the country, within or outside the context of the pipeline). The CAPECE project also helps to provide the guarantee of good performance needed to mobilize participation by the PDPP lenders.

2. Financial:
Fiscal Impact:

43. The Project will create an environmental and social regulatory framework for the petroleum sector and will establish a small, but effective, permanent capacity to monitor and implement this framework which will require Government support. Fiscal revenue from the petroleum sector will be more than adequate to cover this limited incremental cost.

3. Technical:

44. The Project will create an advanced technological capacity to monitor the environmental impact of a large infrastructure project. The Cameroonian staff in charge of monitoring air, water and soil quality will learn new techniques and the use of new equipment that will be useful in the context of other infrastructure projects. The laboratories that will execute the analyses required will also improve the general knowledge of environmental management in Cameroon. This project provides an opportunity for Cameroon to bring its environmental management capacity in the petroleum sector up to date.

4. Institutional:

a. Executing agencies:

45. The Project will be executed under the coordination of the PSMC. Major activities will be handled by the PSMC and its six operational units and three field units. Other ministries and agencies will be involved in the execution of the Project, including the ministry in charge of environment (MINEF), the ministry in charge of health (MH), the ministry in charge of mining and energy (MMWE), the ministry in charge of urban affairs (MINUH), the ministry in charge of social affairs (MSA), the ministry in charge of higher education and scientific research (MESRS), the ministry in charge of transport (MT), the ministry in charge of decentralized administration (Interior) and universities of Cameroon.

b. Project management:

46. The Project will be managed by the Pipeline Steering and Monitoring Committee. Administrative and financial aspects will be handled by the Administrative and Accounting section of the Committee's Secretariat and the Human Resources section of SNH, which are staffed by experienced SNH staff. The borrower will appoint the Permanent Secretariat's managerial staff, in accordance with the Presidential order, and will inform IDA. The TOR of the technicians in the field units will be jointly agreed upon by IDA and the GoC. Their selection will be made by the borrower with the non-objection of IDA.

5. Social:

47. This project is aimed at institutional capacity building, including outreach to civil society and the media. It is designed to establish a transparent dialogue between the Government and various stakeholders in order to promote public participation in pipeline project activities. In particular, the project will help implement programs aimed at ensuring adequate compensation for lost assets, protecting public health, enhancing the welfare of indigenous peoples, and protecting Cameroon's cultural heritage. While CAPECE has not been designed with the main objective of confronting the HIV/AIDS epidemic, it will contribute to intensifying action against this epidemic in close collaboration with other partners and the local communities.

6. Environmental assessment: Environment Category C

48. This is a capacity building project with very little physical investment. All equipment funded under the project will comply with the latest environmental specifications. Environmental benefits are expected from this project which will help build national capacity in management of environmental impacts of petroleum projects.

7. Participatory Approach

a. Primary beneficiaries and other affected groups:

49. People living alongside the pipeline route have been consulted during the Environmental Assessment of the PDPP, particularly in the context of the PDPP compensation. Their opinions and concerns have been integrated into the design of the PDPP. During project implementation, the field units will regularly be in contact with affected people (virtually on a daily basis) and will facilitate dialogue between the population, COTCO, and the staff of the decentralized public services.

50. The Government employees who will benefit from training and technical assistance in this project will acquire more modern and better skills that they can use in other circumstances, e.g. in the expanding field of environmental management, particularly in the petroleum sector. The capacity building project has been prepared through a participatory workshop involving key stakeholders from Government.

b. Other key stakeholders:

51. The general public and the media will receive timely and sound information on the state of the environment and the social situation in the pipeline project area, on the status of implementation of the environmental offsets and the IPP, as well as on the performance of the safeguard mechanisms put in place. Channels will be established to facilitate feedback from the public, and eventually beneficiary participation in monitoring and evaluation activities.

F: Sustainability and Risks

1. Sustainability:

52. The capacity put in place in PSMC will initially be relatively extensive, to monitor impacts on the ground during the construction period. During operation, capacity requirements will be much more limited and can be sustained at a low cost. In most countries, however, the limitations of an interministertal committee for managing the environment have usually appeared after a few years. The Government's sustainable capacity to manage environmental impacts in the petroleum sector will be the subject of a major long term vision study (see Annex 2) to be conducted towards the end of the project. It will use the first results of the Monitoring and Evaluation system to assess the achievements and performance of PSMC and recommend an appropriate strategy for the longer term.

2. Critical Risks (reflecting assumptions in the fourth column of Annex 1):

Risk	Risk Rating	Risk Minimization Measure
From Outputs to Objective		
Lack of commitment by Government to fully implement safeguard policies.	S	Contractual obligations to implement the EMP under the IBRD loan to Cameroon for the PDPP. International Advisory Panel. Public opinion/IEC component.
Lack of coordination among different governmental agencies.	M	Centralization of authority under PSMC. Training and incentives for decentralized agency staff.
Lack of participation by project affected people.	S	IEC component. IPP participatory approach. International Advisory Panel.
Personnel do not remain in the public service after training has been received and/or are not motivated to act against all forms of environmental and social degradation.	M	Supportive working conditions are offered to the trained personnel.
Equipment and procedures are not in place in time and/or they are not operational when and where they are needed.	M	A Project Implemention Manual (PIM) including a Procurement Plan will be adopted by GoC prior to project effectiveness. Procurement and management of equipment are centralized at PSMC and equipment use will be programmed on a monthly basis. Procedures will be regularly audited.
The International Advisory Panel (IAP)'s advice is not discussed within PSMC, not acted on, and not disseminated broadly.	M	The terms of reference for the Panel emphasize its pedagogic relationship with PSMC. The GoC will make the Panel's reports publicly available. Bank supervision will look closely at this issue.
From Inputs to Outputs		
PSMC staff are unable to coordinate sectoral ministry action on the ground.	S	Training of PSMC staff will emphasize the catalytic role of the field units and the skills required to coordinate the interventions of line ministries.
Monitoring is not performed or is not used for the improvement of project performance	S	Bank supervision will pay particular attention to the implementation of the Management Information System and Environmental Monitoring Information System and the dissemination of EMIS results. Failure to conduct proper monitoring will be a cause for suspension of disbursements.
Overall Risk Rating	M	Supervision will be intensive and conducted in conjunction with pipeline supervision.

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

3. Possible Controversial Aspects

53. This project is linked with the controversial Petroleum Development and Pipeline Project. In effect, it is part of the environmental management plan (EMP) for that project. Under the EMP, the Government of Cameroon has committed itself to ensure that pipeline project activities are carried out in accordance with national standards and to monitor implementation on behalf of the people of Cameroon. As a result of CAPECE implementation, the GoC will increase its capacity to set and enforce such standards, with special emphasis on the welfare of project affected people, particularly the poor and vulnerable ethnic groups. The EMP proposes to address biodiversity and indigenous peoples concerns related to the PDPP through a mechanism (the Environmental Foundation) which is largely independent of Government control. However, the Government, through the PSMC acting with the technical support of MINEF (for biodiversity) and relevant academic institutions (for indigenous peoples), will monitor and support the implementation of these programs. This will provide a learning experience which may become a platform for future improvements in Government policy and performance.

G: Main Loan Conditions

1. Effectiveness Conditions

54. Adoption of the Project Implementation Manual (including the Terms of Reference for key staff and studies, the training plan and the Manual of Procedures) is a condition of effectiveness of the credit. The other two conditions of effectiveness are:

- Cross-effectiveness with the PDPP Loan Agreement, and
- Adequate financial management of the PSMC.

2. Other

55. None

H. Readiness for Implementation

56. [ ] The engineering design documents for the first year's activities are complete and ready for the start of project implementation. [X] Not applicable.
[ ] The procurement documents for the first year's activities are complete and ready for the start of project implementation.
[ ] The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
[X] The following items are lacking and are discussed under loan conditions (Section G):
The procurement plan is being prepared and will be ready by effectiveness. It will be included in the Project Implementation Manual.

I. Compliance with Bank policies

57. [X] This project complies with all applicable Bank policies.

Jean Roger Mercier	Charlotte Bingham	Serge Michailof
Task Team Leader	**Sector Manager**	**Country Director**

Annex 1: Project Design Summary

CAMEROON: Petroleum Environment Capacity Enhancement (CAPECE) Project

	Key Performance Indicators	Monitoring & Evaluation	Critical Assumptions
Sector-related CAS Goal:	**Sector Indicators:**	**Sector/country reports:**	**(from Goal to Bank Mission)**
Improve resource mobilization,	PDPP operation meets environmental standards and yields on average about US$ 20 m per year to Cameroon over 28-years.	Reports by PDPP private operators (COTCO).	Sponsors and the Government agree on their respective roles.
Improve productivity of the poor.	Poor people in the project area are better off when pipeline operates.	Annual reports by the PSMC, starting year 4. Compensation Plan Impact study. Commitment to manage PDPP carries over to petroleum sector as a whole.	Transparent processes for local participation in project activities and benefits.
Improve climate for private sector development	Environmental standards established under the project are applied throughout the sector. Increased investment in petroleum sector.	Public expenditure reviews.	

Outcomes to Objectives

	Key Performance Indicators	Monitoring & Evaluation	Critical Assumptions
Project Development Objective:	**Outcome/Impact Indicators:**	**Project reports:**	**(from Objective to Goal)**
Establish a national capacity for environmental management and monitoring of the Chad-Cameroon pipeline project	1) The Government's response time for accidents and spills reaches an international benchmark by 2005, with action taken against sponsor in case of non-compliance.	1) Periodic (bi-yearly) reports by PSMC.	1) Resources and equipment provided are used effectively.
	2) Vulnerable groups along the pipeline maintain at least their current cultural, economic and health status, beginning one year after the construction of their portion of the pipeline.	2) Annual reports from the Environmental Foundation. PSMC reports. IAP reports.	2) Baseline data is readily available.
	3) Biodiversity in the Environmental offsets is effectively protected.	3) Annual reports from the Environmental Foundation. State of the Environment report (mid-project period) by PSMC.	3) The Environmental Foundation is established and properly funded, and GoC fulfills its obligations to support the offsets.
	4) Commercial poaching is kept to a minimum in the pipeline area.	4) Environmental report by PSMC, with input from MINEF (yearly).	4) Government strengthens poaching control in the area.

Outputs to Outcomes

	Key Performance Indicators	Monitoring & Evaluation	Critical Assumptions
Output from each component:	**Output Indicators:**	**Project reports:**	**(from Outputs to Objective)**
i) Enabling environment for environmental management for the petroleum sector, including regulatory framework, is in place and disseminated, based on consensus with all stakeholders.	❖ Norms and standards for all decrees are based on international standards adapted to the national/local context. ❖ Magistrates possess the necessary knowledge to sanction infringement of environmental policies and apply the laws consistently. ❖ Transparency of processes in the environmental and social areas is improved.	Report of legal consultant IAP reports. Training reports Surveys.	Norms and standards have been designed in a consensus-building mode. The overall transparency of processes in the public sector in Cameroon has improved.
ii) Stakeholders are adequately informed of the environmental and social aspects of the pipeline project.	❖ Consistent information is provided from government to parliament and other national partners. ❖ External stakeholders are well informed.	Reports/articles Reports/articles	
iii) Public services are delivered in a fair, efficient and timely manner by provincial delegations of ministries involved.	❖ Level of competency of public servants is increased. ❖ Compensation has been paid in full after one year of project. ❖ Reduction in delays of Government intervention. ❖ Compliance of the sponsors with national laws is consistently high.	Training Reports Government and COTCO reports. PSMC reports EMIS and external monitoring	Personnel remains in the public service after training has been received. Government and sponsors have paid their shares of the compensation. Sponsors agree to cooperate to the inspections and allow fair measurements.
iv) Environmental status is continuously monitored and progress in capacity is known.	❖ Quality of the environment in the pipeline influence area is satisfactory. ❖ Quality of information gathering is good.	EMIS and external monitoring IAP Reports	Sponsors implement adequately their share of the EMP. IAP has access to the critical information required from the sponsors.

Inputs to Outputs

	Key Implementation Indicators		Monitoring & Evaluation	Critical Assumptions
Project Components / Sub-components:	**Inputs: US$ 1,000' (rounded)**	**Indicators**	**Project reports**	**(from Components to Outputs)**
1. Development of an enabling regulatory framework	**1,400**			
1.1. Draft decrees & carry out training	140	12 decrees and regulations by 12/01. 50 staff trained in the new regulatory framework by 7/02.	Decrees published	
1.2. Long Term Vision Study	260	Study completed by 7/04.	Monthly progress report showing discussions with PSMC	
1.3. PPF repayment	1,000			
2. Strengthening coordination capacity	**2,800**			
2.1. Permanent Secretariat	2,100	Three PSMC experts trained (by 7/01): Biophysical, Socio-economics, Health. Study of zones at risk (Year 1). Socio-economic impact study (Year 5).	Monthly progress reports IEC Evaluation (Mid-term and ICR) Study reports.	Staff is motivated. Incentives are appropriate. Working relationships between local staff, contractors, and expatriate TA are effective.
2.2. Field Units	700	Eleven Field Unit staff trained (by 7/01): Biophysical (5), Socio-economics (4), Health (2).	Monthly progress reports.	Coordination among technicians and communicators is effective, as well as between PSMC staff and the administration.
3. Strengthening intervention capacity	**5,400**			
3.1. In health management	900	20 Health centers strengthened by 7/02.	Health Status Report (Mid-term and ICR). Health service delivery reports published (Mid-term and ICR).	Ministry of Health and contractor in charge of this component are fully effective.
3.2. Re: Oil Spill Response	700	Plan completed by 7/02.	Government Oil Spill Response Plan (Mid-term).	

	Key Performance Indicators		Monitoring & Evaluation	Critical Assumptions
Project Components / Sub-components:	**Inputs: US$ 1,000' (rounded)**	**Indicators**	**Project reports**	**(from Components to Outputs)**
3.3. In decentralized ministries	3,800	70 civil servants trained by 7/02 in natural resources management, oil spill response, conflict management, and pollution prevention and management. At least 80% of civil servants that have received training under the Project remain with the Project.	PSMC monthly progress reports	
4. Monitoring & Evaluation	**800**			
4.1. Services of an International Advisory Panel	400	First report of International Advisory Panel published by 7/01.	IAP Evaluation (Mid-term and ICR) Annual reports received. Recommended actions taken.	Panel Members are well respected both locally and internationally and cooperate efficiently.
4.2. Environmental Management Information System (EMIS) and Project Management & Control	400	Project management, monitoring and evaluation system operational by 12/00. EMIS in place by 7/01.	Management Information System report Environmental Monitoring report	

Annex 2: Project Description

CAMEROON: Petroleum Environment Capacity Enhancement (CAPECE) Project

The context

1. The Project aims at developing the capacity of Cameroon to deal with environmental management issues associated with the construction and operation of a system transporting oil by pipeline through Cameroon from the Chadian frontier to the marine area near Kribi on the Cameroon Atlantic coast. More specifically, the Project aims at strengthening existing and building additional capacity for the implementation and monitoring of the mitigation measures defined by the Environmental Management Plan (EMP) for the Petroleum Development and Pipeline Project (PDPP). Cameroon needs to strengthen the capacity of all its institutions dealing with the various impacts of the PDPP and to coordinate their efforts in this endeavor.

2. Environmental Management includes the full range of activities required to safeguard the affected population and the affected natural environment against negative impacts. In that context, environmental management includes nature conservation, but has a broader scope, including protecting human health and minimizing local social conflicts.

3. The GoC has made the strategic choice to have the EMP implemented centrally by one coordinating body. This choice aims at ensuring maximum consistency in the activities of the various administrations having precise mandates in this project, facilitating the contacts between the Government and COTCO, the pipeline operator in Cameroon, through the selection of a single interlocutor, and reaching maximum efficiency in situations where interventions are required quickly and need to be implemented without any bureaucratic delay.

The institutional setup

4. The main body responsible for the environmental management of the PDPP is the Pipeline Steering and Monitoring Committee (PSMC), chaired by the Head of SNH, the national oil company. In order to fulfill its mandates and responsibilities, the PSMC is organized into two branches: (a) the "Comité de Suivi" (CS) which is the administering board and policy-maker, and (b) the Permanent Secretariat (PSMC), which is the operational arm. The relationship between CS and PSMC is detailed in the presidential order and will be included in the Project Implementation Manual (PIM). The PSMC is equipped with six different sections in charge of the various aspects of the PSMC's mandates, and three field units. These sections are the following:

(a) An Environment, Route and Security (ERS) Section which will carry out the following:
- Provide an interface with the International Advisory Panel,
- Coordinate all interventions related to environmental management for the pipeline,
- Manage the three field units,
- Provide an interface with the other units of the PSMC, in particular the Legal Unit (LS),
- Manage all the common functions (including oversight of the implementation of the Compensation Plan, the Indigenous Peoples Plan – IPP – and of the Offsite Environmental Enhancement Program – OEEP – as described in the EMP)
- Monitor the outcomes and the performance of the program.

(b) A Legal Section which oversees the preparation of the required regulations and procedures, and reviews all legal aspects of the PSMC work program and activities,
(c) An Administration and Accounting Section,
(d) A Communication and Education Section which will be in charge of the project's Information, Education and Communication (IEC) component,
(e) An Economics and Finance Section, and
(f) An Engineering and Local Resource Mobilization Section.

Field Units: Also, the PSMC will manage two terrestrial and one marine field unit during pipeline construction, to fulfill its mandate to monitor the impacts of construction activities on the ground.

5. The Environmental Management Plan (EMP) and the Compensation Plan (CP) of the PDPP, which have been approved by Cameroon, identify the monitoring and control actions that are the responsibility of the Government. These actions relate to the biophysical (soils, air, water) environment, the socio-economic activities and health management. Also and as part of its oversight responsibility for the Environmental Foundation (see annex 10), the Government will monitor all environmental enhancement activities in the Campo and Mbam-Djerem National Parks and the implementation of the Indigenous Peoples Plan.

6. According to the EMP recommendations, the operator (COTCO) will establish three field-based monitoring units, among which one will be oriented towards monitoring marine activities, for pipeline and the off-shore facility construction. The PSMC will also equip itself with three field units each comprised of three (3) specialists, one in each of the three intervention areas identified: biophysical impacts, socio-economic impacts, and health management (the latter, only one person rotating from one field unit to the other). Field units will be in charge of the daily monitoring of pipeline construction impacts, and thus will develop two-way communication with the local administration and COTCO and, in particular, with COTCO's monitoring units.

7. The PSMC will oversee the implementation of the components of the capacity building program: procurement and management of equipment and supplies, logistical support, training program, and technical assistance. The coordination section (ERS) is the focal point for Government activities to implement its responsibilities for the mitigation of the environmental and social impacts of the PDPP.

Project components

8. The components and sub-components of CAPECE are as follows.

I. Strengthening the institutional, regulatory and legal framework:
- I.1. Drafting, dissemination and enforcement of implementing regulations.
- I.2. Long Term Vision study.

II. Strengthening of coordination capacities:
- II.1. Central coordination at the Permanent Secretariat of PSMC, including IEC activities.
- II.2. PSMC Field Units.

III. Strengthening of public intervention capacities:
- III.1. Public health management.
- III.2. Oil Spill Response Planning: Plan and implementation.
- III.3. Support to decentralized administrations.

IV. Monitoring and Evaluation (M&E):
- IV.1. International Advisory Panel.
- IV.2. Environmental management, performance and capacity monitoring systems.

Project Component 1 – Development of an enabling regulatory framework Cost: US$ 1.3 million (including the repayment of the PPF), IDA funding: US$ 1.25 million.

9. The country presently faces three difficult challenges in managing the environment in the petroleum sector: (i) the lack of implementation decrees for most of the environmental legislation that has been passed recently, (ii) the lack of clear procedures for delivering permits and authorizations to the pipeline sponsors, and (iii) the lack of technical and financial resources in Government to carry out the program of environmental monitoring and promote poverty alleviation through the PDPP. CAPECE's first component addresses the first two challenges by developing enabling regulations and procedures for environmental protection in the petroleum sector. It will also design a long term vision for environmental management in the petroleum sector in Cameroon.

(a) Preparation and publication of the required implementation decrees. Cost: US$ 0.14 million.

10. The implementation of the 1996 environmental law (96/12) and other environmental protection-related laws that have been enacted as a follow up of the National Environmental Management Plan (NEMP) is hampered by the lack of appropriate implementing regulations. CAPECE will assist in the drafting and development of implementation decrees and strengthening enforcement capacity of all agencies involved in pipeline impact monitoring. The list of priority implementation decrees to be published is given below (Box 1).

Box 1: High priority decrees to be prepared and published on environmental management in the petroleum sector in Cameroon include:

- The following decrees and orders for the implementation of the Borrower's Law No. 96/12 dated August 5, 1996 "portant Loi-cadre relatif à la gestion de l'Environnement":

(i) articles 17-19: implementation modalities for carrying out an environmental impact assessment;

(ii) articles 31 and 33: implementing modalities related to measures to prevent and fight all marine pollution coming from vessels and facilities located on or off shore;

(iii) article 36 : implementation modalities concerning prevention of pollution of soil and sub-soil;

(iv) articles 43 and 47 : implementation modalities concerning waste management;

(v) articles 21, 30.1, and 38 : implementation modalities related to the conditions and requirements for the release of pollutants in air, water, soil and sub-soil, including inland waters;

(vi) articles 57.1 and 58 : implementation modalities related to chemical toxic and/or hazardous substances; and

(vii) articles 60 and 61 : implementation modalities related to noise and odor nuisances.

(Box 1 continued)

- The following decrees and orders for the implementation of the Borrower's Law No. 98/15, dated July 14, 1998, related to "établissements classés dangereux, insalubres et incommodes",:

(i) article 7 : norms related to the delimitation of the safety perimeter for "établissements classés";

(ii) article 18 : conditions of certification of civil servants in charge of inspection of "établissements classés"; and

(iii) article 20 : conditions of certification of individual experts and organizations to perform controls and audits of "établissements classés", and certification of laboratories to monitor the quantity and quality of effluents produced by "établissements classés".

- The regulations for the implementation of the Borrower's Law No. 96/11 dated August 5, 1996, articles 5 and 10, related to "normalisation" and concerning the list of substances whose spilling, immersion and incineration in marine waters are prohibited.

11. The preparation of these implementing regulations will be done through close coordination among all governmental agencies involved in environmental management and protection and legal instruments drafting. Workshops will be organized to discuss the draft regulations at various stages to ensure large and adequate participation of stakeholders, administrative commitment, and future applicability and implementation of the proposed regulations.

12. A training program for staff involved in environmental monitoring and environmental law enforcement is being prepared in the framework of the Project Implementation Manual (PIM) and will be implemented during the course of the project. Dissemination and public information campaigns on the published regulations will be organized under the IEC component. Material related to environmental law requirements and enforcement will be disseminated among all interested stakeholders.

13. The completion of the legal component will require the recruitment and assistance of two international consultants, one specialized in environmental norms and standards, the other one specialized in environmental law. A team of national consultants which will benefit from the short-term support of an international environmental law expert will be necessary. Terms of references for this purpose have been prepared by PSMC and agreed by the Bank. A total of 6 person-months of international consultants will be needed.

(b) Development of a Long Term Vision for environmental management of the petroleum sector. Cost: US$ 0.26 million.

14. The management of the environmental and social impacts of the petroleum sector can only be sustainable when the Government of Cameroon has decided on its optimal institutional setup and put it in place. A study, to be carried out in year 3 of the project, will help develop this long term vision. It will assess the present institutions and their performance, develop scenarios on alternative institutional setups, and provide the decision makers with the elements and information required to choose among the scenarios. The terms of reference for this study will be included in the PIM. It will require the input of 6 person-months of international consultants and 6 person-months of national consultants.

Project Component 2 – Strengthening Coordination Capacity for Environmental Management
Cost: US$ 2.8 million, IDA funding: US$ 1.04 million.

15. The coordination provided under the Pipeline Steering and Monitoring Committee will include:
- Technical coordination of the field interventions (health, biophysical and socio-economic impact management),
- Ensuring liaison with the sponsors, and
- Implementing an IEC strategy, including HIV/AIDS prevention and community care of affected and infected people, to keep all the stakeholders informed of the progress accomplished.

16. During the pipeline construction, the field units and the strengthened central PSMC staff will include 14 key professionals and a reasonable number of support personnel (see PSMC's organigram below). The staff will be placed at the disposal of the project by Government departments for the duration of the project. The terms of reference of the professional positions are being drafted by the central PSMC unit and will be included in the PIM. Positions will be advertised within the administration, and the selected candidates will be placed at the disposal of PSMC. The capacity of the whole staff in PSMC and the concerned administrations will be increased through specialized training, and logistical support will be provided. A training plan is being prepared and will be included in the PIM. Incentives are being developed to ensure that the trained staff put the training they receive to the best use for the project. In areas where national staff cannot be found, technical assistance by international consultants may be provided.

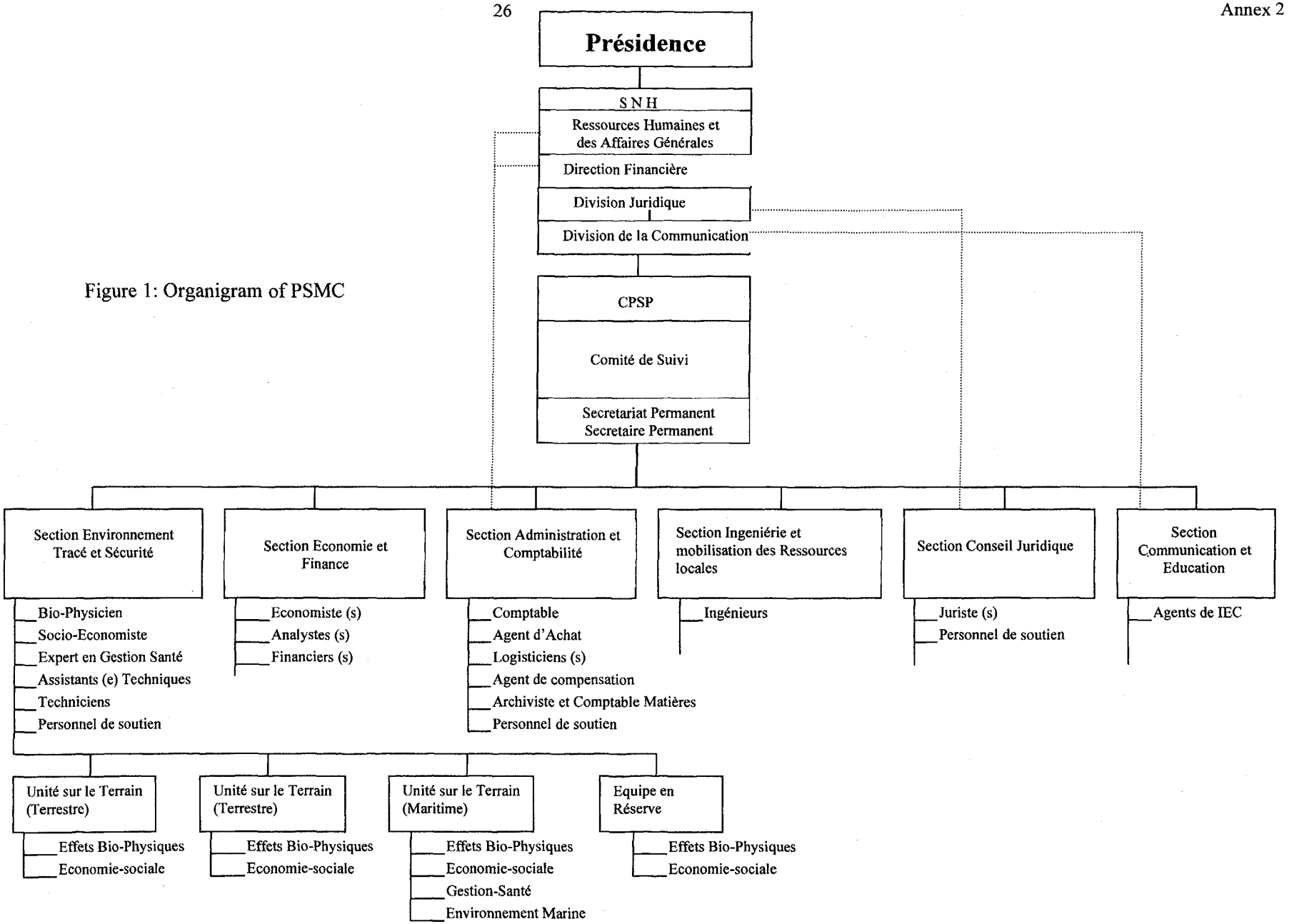
17. The increased capacity will be primarily located in the field, where the actual environmental impacts should be avoided or mitigated. A light coordinating capacity will also be built at the central PSMC level, in order to facilitate cross-sectoral cooperation. Also, at PSMC central level, capacity for information, education and communication (IEC) on the themes developed by CAPECE will be enhanced, in coordination with the communication strategy of COTCO.

(a) Central Coordination. Cost: US$ 2.1 million.

18. The specific tasks related to the environmental activities will be caried out by a team of high-level specialists to be located in the Environment, Routing and Security section (ERS) of the Permanent Secretariat of PSMC. The specialists will cover the whole range of bio-physical, socio-economic and health management skills required for the implementation of the EMP (see box 2). They will report to the Permanent Secretary of PSMC and work closely with the Communication Division of SNH on the IEC sub-component. The cost of logistical support to the central coordinating unit over the project period is estimated at US$ 2.1 million.

Box 2: General skills required in the central unit:
- one biophysical specialist (environmentalist, fauna and flora, pollution management),
- one socio-economic specialist (population, local development, conflict resolution), and
- one human health (public health management) specialist familiar with HIV/AIDS epidemic.

Figure 1: Organigram of PSMC



(b) Field Units. Cost: US$ 0.7 million.

19. The three field units will have the same mix of skills as the central one, with a focus on natural resource management because of the nature of the environmental issues in the field (pollution expertise will be managed centrally and made available to the field units on request). The field units will manage their own logistics and their activities will be coordinated by one of the technical specialists. The major responsibility of the field units will be to monitor COTCO's performance and to ensure that inspection and control activities that need to be performed by Government agencies are indeed conducted in a timely and technically/ scientifically acceptable manner. The cost of logistical support and local consultant services for the field units is estimated at US$ 0.7 million.

Box 3: General skills required in each field unit:

- one biophysical specialist (environmentalist, fauna and flora) full-time,
- one socio-economic specialist (population, local development, conflict resolution) full-time, and
- one human health (public health) specialist moving from one unit to another as needed.

The central unit will contract locally for specialized services when needed. The project also makes provision for contracting for expert services in at least the following areas:

- Conducting a planning study of sites likely to be impacted by the construction of fixed facilities ("zones at risk").
- Providing support to and monitoring the activities of the Environmental Foundation with respect to the implementation of the Indigenous Peoples Plan.
- Providing support and monitoring of the impact of pipeline construction on cultural heritage, with particular reference to archaeological impacts.
- Conducting a socio-economic study with beneficiary participation to assess the impacts of pipeline construction on project affected people.

20. The field units will be responsible for a small number of direct interventions, e.g., advising COTCO on technical matters that need immediate attention or that are of minor importance. The bulk of the activities of the field units, however, will be to ensure proper liaison with the relevant local representatives of governmental agencies (MINEF, MMWE, Ministry of Health, Ministry of Social Affairs, Transportation) to encourage them to enforce the applicable standards, regulations and laws in their respective areas of competence and fulfill their responsibilities. This activity will include contacting the proper administrative unit, presenting requests in a proper format, following through to ensure a quick response to the request (administrative authorization, or technical control) and recording the results of the intervention in the Monitoring and Evaluation (M&E) system.

21. The field units will work closely with local representatives of these governmental agencies that will be involved during the construction and the operation of the project. In cases where local expertise is insufficient, specialists from central services of governmental agencies will intervene or private experts will be contracted. The field unit staff will be selected on the basis of their field experience and their ability to work with other staff from the decentralized and central technical services of GoC. The staffing of the field units will require a total of 13 specialists (3 teams of three people each + 1 backup team + 1 specialist in marine environment), adequate transport and communication equipment. Selection of staff for these positions will be subject to Bank approval.

22. The activities to be undertaken jointly between the Field Units and the various agencies involved in environmental management and protection within the government of Cameroon are described below.

Biophysical environment.

23. The activities include:

- monitoring atmospheric emissions;
- monitoring wastewater management;
- control of the hydraulic tests of the pipeline ;
- protection of surface and underground water resources;
- protection of soils against erosion ;
- protection of vegetation and fauna;
- monitoring of the activities of the offsite environmental management programs;
- monitoring marine outlets and assuring protection of the marine environment; and
- assessing the biophysical risk.

During the construction phase, the emphasis will be on administrative surveillance and permanent control of works; during operations, the emphasis will be on the control of the consequences on the environment.

Socio-economic activities.

24. The activities include:

- monitoring the implementation of the Compensation Plan;
- assisting local authorities to manage the consequences of population movements related to the construction activities;
- promoting the participation, as relevant, of Cameroonian Small and Medium Enterprises (SME);
- monitoring the recruitment and training plans of COTCO ;
- control of the respect of the Right Of Way, and of the conditions of its utilization during the operational phase;
- the protection of cultural, archaeological and religious sites, and the proper handling of archaeological chance finds; and
- the monitoring of IPP activities.

Socio-economic staff in the field units will be trained in the process of conflict resolution using the most modern techniques. The skills acquired in these training sessions will be used during the course of working with the local communities located in the area of influence of the pipeline. The conflict resolution skills will be particularly useful in managing the relationship between the crew of operators' workers and local dwellers.

Health Management.

25. The activities of the health specialist coordinator in the field units (one specialist will cover the three field units on a rotating basis) will include:

- monitoring the health status of citizens in the regions traversed by the pipeline;
- identifying the needs for interventions from the Ministry of Health to improve the health status and decrease any negative health impacts of the pipeline's construction and operation;
- monitoring the implementation of COTCO's health-related interventions, including the community health management outreach, and the health aspects of the Indigenous Peoples Plan;
- liaising with the biophysical and the socioeconomic experts to identify possible health issues (e.g. from poor drinking water quality) as early as possible, before negative impacts occur;
- liaising with local UNAIDS bureau to better respond to the HIV/AIDS epidemic; and
- facilitating emergency interventions.

This specialist will move from one field unit to another and will not be attached to any particular field unit during the construction of the pipeline.

(c) Training (cost included in the above figures)

26. Training will be provided to PSMC staff, as well as to staff of involved Government institutions (see component 3). A total of over 100 professionals will receive short training sessions, mainly provided on-the-job in Cameroon. The training will be coordinated by the PSMC Permanent Secretariat (with the assistance of the Human Resources Unit of SNH), where feasible, with the training provided by COTCO to their field staff and with that provided for the Chadian counterparts (CTNSC), under the Chad Petroleum Sector Capacity Building project, to maximize synergies. A total budget of US$ 700,000 has been allocated for training.

27. Training will be provided for the following specialities/skills: (i) environmental and petroleum specialists (environmental management concepts and methods, environmental assessment and review, environmental monitoring, design and implementation of environmental mitigating measures), (ii) health specialists (environmental health, including HIV/AIDS monitoring and mitigation), (iii) socio-economic specialists (surveys and monitoring of income, design and monitoring of compensation schemes), (iv) administrative officers (financial management, procurement, disbursement capacity), (v) magistrates and other employees of the judicial system to strengthen their ability to ensure compliance with the new legal and regulatory framework on environment for the petroleum sector and (vi) all the specialists involved in the project (management, office technology, networking, English language, knowledge management). Training will be provided to the three field units as well as to headquarters staff of the Permanent Secretariat. As relevant, the audience in training sessions will incorporate contractors and other stakeholders to facilitate communication between these groups and PSMC.

28. The priority will be on hands-on training in Cameroon. For training activities where no supply is available in Cameroon, a limited number of training sessions may be organized abroad. Participants to these sessions will commit themselves to remaining at the service of the project for at least 3 years after completion of the training. A full Training Plan will be incorporated into the Project Implementation Manual (PIM), to be prepared before effectiveness.

Box 4: List and schedule of training activities
Information on the EMP (project launching soon after effectiveness)
Environmental Management Information Systems (2000)
Legal training (2000)
Pollution inspectors (2000)
Training for coast guards (2001)
Implementation of the new environmental protection decrees (2000-2001)
Implementation of the Government Oil Spill Plan (2001)
Languages and Information Technology (2000 and 2001)
Health, including HIV/AIDS, training (2000-4)
Training for IEC (2000-4)

(d) Information, Education, and Communication (cost included in the above figures)

29. The IEC activities financed under the project will include:

- Outreach to foreign stakeholders;
- Communication with the the project affected population, NGOs, Exxon, COTCO and related companies, the rest of the Government and the general public;
- IEC strategy preparation, and
- Setting up and maintenance of an Internet site and a Knowledge Management System.

30. Logistical and training requirements for the IEC activities have been assessed and a budget of US$ 200,000 has been allocated to that sub-component. The health management sub-component has its own IEC activities which are additional to the US$ 200,000.

Project Component 3 – Strengthening Intervention Capacity for Environmental Management
Cost: US$ 5.4 million, IDA funding: US$ 2.71 million.

31. This component of CAPECE supports the implementation of the EMP by supplying Cameroonian agencies with the equipment, the skills and the working environment that will allow them to perform their basic functions in a rapid response mode and efficiently. Key sub-components are:

- Health management,
- Government Oil Spill Response Planning and Implementation, and
- Capacity Building in decentralized services of the Cameroonian Administration.

(a) Health management. Cost: US$ 0.9 million.

32. During pipeline construction, COTCO will take responsibility for work-related health issues, while the Republic of Cameroon will need to deal with public health issues that might otherwise generate diseases or injuries associated with the pipeline project among the neighboring population. Principal concerns are the possible transmission of vector and sexually transmitted diseases (especially HIV/AIDS), traffic and other injuries, and potential project impacts on food supply and nutrition.

33. Although HIV/AIDS prevalence in Cameroon is moderate in comparison to eastern and southern Africa (the most recent estimates are an average prevalence of 7% in Cameroon), the problem reaches major proportions in certain population subgroups (truckers 15%, sex workers up to 20%), according to available statistics. Cameroon does not yet have a national HIV/AIDS strategy; the Bank intends to pursue this issue in the context of the forthcoming CAS discussions. The appropriate strategy in this situation is to focus on prevention and on changing the behavior of the groups at the highest risk. Construction workers, casual labor, truckers and suppliers, and camp followers will be the target groups for the HIV/AIDS prevention program under the PDPP and CAPECE. COTCO will conduct a program of health education and immunizations, including subsidized sale of condoms. HIV/AIDS status will be monitored through an Epidemiological Information System and a Sentinel Surveillance System established for workers. COTCO will also implement a Community Health Outreach Program focusing on information, education, and other targeted health activities.

34. To complement these activities carried out by COTCO, under CAPECE, the Ministry of Health will strengthen its statistical data collection and processing, provide training to community health workers, and improve the delivery of community health services by providing vaccines, medications, and laboratory analysis services and supplies in 10 health districts located along the length of the pipeline route. Specifically with respect to HIV/AIDS, the Government will also contract with an experienced local NGO to deliver a program of information, education, and social marketing in the project area, under the supervision of the National AIDS Committee. The cost of this program over five years is estimated at US $140,000. There will also be coordination with UNAIDS and their sentinel site monitoring.

(b) Government Oil Spill Response Planning and Implementation Cost: US$ 0.7 million.

35. The Government of Cameroon needs to undertake activities to complement the efforts of COTCO in preventing and mitigating environmental and social impacts. In particular, COTCO has prepared a General Oil Spill Response Plan and will prepare Area Specific plans which will require coordinated actions on the part of the GoC. A study will design a national emergency response plan against accidental (terrestrial or marine) pollution by hydrocarbons. This study will be carried out by a combination of international and national consultants with the full involvement of all potential stakeholders.

36. The terms of reference of this feasibility study have been drafted and will be annexed to the PIM. A copy is available in the project files.

(c) Capacity Building in decentralized services of the Cameroonian Administration. Cost: US$ 3.8 million.

37. The relevant ministries, including those in charge of Environment, Mines, Urban Affairs, and Transport, will be strengthened through training, networking and logistical support. The target for training and equipment financing is the field staff in the decentralized administrative units along the route of the pipeline. That staff will have a key role to play in providing directly the assistance needed to monitor and mitigate the environmental and social impacts, in a coordinated way, upon call from the field units of PSMC. Given the limited extent of practical and effective interministerial coordination in the field in Cameroon, much of the initial work of the field units of PSMC will be to set up a framework for such cooperation.

38. The agencies involved in the implementation of the project will benefit from the purchase, operation and maintenance of needed equipment. The equipment will include (i) office equipment (computers, modems, cellular phones, radios, fax machines), (ii) vehicles, and, (iii) specialized equipment for measuring and monitoring environmental impacts. The Permanent Secretariat of PSMC will retain the overall management and allocation of the equipment financed under this project. It will grant permission to the respective collaborating Government institutions to use the equipment on the basis of a pre-established monthly program, periodically inspect the stock and obtain periodic reports on the use, location and the state of the equipment funded under the project. Recurrent costs of the equipment will be funded by SNH for the duration of the project.

39. The cost of training for decentralized agency staff is included in the training cost given under component 2. Logistic support, including recurrent costs, for decentralized agency staff is estimated at US$ 4.1 million over the life of the project. In this amount, US$ 1.0 is allocated for local consultancy services, such as private laboratory analyses and short interventions by qualified local experts in specific fields.

Project Component 4 – Project management, monitoring and evaluation Cost: US$ 0.8 million, IDA funding: US$ 0.77 million

(a) Services of an International Advisory Panel. Cost: US$ 0.4 million.

40. The services of an International Advisory Panel (IAP) will be contracted by PSMC/SP/ERS on behalf of the GOC. Services are anticipated to be required in the following fields: (i) biophysical environment – generalist, (ii) biophysical environment –marine biology, (iii) socio-economy, and (iv) environmental health. The composition of the IAP may vary over the years, according to the priority areas to be covered. The experts will be mobilized from a specialized company or university, with a minimum of one visit per year. The IAP will report to the PSMC/SP and the Committee itself as required. The Panel's annual reports will be supplied to the PSMC/SP and will be officially approved and thereafter made public. Copies will be made available to the Bank. The initial terms of reference (first year) and the experts' profiles will be included in the Project Implementation Manual. The IAP will work very closely with UNAIDS. The cost of IAP intervention is estimated at about US$ 400,000 over the five-year period.

(b) Project Management and Control. Cost: US$ 0.4 million.

41. The project will fund the establishment, operation and maintenance of:

- An Environmental Management Information System (EMIS) which will compile the information gathered by the project and external partners on the state of the environment, health and livelihood indicators in the pipeline influence area, and disseminate it to GoC as well as external stakeholders.
- A management, monitoring and evaluation system (MIS) that will monitor the enabling activities planned in the CAPECE and evaluate if capacity is being built. It will also monitor all actions to be undertaken by the government for a sound environment management.

Both systems are being developed jointly and with the same approach in Chad and in Cameroon to ensure maximum compatibility.

42. The EMIS will compile the information gathered by the project and external partners on the state of the environment, health and livelihood indicators in the pipeline influence area, and disseminate it to

the government as well as external stakeholders. The design and development of EMIS will be finalized during the first year of CAPECE implementation. For that purpose, two consultants (a designer, likely an international consultant, and a developer, likely a national consultant) will be hired. The system will be designed according to the following principles: (i) sharing of technical data (measures of environmental indicators on biophysical, health and socio-economic topics) between stakeholders (government and COTCO mainly) through a common database maintained by COTCO or, if found appropriate, by an external sub-contractor; (ii) organization of data will follow the structure of the EMP (biophysical, socio-economic and health themes subdivided into topics); (iii) production of detailed technical periodic reports listing all data on the environmental impact of the pipeline shared in the common database; and (iv) communication of an environment report to all partners (NGOs, Government, international partners, donors, etc.) through summary tables available on a Web site and periodically published by the government or, if found appropriate, by an external sub-contractor.

43. Management, Monitoring and Evaluation system. The project MIS will (i) enable a sound planning of activities to be undertaken within a comprehensive logical framework; (ii) set mutually agreed, realistic and clear objectives for each activity and measure gaps between actual and targeted values of these indicators; (iii) respond to the needs of the PSMC regarding the management, monitoring and evaluation of the project activities and the supervision, implementation and monitoring of the EMP and (iv) produce a variety of reports adapted, to the extent possible, to the needs of the various stakeholders in order to present relevant information in a synthetic and ready to use manner, that will feed into the IEC activities. The design of the system, which is already underway, is being finalized and will be described in the PIM. An important feature of the system will be its link with the financial and accounting system that will enable a comparison of financial data with technical outputs. Operation of the system will be under the responsibility of a monitoring and evaluation specialist whose terms of reference are to ensure that procedures for planning, monitoring and evaluation are implemented according the manual; and to produce each periodic report, in accordance with the procedures set-up for the monitoring and evaluation, identifying activities where there are discrepancies between amount disbursed and physical output, identifying the reasons for such discrepancies, and eventually suggesting solutions to the identified problems.

44. Annual technical and financial audits of project management will be conducted. A financial analysis will be conducted at mid-term to evaluate progress towards cost-effectiveness of the organizations in place.

Annex 3: Estimated Project Costs

CAMEROON: Petroleum Environment Capacity Enhancement (CAPECE) Project

	Local	Foreign	Total
Project Cost	US $million	US $million	US $million
Total Baseline Cost	5.90	4.10	10.00
Physical Contingencies	0.13	0.13	0.26
Price Contingencies	0.27	0.37	0.64
Total Project Costs	6.30	4.60	10.90
Total IDA Financing	2.00	3.77	5.77

	Local	Foreign	Total
Project Cost By Category	US $million	US $million	US $million
Transport equipment	0.10	0.40	0.50
Other equipment	0.10	0.20	0.30
Services & Training	0.90	3.10	4.00
Incremental Operating Costs	5.20	0.90	6.10
Total Project Costs	6.30	4.60	10.90
Total IDA Financing	2.00	3.77	5.77

Annex 4: Financial Summary

CAMEROON: Petroleum Environment Capacity Enhancement (CAPECE) Project

Years Ending

	The Government		IDA		Total		Foreign	Local	Taxes &
	Amount	%	Amount	%	Amount	%	Currency	Currency	Duties
A. Equipment and vehicles									
Equipment	0	0	315.6	100	315.6	3.7	220.9	94.7	(171.9)
Vehicles	0	0	437.0	100	437.0	4.8	371.5	65.6	(205.0)
Equipment Subtotal, vehicles and materials	0	0	752.6	100	752.6	8.5	592.4	160.2	(376.8)
B. Consultant services	0	0	5,013.5	100	5,013.5	41.8	3,109.8	1,903.7	(537.4)
C. Operating Costs	5,235.0	100.0	-	-	5,235.0	49.8	939.9	4,295.1	(1,379.4)
TOTAL	5,235.0	47.6	5,766.1	52.4	11,001.1	100.0	4,642.1	6,359.0	(2,293.6)

	Totals, including Contingencies					
	2001	2002	2003	2004	2005	Total
1. Consultant services	2,847.8	1,144.5	581.7	471.5	505.4	5,550.9
2. Equipment	412.8	39.0	11.6	11.9	12.2	487.5
3. Vehicles	455.4	186.6	-	-	-	642.0
4. Operating Costs	1,180.5	1,314.3	1,411.2	1,357.1	1,351.3	6,614.4
TOTAL	4,896.4	2,684.5	2,004.5	1,840.5	1,868.9	11,001.1

Annex 5: Procurement and Disbursement Arrangements

CAMEROON Petroleum Environment Capacity Enhancement (CAPECE) Project

1. **General**. A Country Procurement Assessment Review (CPAR) for Cameroon was carried out in 1993, showing that procurement procedures in Cameroon do not conflict with Bank Guidelines. National Competitive Bidding (NCB) advertised locally would be carried out in accordance with Cameroon's procurement laws and regulations, acceptable to IDA provided that they assure economy, efficiency, transparency, and broad consistency with key objectives of the Bank Guidelines. Under NCB, the procedures should ensure that: (i) methods used in evaluation of bids and the award of contracts are made known to all bidders and not be applied arbitrarily; (ii) any bidder is given adequate response time (four weeks) for preparation and submission of bids; (iii) bid evaluation and bidder qualification are clearly specified in bidding documents; (iv) no preference margin is granted to domestic manufacturers; (v) eligible firms are not precluded from participation; (vi) award will be made to the lowest evaluated bidder in accordance with pre-determined and transparent methods ; (vii) bid evaluation reports will clearly state the reasons to reject any non-responsive bid; and (viii) prior to issuing the first call for bids, draft standard bidding documents prepared as annexes to the Procedures Manual are submitted to IDA and found acceptable. A General Procurement Notice (GPN) will be prepared and issued in the United Nations Development, to advertise for major consulting assignments and any ICB. Publication of a GPN in the national press or official gazette is also required for NCB. The program elements by disbursement category, their estimated costs, and procurement methods for the five-year duration of the project are summarized in Table A below. Consultant selection methods and thresholds for procurement methods and prior review are summarized in Tables A1 and B below.

2. **Goods** financed by IDA will be procured in accordance with Bank Guidelines under IBRD Loans and IDA Credits (January 1995 revised in January and August 1996, September 1997, and January 1999), and Bank Standard Bidding Documents, and Standard Evaluation Report will be used for ICB. To the extent feasible, contracts for vehicles and computer equipment will be grouped in bid packages estimated to cost US$ 250,000 equivalent or more each. Procurement of computer equipment and vehicles would be preferably carried out under single responsibility contracts. Procurement through IAPSO may be envisaged for vehicles. Other goods (mainly office supplies and communications equipment) will be procured through NCB procedures up to an aggregate amount of US$ 0.413 million. For National Shopping, for individual contracts of less than US$ 20,000 and an aggregate amount of US$ 55,000, the Borrower would seek price quotations from at least three qualified suppliers.

3. **Consultant services** contracts financed by IDA will be procured in accordance with the Bank's Guidelines for the Selection and Employment of Consultants by World Bank Borrowers (January 1997 revised in September 1997, and January 1999). The standard Request for Proposal, as developed by the Bank, will be used for appointment of consultants. Simplified contracts will be used for short-term assignments, i.e. those not exceeding six months, carried out by firms or individual consultants. The Government has been briefed during appraisal and negotiations about the features of the new Consultants Guidelines, in particular with regards to advertisement and bid opening. Consulting services financed by IDA would be for (i) studies, supervision, support of project implementation, financial management support, and financial audits; and (ii) consultancies on technical matters and training. Selection of consultants financed by IDA, totaling US$ 5.55 million, would be based on competition among qualified short-listed firms through Quality-and Cost-Based Selection (QCBS) by evaluating the quality of the proposals before combining quality and cost evaluation by weighting and adding the quality and cost scores. The coordination unit would ensure widely publicized

procurement notice to get candidacy from consultants. Based on agreed upon criteria, the executing agency will maintain and update a list of consultants which will be used to establish short-lists.

4. Other methods would also apply. For audits and other services of a standard nature, the Least-Cost Selection (LCS) would be the most appropriate method -- the firm with the lowest price being selected provided its technical proposal received the minimum qualifying mark. Consultants services for small and simple services (estimated to cost less than US$30.000 per contract and up to an aggregate amount of US$200,000) would be based on Consultants' Qualifications (CQ), based on the consultants' experience and competence relevant to the assignment. Services for lectures and small studies, for a total amount of US$90,000 which can be delivered by individuals, would be selected through comparison of qualifications among Individual Consultants (IC) expressing interest in the assignment or approached directly. Single Source Selection (SSS) will be exceptionally used for training provided the aggregate amount of such contracts does not exceed the equivalent of US$200,000 over the project life. Short-lists of consultants for contracts estimated under US$50,000 may be comprised entirely of national consultants, if a sufficient number of qualified firms (at least three) are locally available at competitive costs. However, if foreign firms have expressed interest for those contracts, they will not be excluded from consideration.

5. **IDA Reviews**. Contracts financed by IDA above the threshold value of US$50,000 equivalent for goods will be subject to IDA's prior review procedures. The review process would cover 97% of the contract amounts for works, goods, and consultants -- see Table B below. Selective post-review of contracts awarded below the threshold level will apply to about one in three contracts and will be carried out by Bank staff -- using audits, and other consultants, as necessary.

6. Bank staff will also review the selection process for the hiring of consultants proposed by the Borrower. Prior IDA review for the selection of consultants will include the review of budgets, short-lists, selection procedures, requests for proposals, evaluation reports, contract awards, and negotiated contracts. Prior IDA review will not apply to contracts for the recruitment of consulting firms and individuals estimated to cost less than US$50,000 equivalent. However, the exception to prior IDA review will not apply to the Terms of Reference of such contracts, regardless of their value, to single-source hiring, to assignments of a critical nature as determined by IDA, or to amendments of contracts raising the contract value above the above-mentioned prior review thresholds. For all consultant contracts subject to prior review (estimated above US$50,000), opening the financial envelopes will not take place prior to receiving the Bank's no-objection to the technical evaluation. Documents related to procurement below the prior review thresholds will be maintained by the borrowers for ex-post review by auditors and by IDA supervision missions. For training abroad, the program - containing names of candidates, cost estimates, content of courses, periods of training and selection of training institutions - will be reviewed by IDA annually.

7. **Frequency of procurement supervision missions**. One supervision mission every twelve months will include special procurement supervision for post-review/audits. The procurement specialist at the World Bank resident mission in Yaounde will be in permanent contact with the project staff.

8. **Modification or waiver of the scope and conditions of contracts**. Before agreeing to any material extension, or any modification or waiver of the conditions of contracts that would increase aggregate cost by more than 15% of the original price, the Borrower should specify the reasons thereof and seek IDA's prior no-objection for the proposed modification.

9. **Procurement Status of Ongoing Projects and Proposed Arrangements**. National bidding procedures for public procurement in Cameroon need to be improved. Staff still need training and guidance by consultants and by the Resident Mission. Procurement would be managed by one executing agency: the

Pipeline Steering and Monitoring Committee (PSMC) under the trusteeship of the Société Nationale des Hydrocarbures (SNH). The agency will include a procurement specialist assigned to this project and would use consultants as necessary to carry out specific tasks. An assessment of the capacity of PSMC was carried out during appraisal. The existing staff of PSMC has been found acceptable. The Government will submit a short list of at least three candidates for each position and, with IDA approval, will appoint the project accountant and the procurement specialist. The PSMC will be reinforced by (i) upgrading the skills of the staff in the PSMC; (ii) training of backup staff (procurement specialists, accountants) recruited among the staff of PSMC; and (iii) on an exceptional basis, hiring of short-term consultants.

10. **Procedures Manual**. Within the framework of CAPECE implementation, the SNH procurement procedures will be upgraded in compliance with IDA's requirements. To this extent, a procurement procedures manual will be built on the existing SNH procedures and will include: (i) procedures for calling for bids, selecting consultants, and vendors, and awarding contracts; (ii) internal organization for supervision and control, including operational guidelines defining the role of the executing agency and reporting requirements and (iii) disbursement procedures. A final version of the Procedures Manual acceptable to IDA will be completed by effectiveness.

11. Prior to project effectiveness, the Government will review and agree with IDA on: (a) a procurement plan for the first year; (b) the Procedures Manual; (c) standard bidding documents to be used under NCB procedures for goods; and (d) a plan for training the PS and PSMC's staff. During negotiations, the Government has provided assurances that it will: (a) use the Procedures Manual; (b) use the Bank's Standard Bidding Documents for ICB, the Standard Request for Proposals for the selection of consultants, and the Standard Bid Evaluation reports; (c) apply the procurement procedures and arrangements outlined above; (d) update the procurement plan on a regular basis during annual reviews with IDA and other donors, to compare target times and actual completion, indicating compliance with aggregate limits on specified methods of procurement, revised cost estimates for individual contracts and the total program, including best estimates of allowances for contingencies, as well as revised timing of estimated procurement actions, and transmit it to IDA, during implementation, with all procurement-related documents; (e) carry out, during annual reviews, an assessment of the effectiveness of bidding procedures and performance, as they relate to the program's procurement experience, and propose for IDA's consideration any modification to the current procedures to the extent that would accelerate procurement, while still maintaining compliance with the Bank's Procurement Guidelines and adequate control over contract awards and payments; and (f) take the necessary measures to ensure that procurement phases do not exceed the following target time periods:

Procurement Phases	Maximum number of weeks
Preparation of bidding documents	4 (6 for large contracts)
Preparation of bids by bidders	4 (6-10 for ICB)
Bid evaluation	2 (4 for large contracts)
Signature of contracts	2
Payments	3

Table A: Project Costs by Procurement Arrangements
(In US$ 000 equivalent - tax included)

Expenditure Category	Procurement Method Costs (including contingencies) (Amount IDA financed)				Total
	ICB	NCB	Other	N.B.F	
1. Goods	642.0 (437.0)	412.8 (260.3)	74.7 (55.3)		1,129.5 (752.6)
Equipment		412.8 (260.3)	74.7 (55.3)		487.5 (315.6)
Vehicles	642.0 (437.0)				642.0 (437.0)
2. Services					
Consulting Services & Training	3,880.5 (3,523.9)	1,558.7 (1,395.5)	111.7 (94.1)		5,550.9 (5,013.5)
3. Operating Costs				6,614.4 (0)	6,614.4 (0)
Total	4,522.5 (3,960.9)	1,971.5 (1,655.8)	186.4 (149.4)	6,614.4 (0)	13,294.8 (5,766.1)

Notes:
a. Figures in parentheses are the amounts to be financed by the IDA credit
b. ICB = International Competitive Bidding
c. NCB = National Competitive Bidding
d. Other procurement methods include shopping, selection of consultants following IDA guidelines, expenditures following Government's administrative procedures acceptable to IDA, and direct purchasing of goods.
e. N.B.F. = Not Bank-financed.
f. "Goods" includes purchase of equipment, related supplies, and vehicles.
g. Operating costs include incremental operating costs incurred on account of project implementation, management and supervision, including office supplies, communication costs, and travel allowance of project staff, but excluding salaries of the Borrower's civil servants.

Table A1: Consultant Selection Arrangements
(In US$ million equivalent - tax included)

Consultant Services Expenditure Category	Selection Method					Total Cost *including contingencies*
	QCBS	LCS	CQ	Other	N.B.F.	
A. Firms						
Generally	4.88					4.88
Audits & Standard Nature		0.18				0.18
Small contracts<$30,000			0.20			0.20
Training				0.20		0.20
B. Individuals						
All			0.09			0.09
TOTAL	4.88	0.18	0.29	0.20		5.55

Note

QCBS =	Quality- and Cost-Based Selection.
LCS =	Least-Cost Selection.
CQ =	Selection Based on Consultants' Qualifications.
Other =	Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, and Single Sourcing.
N.B.F. =	Not Bank-financed.

Table B: Thresholds for Procurement Methods and Prior Review
(Amount in US$)

Expenditure Category	Contract Value (Threshold)	Procurement Method	Contracts Subject to Prior Review / Estimated Total Value in US$ million
1. Goods	US$50,000 and above	ICB	US$0.437 m/ US$0.437 m
	Between US$20,000 and US$50,000	NCB	US$0.260 m/ US$0.260 m
	Below US$20,000	3 quotations (national)	US$ 0.0 m/US$0.055 m
2a. Consulting Firms	US$50,000 and above	QCBS + Short List	US$4.920 m/ US$4.920 m Technical evaluation receives IDA non-objection before opening financial proposals.
	Below US$30,000	CQ	
	Below US$30,000	Single Source for training	
	Below US$50,000		Short lists may be comprised entirely of national firms if there are at least three reliable national firms
2b. Individual Consultants	US$50,000 and above	Comparison of at least 3 CVs	US$0.0 m/ US$0.0 m
	Below US$50,000	Comparison of at least 3 CVs	US$0.0 m/US$0.090 m
3. Operating Costs	NA	NA	NA
4. Miscellaneous	NA	NA	NA
Total Value of Contracts Subject to Prior Review:			US$ 5.617 m/US$ 5.766 m (or 97% of the total value of contracts)

Table C: Allocation of Credit Proceeds

Expenditure Category	Amount in (US$ million)	Disbursement
1. Equipment, Vehicles, and Supplies	0.680	100% of foreign expenditures and 85% of local expenditures
2. Consultant Services (including auditing), and Training	4.050	100%
3. PPF Repayment	1.000	Amount due
4. Unallocated and Contingencies	0.040	
Total	5.770	

12. **Disbursement Procedures**. Disbursements will be made in accordance with the procedures and policies outlined in the Bank's Disbursement Handbook.

13. **Use of Statement of Expenditures** (SOEs). Expenditures under contracts for goods, consulting firms and individual consulting services valued at less than US$ 50,000; training valued at less than US$ 30,000 will be claimed for financing using SOEs. Documents verifying expenditures under SOE procedures shall be retained, for review by IDA Supervision Missions and independent audit, at project offices

14. **Special Account**. There will be one special account in CFAF opened at a bank acceptable to IDA, which will be managed by PSMC. The Authorized Allocation of IDA funds to this account will be US$ 300,000 equivalent. Upon effectiveness, 50% of the authorized allocation ($150,000 equivalent) will be deposited in this account. Once disbursements from the account total 800,000 SDR, the $150,000 balance of the Authorized Allocation will be deposited. The PSMC special account will finance expenditures under categories 1 and 2.

15. The Special Account will be managed on an imprest basis, using acceptable accounting records suitable for managing imprest accounts. The executing agency will keep accounting, procurement, and reporting records suitable for the project components. The financial statements will be prepared and project accounts consolidated by PSMC for the public management component, and will prepare monthly withdrawal applications for replenishment of the Special Account, regardless of the level of activity during the month. IDA will replenish directly the special account.

16. **Minimum Value for Direct Payments and Issuance of Special Commitments** (SCs). Direct payment requests and applications for issuance of special commitments must be valued at least 20% of the special account advance outstanding at the time of submission. Therefore, when the Special Account is $150,000, the minimum application value for direct payments and SCs will be $30,000 which will increase to $60,000 once the entire authorized allocation is advanced to the special account.

17. **Flow of Funds**. No subsidiary accounts or use of the special 90-day advance procedure will be authorized. Government's share of expenditures will be financed at the time of payment to suppliers and only the IDA-eligible portion will be withdrawn from the Special Account.

18. **Financial Management**. All measures will be taken to make the project accounting system for the proposed project fully compliant with OP/BP 10.02 by effectiveness. The accounting staff of PSMC is adequately qualified and trained for keeping project accounting records, as documented by the latest audit

reports of PSMC, which indicate that the recommendations of external auditors have been implemented and have resulted in an audit opinion free of significant qualifications. The accounting software currently installed at PSMC is adequate for the purposes of project accounting and appears capable of keeping the books for several project accounts simultaneously. PSMC will submit to IDA quarterly Project Monitoring Reports starting in the second phase of the project, no later than 18 months from project effectiveness. PSMC will prepare by end-1999 an action plan acceptable to IDA to ensure timely production of the Project Monitoring Reports.

19. Before effectiveness, the PSMC will propose three suitable project accountant and procurement specialist candidates to IDA and appoint said project accountant and procurement specialist acceptable to IDA. PSMC will submit monthly statements of account in the appropriate format, with a view to consolidating project accounts.

20. PSMC will prepare annual accounts for external audit, not later than four months after the end of the borrower's fiscal year. Signed audit reports will be submitted annually to IDA no later than six months after the end of the borrower's fiscal year. The audit reports will cover project accounts, the respective special account, and Statements of Expenditures (SOEs).

21. PSMC would take the following actions to upgrade its project management capability: before effectiveness, it would: (a) define tasks and the project administrative, accounting, financial and procurement arrangements; (b) modify as needed the project procedures manual and accounting plan, including operational guidelines defining the role of the executing agency and reporting requirements; (c) upgrade the computer system and staff capacities as necessary; (d) finalize the project procedures manual as an annex to the Project Implementation Manual (PIM); (e) submit an action plan acceptable to IDA for the preparation of Project Monitoring Reports starting in the second phase of the project; and (f) appoint auditors, acceptable to IDA, to audit the project accounts and the Statements of Expenditures (SOEs) in accordance with internationally acceptable auditing standards and in such detail as IDA may request; during project implementation, undertake annual audits and submit them to IDA within six months from the end of the respective fiscal year.

22. In compliance with the presidential order 433 organizing the PSMC, SNH will provide PSMC with the necessary financial and administrative support. To this extent, SNH would utilize the project administrative and accounting plan developed to meet the Bank's financial systems requirements.

23. **PPF reimbursement**. PPF 935-0, which had been established for the preparation of the pipeline project, will be reimbursed out of this credit because of the IDA conditions that are applied to it.

Estimated IDA Disbursements (US$ million)

	2001	2002	2003	2004	2005	2006
Annual	1.59	2.16	0.84	0.49	0.45	0.23
Cumulative	1.59	3.75	4.60	5.09	5.54	5.77

Annex 6: Project Processing Schedule

CAMEROON: Petroleum Environment Capacity Enhancement (CAPECE) Project

Project Schedule	Planned	Actual
Time taken to prepare the project (months)		
First Bank mission (identification)	March 1999	March 1999
Appraisal mission departure	August 1999	July 1999
Negotiations	October 1999	February 2000
Planned Date of Effectiveness	April 2000	

Prepared by: Pipeline Steering and Monitoring Committee, Yaoundé, Cameroon.

Preparation assistance: Marthe Malouf-Hardesty and Maria Mims

Bank staff who worked on the project included:

Name	Speciality
Jean-Roger Mercier	Team Leader; Biophysical aspects
Mohammed Abdou Bekhechi	Deputy Team Leader and Legal/regulatory Framework
Cynthia C. Cook	Socio-economic aspects
Luc Lecuit	Monitoring & Evaluation
Guy-Joseph Malembeti	Procurement
Joseph Bonlong	Financial Systems
Georges Visihio Minang	Relationship with NGOs and civil society
Jack Titsworth	Institutions
Pascal de Guidici, Consultant	Health
Justin Dovoedo, Consultant	IEC
Eric Chinje	IEC
Jerome Chevallier	Quality Control

Annex 7: Documents in the Project File*

CAMEROON: Petroleum Environment Capacity Enhancement (CAPECE) Project

A. Project Implementation Plan

Draft Project Implementation Manual (Manuel de Mise en Oeuvre - in French), including the draft Terms of Reference for the Government Oil Spill Response Preparation Study and the Manuel des Procédures of SNH.

B. Bank Staff Assessments

Aide-memoire of the appraisal mission (August 1999)

C. Other

CAPECE - proposal for Monitoring and Evaluation (September 1999)

Rapport d'étude de Renforcement des capacités de gestion environnementale dans le secteur pétrolier au Cameroun. Buursink/RCM, Mai 1999

Decree 97-116 dated 07/07/97, to lay down the terms and conditions of implementing Law No. 96/14 of 5 August 1996 governing the transportation by pipeline of hydrocarbons originating from other countries.

Order no. 433 of 24 August 1999, governing the organization and functioning of the Pipeline Steering and Monitoring Committee.

*Including electronic files

Annex 8: Status of Bank Group Operations
31-May-1999
CAMEROON: Petroleum Environment Capacity Enhancement (CAPECE) Project

Closed Projects 57

Board Date Fiscal Year		Active Projects	Last PSR Supervision Rating b/ Development Objectives	Last PSR Supervision Rating b/ Implementation Progress	Original Amount in US$ Millions IBRD	Original Amount in US$ Millions IDA	Cancel.	Undisb.	Difference Between Expected and Actual Disbursements a/ Orig.	Difference Between Expected and Actual Disbursements a/ Frm Rev'd
1992	P000400	FOOD SECURITY	U	U	0	0	0	0	0	0
1995	P000411	HLTH/FERT/NUTRITION	U	U	0	40.32	0	32.08	27.17	0.44
1996	P041553	PE/TA	S	S	0	11.86	0	5.95	6.57	0
1996	P000393	TRANSPORT SECTOR	S	S	0	56.14	0	31.28	18.39	0
1998	P055684	IUT DOUALA (LIL)	S	S	0	5.01	0	4.81	2.41	0.03
1998	P054443	SAC III	S	S	0	196.75	0	105.83	55.9	60.13
1999	P045348	AG.EXT.&RES. SUPPORT	S	S	0	15.35	0	14.42	3.93	0

CAMEROON
STATEMENT OF IFC's
Held and Disbursed Portfolio
31-May-1999
In Millions US Dollars

		Committed				Disbursed			
		IFC				IFC			
FY Approval	Company	Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1979	Alucam	0.00	0.00	0.93	0.00	0.00	0.00	0.93	0.00
1986	CICAM	2.02	0.00	0.00	0.00	2.02	0.00	0.00	0.00
1992/94/97/98	Pecten Cameroon	60.00	0.00	0.00	190.00	25.24	0.00	0.00	79.94
1994/96	AEF Proleg	0.34	0.00	0.00	0.00	0.34	0.00	0.00	0.00
1994/96	AEF United Trspt	0.47	0.00	0.00	0.00	0.47	0.00	0.00	0.00
1995	AEF Comp Avicole	0.28	0.00	0.00	0.00	0.28	0.00	0.00	0.00
	Total Portfolio:	63.11	0.00	0.93	190.00	28.35	0.00	0.93	79.94

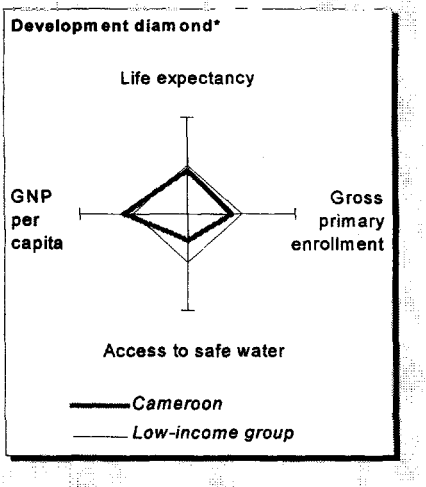
Approvals Pending Commitment

FY Approval	Company	Loan	Equity	Quasi	Partic
	Total Pending Commitment:	0.00	0.00	0.00	0.00

Cameroon at a glance

9/22/99

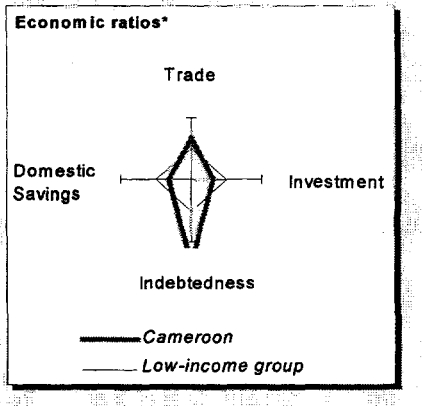
POVERTY and SOCIAL	Cameroon	Sub-Saharan Africa	Low-income
1998			
Population, mid-year *(millions)*	14.3	628	3,515
GNP per capita *(Atlas method, US$)*	610	480	520
GNP *(Atlas method, US$ billions)*	8.7	304	1,844
Average annual growth, 1992-98			
Population *(%)*	2.8	2.6	1.7
Labor force *(%)*	3.2	2.6	1.9
Most recent estimate (latest year available, 1992-98)			
Poverty *(% of population below national poverty line)*	..	..	..
Urban population *(% of total population)*	47	33	31
Life expectancy at birth *(years)*	57	51	63
Infant mortality *(per 1,000 live births)*	52	91	69
Child malnutrition *(% of children under 5)*	..	..	..
Access to safe water *(% of population)*	41	47	74
Illiteracy *(% of population age 15+)*	28	42	32
Gross primary enrollment *(% of school-age population*	89	77	108
Male	93	84	113
Female	84	69	103



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

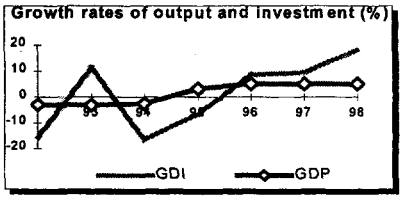
	1977	1987	1997	1998
GDP *(US$ billions)*	3.4	12.3	9.1	8.7
Gross domestic investment/GDP	28.5	24.7	16.2	18.4
Exports of goods and services/GDP	25.1	15.7	26.8	26.8
Gross domestic savings/GDP	25.7	21.0	20.6	20.2
Gross national savings/GDP	3.2	20.0	14.9	15.9
Current account balance/GDP	-7.6	-5.0	-1.3	-2.5
Interest payments/GDP	0.9	1.5	2.1	3.6
Total debt/GDP	31.4	33.2	101.9	110.3
Total debt service/exports	7.9	30.4	20.4	27.2
Present value of debt/GDP	..	..	87.0	94.7
Present value of debt/exports	..	..	314.5	339.6

	1977-87	1988-98	1997	1998	1999-03
(average annual growth)					
GDP	7.5	-0.6	5.1	5.0	5.3
GNP per capita	6.4	-3.8	1.7	3.7	2.4
Exports of goods and services	13.4	-1.8	11.5	4.7	3.3

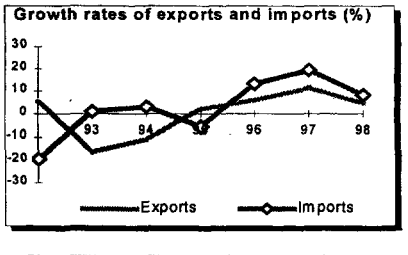


STRUCTURE of the ECONOMY

	1977	1987	1997	1998
(% of GDP)				
Agriculture	33.6	24.8	42.1	42.4
Industry	18.4	30.1	22.1	21.6
Manufacturing	9.0	13.2	10.6	10.7
Services	48.0	45.1	35.8	35.9
Private consumption	64.4	66.9	71.2	70.6
General government consumption	9.8	12.2	8.2	9.2
Imports of goods and services	27.8	19.4	22.4	25.0



	1977-87	1988-98	1997	1998
(average annual growth)				
Agriculture	5.0	3.9	7.5	6.8
Industry	15.4	-4.3	7.7	7.7
Manufacturing	11.5	-1.6	8.2	8.2
Services	6.0	-1.7	-0.9	-0.8
Private consumption	6.1	0.9	11.2	3.3
General government consumption	9.5	-0.9	-15.4	16.1
Gross domestic investment	9.9	-3.3	9.5	17.9
Imports of goods and services	10.8	0.5	19.5	8.3
Gross national product	9.5	-1.0	4.6	6.7



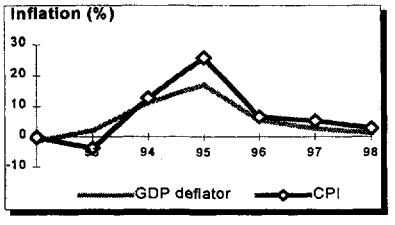
Note: 1998 data are preliminary estimates.

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

Cameroon

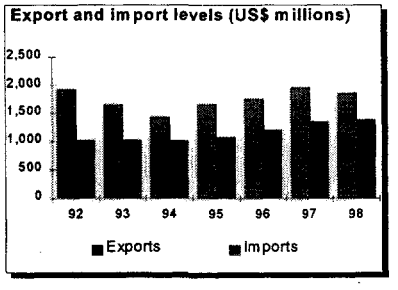
PRICES and GOVERNMENT FINANCE

	1977	1987	1997	1998
Domestic prices				
(% change)				
Consumer prices	14.8	13.2	5.2	2.8
Implicit GDP deflator	5.9	-2.4	2.7	1.1
Government finance				
(% of GDP, includes current grants)				
Current revenue	0.0	18.4	15.1	16.2
Current budget balance	0.0	4.7	0.8	1.3
Overall surplus/deficit	0.0	-13.0	-0.7	-1.6



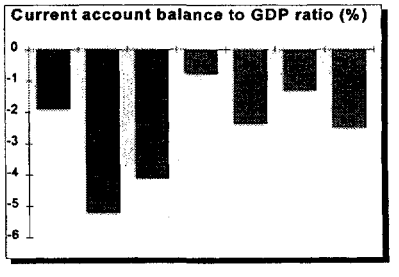
TRADE

	1977	1987	1997	1998
(US$ millions)				
Total exports (fob)	809	1,729	1,968	1,875
Fuel	..	843	743	592
Cocoa	..	291	245	298
Manufactures	..	230	291	423
Total imports (cif)	..	1,853	1,347	1,379
Food	..	133	155	173
Fuel and energy	..	16	136	149
Capital goods	..	580	399	403
Export price index *(1995=100)*	..	60	104	105
Import price index *(1995=100)*	..	46	97	101
Terms of trade *(1995=100)*	..	131	108	104



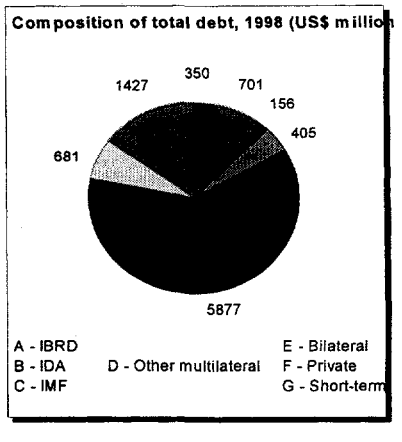
BALANCE of PAYMENTS

	1977	1987	1997	1998
(US$ millions)				
Exports of goods and services	851	2,054	2,443	2,343
Imports of goods and services	944	2,538	2,041	2,185
Resource balance	-93	-484	402	158
Net income	-197	-159	-609	-471
Net current transfers	34	31	86	95
Current account balance	-257	-611	-120	-218
Financing items (net)	255	1,168	263	180
Changes in net reserves	2	-557	-142	39
Memo:				
Reserves including gold *(US$ millions)*	45	..	11	11
Conversion rate *(DEC, local/US$)*	247.8	318.7	541.1	602.1



EXTERNAL DEBT and RESOURCE FLOWS

	1977	1987	1997	1998
(US$ millions)				
Total debt outstanding and disbursed	1,057	4,081	9,293	9,597
IBRD	72	545	410	350
IDA	88	239	609	701
Total debt service	68	652	513	659
IBRD	6	70	113	97
IDA	1	3	9	10
Composition of net resource flows				
Official grants	37	50	137	..
Official creditors	209	158	18	-62
Private creditors	145	17	-28	-40
Foreign direct investment	9	12	45	50
Portfolio equity	0	0	0	0
World Bank program				
Commitments	0	0	0	218
Disbursements	36	82	126	82
Principal repayments	1	30	81	74
Net flows	35	52	45	8
Interest payments	5	43	41	33
Net transfers	29	9	4	-25



Annex 10: Summary

CAMEROON: Petroleum Environment Capacity Enhancement (CAPECE) Project Documentation

Summary of the Environmental Assessment (EA) of the Chad-Cameroon Petroleum Export Project – responsibilities of the Government of Cameroon

1. By accepting the Environmental Documentation of the Petroleum Development and Pipeline Project (PDPP), the Government of Cameroon (GoC) has agreed to participate actively in the implementation of safeguard measures. They will ensure that the potential environmental and social impacts of PDPP are prevented, mitigated or compensated for and that the monitoring will confirm the efficacy of these measures ex post. These measures are grouped in an Environmental Management Plan (EMP), which represents the operational section of the Environmental Assessment as prescribed in OD 4.01 and OP/BP/GP 4.01 (Environmental Assessment, February 1999). The EMP allocates the largest share of the implementation responsibility to the oil companies consortium. The GoC's EMP implementation responsibilities, although key to the success of the operation, are much more limited in scope and in size than the Consortium's. The detailed description of GoC's responsibilities in the EMP follows.

2. The safeguard measures have been developed during a long preparation process, which involved extensive consultation with the GoC and the affected population. The objective of the Cameroon EMP is to describe measures and actions that will be implemented by the GoC and COTCO during the construction and operation/maintenance of the Project to eliminate or reduce key potential biophysical, socioeconomic and health impacts identified in the EA to acceptable levels. Successful execution of the EMP requires that the specific actions proposed are undertaken by the responsible Project parties.

3. The Environmental Documentation describes the safeguard measures in a series of coordinated activities:

- Induced Access Management Plan
- Management Plan for Cultural Properties
- Environment Alignment Sheets, Environmental Line List, and associated Handbook
- COTCO's Environmental Monitoring Plan
- Biophysical/socioeconomic/health technical requirements and specifications
- Compensation Plan
- Environmental Foundation Plan
- Offsite Environmental Enhancement Plan
- Indigenous Peoples Plan
- Oil Spill Response and General Oil Spill Response Plan
- Decommissioning
- Community Health Outreach Program
- Consultation

Induced Access Management Plan (IAMP)

4. The Plan was developed to address potential induced access issues/concerns along the Cameroon Transportation System's pipeline route regarding:

- Impacts on wildlife in the Mbéré Valley, the area between the Pangar and Lom rivers and the area between Belabo and Nanga Eboko, and
- Attendant impacts on vegetation/habitats in the same identified sensitive areas.

A number of access controls that have been previously used in linear-type projects have been incorporated in the IAMP in order to reduce/preclude vehicular access and impede the movement of pedestrians into the above listed areas. The implementation of the IAMP is a joint responsibility of COTCO (information and installation of physical barriers) and of GoC (control of induced access impacts, enforcing hunting and wildlife-poaching regulations, and timber harvesting regulations).

Management Plan for Cultural Properties

5. The Plan includes:

- Procedures for identifying cultural properties in the immediate vicinity of the Cameroon Transportation System (CTS)'s easement,
- Techniques to be implemented during the construction phase of the Project to limit direct impacts to important archaeological, historical and paleontological sites,
- Proposed treatment methods for different types of archaeological, historical, and paleontological sites located within the CTS's easement or likely to be discovered during the construction phase, and
- Standards to be implemented regarding the documentation and reporting of cultural resources discovered and treated by the project

COTCO is responsible for managing this Plan, with the GoC providing oversight and monitoring the quality of the work and the use of the property discovered.

Environment Alignment Sheets, Environmental Line List, and associated Handbook

6. The environmental baseline data collected will be managed in an Information System (IS) which includes:

- Vegetation/land use classifications
- Villages of indigenous peoples
- Vegetation and wildlife resources
- Vegetation and wildlife protection measures
- Monitoring, surveys and seasonal restrictions
- Fisheries protection measures
- Induced access management control measures
- Erosion and sediment control measures
- Soil handling and special area reclamation measures

COTCO is responsible for the development of the Alignment Sheets, the Line List and the associated Handbook. The GoC's monitoring system will cross-reference these data.

COTCO's Environmental Monitoring Plan

7. The Plan includes:
- Structure of COTCO's environmental monitoring organization,
- Roles and responsibilities of positions in COTCO's environmental monitoring organization,
- Activities for COTCO's field monitors regarding biophysical, socioeconomic and health matters,
- Processes for documenting the observations of COTCO's field environmental monitors,
- Processes for tracking the rectification of a non-compliance situation,
- Processes for informing appropriate parties in the event that a potential non-compliance situation is identified, and
- Process for stopping work in the event of a serious non-compliance situation.

This Plan is fully the responsibility of COTCO.

Biophysical/socioeconomic/health technical requirements and specifications

8. The technical requirements and specifications will apply to all the contractors of the Pipeline project and is a condition of their selection, and the lack of compliance to these requirements and specifications would constitute a breach of their contractual arrangements with COTCO. In more detail, these requirements and specifications are represented by a number of requirements and specifications:
- Job Specification Coordination Procedures (31, including 7 environmental/social)
- General Project Specifications (21, including 14 environmental/social)
- Cameroon/Chad Specifications (200, including 8 environmental/social)

These requirements and specifications are the responsibility, in Cameroon, of COTCO. Representatives from GoC will review the contents of the requirements and specifications and will be trained to identify failure to comply with these requirements and specifications.

Compensation Plan

9. Compensation is due to the many farmers and dwellers who had crops and other property on the land easement for the CTS, as well as for communal resources. The amount of compensation has been assessed by using the national legal requirements and combining them with the World Bank's requirements.

10. The Compensation Plan includes:
- A summary of the individuals, households and communities affected by the Project.
- Definitions of the types of resources for which individuals and households will be entitled to receive compensation and of those for which community compensation will be paid.
- An outline of the process used to identify eligible individuals and households, conduct public consultation, and assess and pay appropriate compensation, as well as to determine community priorities for community property compensation.
- Grievance procedures.
- Overview of the monitoring process.
- Plan's budget and timeline.

Although, by appropriate design, no involuntary resettlement is expected from the project, the Compensation Plan defines circumstances that may trigger involuntary resettlement and the procedure that would be followed, should such resettlement need arise.

11. The Compensation Plan has been estimated to cost about US$ 6-7 million, and will be implemented jointly by COTCO and GoC. The Government has specific responsibilities under Cameroon law to verify the valuation of lost assets and to ensure the payment of (partial) compensation. COTCO will finance most of the costs under the plan, with GoC responsible only for that portion of compensation required under Cameroon law.

Environmental Foundation Plan

12. To support the implementation of the Offsite Environmental Enhancement Plan (OEEP) and the Indigenous Peoples Plan (IPP), COTCO will make a US$ 3.5 million capital contribution to an Environmental Foundation in order to:

- Provide defined long-term support for environmental enhancement activities in the Mbam-Djerem and the Campo Ma'an National Parks; and
- Provide defined long-term financial support for Bakola Pygmy-related development activities in the region of the Atlantic Littoral forest surrounding the pipeline easement between Lolodorf and Kribi.

13. The Environmental Foundation will be managed by a Management Board comprising one representative of GoC, one from COTCO, one well-known and respected Cameroonian citizen and two internationally recognized scientists. It will elect the Board's president among the Board members.

14. Other key Foundation members include the Fund Investment Manager, the Foundation Administrator, the Community Development Facilitator, and Implementation Organizations which will be selected through a bidding process.

15. GoC's role in the Foundation includes the selection of a representative at the Board and an oversight of the operation of the Foundation through its regular reporting.

Offsite Environmental Enhancement Plan (OEEP)

16. In order to mitigate for low-level residual impacts to biodiversity and natural habitat value resulting from the construction and operation of the CTS, COTCO will undertake an OEEP. Central to this program is COTCO's partial funding (through the Foundation) of conservation projects in Mbam-Djerem and Campo.

17. The OEEP includes scientific studies and research, conservation actitivities and conservation education programs. It is expected that US$ 2.9 of the Foundation's capital fund will be dedicated to the OEEP.

18. The GoC has important obligations to support the implementation of the OEEP:

- Legally establish and effectively protect the designated areas,
- Provide staff, housing, and office space at both sites, and
- Pay recurrent costs (staff salaries, allowances, supplies, equipment not eligible for COTCO support, and utilities).

Indigenous Peoples Plan (IPP)

19. In order to mitigate any potential long-term indirect adverse effect on the vulnerable Bakola Pygmy population in the Atlantic Littoral forest traversed by the pipeline (~ 120 km), an IPP has been developed. The measures in this plan are in addition to those listed in the Compensation Plan.

20. The objective of the IPP is to provide long-term benefits to the Project-affected Pygmy population via assistance to programs/projects that address Pygmy health, education, and agriculture activities. Due to the historical association of local Bantu groups with the Bakola Pygmies, the IPP also addresses some health issues of the Bantu groups.

21. The IPP offers a framework within which Bakola Pygmy groups would leverage their own resources through grants made by the Environmental Foundation (total contribution provisionally estimated at US$ 600,000 out of the Foundation's US$ 3.5 million). At this stage, only a generic description of potential IPP programs has been made, including basic literacy and education initiatives, hygiene assistance, improved water supply, and agriculture. The actual activities to be supported by the Foundation will be selected and designed with the full participation of the intended beneficiaries.

22. The role of the GoC will be to oversee the performance of the IPP. Projects implemented under the IPP may need to be coordinated with the local programs of the respective decentralized services.

Oil Spill Response

23. The prime focus of the PDPP's oil spill countermeasures is incident prevention, which will be achieved via well-designed facilities and equipment, sound maintenance and operating procedures, effective training of personnel and contractors, and a high degree of awareness and concern by all parties. Despite these preventive measures, the possibility of an oil spill (terrestrial or marine) still exists.

24. An Oil Spill Response Plan (OSRP) is being developed. It will include a three-tier strategy: the Oil Spill Response Preliminary Approach, which was presented in the PDPP EMP documents, a General Oil Spill Response Plan, completed in September 1999, and Area-Specific Oil Spill Response Plans, which will be developed at least 6 months before the first oil is produced.

25. The marine portion of the OSRP will adhere to international conventions and agreements such as the International Convention for the Safety of Life at Sea (SOLAS) and the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78).

26. The preparation and the implementation of the three-tier strategy of the OSRP is the responsibility of COTCO. In parallel, the GoC will develop its own oil spill response plan, which goes beyond the PDPP to address oil spill response capability in general, within the framework of the CAPECE project.

Decommissioning

27. In the latter stage of the PDPP's operations phase, a complete and comprehensive decommissioning plan for the Cameroon portion of the PDPP facilities will be prepared. It will be in accordance with applicable Republic of Cameroon legislation and recognized international

practices for upstream petroleum industry sites and facilities at the time when decommissioning takes place. The plan will be prepared in a participatory way.

28. Decommissioning of the Cameroon portion of the PDPP and making financial provisions for that decommissioning is the obligation and the responsibility of COTCO. Decommissioning itself will be performed by contractors overseen by COTCO.

29. It will be GoC's responsibility to oversee the decommissioning, monitor its actual implementation and approve the works once finished. This will take place a long time in the future, so it is outside the scope of the present project, but will call upon the capacity to be created, which therefore needs to be sustained in the petroleum sector.

Community Health Outreach Program

30. A cost-effective community health outreach program, primarily directed at addressing some of the public-health related impacts that are external to PDPP itself, will be developed and implemented by COTCO. It is intended to target selected issues and to be limited to locations near permanently staffed Project field facilities. It will include:

- Behavioral information, education and communication (IEC);
- Culturally acceptable and sustainable interventions; and
- Direct funding to Private Volunteer Organizations (PVO/NGOs) which are focused on educational and other targeted health interventions.

31. The GoC bears responsibility for the management of public health in the areas traversed by the pipeline. It will strengthen, in parallel, its presence and interventions in the field, both permanently and within the Field Units, through the CAPECE project.

Consultation

32. COTCO will consult regularly and frequently with civil society and project affected populations. The GoC will also inform the public and key stakeholders of the environmental and social consequences of pipeline construction and solicit their feedback in order to improve project performance. The IEC component of the project will develop capacity in PSMC to meet this responsibility on behalf of the GoC.

IBRD 30660

CAMEROON PETROLEUM ENVIRONMENT CAPACITY ENHANCEMENT PROJECT

- NATIONAL PARKS
  - OFFSET:
  - * boundaries of OFFSET correspond to boundaries of National Park.
  - ** boundaries of OFFSET are within boundaries of National Park, but not yet fully determined.
- INDICATIVE INDIGENOUS PEOPLE PLAN AREA
- PIPELINE ROUTE
- PUMPING STATIONS
- MAIN RIVERS
- SELECTED TOWNS
- PAVED ROADS
- RAILROADS
- NATIONAL CAPITAL
- INTERNATIONAL BOUNDARIES

0 40 80 120 160 KILOMETERS
0 20 40 60 80 100 MILES

This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

NIGERIA
CHAD
Oil Field Development Area
Daba
Moundou
Garoua
Poli
Guibjiba
Tcholliré
Goré
Touboro
Mounguel
Mbai Mboum
Dompla
Pump Station #2
To Bossangoa
Tignère
Ngaoundéré
Banyo
Nkambe
Wum
Kumbo
Nbengwi
Bamenda
Mamfe
Foumban
Tibati
Malarba
Ngaoundal
Babongo
Meiganga
Meidougou
Mbam-Djerem National Park*
Dang
Garoua Boulai
Betare Oya
Ndokayo
CENTRAL AFRICAN REPUBLIC
CAMEROON
Dschang
Bafoussam
Nguti
Bafang
Bangangté
Goyoum
Deng Deng
Mundemba
Supé
Nkongsamba
Belabo
Pump Station #3
Batia
Kumba
Yabassi
Ntui
Nanga Eboko
Bertoua
Batouri
Monatélé
Idenao
Douala
Limbe
Edéa
Abong Mbang
Yaoundé
Ayos
Akonolinga
Mbalmayo
Lomié
Loladorf
Bipindi
Kribi
Marine terminal
Sangmélima
EQUATORIAL GUINEA (Bioko)
Campo-Ma'an National Park**
Gulf of Guinea
EQUATORIAL GUINEA
CONGO
GABON
5°
10°
15°

ALGERIA
LIBYA
MALI
NIGER
CHAD
SUDAN
L. Chad
BURKINA FASO
NIGERIA
TOGO
BENIN
GHANA
Area of map
CENTRAL AFRICAN REP.
CAMEROON
Gulf of Guinea
EQ. GUINEA
SÃO TOMÉ AND PRINCIPE
GABON
CONGO
DEM. REP. OF CONGO
0°
15°

FEBRUARY 2000