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PROJECT APPRAISAL DOCUMENT

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PROPOSED CREDIT

IN THE AMOUNT OF SDR 32.5 MILLION
(US\$50 MILLION EQUIVALENT)

TO THE

REPUBLIC OF CAMEROON

FOR A

SOCIAL SAFETY NET PROJECT

March 4, 2013

Human Development
Country Department AFCC1
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective January 31, 2013)

Currency Unit = XAF
XAF484 = US\$1
US\$1.54 = SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ASPEN	Africa Safeguard Policies Enhancement
BAD	<i>Banque Africaine de Développement</i>
BP	Bank Policy
BUCREP	<i>Bureau Central des Recensements des Etudes de Population</i>
CA	Credit Agreement
CAS	Country Assistance Strategy
CCT	Conditional Cash Transfer
CSMP	<i>Commission Spéciale de Passation des Marchés Publics</i>
CT	Cash Transfer
CTS	<i>Comité Technique de Suivi des Programmes Economiques</i>
DSCE	<i>Document de Stratégie Pour la Croissance et L'Emploi</i>
DL	Disbursement Letter
ECAM	<i>Enquête Camérounaise Auprès de Ménages</i>
EOI	Expression of Interest
ESIA	Environmental Social Impact Assessments
ESW	Economic and Sector Work
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plans
EU	European Union
FCFA	<i>Central African Franc/Franc de la Coopération Financière de l'Afrique Centrale</i>
FM	Financial Management
GCC	<i>Groupes de Contrôle Citoyens</i>
GDP	Gross Domestic Product
GPN	General Procurement Notice
GTA	<i>Groupes de Travaux d'Arrondissement</i>
ICB	International Competitive Bidding
IDA	International Development Association
IFR	Interim Financial Report
IGVGD	Income Generation for Vulnerable Group Development
ILO	International Labour Organization
INS	<i>Institut National de la Statistique du Cameroun</i>
IPPF	Indigenous Peoples' Planning Framework
ISR	Implementation Status and Results Report
LCS	Least Cost Selection

LIB	Limited International Biddings
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MFI	Microfinance Institution
MINEPAT	Ministry of Economy, Planning, and Regional Development/ <i>Ministère de l’Economie de la Plannification et de l’Aménagement du Territoire</i>
MINFI	Ministry of Finance/ <i>Ministère des Finances</i>
MINMAP	Ministry of Public Contracts/ <i>Ministère des Marchés Publics</i>
MIS	Management Information Systems
MTR	Mid-term Review
NCB	National Competitive Bidding
NGO	Non-governmental Organization
OHADA	<i>Organisation pour l’Harmonisation en Afrique du Droit des Affaires</i>
OP	Operational Policy
ORAF	Operational Risk Assessment Framework
PACA	<i>Projet d’Amélioration de la Compétitivité Agricole au Cameroun</i>
PAD	Project Appraisal Document
PASE	Education Development Capacity Building Project
PCD	<i>Plan Communal de Développement</i>
PCN	Project Concept Note
PDO	Project Development Objectives
PDSEN	Energy Sector Development Project
PIM	Project Implementation Manual
PMT	Proxy Means Testing
PNDP	<i>Programme National de Développement Participatif</i>
PREM	Poverty Reduction and Economic Management Network
PSNP	Productive Safety Nets Program
PWP	Public Works Programs
RFP	Request for Proposal
RPF	Resettlement Policy Framework
SWG	Sector Working Group
TACD	Transparency and Accountability Capacity Development Project
TFP	Technical and Financial Partners
UGP	Safety Net Unit/ <i>Unité de Gestion du Projet</i>
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Program
UNICEF	United Nations Children’s Fund
WFP	World Food Programme

Regional Vice President:	Makhtar Diop
Country Director:	Gregor Binkert
Sector Director:	Ritva Reinikka
Sector Manager:	Stefano Paternostro
Task Team Leader:	Carlo del Ninno

CAMEROON
Social Safety Net Project

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PAD DATA SHEET

Cameroon

Cameroon Social Safety Net Project (P128534)

PROJECT APPRAISAL DOCUMENT

AFRICA

AFTSW

Basic Information			
Project ID	Lending Instrument	EA Category	Team Leader
P128534	Specific Investment Loan	B - Partial Assessment	Carlo del Ninno
Project Implementation Start Date		Project Implementation End Date	
28-Mar-2013		31-Aug-2018	
Expected Effectiveness Date		Expected Closing Date	
01-Jul-2013		31-Aug-2018	
Joint IFC			
No			
Sector Manager	Sector Director	Country Director	Regional Vice President
Stefano Paternostro	Ritva S. Reinikka	Gregor Binkert	Makhtar Diop
Borrower: Republic of Cameroon			
Project Financing Data(US\$M)			
<input type="checkbox"/> Loan	<input type="checkbox"/> Grant	Term: The credit will be repayable in 40 years, including a grace period of 10 years	
<input checked="" type="checkbox"/> Credit	<input type="checkbox"/> Guarantee		
For Loans/Credits/Others			
Total Project Cost (US\$M): 50.00			
Total Bank Financing (US\$M): 50.00			
Financing Source		Amount(US\$M)	
BORROWER/RECIPIENT		0.00	
International Development Association (IDA)		50.00	
IDA: New		22.95	
IDA: Recommitted		27.05	
Total		50.00	

Expected Disbursements (in USD Million)									
Fiscal Year	2013	2014	2015	2016	2017	2018	2019	0000	0000
Annual	0.00	3.3	8.0	15.7	14.2	8.8	0.00	0.00	0.00
Cumulative	0.00	3.3	11.3	27.0	41.2	50.0	0.00	0.00	0.00
Project Development Objective(s)									
The project development objective (PDO) is to support the establishment of a basic national safety net system including piloting targeted cash transfers and public works programs for the poorest and most vulnerable people in participating areas within the Recipient's territory.									
Components									
Component Name							Cost (USD Millions)		
Laying the foundations for a safety net system and supporting project management							7.8		
Pilot cash transfer program with accompanying measures to boost household productivity							36.3		
Public works program pilot							5.9		
Compliance									
Policy									
Does the project depart from the CAS in content or in other significant respects?							Yes []	No [X]	
Does the project require any waivers of Bank policies?							Yes []	No [X]	
Have these been approved by Bank management?							Yes []	No []	
Is approval for any policy waiver sought from the Board?							Yes []	No [X]	
Explanation:									
Does the project meet the Regional criteria for readiness for implementation?							Yes [X]	No []	
Safeguard Policies Triggered by the Project							Yes	No	
Environmental Assessment OP/BP 4.01							X		
Natural Habitats OP/BP 4.04								X	
Pest Management OP 4.09							X		
Indigenous Peoples OP/BP 4.10							X		
Physical Cultural Resources OP/BP 4.11							X		
Involuntary Resettlement OP/BP 4.12							X		
Forests OP/BP 4.36							X		
Safety of Dams OP/BP 4.37								X	

Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Legal Covenants

Name	Recurrent	Due Date	Frequency
Recruitment of a procurement specialist	No	Two months after effectiveness	Once

Description of Covenant
 The Recipient shall recruit, in accordance with the provisions of Section III of Schedule 2 of the Financing Agreement, no later than two (2) months after the Effective Date, a procurement specialist with qualifications, experience, and terms of reference acceptable to the Association.

Name	Recurrent	Due Date	Frequency
Appointment of an accountant	No	Three months after effectiveness	Once

Description of Covenant
 The Recipient shall recruit, in accordance with the provisions of Section III of Schedule 2 of the Financing Agreement, no later than three (3) months after the Effective Date, an accountant with qualifications, experience, and terms of reference acceptable to the Association.

Name	Recurrent	Due Date	Frequency
Computerized financial and accounting system	No	Three months after effectiveness	Once

Description of Covenant
 In furtherance of the provisions of Section II.B of Schedule 2 to the Financing Agreement, no later than three (3) months after the Effective Date, the Recipient shall establish, within the Project Implementation Unit, a computerized financial and accounting system satisfactory to the Association, and successfully train relevant staff in the use thereof.

Name	Recurrent	Due Date	Frequency
Recruitment of an internal auditor	No	Within four months after effectiveness	Once

Description of Covenant
 The Recipient shall recruit, no later than four (4) months after the Effective Date, an internal auditor in accordance with the provisions of Section III.C of Schedule 2 to the Financing Agreement.

Name	Recurrent	Due Date	Frequency
Recruitment of an external auditor	No	Within six months after effectiveness	Once

Description of Covenant
 The Recipient shall recruit, no later than six (6) months after the Effective Date, an external auditor in accordance with the provisions of Section III.C of Schedule 2 to the Financing Agreement.

Conditions

Name	Type
Project Implementation Manual : Sections a and b	Effectiveness

Description of Condition
 The Recipient has adopted the Project Implementation Manual pursuant to Section I.D.2(a) of Schedule 2 to the Financing Agreement.

Name		Type	
Creation of a special tender board (CSPM)		Effectiveness	
Description of Condition			
The Recipient has established the Tender Board in accordance with the provisions of Section I.A.5 of Schedule 2 to the Financing Agreement.			
Name		Type	
Recruitment of a payment agency		Disbursement	
Description of Condition			
No payment shall be made for payment of the First Cash Transfer installment under Category (2)(a) in the Financing Agreement unless the Recipient has engaged the Payment Agent in accordance with the provisions of Section I.A.4 of this Schedule 2 of the Financing Agreement.			
Name		Type	
Technical audit report of the first cycle of the cash transfer program		Disbursement	
Description of Condition			
No payment shall be made for payment of the Second Cash Transfer installment under Category (2)(b) of the Financing Agreement unless the Recipient has submitted to the Association the technical audit report, in form and substance satisfactory to the Association, referred to in Section II.B.6 of Schedule 2 of the Financing Agreement which shall cover the use of twenty (20) percent of the proceeds of the First Cash Transfer installment under Category (2)(a) of the Financing Agreement.			
Name		Type	
Project Implementation Manual : Section c		Disbursement	
Description of Condition			
No payment shall be made for payments made under Category (3) of the Financing Agreement unless the Recipient has adopted the Project Implementation Manual as it applies to Part C of the Project, all in accordance with the provisions of Section I.D.2(b) of Schedule 2 to the Financing Agreement.			
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Carlo del Ninno	Senior Economist	Task Team Leader	AFTSW
Victoria Monchuk	Economist	Economist	AFTSW
Alex Kamurase	Sr Social Protection Specialist	Sr Social Protection Specialist	AFTSE
Faustin-Ange Koyasse	Senior Economist	Senior Economist	AFTP3
Enagnon Ernest Eric Adda	Financial Management Specialist	Financial Management	AFTMW
Kouami Hounsinou Messan	Senior Procurement Specialist	Procurement	AFTPW
Mountaga Ndiaye	Extended Term Consultant	Procurement	AFTPW
Emeran Serge M. Menang Evouna	Forestry Specialist	Environmental Safeguards	AFTN3
Zarafshan H. Khawaja	Lead Social Development Specialist	Social Safeguards	AFTCS
Nneoma Veronica Nwogu	Counsel	Legal	LEGAM

Aissatou Diallo	Senior Finance Officer	Controller	CTRLA
Nathalie Tchoumba Bitnga	Team Assistant	Team Assistant	AFCC1
Thembi Malena Kumapley	Program Assistant	Program Assistant	AFTSW
Paivi Koskinen-Lewis	Social Development Specialist	Social Safeguards	SDV/AFTCS

Non Bank Staff

Name	Title	Office Phone	City
Thomas Dickinson	Consultant		Washington DC

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Republic of Cameroon	Far-North, North, Adamaoua, East, North-West, Douala and Yaoundé		X		

Institutional Data

Sector Board

Social Protection

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Health and other social services	Other social services	60		
Public Administration, Law, and Justice	Public administration-Other social services	30		
Agriculture, fishing, and forestry	General agriculture, fishing, and forestry sector	10		
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Social protection and risk management	Social safety nets	80
Human development	Nutrition and food security	20
Total		100

REPUBLIC OF CAMEROON
SOCIAL SAFETY NET PROJECT

I. STRATEGIC CONTEXT

A. Country Context

1. **Although Cameroon has considerable amounts of natural resources, its economic growth is lagging behind its potential and has not had a lasting impact on poverty.** Despite having a fairly diversified resource base and being only moderately reliant on petroleum revenues, Cameroon's GDP growth dropped to 2.0 percent during the peak of the global crisis in 2009. The recovery of the economy started in 2010 and gained greater momentum in 2011 with growth reaching 4.2 percent. In 2012 growth is estimated to have been 5 percent. The main drivers of this growth have been in the non-oil economy, while oil activities continue to decline. A deteriorating infrastructure base, a weak business climate, and poor governance also prevent economic growth from reaching the levels needed for sustainable poverty reduction. Per capita GDP growth has been even slower, averaging only 1.2 percent since 2000, which suggests that this growth has not fully benefitted all Cameroonian households. Furthermore, Cameroon has not been able to translate economic growth into poverty-reducing measures.

2. **As a result, overall poverty reduction has been stagnant since 2001.** In 2007, 39.9 percent of the population lived in poverty and 26.1 percent lived in chronic poverty.¹ As the population has continued to grow, the real number of people living in poverty increased from 6.2 million in 2001 to 7.1 million in 2007 and is expected to continue to rise. Moreover, the poverty gap declined by only approximately 7 percentage points between 1996 (19.09 percent) and 2007 (12.31 percent). This indicates that the nationwide poverty reduction target set by the first Millennium Development Goals (MDGs) will not be attained. It is also unlikely that several other MDGs will be achieved.

3. **Poverty rates have actually increased in the northern rural areas.** While the incidence of poverty has dropped in urban areas, rural poverty is high and increasing. In the East and Northwest regions, half of the population is below the national poverty line. In the northern regions—Adamaoua, the North, and the Far-North—almost two-thirds of the population is below the poverty line.² There were significant increases in poverty levels in these provinces between 2001 and 2007. Of these, the North and Far-North regions had the largest increases in poverty (of 13.6 and 9.6 percent respectively) and had the highest chronic poverty rate (51.8 percent in the

¹ According to the third *Enquête Camerounaise Auprès de Ménages* (ECAM3), the chronic poor are those individuals who live below the national poverty line, who have a high probability of remaining poor in the near future, and who are, in addition, extremely vulnerable to consumption shocks. The probability is calculated using econometric techniques. This definition is used throughout this document.

² ECAM3 defined monetary poverty based on a national poverty line of FCFA 269,443 per person per year (FCFA 738 per day or around US\$1.35 per day). ECAM3 calculated the poverty line based on caloric intake and also added a monetary amount corresponding to other basic non-food needs.

North and 53.7 percent in the Far-North). Moreover, in contrast with many countries bordering the Sahel, population density in these areas is high. Nearly 40 percent of the individuals in the poorest income quintile live in the Far-North region, with a further 17 percent in the North.

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

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

6. **Corruption persists despite some recent Government efforts and hampers the implementation of reforms and delivery of services.** Cameroon ranked 134 out of 183 countries in Transparency International's 2011 Corruption Perception Index. The fight against corruption has been stepped up in the past year by holding former ministers and high public officials accountable through the administrative and criminal justice systems. While the press in Cameroon is relatively free, Cameroon ranks poorly on the Worldwide Governance Indicators, which measure voice and accountability, control of corruption, and the rule of law.

B. Sectoral and Institutional Context

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

8. **A recent review³ of social safety nets in Cameroon confirmed that existing safety nets are not appropriately designed to address either chronic or transient poverty.** Cameroon has a number of small-scale and *ad hoc* safety net programs ranging from school feeding and fee waivers to small cash transfers for the indigent as well as some temporary food emergency assistance. These programs account for only 0.23 percent of GDP and averaged 0.76 percent of total Government spending between 2006 and 2010, with around 80 percent of this being spent on emergency programs implemented in response to shocks such as droughts and floods. In an effort to mitigate the negative effects of the 2008 rise in food and fuel prices, the Government launched a universal subsidy program, which by 2010 was costing the Government around 1.4 percent of GDP and 6.4 percent of total public expenditures. Unfortunately, it has been shown that these subsidies do not benefit the poor and instead mainly benefit the urban middle class.⁴ The program is a rapidly increasing burden on the Government's expenses. Fuel subsidies alone are estimated to have reached around 3 percent of GDP in 2011 and are expected to exceed FCFA 400 billion in 2012.

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

10. **Recently, the Government has been showing a stronger commitment to tackling poverty and to increasing the effectiveness of Government spending.** A safety net feasibility study⁵ undertaken in 2011 pointed out that an efficient social protection system could reach all of the chronically poor in Cameroon with the introduction of a small monthly targeted transfer at a cost of only about 0.7 percent of GDP (2010 prices), which is much less than is currently spent on safety nets and the subsidy program. Consequently, the Government has decided to target resources more effectively to the poor. As a first step, the proposed World Bank operation will help the Government by laying the foundations for a targeted safety net system that will help vulnerable people to cope with poverty and shocks. Strategically, the proposed safety net system will also give the Government an alternative to universal subsidies. The dialogue about establishing safety nets at the national level in Cameroon is a joint effort by the Bank, other donors such as the UNDP, UNICEF, and the World Food Programme (WFP), and all involved government agencies.

11. **The Government has taken the first steps towards institutionalizing a safety net policy and building a safety net system in Cameroon.** Because of the intersectoral nature of safety net programs, it is essential that the coordination and management unit be located within a strong and influential ministry with a mandate to coordinate all safety net programs on Cameroon. The Ministry of Economy, Planning, and Regional Development (MINEPAT) is well placed to play that role and to serve as the institutional home for social protection. In the Bank's

³ World Bank (2011) "Cameroon: Filets Sociaux"

⁴ World Bank (2012) "Cameroon Economic Update, January 2012"

⁵ World Bank (2011) "Mise en place d'un filet social pour le Cameroun."

involvement in the area of safety nets in Cameroon up to this stage, it has closely collaborated with the MINEPAT and specifically with the Technical Committee for Monitoring (*Comité Technique de Suivi des Programmes Economiques* or CTS), a multi-sectoral technical unit that operates as part of the ministry. MINEPAT, which has significant capacity and a broad institutional mandate for the coordination and management of economic development programs, will oversee the coordination of safety net system. In September 2012, the Government established a cross-ministerial social protection Steering Committee (*Comité de pilotage*) tasked with guiding and supervising the activities involved in the setting up of a safety net system. In September, the Government also created a Safety Net Unit (*Unité de Gestion du Projet* or UGP), under the supervision of the CTS, with the responsibility for managing safety net projects, starting with the Government's cash transfer pilot and the subsequent Social Safety Net Project. The coordinator and the other four key staff were formally appointed on October 29, 2012. Both MINEPAT and the CTS have demonstrated that they can coordinate all of the Government agencies and development partners involved in programs or projects, including those that involve more than one sector.

C. Higher-level Objectives to which the Project Contributes

12. The proposed project aims to contribute to the second strategic theme in the Bank's FY2010-14 Country Assistance Strategy (CAS) for Cameroon, which is "improving service delivery." Specifically, the project will address the second main area under this theme: "to help establish an effective safety net system based on targeted programs." During the preparation of the CAS (report number 52997-CM), the Government, the Bank, and other development partners conducted an intense dialogue on poverty, food security, and safety nets, which resulted in the preparation of several pieces of analytical work (see section below on lessons learned from the sector work for more details). On the basis of this work, a dialogue was initiated on the development of an IDA safety net project. Moreover, the Bank's continuous discussions with the Ministry of Finance have confirmed that the Government is aware of the limitations of a universal subsidy system in terms of reducing poverty. As a result, the Government recognizes the need to reduce costs and create viable alternatives for reducing poverty and vulnerability.

13. The project is also consistent with the World Bank's Africa Strategy in terms of reducing the vulnerability and increasing the resilience of the poor and vulnerable populations in Africa. This will be done by providing the necessary support to strengthen public institutions and to develop a safety net system that can deliver resources effectively to the poor by means of poverty-targeted programs and to limit the damaging effects of shocks on households. Moreover, consistent with the Bank's global⁶ and African⁷ social protection strategies, the project aims to build a coordinated and targeted social safety net system in Cameroon. Within the framework of Cameroon's development strategy (the DSCE), the project is meant to contribute to improving the welfare of the chronically poor and to protecting the vulnerable against shocks. The project is also consistent with the emphasis that the Bank puts on building safety net systems and fostering national learning and building capacity in its social protection strategies. Moreover, through its cash transfers and complementary accompanying measures and public works activities, the

⁶ World Bank (2010). "Building Resilience and Opportunity: Better Livelihoods for the 21st Century, Emerging Ideas for the World Bank's 2012-2022 Social Protection and Labor Strategy."

⁷ World Bank (2011). "Africa Social Protection Strategy 2012-22; Managing Risk, Promoting Growth: Developing Systems for Social Protection in Africa."

project will help poor households to smooth their consumption and engage in income-generating activities that will yield income to help them be more resilient to shocks.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

14. The project development objective (PDO) is to support the establishment of a basic national safety net system including piloting targeted cash transfers and public works programs for the poorest and most vulnerable people in participating areas within the Recipient's territory.

B. Project Beneficiaries

15. **The project will support the establishment of an effective and sustainable safety net system with the capacity to reach a significant number of beneficiaries.** During the life of the project, the new pilot safety net programs supported by IDA funding will reach up to 65,000 poor and vulnerable households in the rural areas of the five poorest regions of Cameroon—Adamaoua, the East, the North, the North-West, and the Far-North. The project will also cover some 5,000 urban households in Yaoundé and Douala, for a total of 70,000 beneficiary households. With an average of six members per household, approximately 420,000 people will directly benefit from the project. The 360,000 beneficiaries in the rural areas represent 9 percent of the chronically poor population in the five regions covered by the project. Household eligibility will be determined using an array of targeting methods, including geographical targeting, community participation, proxy means testing, and self-targeting, as set out in the project implementation manual (PIM). The project will facilitate the inclusion of women as beneficiaries. The Government and its partners will explore the possibility of seeking additional funds to sustain and expand the scope and coverage of safety net programs to other regions and urban areas of Cameroon, with the aim of reaching all of those living in extreme and chronic poverty.

C. PDO-level Results Indicators

16. The indicators have been designed to monitor progress towards the achievement of the PDO, particularly the establishment of a safety net systems and the extent to which the poor and vulnerable households are covered by the safety net programs (cash transfers and public works). The following key indicators will be used to assess progress towards these indicators during project implementation:

- (i) The establishment of a national safety net system, which will be measured by the:
 - a. Development and implementation of an effective targeting mechanism for cash transfer programs (target: by the end of the project)
 - b. Development and implementation of a functional and effective MIS system for the cash transfer and public works programs (target: by the end of the project)
 - c. Creation and implementation of a permanent safety net institution within the Government (target: by the end of the project)

- (ii) The share of beneficiary households (of both cash transfers and public works programs) who live below the poverty line (targeting effectiveness) (target: 70 percent of beneficiary households)
- (iii) The per capita consumption level of households benefitting from the cash transfers (target: an increase of 15 percent)
- (iv) The number of direct beneficiaries and the percentage of these who are female (target: 420,000 people and 50 percent)

III. PROJECT DESCRIPTION

17. **The proposed operation will support the creation of a national safety net system including piloting two instruments – a large productive cash transfer program and a smaller public works program.** By developing and testing these two instruments as pilots, the project will lay the foundations of a system aimed at reducing poverty and making economic growth more equitable. While the project will mainly focus on piloting effective safety net programs in poor rural areas of the five selected regions of Cameroon, two large urban areas (Yaoundé and Douala) will also be covered. The two types of instruments of the new safety net system, selected on the basis of the recommendations of Cameroon’s Safety Net Review,⁸ will have different but complementary objectives. The cash transfer program will provide small, regular transfers over a 24-month period to very poor households. These transfers, in combination with accompanying measures and soft conditionalities, will help households to stabilize their consumption, make the necessary investments in the human capital of their families, especially their children, and provide them with opportunities to engage in income-earning activities. The public works program will complement the cash transfer program by providing additional income to households in communities affected by unpredictable events such as droughts in order to make them more resilient to external shocks. The additional income, given in return for the labor of a household member on various public works activities, is expected to enable program beneficiaries to smooth their consumption and protect their assets. An additional benefit of these public works activities will be the creation and/or maintenance of useful public goods. The coverage and implementation of the two instruments will be coordinated and are further described in the section below and in Annex 2 of this PAD.

18. **Given that there is limited experience in Cameroon with targeted transfer programs, the proposed operation will implement the cash transfer and public works programs as pilots and put considerable emphasis on learning lessons and building capacity.** The Government is already undertaking and financing a small cash transfer pilot for 2,000 beneficiaries in the rural Far-North and in the North-West with the technical support of the Bank. Extensive fieldwork was carried out in mid-2012, the beneficiary targeting exercise was completed in November 2012, and the pilot will make the first of its 12 bi-monthly payments by June 2013. The design of the pilot is based on the findings of a feasibility study.⁹ Building on the experience of the small-scale pilot, the Bank’s operation will support a larger-scale pilot of the cash transfer program in the five poorest regions of Cameroon and the urban areas of Yaoundé and Douala. Such an approach would grant significant flexibility and focus attention on

⁸ World Bank (2011). “Cameroun: Filets Sociaux”

⁹ World Bank (2011) “Mise en place d’un filet social pour le Cameroun.”

experimentation and learning as the system is constructed. As such, a high level of flexibility to adjust to lessons learned and experiences throughout implementation will be built into the project design and structure. Depending on the pace at which the scaled-up cash transfer pilot project is implemented, the proposed project will also support a small pilot of the public works program. A full timeline of how the operation will sequence its support for the public works program's design, piloting, and implementation is currently being developed. The main project implementation manual (PIM) will be supplemented by technical annexes and modules that will specify implementation procedures as they are developed and implemented.

19. **The project will achieve the PDO by:** (i) helping the Government to establish a national safety net system for coordinating safety net programs and improving their poverty targeting; and ii) designing, piloting, and implementing the main building blocks of a national safety net – a cash transfer and a public works program. To this end, the project will have three components: Component 1: Laying the Foundations of a Safety Net System and Supporting Project Management; Component 2: Pilot Cash Transfer Program with Accompanying Measures to Boost Household Productivity; and Component 3: Public Works Program Pilot.

A. Project Components

Component 1: Laying the Foundations of a Safety Net System and Supporting Project Management (US\$7.8 million).

20. **Sub-component 1.1: This component will help the Borrower to develop systems to coordinate and manage safety nets programs for the poor and vulnerable.** The component will also support the management of the overall project. Because improving existing systems and testing and building new ones takes time, this component will be implemented over the whole project period. First, this component will include activities to strengthen the institutions needed for coordinating, implementing, and monitoring Government social safety net programs. Second, the component will support the development, testing, and improvement of the tools and instruments necessary for implementing and running a national safety net system. The component will also finance technical assistance, capacity building, and inputs for expanding and improving the systems and tools designed and tested during the Government's cash transfer pilot. This component covers the instruments and administrative systems required for the identification, targeting, registration, and payment of beneficiaries as well as monitoring and evaluation (M&E), coordination, and governance and accountability instruments. An inter-ministerial Steering Committee on safety nets (*Comité de pilotage*) will provide overall policy guidance, with the UGP being responsible for actual implementation. An important aspect of the new national safety net system will be the capacity to expand the safety net in response to shocks by: (i) increasing the value of the transfer given to current beneficiaries; (ii) expanding the cash transfer program to additional beneficiaries, albeit for a shorter period of time than for the regular beneficiaries; and (iii) providing additional employment opportunities in public works activities.

21. **Sub-component 1.2: This component will finance the cost of the management, coordination, and M&E activities under this and the other two project components.**

Component 2: Pilot Cash Transfer Program with Accompanying Measures to Boost Household Productivity (US\$36.3 million).

22. **This component will support the development and implementation of a pilot cash transfer program with accompanying measures to provide support to and boost the productivity of chronically poor households and to serve as the cornerstone of Cameroon’s social safety net.** The cash transfer program will provide a small regular payment that will help beneficiary households to stabilize their basic consumption and avoid having to resort to negative coping mechanisms when shocks occur. The component will pilot the provision of two cycles of cash transfers to eligible households based on existing international experience, the recommendations of the feasibility study, lessons from the small-scale Government pilot exercise, and the feedback gathered throughout the two cycles of its implementation. A timeline of how the design, piloting, implementation, and evaluation of the cash transfer program will be sequenced and how it will be integrated with the Government’s pilot program is presented in Annex 2. The cash transfers will help poor and vulnerable groups by increasing household income for a period of 24 months. Recipients will receive transfers for 24 months for two reasons. Putting a time limit on the transfers is in conformity with Cameroon’s social assistance policy that specifies the need to avoid creating dependency among beneficiaries, which is politically important in Cameroon. Moreover, because the transfers will only be provided for 24 months, the program has the potential to cover a larger number of beneficiaries in the long run.

23. **The targeted groups will include chronically poor households (in particularly those at risk of malnutrition) in the rural areas of the five poorest regions of Cameroon and in the urban areas of Yaoundé and Douala.** Beneficiaries will be selected using a combination of targeting techniques including geographic targeting, community selection, and proxy means testing (PMT) methodologies. Transfers will be paid to female representatives of the recipient households¹⁰ and are expected to increase investments in children’s human capital. The feasibility study conducted in 2011 recommended providing a monthly benefit level of FCFA 15,000 per household. However, to encourage households to save and invest a share of the transfer, payments will be made every two months. Also, two of the 12 payments will be larger than the others and linked to training and information on savings and investment. Making payments bi-monthly will also be logistically simpler than making a monthly payment and will reduce transaction costs. The size and structure of the benefit will be reviewed periodically taking into account beneficiary feedback and evaluation results to ensure that the most appropriate payment structure is used to achieve the desired reduction in poverty. The payment system will be based on a centrally managed database, and payments will be made by fixed or mobile branches of the agencies selected by the operation (see Annex 2 for details).

24. **Accompanying measures will be developed to maximize the impact of the cash transfers on the welfare and productivity of beneficiary households.** These measures will be designed to help households to make the necessary investments in the human capital of their families, especially their children, in productive household assets, and possibly in income-generating activities. These accompanying measures will include information on the project’s objectives and on beneficiaries’ responsibilities and the requirement for them to enter into simple

¹⁰ If there are no women in the household over the age of 18, the male household head will be the designated beneficiary.

moral contracts in which they will agree to invest in the schooling, health care, and nutrition of their household members. The component will also support community campaigns promoting the adoption of proper health and nutrition practices and the prevention of any risky kinds of behavior. In addition, this component will provide training on basic financial skills and the skills necessary for various income-generating activities and households will be encouraged to participate in this training. The aim of these accompanying measures is to increase the probability of these households rising out of poverty and becoming more resilient to future shocks.

25. To achieve the objectives of the accompanying activities and increase household productivity, the following activities will be undertaken starting at the time when households are registered for the program and lasting throughout the 24-month payment period.

- a) *Information campaigns at registration.* At registration, small groups of the beneficiary households being registered will be given information about the project's objectives and functioning and on what is expected from beneficiaries as specified in the moral contract.
- b) *Moral contracts.* Also at the time of registration, beneficiary households will be required to agree to a moral contract (a soft conditionality) that commits them to taking a number of positive actions. The beneficiary households will agree to ensure that their children receive proper schooling and health care and to use the regular cash transfers provided through the program to provide proper nutrition to the children in the household, especially those under 2 years of age. However, any households that are unable to fulfill their engagements will not be dropped from the program.
- c) *Community-level information campaigns.* These activities will promote the adoption of proper health and nutrition practices and the reduction of any risky kinds of behavior that have been identified in the communities and will be designed in accordance with any lessons learned from the small Government pilot and the implementation of the first cycle of the cash transfer pilot program.
- d) *Individual training activities.* Also during the 24 months of the transfer cycle, the program will provide beneficiaries with training in a range of skills including financial literacy and income-generating activities. This training will be provided by NGOs, microfinance institutions, or other entities.

26. **Empirical evidence confirms that cash transfers and accompanying measures can have a significant development impact.** Even though the receipt of transfers will not be conditional on any specific household action, positive outcomes are still expected from the of the project. Cash transfers by themselves have been proven to lead to increased household spending on health, education, and food security, as well as to economic investment (for example, in South Africa unconditional cash transfers to the elderly poor resulted in better schooling outcomes for their orphaned grandchildren). In addition, encouraging positive behavior, such as improved nutrition practices, has improved overall child welfare and, in the long run, has increased human capital. Finally, evidence suggests that training activities centered on savings and income-generation can promote economic activity among beneficiary households. For example, the Income Generation for Vulnerable Group Development (IGVGD) program in Bangladesh has successfully contributed to reducing poverty by providing training in income-generating activities.

Component 3: Public Works Program Pilot (US\$5.9 million).

27. **This component will develop and pilot a labor-intensive public works program aimed to help vulnerable households deal with exogenous shocks (such as droughts or floods).** The program will complement the cash transfer program during particularly hard times and help vulnerable households to cope with shocks. The component will finance small community-level projects that will provide approximately 60 days of work to selected beneficiaries. Their labor will create valuable public goods during the slow agricultural season between January and May each year (for example, soil conservation activities for the protection of the environment, small irrigation systems, the rehabilitation of small infrastructure such small roads and sanitation projects, and other activities that meet local needs as expressed by communities). The communities where the project will operate will be selected every year based on their poverty status and the occurrence of shocks. Unskilled local people will be selected to work on these projects at wage rates equal to or less than the average current wage rates for unskilled labor, which, according to the feasibility study, is approximately FCFA 1,000 per day in the poorest five regions of the country. The salaries earned by these workers will help to smooth the income of their households during especially difficult times. The program will use the wage level as a way to target poor households as only the poor are likely to self-select into the program. Self-selection will be complemented by other simple targeting methods if the number of interested beneficiaries exceeds the number of expected participants. This component will finance the wages as well as the inputs, technical assistance, and administrative costs of the pilot public works program. To maximize the amount of funds that can be transferred to the beneficiaries, it will be required that the wage component of each public works subproject should equal or exceed 70 percent of the total cost of the subproject, including materials. On average it is expected that the materials for the public works subprojects will not exceed 20 percent of total costs. Each individual project will be selected from among those proposed by the community and included in the Communal Development Plans (*Plan Communal de Développement* or PCD) prepared by the *Programme National de Développement Participatif* (PNDP), supported by the Government, the World Bank, and other donors. Further details of how the particular subprojects will be selected will be laid out in the PIM.

28. **The public works activities will be coordinated with the cash transfer program so as to facilitate its implementation and reinforce its effectiveness.** The development and piloting of the public works component will be phased in after the cash transfer pilot program is operating in all the selected regions to facilitate coordination between the two programs. The exact scope of the public works pilot will be set out in the PIM. The link between the public works and cash transfer programs at the geographical and implementation level will be further developed, but a certain amount of overlap between the two programs at the village level is expected. Public works subprojects will operate in the same five rural regions as the cash transfer program. As the objective of the public works component is to help households to cope with shocks, any village located within these five regions will be eligible for the public works program even if it is not located within the same department where the cash transfer program is operating (provided there is sufficient available capacity). Therefore, some public works sites will be located in or near villages where the cash transfer program is already operating and will be open to both beneficiaries and non-beneficiaries of the cash transfer program. As a result, given that there is likely to be some village-level overlap between the programs, the public works

program will reinforce the positive effects of the cash transfer program by providing the most vulnerable households with supplemental income after a shock.

B. Project Financing

Lending Instrument

29. **The proposed financing instrument will be a Specific Investment Loan (SIL) for a period of five years starting in FY13.** A Specific Investment Loan (SIL) design is best suited to this project given the experimental nature of the programs. The project will be financed by an IDA credit of US\$50 million. Of the US\$50 million, US\$27.054 million are recommitted from three other projects: the closed Cameroon Education Development Capacity Building Project (PASE) (US\$2.654 million); the closed Cameroon Transparency and Accountability Capacity Development Project (TACD) (US\$9.4 million); and the on-going Cameroon Energy Sector Development Project (PDSEN) (US\$15 million). Detailed estimates of the costs of the components are presented in the table below.

Project Cost and Financing (US\$ m)

Project Components	Project cost	IDA Financing	% Financing
1. Laying the Foundations of A Safety Net System and Supporting Project Management	7.80	7.80	100%
2. Pilot Cash Transfer Program with Accompanying Measures to Boost Household Productivity	36.30	36.30	100%
3. Public Works Program Pilot	5.90	5.90	100%
Total Baseline Costs	50.00	50.00	100%
Physical contingencies	0.00	0.00	
Price contingencies	0.00	0.00	
Total Costs	50.00	50.00	100%
Total Financing	50.00	50.00	100%
New IDA financing	22.95	22.95	
Recommitted IDA financing	27.05	27.05	

30. **In addition, the Government is contributing funds.** The Government of Cameroon will cover any additional costs including taxes and duties. In addition, the Government of Cameroon will provide parallel financing to cover the costs associated with the institutional aspects of setting up the safety net system, including key and additional staff and other costs involved in its functioning. At appraisal, the Government's contribution was estimated to be approximately US\$5 million for taxes and duties and the rest in real expenditure, including the cost of the four key staff of the UGP, additional staff as needed, and other costs associated with its functioning.

C. Lessons Learned and Reflected in the Project Design

31. **The project's design is based on extensive economic and sector work (ESW) and the policy dialogue.** During the development of the CAS, the Government of Cameroon, the Bank,

and other development partners engaged in an intense dialogue on safety nets. This dialogue resulted in the preparation of an analytical report on safety nets¹¹ as well as several background papers including: (i) a review of existing safety net programs; (ii) an analysis of the impact of price increases and the financial crisis on the poor; and (iii) an analysis of the efficiency of food and fuel subsidies. In addition, a feasibility study of safety nets such as cash transfers and public works was carried out that included a discussion of targeting options. On the basis of this work and of the discussions at a series of workshops, a dialogue was initiated on the development of a Social Safety Net Project and on the design and implementation of a small cash pilot program financed by the Government. Experience with similar projects in other African and other developing countries, specifically in Niger, Tanzania, and Rwanda, yielded useful information on how to design and implement the proposed project. The following are the most important lessons and recommendations incorporated in the current project:

- *A strong institutional framework for social protection policy is necessary for setting up a safety net system.* The development of a system of effective social safety nets begins with the definition of a long-term vision and a coherent policy. Because social protection is a multi-sectoral area, the strategic and institutional framework has to be carefully established and defined. This should consist of: (i) an inter-ministerial steering committee to provide direction and make policy decisions on safety nets as well as to play a coordinating role and (ii) a smaller technical and administrative unit in charge of the day-to-day management and implementation of safety net programs.
- *In addition to introducing new targeted programs, two other possible actions would support the consolidation and harmonization of Cameroon's safety net policies.* The Safety Net Review suggested the following: (i) improving the quality and increasing the coordination of existing safety net programs by improving targeting to vulnerable populations and (ii) strengthening the administrative and institutional mandate and the capacity of the Government to manage safety net programs.
- *A rigorous management information system (MIS) can inform strategic decision-making.* An MIS would inform the design and implementation of programs, make it possible to demonstrate their impact to political decision-makers, development partners, and civil society, and enhance global knowledge on the subject of safety nets. Also, all safety net interventions should share an administrative system including a single beneficiary registry, a harmonized targeting system, and a single transparent payment system.
- *Good targeting is necessary to provide the most support to those who are most in need.* A balance must be struck between targeting accuracy on the one hand and cost and complexity on the other. A combination of *geographic targeting* (focusing on especially poorest areas) and *individual targeting* (selecting individual beneficiaries at the local level) will maximize the efficient allocation of resources to the greatest number of poor and vulnerable families. Individual targeting should consist of a combination of categorical targeting (focusing on particularly vulnerable subgroups of the population), community-based targeting, and the estimation of household poverty using proxy means testing (PMT).

¹¹ World Bank (2011). "Cameroun: Filets Sociaux"

- *International experience and simulations in Cameroon have shown that a monthly transfer amounting to less than 20 percent of household consumption can help poor households to increase their food consumption and to invest in small household assets.* In Cameroon, this would consist of FCFA 2,500 per person per month (FCFA 15,000 per household per month) for households under the poverty line, which would cover 100 percent of the poverty gap (12.3 percent or FCFA 33,142 per poor person). In practice, administrative costs absorb a share of available resources (usually 10 to 15 percent of the total budget) and some leakage can occur due to imperfect targeting. Therefore, the total budget for the transfer should include a buffer of approximately 10 percent to ensure effective targeting.
- *Recent analysis has shown that accompanying measures, such as information campaigns related to health or nutrition or skills and financial management training, increase beneficiaries' productivity and directly improve the general health status of participants and the nutritional status of children and increase the income-earning capacity of their households.* In Mexico there is evidence that health and nutrition training has had a positive impact on household diets and on knowledge and practices in health, nutrition and childcare.¹² In addition, there was a “spillover” effect of this positive impact on non-participating households within the same community. Positive outcomes have also resulted from programs that combine transfers and group training sessions in low-income settings. For instance, coupled with the provision of a regular food transfer, the IGVDG program in Bangladesh provides training in income-generating activities, particularly poultry-rearing. Moreover, beneficiaries are encouraged to participate in village organization meetings with members of micro-finance programs. An analysis of the program showed that savings and ownership of basic household goods had increased among IGVDG beneficiary households, landlessness and begging had declined, and there was some increase in participation in micro-finance programs.¹³ Similarly, in a CCT program in Nicaragua, households who had participated in training as well as having received transfers to make small investments were better protected against exogenous shocks after the program ended than households who had only received the cash transfer.¹⁴ Hence, the proposed project will include in its design a “soft” condition requiring beneficiaries to participate in training on income-generating skills and activities.
- *It should be possible, given the current budget envelope, to provide targeted transfers of the appropriate amount to all chronically poor households in Cameroon.* If the current expenditure on safety nets was uniformly distributed and perfectly targeted to all people below the monetary poverty line, this would amount to FCFA 215 billion annually, equivalent to 1.9 percent of GDP (in 2010 terms). This figure is not much higher than the current average annual expenditure on social safety nets, including price subsidies. If the program were to focus only on those in *chronic* poverty (26.1 percent of the population), then the budgetary costs would fall to FCFA 140 billion per year. Therefore, even after accounting for administrative costs, it would be possible to provide a transfer to all

¹² Hoddinott and Skoufias (2004) and Duarte Gomez et al. (2004)

¹³ Hossain and Zahra (2008)

¹⁴ World Bank (2012) “Can Small Farmers Protect Themselves Against Bad Weather? Nicaragua” From Evidence to Policy, a note series on learning what works, from the Human Development Network, June, 2012.

people living in chronic poverty for a lower cost than current spending on safety nets including price subsidies.

- *Partnering with experienced civil society organizations and NGOs can facilitate the implementation of the project and foster capacity building, particularly at the local level.* It is envisaged that the civil society organizations and NGOs will not only help to build capacity but will also deliver the accompanying measures (information campaigns and training activities) and be involved in social accountability mechanisms, such as the complaints and grievance system, to strengthen project governance. NGOs will also be involved in implementing the public works subprojects.

32. The ongoing cash transfer pilot financed and implemented by the Government of Cameroon with the assistance of the World Bank will continue to provide valuable lessons for the design of the proposed project. In January 2012, the Government of Cameroon initiated the preparation of a cash transfer pilot, following the recommendations of the sector work and the policy dialogue and the results of the feasibility study. The cash transfer pilot with accompanying measures covering 2,000 chronically poor households in one rural commune (Soulédé-Roua) in the department of Mayo-Tsanaga in the Far-North region and in the urban center of Ndop in the North-West region. Significant fieldwork for the pilot was conducted between June and August 2012, the beneficiary targeting exercise was carried out in November 2012, and the first of its 12 bi-monthly payments will be made before June 2013. Also, as of September 17, 2012, the Government established a core implementation unit consisting of five people appointed on October 29, 2012. The UGP is responsible for the design and implementation of the cash transfer pilot project and the implementation of the Social Safety Net Project. So far the UGP has procured computers, designed and started to implement the Government pilot project, developed a functioning database and designed and implemented community targeting and PMT methods. The UGP is also undertaking a rigorous impact evaluation of the pilot. It is expected that the pilot program will have made five bi-monthly payments by the time the Social Safety Net Project becomes effective. Although the results of the evaluation of the pilot will not be available until later, the lessons learned from its activities, particularly those related to targeting, registration, payments, and the accompanying measures, are constantly informing the design and implementation of the larger pilot project financed by the Social Safety Net Project. It is also expected that the design of the safety net programs (cash transfers and public works) will be adjusted based on lessons from the Government pilot and the experiences from implementing the first of the two cycles of the larger cash transfer pilot. A timeline of how the design, piloting, implementation, and evaluation of the cash transfer program will be sequenced and how it will be coordinated with the small Government pilot is presented in Annex 2.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

33. The proposed institutional framework is being designed to promote efficiency, learning, and transparency and lay the groundwork for a sustainable safety net system. Following the Bank's consultations with the Government and development partners and in accordance with the recommendations of the feasibility study, the CTS within MINEPAT will

supervise the project. The project will be the responsibility of an inter-ministerial Social Protection Steering Committee presided over by the president of CTS, which will provide overall policy guidance on matters relating to the setting up of a safety net system and eventually all social protection in Cameroon. The project will be implemented by a central safety net unit, the UGP, which will coordinate safety net programs and manage the Social Safety Net Project and continue to manage the small Government cash transfer pilot. This will ensure that the project is managed by a central policy and technical institution with long experience in managing development projects and in coordinating various Government and non-government stakeholders to rally behind a common purpose. In practice, the institutional and implementation framework will include the following structures:

At the central level:

- The *Social Protection Steering Committee (Comité de Pilotage)* includes representatives of various Government ministries involved in social protection and is responsible for policy dialogue and guidance. The Steering Committee may also involve technical and financial partners (TFP) as needed. Established by an *arrêté* from the Office of the Prime Minister on September 17, 2012 the Steering Committee is chaired by the president of the CTS with the permanent secretaries of the Ministry of Social Affairs, the Ministry of Women and Children, and the Ministry of Labor and Social Security as vice chairs, and it is supposed to meet at least every three months. In particular, with respect to the implementation of the project, the committee will be responsible for: (i) validating the roadmap for the implementation of the project and ensuring that it is put into operation; (ii) validating the geographical areas where the project is to be implemented and various documents such as operational manuals; (iii) overseeing the project's implementation; and (iv) validating and disseminating results. The Steering Committee will also be responsible for the overall supervision of activities related to the setting up of a safety net system and eventually the coordination of all social protection in Cameroon.
- The *Unité de Gestion du Projet (UGP)* is the technical safety net unit that, under the supervision of the Steering Committee, is responsible for the coordination of safety net programs. It will also be responsible for: (i) the day-to-day management of the setting up and implementation of the project including the cash transfer and public works programs and (ii) the production of implementation progress reports and assessments every quarter, semester, and year, including financial reports. The UGP also serves as the secretariat of the Steering Committee. The UGP has been a regular focal point for the Bank team in the course of preparing the project and will ensure that the requisite sustained support is provided by the Government. The core members of the UGP consist of Government staff who work full-time on the project and are appointed and paid by the Government. The project itself will pay for support staff and for contractual staff to support the UGP such as specialists who will not work full-time on the project. A small version of the UGP is already in place and taking charge of preparing and implementing the Government cash transfer pilot. It consists of five Government staff including: (i) a project coordinator; (ii) a financial and administrative specialist; (iii) a field operations coordinator; (iv) a social marketing and accompanying measures specialist; and (v) an M&E specialist.

At the regional and local levels:

- Two *regional offices* will be responsible for project implementation in the two poorest regions of operation that have the largest shares of beneficiaries (the Far-North and the North). These offices will be responsible for overseeing the implementation of the project in these two regions and will consist of two field-based staff (one regional field officer and an assistant).
- A *focal person* in each of the three regions that do not have a regional office will be recruited to work with the local MINEPAT representative. This person will be in charge of the project activities in that region.
- A *network of field operators* recruited by the project will supervise the implementation of the project at the commune and village levels. Two field operators are planned for each department where the project is being implemented, with an additional two operators being responsible for each of the two urban areas. The field operators will also be present in the Far-North and North regions to work alongside the staff of the regional offices. The network of field operators will work under the guidance of the UGP project staff and will coordinate closely with the local authorities.
- The two full-time staff in each regional office, the field operators, and any support staff and drivers will be recruited by the Government and paid by the project on a temporary or part-time basis as needed.
- In addition, community committees (*Groupes de Travaux d'Arrondissement* or GTA) will be closely involved in project implementation and oversight at the commune level, particularly in relation to the targeting of beneficiaries, communication activities, and grievance mechanisms. The GTA will consist of relevant local Government representatives (health, agriculture, and social and education services), local chiefs, and civil society and will be presided over by the mayor. Working with the field operator, the GTA will validate the community targeting shortlist of potential beneficiaries. During implementation, the GTA will provide local oversight to ensure that transparency is maintained, grievances are reported, and local training activities are well implemented. The GTA will also provide encouragement to beneficiary families to ensure that they fulfill their moral contracts towards the program and the community. The GTA will work in close collaboration with the field operators, who will act as their liaison with the UGP. At the village level, community liaison committees (*Groupes de Contrôle Citoyens* or GCC) will help to coordinate the project and will represent the household members in the selected villages.
- Pre-existing *Community Development Committees* that were created under the auspices of the national PNDP project will be involved in the selection of the public works sites and subprojects. Each public works subproject will be selected and developed in accordance with the Communal Development Plans (*Plan Communal de Développement* or PCD) prepared by the PNDP for each commune in Cameroon.

34. **These proposed institutional arrangements constitute the first steps towards the creation of a sustainable safety net system in Cameroon.** By establishing the institutions needed for coordinating and managing a safety net program and supporting a small cash transfer pilot, the Government has shown a strong commitment towards the establishment of a

sustainable safety net system. The CTS, which operates within MINEPAT, is an experienced multi-sectoral technical unit responsible for the coordination and management of economic development programs and is therefore best placed to lead the steering committee. The five core management positions of the newly created UGP have been filled with Government employees. This core unit represents the Government's first step towards its commitment to create a permanent unit, which should be set up before the end of the project. During the life of the project, a Government working group of the CP will prepare concrete proposals on how the permanent unit will be shaped and put in place. To manage the proposed project, the UGP will be provided with a level of staffing and technical skills suitable for a project of this size and complexity.

B. Results Monitoring and Evaluation

35. **The results monitoring framework will assess progress towards the PDO by means of five key indicators that focus on setting up an efficient safety net system and facilitating the access of the poorest and most vulnerable households to a cash transfers and a public works programs.** In addition, intermediate indicators will be used to monitor the progress of each component over the life of the project (see Annexes 1 and 3). The MIS and a rigorous monitoring and evaluation (M&E) system will enable the Government and all partners to monitor progress on all indicators. The overall M&E system will be the responsibility of the M&E specialist working in the UGP and will also benefit from technical support from the *Institut National de la Statistique du Cameroun* (INS). Monitoring will occur at each stage of the project's implementation, starting with the small Government pilot, in order to provide a framework for learning lessons, to identify any potential problems and issues, and to promptly consider and adopt corrective measures and improve the design of the programs accordingly. The UGP will provide semi-annual reports on all indicators.

36. **The project will conduct an end-of-project evaluation as part of the M&E.** The end-of-project evaluation will consist of: (i) a process evaluation to assess the effectiveness of the procedures involved in the implementation of the pilot programs including the identification, targeting, registration, and payment of beneficiaries; (ii) a targeting evaluation to assess the percentage of participants who are poor and the extent of any exclusion and inclusion errors; and (iii) an evaluation of the impact of the program on changes in recipients' behavior, levels of consumption, nutritional status, and poverty and vulnerability at the end of the recipient cycle and then again six months after beneficiaries have received their last transfer. In addition a qualitative beneficiary assessment will be done to gather information directly from the participants about the project's procedures and their perceptions of the project's impact and a technical assessment of the quality of the assets created by the public works program (Component 3) will be carried out. The M&E system will also take into account information on governance (outlined in the governance and accountability framework in Annex 8) and feedback on results from beneficiaries and other stakeholders. Small beneficiary surveys and spot checks will be conducted at regular intervals to gather information on the performance, targeting, and payment procedures of the cash transfer and public works programs. Social accountability instruments such as citizen scorecards will also be considered. This feedback from beneficiaries will yield important lessons as the project moves forward. All together, the M&E system will enhance the learning-by-doing pilot approach of the operation. For more details on the project's M&E, see Annex 3.

37. **In addition the Project will conduct a mid-term review (MTR).** The mid-term review will assess the project's performance, intermediate results, and outcomes. The MTR is anticipated sometime in 2015 before the end of the first cycle of cash payments but before the start of the second cycle. The exercise will be conducted by an independently recruited firm (with the Bank team and key country stakeholders being involved). In combination with the MTR, an independent assessment will be conducted to ensure that all processes (targeting, registration, and payments) are functioning properly before the second cycle starts. This will ensure that the lessons learned in the implementation of the first cycle are taken into account for the second cycle. The project evaluation and the MTR will gauge the extent to which progress is being made towards achieving the PDO, the quality of the works being carried out in the public works program, and the overall efficiency of the project.

C. Sustainability

38. **The project is small and financially sustainable within the scope of the Government's safety net budget.** The total project costs are estimated to be FCFA 25 billion (US\$50 million) over five years, and it will reach around 40,000 poor households (plus about 30,000 workers through public works activities). The feasibility analysis shows that, for a cost of FCFA 80 billion (0.7 percent of GDP) per year, the Government could finance the provision of targeted cash transfers, including administrative costs, to about 370,000 households (about 2.2 million people), which is equal to about half of all of the chronically poor. This cost is entirely feasible within the Government's safety net envelope, which currently amounts to about 1.6 percent of GDP including general subsidies.

39. **The proposed project is considered by the Government and the Bank to be the start of a larger longer-term joint social protection initiative supported by the Government and partners in Cameroon.** In the discussions between the Bank, the Government, and other donors, a consensus has emerged that this project can be a useful vehicle for longer-term Government and donor collaboration on social protection. Social protection is one of the main axes of the United Nations Development Assistance Framework (UNDAF) 2013-17 for Cameroon and is supported by donors such as the UNDP, UNICEF, the WFP, the International Labour Organization (ILO), and the World Bank as well as bilateral agencies and NGOs. In addition, there is strong support for the project and the subsequent joint social protection program within the Government of Cameroon, particularly in MINEPAT and MINFI as well as in the Ministries of Social Affairs, Women and Family, Public Works, and Employment. The UGP will closely monitor the Government's continuing commitment to scaling up the pilot programs developed under this operation to create a permanent nationwide safety net system that makes use of the tools and procedures developed for the operation. This is likely to contribute to increasing critical fiscal space necessary for a gradual scaling up of the program to the national level.

40. **The Social Safety Net Project is expected to have a sustained positive impact on poor and vulnerable communities and participating households.** The project contains important elements designed to increase human capital and productivity with the aim of enabling households to increase their savings and productive activities, thus making them more resilient to future shocks. The cash transfer component will implement communication and information campaigns on health, nutrition, and sanitation as well as practical training on how households

can make productive use of the transfers to increase their assets and to engage in income-generating activities. Meanwhile, the assets built by the beneficiaries of the public works program will help to increase productivity at the community level. These aspects of the project are also providing beneficiary households with the opportunity to escape from chronic poverty once they exit the program. It is expected that after 24 months of receiving cash transfers, beneficiary households will have: (i) improved their practices related to the health, nutrition, and schooling of their children; (ii) increased their financial knowledge and their ability to manage their resources and funds; (iii) acquired more productive assets such as small farm equipment; and (iv) possibly have engaged in income-earning activities. Both the project results framework and the planned impact evaluation will assess household-level outcomes, including any changes in consumption.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Risk Category	Rating
Stakeholder Risk	Moderate
Implementing Agency Risk	High
Capacity	High
Governance	High
Project Risk	High
Design	High
Social and Environmental	Moderate
Program and Donor	Moderate
Delivery Monitoring and Sustainability	High
Overall Implementation Risk	High

B. Overall Risk Rating Explanation

41. **The overall risk rating is high.** The implementing agency risk and the project risk are both high. A number of the risks that have been identified are likely to occur and could significantly impede the project’s implementation. The Operational Risk Assessment Framework (ORAF), which is attached in Annex 4, identifies and rates these risks and sets out mitigating measures.

42. **Encouragingly, the Government’s commitment is strong and its sense of ownership of the project is increasing.** During the identification and preparation missions, the Government, particularly within the Ministry of Finance, MINEPAT, and the CTS, demonstrated a strong commitment to the project, which will result in the establishment of the agreed project management unit (UGP). A smaller version of the UGP already exists and is managing the Government’s cash transfer pilot, which is currently being implemented in two departments and is expected to be expanded to two additional departments before the beginning of the project. The UGP will be scaled up to manage the whole of the proposed project. The safety net agenda and the longer-term institutionalization of safety nets and social protection among the standing Government programs are both new approaches in Cameroon, and the current level of

Government commitment is the fruit of extensive consultation, analytical work, and advocacy by the Bank. However, this trend is very positive, showing that with time and through the on-going work the Government recognizes the utility and value of the safety nets as well as of the approach being taken in the project.

43. **However, the broader environment will present serious challenges to the preparation and implementation of the project due to a number of risk factors.** These relate to country-level issues of capacity and governance and the absence of a social protection or safety nets framework. At the project level, governance, technical design, and changes in higher-level project management are risks as well as the risk of insufficient capacity in the CTS and the other agencies involved in implementation. Although a set of mitigation measures has been devised that the team believes will be fairly effective, implementation risk is classed as high to accommodate the fact that the team cannot ascertain a strong governance track record in Cameroon or predict with certainty that the process of establishing a safety nets system will be handled smoothly.

44. **The main risks include:**

- **Implementing agency risks.** The implementation of safety net programs is a new undertaking in Cameroon, which involves developing systems for targeting and identifying beneficiaries, while also planning and ensuring the timely delivery of transfers to the target population. This will involve delivering cash transfers to remote areas that have only very limited coverage by financial institutions. This will present operational and capacity challenges. In recognition of this, a strong capacity-building agenda is a prime objective of the development of the safety net system (Component 1). A project implementation manual (PIM) will be prepared during project design that will define all of the policies and procedures for the cash transfer and public works programs and provide clear guidelines for the UGP.
- **Coordination risks.** The multi-sectoral nature of the safety nets and the implementation of the different components may also represent a coordination challenge. This challenge is mainly expected with regard to coordination between MINEPAT and the Ministry of Social Affairs (even though MINEPAT is the sole implementing ministry). This will be facilitated by the establishment of the UGP within MINEPAT to manage the day-to-day planning and operation of the project. Coordination will be facilitated by the multi-ministerial Steering Committee that will be responsible for overseeing progress and activities related to the national social protection agenda. In recognition of the limited capacity that currently exists in Cameroon for implementation, management and coordination, the project contains a systems-building and enhancement component (including training, systems development, and technical assistance).
- **Project design risks.** The cash transfer and public works programs will involve a set of procedures and stakeholders that will involve risks such as red tape and bureaucratic hurdles, delays in disbursements, and elite capture, all of which could threaten the achievement of the PDO. To minimize these implementation risks, the project team is paying careful attention to established best practices and to clearly laying these processes out in a PIM that will constitute a detailed roadmap for all stakeholders. The project will also be rolled out gradually, starting with only a small number of beneficiaries to test the

procedures while slowly strengthening the capacity of the key stakeholders involved in implementing the project. The ongoing Government-financed pilot project will also test the proposed design and implementation methods. Social accountability mechanisms such as community committees will be used to closely monitor and evaluate the project, and corrective measures will be taken if necessary.

- ***Risk of failure to attract further partners.*** As the safety net system evolves, it will be increasingly important for other partners to contribute technical assistance and supplemental financing. In the Bank's discussions with the Government and other donors, a consensus has emerged that this project will be the start of a longer-term Government and multi-donor program for social protection. Social protection is also one of the main elements of the United Nations Development Assistance Framework (UNDAF) 2013-17 in Cameroon and is supported by UNICEF, the UNDP, the WFP, the ILO, and the World Bank as well as by bilateral agencies and NGOs. This joint donor engagement and commitment also bodes well for the sustainability of safety nets and their impact on poverty in Cameroon.
- ***Political governance and fiscal risks.*** The team will continue to maintain a continuous dialogue with the Government on Safety Nets. The preparation and implementation of the project is done in coordination with several development partners, thereby minimizing any risk should there be a change in the Bank's team or the Government counterparts.
- ***Risk of insufficient budget allocation.*** As part of the project's design, the team will negotiate with its country counterparts to reach an agreement on a significant annual contribution by the Government to the main project. As the safety net system is developed under Component 1, more opportunities will emerge for additional donor funds to be allocated to the programs and generate more financial resources for them.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analyses

45. **The economic analysis in Annex 7 shows that the project is cost-effective.** The economic analysis of the cash transfer component shows that the level of transfer (on average FCFA 2,500 per month per person) is: (i) commensurate with international experience (15 percent of the poverty line¹⁵ and between 10 and 20 percent of households' expenditure levels¹⁶); (ii) likely to have a significant positive impact on the level and quality of household food consumption, the retention and acquisition of small assets, and the level of other household social expenditures, for example, on health and education; and (iii) efficient compared to other kinds of safety nets, in particular direct food aid. The public works component is also cost-effective and compares well with other international projects. This is due to the high labor-intensity of its activities, the effectiveness of its geographical and household-level targeting, and the low level of foregone income from participation (Annex 7).

¹⁵ In 2007 the poverty line was FCFA 738 (US\$1.64) per person per day.

¹⁶ ECAM3 data show that average household consumption for a household in the 4th decile (close to the poverty line) is FCFA 80,411.

46. **The needs of the chronically poor and most vulnerable in Cameroon are significant, but the costs of meeting them are sustainable within the current budget envelope.** A transfer of FCFA 360,000 per household over 24 months to 26.1 percent of the population (which constitutes all households that are classified as chronically poor) would cost approximately FCFA 169 billion per year (20 percent of which would be administrative costs). This is equivalent to 1.51 percent of GDP, which would be sustainable given the current level of Government expenditure on safety net programs, including universal subsidies. However, covering half of the chronically poor would cost only FCFA 80 billion or 0.7 percent of GDP per year. This project with its contribution of US\$50 million will cover 40,000 households (240,000 people) with the cash transfer program. In addition in project years three, four, and five, from 60 to 70 public works subprojects will cover 10,000 chronically poor households (60,000 people) for a total of 30,000 households over the project's lifetime. The public works will cost only about FCFA 2.3 billion or 0.02 percent of GDP (30 percent of which will be spent on materials and other administrative costs). The total cost of both programs will be around FCFA 19.6 billion (or 0.18 percent of GDP in 2010). Over five years the annual cost will be equivalent to FCFA 3.9 billion (0.04 percent of GDP in 2010). This will not increase current Government annual expenditure for safety net programs by a significant amount and will establish a foundation for a sustainable safety net system that can help chronically poor households and those affected by crises. A program that covered half of the chronically poor for only 0.7 percent of the GDP per year would be within the current expenditure parameters and thus represents the best option for the medium term.

47. **A set of simulations prepared by the sector work¹⁷ has shown that a cash transfer with a value of FCFA 15,000 could produce a significant reduction in poverty incidence while also narrowing the poverty gap and reducing the severity of poverty.** *Ex-ante* simulations of the potential impact of the cash transfers on poverty under a range of scenarios with different transfer benefit structures and targeting methods are presented in Annex 7. An average monthly transfer of FCFA 15,000 targeted to the chronically poor can be expected to result in a reduction of just over a 17 percent in the poverty rate, a reduction of over 43 percent in the poverty gap, and a reduction of over 54 percent in the severity of poverty in the targeted regions. Compared to other experiments with cash transfers in developing countries, these estimates of poverty reduction in Cameroon seem high. These are *ex-ante* simulations, and *ex-post* evaluations may confirm or refute these predictions. The predictions can also vary widely if the PMT is changed.

48. **Although no impact evaluations or *ex-ante* simulations of labor-intensive public work programs in Cameroon are available, international evidence has demonstrated that these programs can have significant positive direct and indirect effects.** These programs have had a direct impact in terms of reducing poverty incidence, preventing households from resorting to negative (non-productive) coping mechanisms in times of crisis, and increasing the consumption of the poorest households (see Annex 7 for more details). They have had an indirect impact in terms of the value of the assets created by the subprojects and the potential to improve social cohesion in the affected communities. The indirect impact of public work programs on communities is crucial because the cost of transferring US\$1 of income to a poor household by means of a public works program is usually greater than the transfer itself. However, in certain

¹⁷ World Bank (2011). "Cameroun: Filets Sociaux"

contexts, if these programs are ill-timed or badly calibrated, they can also have a negative impact on the labor market by pushing salaries downwards or by creating labor shortages.

49. **The proposed public works payment structure and wage rate can help households to smooth their consumption.** Comparing the proposed payment structure of the public works program (FCFA 20,000 per household per month) with average spending per person classified as poor (between FCFA 300 and 500 per day in the northern regions), it can be deduced that FCFA 20,000 per month would cover around 25 percent of the consumption of the average household of six at the poverty line (in the 4th quintile) and around 70 percent of their food consumption (Annex 7).

B. Technical

50. **The project's design follows proven best practices for cash transfer and public works programs.** The beneficiaries of cash transfers will be selected from among the chronically poor using a structured combination of targeting approaches (geographic targeting, community-based targeting, and proxy means testing). Beneficiaries of the public works program will self-select into the program based on the wage rate (set low enough to attract only the poorest workers) plus additional criteria if necessary. This approach maximizes targeting accuracy and is an effective way to channel limited resources to the poorest people. A grievance system will also be established and maintained to respond to beneficiaries' complaints and to ensure a high level of social accountability. In addition to being a tool for ensuring social accountability and protecting the rights of the participants, the grievance system will be part of the program's monitoring system and will systematically track problems and their resolutions. Households benefitting from the cash transfers will participate in training on how to start income-generating activities and how to access credit and savings in order to increase the impact of the program on the productivity and investments of households. When households register for the cash transfer program, they will also enter a moral contract that will commit them to adopting some basic positive kinds of behavior that will benefit their household, such as sending their children to school and using all available health care services for their children to increase the household's human capital.

51. **The payment system will adopt best practices and will make use of the latest developments in mobile payment processes and centrally managed information systems.** It will be designed to distribute the correct amount of benefits to the right people at the right time and with the right frequency while minimizing transaction costs for both the program and the beneficiaries. The payment system will be compatible and integrated with other operational processes such as the selection and registration of beneficiaries, the preparation of the list of beneficiaries to be paid, and the reconciliation of accounts through the management information system. ICT and mobile technologies will be tested and integrated into the project over the course of its implementation as part of the continuous learning promoted in the pilot approach.

52. **Several alternatives were considered for the allocation of resources between cash transfers and the public works program.** The decision to give a lower allocation to the public works program was based on several considerations. First, because of the limited experience in Cameroon with poverty-targeted safety net program, it was decided at the Project Concept Note (PCN) stage to begin implementing the public works program only after the cash transfer

program is well established. Second, the existing capacity in Cameroon to manage a large number of public works projects on an annual basis is very limited. Third, the range of readily implementable projects that could employ a large number of people in a single village is also very limited. Depending on the findings of the operation's mid-term review (MTR), the public works allocation might be increased during the second cycle either by reallocating the proceeds of the credit or by providing additional financing.

C. Financial Management

53. In line with the Financial Management Manual for World Bank-financed Investment Operations dated March 1, 2011 and the ORAF framework, a financial management assessment was performed of the project's implementing entity, MINEPAT, and of the technical management Safety Nets Unit (*Unité de Gestion du Projet* or UGP).

54. The objective of the assessment was to determine whether: (i) these implementing entities have adequate financial management arrangements to ensure that the project funds will be used for their intended purposes in an efficient and economical way; (ii) the financial reports will be prepared in an accurate, reliable, and timely manner; and (iii) the project's assets will be safeguarded.

55. **The overall financial management risk rating of the project during the preparation phase is considered to be High and is expected to be Substantial after the implementation of mitigation measures.** The financial management arrangements, subject to the effective implementation of mitigating measures, are considered adequate and fulfill the requirements of OP/BP 10.02. These mitigating measures mainly consist of: (i) the appointment of an accountant with qualifications and experience satisfactory to IDA in addition to the civil servant financial management specialist managing the pilot project; (ii) the design of an administrative and financial management manual (section A of the PIM) that sets out a clear segregation of duties; (iii) the installation of a computerized information system to support the financial management of the project's activities; (iv) the inclusion in the PIM of appropriate terms of reference for the recruitment of an independent external auditor and an internal auditor; and (v) the recruitment of said external auditor not later than six months after project effectiveness and of the internal auditor not later than four months after project effectiveness.

56. **The financial management arrangements for the proposed Social Safety Net Project will be monitored by the Safety Net Unit (UGP).** It will be responsible for the implementation and financial management of the project, including financial recording, the preparation of quarterly unaudited interim financial reports (IFRs), and the management of the designated account and the withdrawal applications among other tasks.

57. **Cash transfer payments will be made by selected, qualified payment agencies,** which may include private or public banks, microfinance institutions, or mobile telephone companies from which a bank guarantee will be collected to mitigate the fiduciary risk. Once the proposals submitted by these agencies are assessed by IDA as being satisfactory, contracts will be signed between the UGP and the agencies enabling them to distribute funds to beneficiaries. Funds will be transmitted from the project's designated account to the payment agencies, and thereafter the payment agencies will make the transfers to the approved beneficiary households of both the

cash transfer program and the public works program through their agents. The processes for delivering cash benefit payments to beneficiaries will be developed in detail in the project implementation manual (PIM). In the spirit of the pilot approach, an independent assessment will be conducted to ensure that all processes (targeting, registration, and payments) function properly before the second cycle starts.

58. The detailed financial management arrangements are described in Annex 3. Depending on the results of the ongoing cash transfer pilot project implementation progress, the mitigating measures will be amended as necessary.

D. Procurement

59. **An assessment of MINEPAT's implementation arrangements for the project has been carried out**, focusing particularly on the CTS and the UGP. The overall procurement risk for the project is rated as High. This is due to, among other factors, the risk of corruption in procurement, especially in the activities related to the public works program component, and the UGP's lack of experience in the implementation of Bank-financed projects. The capacity assessment of MINEPAT found that: (i) the UGP has no experience in the implementation of Bank-financed projects; (ii) there is no qualified procurement specialist within the UGP; (iii) there is no implementation manual that includes a section on procurement; (v) the UGP does not have a comprehensive recordkeeping system; and (vi) while the motivation of the reform related to the new institutional arrangements of December 2011 that defines the responsibilities of Ministry of Public Contracts (MINMAP) have been understood they have caused some concerns with respect to technical and legal responsibility and related regulatory issues as described in Annex 3. A mitigation action plan has been agreed (see Annex 3), which, if properly implemented and monitored, will bring this risk down to Substantial.

60. **Procurement would be carried out in accordance with the World Bank's Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers**, published by the Bank in January 2011; the **Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers**, published by the Bank in January 2011; and the **Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBDR Loans and IDA Credits and Grants**, dated October 15, 2006 and updated in January 2011.

61. **The draft procurement plan for the first 18 months of the project was carefully reviewed at appraisal.** The final version of this procurement plan will be discussed during negotiations. During the project's implementation, the procurement plan will be updated by agreement between the project team and the Bank as required and at least annually to reflect the project's actual implementation needs and any increases in institutional capacity. The plan will be available on the project's database, and a summary will be disclosed on the Bank's external website once the project is approved by IDA's Board of Directors.

E. Social (including Safeguards)

62. **The Cameroon Social Safety Net Project is expected to have a positive social impact by providing livelihood and employment opportunities to targeted communities in**

participating areas. On the basis of pre-determined criteria, the project will target the poorest and most vulnerable communities, specifically by providing labor-intensive public works opportunities and unconditional cash transfers as well as by creating community assets through those public works subprojects that will result in longer-term social benefits to people in the area. Provision has also been made to facilitate the inclusion of women in the public works program.

F. Environment (including Safeguards)

63. **The Social Safety Net Project is a Category B project,** suggesting that the environmental and social impact of the project will be limited, site-specific, and manageable to an acceptable level. Six safeguards policies are triggered as indicated in the table below.

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[X]	[]
Natural Habitats (OP/BP 4.04)	[]	[X]
Pest Management (OP 4.09)	[X]	[]
Physical Cultural Resources (OP/BP 4.11)	[X]	[]
Involuntary Resettlement (OP/BP 4.12)	[X]	[]
Indigenous Peoples (OP/BP 4.10)	[X]	[]
Forests (OP/BP 4.36)	[X]	[]
Safety of Dams (OP/BP 4.37)	[]	[X]
Projects in Disputed Areas (OP/BP 7.60)	[]	[X]
Projects on International Waterways (OP/BP 7.50)	[]	[X]

64. **OP/BP 4.01 - Environmental Assessment.** This policy is triggered because of potential direct environmental effects associated with Component 3 (public works) that might include soil conservation, reforestation activities, small irrigation systems, small infrastructure rehabilitation, and rural road maintenance. These activities will have a direct impact on the soils, vegetation, and human population in the project areas. However, this impact will not be significant and will be mitigated by accompanying measures designed to minimize any adverse effects and to pursue global environmental benefits. The Borrower has prepared an Environmental and Social Management Framework (ESMF) to guide the screening, analysis, and safeguards approval of future activities on sites that have not yet been defined. The ESMF also presents sample terms of reference for activities eligible for an Environmental Assessment as well as environmental guidelines for contractors (for example, those carrying out rural roads maintenance and afforestation, and creating small irrigation networks). Water management infrastructure will be small in scale and will not trigger the Safety of Dams safeguard policy, but the ESMF does include technical specifications for such infrastructure. Based on the screening process, specific Environmental Social Impact Assessments (ESIAs) including Environmental and Social Management Plans (ESMPs) will be prepared. The irrigation networks will not be dependent on dams.

65. **OP 4.09 - Pest Management.** This policy is triggered because of the potential expansion of small-scale agroforestry activities and the possibility that irrigation networks will be created that will increase water storage. As the Government has prepared several Pest Management Plans (PMPs) for other World Bank projects in the agriculture sector, the project will use the existing PMP prepared for the Agricultural Competitiveness Project (P112635). This will provide

guidance on managing pests in the irrigation subprojects. The project's financial resources will not be used to purchase pesticides.

66. **OP/BP 4.10 - Indigenous Peoples.** This policy is triggered because in the Kadye department in the East Region there are indigenous peoples that fulfill the criteria of OP 4.10, par. 4, such as the Baka pygmies. To this end, an Indigenous Peoples Planning Framework (IPPF) has been prepared and was publicly disclosed on December 26, 2012.

67. **OP/BP 4.11 - Physical Cultural Resources.** This policy is triggered because some project activities may be undertaken around indigenous people's (IP) sites. It is essential for all IP cultural sites, particularly sacred sites, to be protected. The ESMF provides guidance and procedures for protecting physical cultural resources (OP/BP 4.11) and for managing any known assets, including the best way to identify these sites before implementing activities in these areas. The project team will consult with the IPs to ensure the protection of these any sites that may be identified.

68. **OP/BP 4.12 - Involuntary Resettlement.** This policy is triggered because of possible land acquisition as a result of the project. A resettlement policy framework (RPF) was prepared to outline the principles for providing compensation in the event that any future activities of the public works (Component 3) or any indirect actions by cash transfer beneficiaries (Component 2) should require land acquisition and involuntary resettlement. A resettlement action plan (RAP) will be prepared as necessary once it has been determined if any land acquisition is necessary. In the target areas, project activities will be implemented mainly on lands that are already being cultivated and on pastoral lands.

69. **OP/BP 4.36 - Forests.** This policy is triggered as the project intends to finance small-scale reforestation activities. The project will ensure that appropriate species are used for that purpose. Furthermore, a simple forest management plan should be prepared if necessary to ensure the sustainable management of planted forests. The ESMF includes guidelines on the planting process. The project will not push communities to occupy new lands. Moreover, the project will not finance any micro-project that threatens forests or natural habitats as clearly specified in the ESMF.

70. **The safeguard policies that are not triggered** are: Natural Habitats (OP/BP 4.04), Safety of Dams (OP/BP 4.37), Disputed Areas (OP/BP 7.60), and International Waterways (OP/BP 7.50).

71. **Consultation and Disclosure.** During the project preparation process, the stakeholders (affected people, CSOs, and public administration partners) were consulted about the main safeguards instruments. A workshop was organized in Yaoundé to present the main safeguards instruments (the ESMF, the RPF, the IPPF, and the PMP) and specifically for the indigenous people safeguards, a consultation was organized in the Kadey Division with the main indigenous peoples. During the launch of the project's activities, the UGT will organize consultations in the main project areas with the main stakeholders of the safeguards instruments. The main safeguards instruments (the ESMF, the RPF, the IPPF, and the PMP) have been finalized and found satisfactory by IDA and were disclosed on December 26, 2012.

72. *Institutional Arrangements for Implementing Safeguards Instruments.* The Government will hire consultants with expertise in environment and social safeguards as needed to ensure that the safeguards instruments are implemented. During supervision missions, the World Bank safeguards team will verify that the project is in compliance with the safeguards requirements. The project will also mobilize adequate financial resources to implement the safeguards.

Annex 1: Results Framework and Monitoring

CAMEROON: Social Safety Net Project

Project Development Objective (PDO): The project development objective (PDO) is to support the establishment of a basic national safety net system including piloting targeted cash transfers and public works programs for the poorest and most vulnerable people in participating areas within the Recipient's territory.												
PDO-level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values (end of project years after project effectiveness)					Frequency	Data Source/ Methodology	Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR3	YR 4	YR5				
Indicator One: Establishment of a national safety net system: A. Development and implementation of an effective targeting mechanism for cash transfer programs	<input type="checkbox"/>	n.a.	Basic system used by the Government pilot		A system (based on community and PMT) for cycle 1, phase 1 is rolled out	System for cycle 1, phase 2 revised taking into account results of cycle 1, phase 1		System finalized and cost-effective (including cost saving procedures) and ready for further use by national cash transfer program	Years 2, 3 and end of project	System assessment	UGP	An effective targeting mechanism is: <ul style="list-style-type: none"> • Capable of selecting poor beneficiaries • Accepted by the community • Cost-effective in targeting beneficiaries
Indicator One: Establishment of a national safety net system: B. Development and implementation of a functional and effective MIS system for the cash transfer and public works programs	<input type="checkbox"/>	n.a.	Basic system used by Government pilot		A basic system capable of generating lists and reports for cycle 1, phase 1 is rolled out	System updated: processes are automated and streamlined taking into account results of cycle 1, phase 1	Public works module is added to the MIS	Fully scaled up: Automated processes for cash transfer and public works programs fully functional	Years 2, 3, 4, and end of project	System assessment	UGP	An effective MIS system is capable of generating lists and reporting in an effective and transparent manner. Processes can be streamlined and automated
Indicator One: Establishment of a national safety net system: C. Creation and implementation of a permanent safety net institution within the Government	<input type="checkbox"/>	n.a.	Steering Committee and UGP established for small pilot and IDA Project	Steering Committee functional (meeting at least every 3 months)		Concrete proposals made for the set up and functioning of a permanent institution		Creation of a permanent institution responsible for safety nets within the Government	Years 1, 3, and end of project	Project administration data and Government decrees	UGP	A permanent nationwide safety net institution is created by decree with permanent staff and with a budget line

Indicator Two: The share of beneficiary households (of both cash transfer and public works program) who live below the poverty line	<input type="checkbox"/>	% of beneficiary households below poverty line	tbd		50% for cycle 1, phase 1 of CT	60% for cycle 1, phase 2 of CT	70% for cycle 2 of CT, 60% for PWP	70% for cycle 2 of CT, 70% for PWP	After the beginning of the payments in each cycle	PMT at identification and follow-ups measured against baseline evaluation data	UGP and World Bank	Measures targeting the effectiveness of CT & PWP programs. Baseline data is defined by initial IE baseline survey in the project areas
Indicator Three: The per capita consumption level of households benefitting from cash transfers	<input type="checkbox"/>	Percent increase of per capita consumption	tbd				15% increase from baseline		Year 3 or 4	Impact evaluation	UGP and World Bank	Baseline per capita consumption measured by IE survey
Indicator Four: The number of direct project beneficiaries and the percentage of these that are female	<input checked="" type="checkbox"/>	Nbr. of project beneficiaries	0	30,000 (50%)	120,000 (50%)	300,000 (50%)	360,000 (50%)	420,000 (50%)	Yearly	Project administrative monitoring data	UGP	This includes all the members of the beneficiary households

INTERMEDIATE RESULTS

Intermediate Result Component 1 – Laying the Foundations of a Safety Net System and Supporting Project Management												
PDO-level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values (end of project years after project effectiveness)					Frequency	Data Source/ Methodology	Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR3	YR 4	YR5				
<i>Intermediate Result Indicator One:</i> Cash transfer payment system developed and implemented	<input type="checkbox"/>	n.a.	Time required for the Government pilot		Time required for system of cycle 1	Time for PW component		Time required for system of cycle 2 (processing time is reduced)	Year 2, 3, 4, and end of project	System assessment	UGP	<ul style="list-style-type: none"> Processing time required for processes to be established in the PIM. Lists to be generated by the MIS Payments completed Reconciliation completed
<i>Intermediate Result Indicator Two:</i> Monitoring and evaluation system developed and implemented	<input type="checkbox"/>	n.a.	Type and timing of reports produced for the Government pilot	Evaluation baseline data collected	Effective reporting for cycle 1, phase 1 is defined and functional.	Evaluation data collected		Reporting system is improved Evaluation analysis performed	Year 2 and end of project	System assessment	UGP	Type and timing of reporting to be defined in PIM Data collection steps for evaluation specified in evaluation plan
<i>Intermediate Result Indicator Three:</i> Frequency of	<input type="checkbox"/>	Months	0	Every 6 months	Every 6 months	Every 6 months	Every 6 months	Every 6 months	Every 6 months	Project administrative	UGP	World Bank assessment of timeliness and quality of

publication of monitoring reports										monitoring data		reports produced
<i>Intermediate Result Indicator Four:</i> Program management expenses as share of total program	<input type="checkbox"/>	Percent	tbd.			CT: 40% PWP: 50%	CT: 30% PWP: 40%	CT: 20% PWP: 30%	Every 6 months	Project administrative monitoring data	UGP	Program management expense: ratio between operating expenses and total annual expenditures for each of the two programs (components 2 and 3) (As specified in the PIM).
Component 2 – Pilot Cash Transfer Program with Accompanying Measures to Boost Household Productivity												
<i>Intermediate Result Indicator One:</i> Number of households benefitting from cash transfer program	<input type="checkbox"/>	Number of households	0	0	5,000	20,000	40,000	40,000	Every 6 months	Project administrative monitoring data	UGP	
<i>Intermediate Result Indicator Two:</i> Timely transfer of CT benefits	<input type="checkbox"/>	Percent	0	0	50	60	70	80	Every 6 months, Year 1 and 3	Administrative M&E data, beneficiary assessment	UGP	% of beneficiary households receiving transfer as per PIM guidelines
<i>Intermediate Result Indicator Three:</i> Beneficiary households participating in accompanying measures	<input type="checkbox"/>	Percent	0	0	60	70	80	80	Every 6 months	Project administrative monitoring data	UGP	
Component 3 – Public Works Program Pilot												
<i>Intermediate Result Indicator One:</i> Direct PWP beneficiaries (number) of which female (%)	<input checked="" type="checkbox"/>	Number and %	0	0	0	10,000 (30%)	20,000 (40%)	30,000 (50%)	Every 6 months	Project administrative monitoring data	UGP	
<i>Intermediate Result Indicator Two:</i> Number of effective days worked	<input type="checkbox"/>	Sum of man/days all sites	0	0	0	600,000	1,200,000	1,800,000	Every 6 months	Project administrative monitoring data	UGP	
<i>Intermediate Result Indicator Three:</i> Timely payment of PWP workers	<input type="checkbox"/>	Percent	0	0	0	50	65	80	Every 6 months	Project administrative monitoring data	UGP	% of workers receiving payment as per PIM guidelines
<i>Intermediate Result Indicator Four:</i> Number of new community assets created or existing assets maintained	<input type="checkbox"/>	Number of assets	0	0	0	60	130	200	Each year of PWP + end of project	PWP site assessment	UGP	PWP subprojects are defined in PIM

Annex 2: Detailed Project Description

CAMEROON: Social Safety Net Project

Project Objectives, Log-frame, and Expected Results

1. The project development objective (PDO) is to support the establishment of a basic national safety net system, including piloting targeted cash transfers and public works programs for the poorest and most vulnerable people in participating areas within the Recipient's territory.

2. The project proposes to focus on the development of a safety net system that will initially consist of two complementary interventions: a larger cash transfer pilot program with accompanying measures and a smaller public works pilot. Given the limited experience in Cameroon with targeted transfer programs, the proposed operation will implement the cash transfer and public works programs as pilots. Such an approach will provide significant flexibility for experimentation and learning as the system is constructed. The project will first support an extension on a larger scale of a small-scale cash transfer pilot that is currently being implemented and financed by the Government with the technical support of the Bank. The extended pilot will operate in the five poorest regions of Cameroon and the urban areas of Yaoundé and Douala.

3. The cash transfer and public works programs are the two key interventions within the social safety net system that, along with complementary objectives, can provide targeted support aimed at reducing both chronic and temporary poverty. The targeting mechanism and target population for each intervention will be coordinated but slightly different so as to capture different types of vulnerable populations. The cash transfer program will strive to reach the poorest and most vulnerable households, while the public works program is designed to benefit people who find themselves temporarily poor at a particular point in time in a given year but are not necessarily in long-term chronic poverty. The poorest people are defined as the 26.1 percent of the population who fall below the chronic poverty line. The public works subprojects will be set up in response to demand from local communities following the occurrence of unexpected income shocks, and these may or may not be the same communities as those participating in the cash transfer program. Hence, some cash transfer beneficiary households may also be eligible for the additional income provided by the public works program during especially difficult times.

4. The benefits and impact of the two proposed safety net interventions are also complementary. The regular cash transfers complemented by accompanying activities (to encourage longer-term changes in household behavior) are aimed at helping households to stabilize their consumption in the medium term as well as encouraging them to acquire assets and to engage in income-earning activities. Meanwhile, the public works interventions will have an immediate positive impact on households' income, making them more resilient to sudden shocks.

5. One important aspect of the new safety net system will be its capacity to expand its coverage in response to shocks. The expansion can be achieved by: (i) increasing the level of transfer given to current beneficiaries; (ii) expanding the number of beneficiaries of the cash transfer program albeit only for specified period of time; and/or (iii) providing additional employment opportunities in public works activities.

6. The project will have three components:

Component 1: Laying the Foundations for a Coordinated Safety Net System and Supporting Project Management (US\$7.8 million – Total costs including contingencies)

7. ***Sub-component 1.1:*** This component will support the establishment and piloting of a coordinated national safety net system and the operation of the project's management unit (UGP). Because improving current systems and building new ones is a process that takes time and is accomplished by designing, testing, and implementing tools over a number of years, this component will be implemented throughout the whole project period. Also, because one of the key objectives of the system is to design, test, and implement targeted programs, it will be undertaken in parallel with Components 2 and 3, which put the systems into operation. The activities financed by this component will include the expansion and improvement of the basic administrative systems (the management information system, the targeting and payment systems, and the monitoring and evaluation system) starting with the development of the Government's cash transfer pilot. It will also finance the expansion and improvement of the administrative systems developed and used for Components 2 and 3 of the project. Finally it will finance capacity building. The technical assistance supported by this component will include the development of legal instruments, policies, manuals of procedures, ICT solutions, and training modules.

8. This component will also support the management of the project. It will ensure that the UGP is operational and that it successfully and efficiently implements the project in conformity with the Financing Agreement, project documents, and the PIM.

9. ***Management Information System (MIS).*** An MIS will be designed and implemented to ensure the transparent identification and registration of the poorest households (potential and actual beneficiaries) and their timely payment. It will also be used to monitor the project's implementation and the progress of safety net programs. Computers and dedicated ICT platforms will be procured or developed to ensure the full integration of the beneficiary targeting system with the targeting and payments systems. A basic MIS has already been developed for the Government's cash transfer pilot, and it will be further developed and expanded to integrate IT solutions that will streamline processes and reduce processing time.

10. ***Design and Implementation of an Efficient and Cost-effective Targeting System.*** At present, a cash transfer pilot project is being financed and implemented by the Government of Cameroon with assistance from the World Bank. A pilot targeting system, including the development of a proxy means test (PMT), has been designed and will be tested. This system will be reviewed, evaluated at each cycle of beneficiary selection, and, where necessary, improved to serve as the basis of the targeting system to be used for Component 2 (cash transfers) and possibly for Component 3 (public works).

11. ***Design and Implementation of an Efficient and Cost-effective Payment System.*** The proposed project will use a combination of banks, well-established microfinance institutions (*institutions de microfinance* or MFIs), and mobile phone companies to deliver payments to beneficiaries. The key element of the payment mechanism will be the design of the interface between the payment agency and the MIS system to ensure timely payments and effective

monitoring. The actual payment will be made using the best available solutions that make use of up-to-date ICT such as smart cards, POS or smartcard readers, and telephone communication devices for exchanging real-time information. ICT solutions and innovations will be tested and introduced during implementation. All prospective payment providers (microfinance and phone operators) will be invited to submit technical and financial proposals in response to the project's requests for proposals (RFPs), and on the basis of those proposals, one or more will be selected to deliver the payments.

12. ***Design of the Accompanying Measures for the Cash Transfer Program (Component 2).*** The accompanying measures will include activities such as outreach and information campaigns and training in financial and income-generating skills. A specific manual will be developed to outline the relevant procedures. It will be informed by the experience of the pilot and by the experiences of and technical assistance from technical and financial partners in Cameroon.

13. ***Design and Implementation of an Efficient and Confidential Grievance Management System.*** The many interactions between the project and its beneficiaries will necessarily lead to errors (including targeting errors), fraud, and even possible corruption and abuses of authority. Bearing this in mind, it is important to pay strict attention to operational rules but also to provide a mechanism through which complaints can be raised and addressed. Not only is the grievance mechanism a practical way to handle complaints but it is also a way in which the project can improve by learning from its mistakes. The project's grievance system will become operational from the targeting stage and will facilitate beneficiaries' communication with program managers on any problems related to program implementation. The grievance mechanism will provide a way to correct any exclusion and inclusion errors in targeting and identify late or missing payments and will also contribute to fiduciary oversight. All grievances will be tracked through the project's monitoring system as will the steps taken to resolve them.

14. The grievance mechanism will be based on the system currently being developed for the Government's small-scale pilot and will fall under the responsibility of the communal working groups (*Groupes de Travaux d'Arrondissement* or GTAs) and the village liaison groups (*Groupes de Contrôle Citoyen* or GCC) who will elect a trusted grievance manager to be responsible for handling complaints. Complaints will be confidential, and beneficiaries will be able to complain either to the grievance manager or directly to the project field operators or the service providers responsible for training activities. A text message and telephone hotline will also be available.

15. Complaints submitted to the GTAs and GCCs will be assessed at the community level. Those addressed directly to staff or through the hotline will be assessed at the regional level. Issues that can be addressed at the local level will be the responsibility of the GTAs, and at the regional level they will be the responsibility of the regional office. Serious complaints (such as those relating to malpractice or corruption) will be treated at the UGP level. All complaints will be examined and handled within a specified timeframe and will be transmitted to the UGP for tracking and monitoring. The grievance mechanism will be fully specified in the PIM and in a special grievance manual as well as in grievance guidelines available at the community level.

16. **Monitoring and Evaluation System.** Component 1 will support the implementation of the monitoring and evaluation (M&E) system and procedures for a national safety net system. A basic system of M&E has already been developed for the Government's cash transfer pilot and will be improved and used for Components 2 and 3. Regular monitoring at each stage of the project cycle will measure the project's efficiency, effectiveness, and progress. Regular monitoring will also help to identify any emerging issues and enable the project team to remedy them promptly for the future cycles of the project. Within the framework of the monitoring cycle, project stakeholders and civil society will be consulted in the mid-term review of the project's performance, intermediate results, and outcomes. The progress and impact of the project will be measured using the data collected for the mid-term review and at the end of the project.

17. **Design of Other Technical Manuals.** Technical manuals for the subprojects to be financed under Component 3 (public works) will also be developed as part of this component to ensure that a uniform approach is taken to the implementation of this kind of program in Cameroon.

18. **Updating the System.** The systems developed under Component 1 will continue to be improved over time as lessons from the pilot cash transfer programs are learned from the supervision visits, monitoring reports, and evaluations carried out during the life of the project, particularly the mid-term review.

19. **Sub-component 1.2: Management of the UGP and of the Project.** The UGP is responsible for the management of the newly created safety nets system. It will ensure that programs are operational and that the project is implemented successfully and is in conformity with the Financing Agreement, project documents, and the PIM.

20. **Items Financed by Component 1.** Sub-component 1.1 will finance the costs related to testing and setting up the broader systems for safety nets in Cameroon. Specifically, for the setting up of the safety net system, it will finance the testing, expansion, and improvement of: (i) the MIS; (ii) the targeting mechanisms; (iii) the payment mechanisms; (iv) the accompanying measures and training sessions; (v) the design of the grievance mechanisms; and (vi) the monitoring and evaluation system.

21. For the management of the project as a whole sub-component 1.2 will finance: (i) the salaries of staff and consultants (non-civil servants) in the regional offices and the consultants supporting the UGP; (ii) the equipment and daily operating costs of the project (including office space, utilities, supplies, bank charges, communications, the operation, maintenance, and insurance of vehicles, building and equipment maintenance costs, and travel and supervision costs; and (iii) the training of personnel.

Component 2: Pilot Cash Transfer Program and Accompanying Measures to Boost Household Productivity (US\$36.3 million – Total costs including contingencies)

22. The pilot cash transfer program will provide small regular transfers to chronically poor households and serve as the cornerstone of Cameroon's newly created social safety net system. These transfers, combined with accompanying measures aimed at increasing households' human

capital and productivity, will provide beneficiary households with the financial resources, the knowledge, and skills to improve the living standards of their families. Providing regular payments over an extended period of time is also expected to increase the quantity and improve the quality of household food consumption as well as of other essential expenditures. In addition, regular transfers may help households to retain and acquire productive household and agricultural assets.

23. **Program Coverage.** The program will reach an estimated 40,000 households in two cycles of 20,000 beneficiaries each. The program will be implemented in 10 rural departments of the five poorest regions in Cameroon (Adamaoua, the East, the North, the North-West, and Far-North), as well the two urban centers of Yaoundé and Douala. In each cycle, the program will cover 15,000 beneficiaries in the five program regions (about 4 percent of the chronically poor people in the targeted 10 departments over the life of the project) as well as 5,000 beneficiaries in urban areas. The five regions were selected on the basis of their high levels of chronic poverty. Within the targeted regions, the program will operate in the departments with the highest levels of chronic poverty.

24. **Benefit Level and Duration.** Based on the results of the feasibility analysis, the total amount of benefits provided is set at FCFA 360,000 per household over a period of 24 months (about US\$30 per month, which is equal to approximately 19 percent of the average monthly expenditure of households at the poverty line). Payments of FCFA 20,000 per household will be made every two months, and two larger payments of FCFA 80,000 each will be made at the 12-month and 24-month points, which will coincide with the provision of training on income-generation activities. The combination of smaller, regular payments with occasional larger payments will enable beneficiaries to stabilize their general household consumption over the period but will also provide them with the opportunity to invest in productive activities.

25. **Benefit Recipients.** The transfer will be delivered to women as representatives of their households where applicable. Experience in Africa and in other regions shows that delivering benefits to women increases the likelihood that all members of the household (and particularly the most vulnerable, such as children and the elderly) will benefit from the transfer.

26. **Implementation Approach.** The pilot cash transfer program will be implemented in two cycles of 20,000 beneficiaries each (see Annex Table 2.1 below for a tentative implementation schedule).

Annex Table 2.1: Number of Departments and Beneficiaries

	Month	No. of departments	No. of beneficiaries
Cycle 1 - Phase 1	April 2014	3 departments, 1 urban area	5,000
Cycle 1 - Phase 2	January 2015	7 departments, 1 urban area	15,000
Cycle 2	March 2016	10 departments, 2 urban areas	20,000
Total		10 departments, 2 urban areas	40,000

27. To create an opportunity to test procedures and build the capacity of the UGP over time, the first cycle will be implemented in two phases. In the first phase, about 5,000 households will be enrolled approximately nine months into the project in three departments in the North and Far-North regions and in the city of Yaoundé. This approach will allow sufficient time for: (i)

data collection and the identification and registration of the households; (ii) the baseline round of the impact evaluation in participating and non-participating communities; (iii) conducting an assessment of how systems are functioning. The remaining 15,000 households in the remaining departments are expected to be enrolled about 1.5 years into the project. The second cycle of enrollment of 20,000 households in all selected rural departments and the urban areas of Yaoundé and Douala will begin around 2.5 years into the project, and the provision of benefits will end six months before the project closes. A tentative phased implementation schedule is outlined in Annex Table 2.2. The basic concept is to implement the cash transfer in several phases and to gradually refine the design and implementation of the program by taking into account the lessons learned from the performance of the previous phases. This approach will make it possible to launch the pilot using simple procedures and to introduce more advanced procedures as they become available and are tested. For example, the registration and payment system will begin by using paper-based project identification cards that will be replaced as time goes on with electronic and smartcards.

Annex Table 2.2: Phased Implementation Schedule for Cash Transfers

Year	2012				2013				2014				2015				2016				2017				2018		
Quarters	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2
Small Gov. Pilot (2,000 beneficiaries)																											
Development of simple MIS																											
Targeting and Registration																											
Payment																											
Assessment of payment process																											
Evaluation of targeting effectiveness																											
Assessment of SSN system functioning																											
IDA Cycle 1 - Phase 1 (5,000 beneficiaries)																											
Development basic MIS																											
Targeting and Registration																											
Payment																											
Assessment of payment process																											
Evaluation of targeting effectiveness																											
IDA Cycle 1 - Phase 2 (15,000 beneficiaries)																											
Updating basic MIS																											
Targeting and Registration																											
Payment																											
Assessment of payment process																											
Evaluation of targeting effectiveness																											
Mid-term assessment and impact evaluation																											
Assessment of SSN system functioning																											
Mid term review																											
Impact evaluation Cycle 1																											
IDA Cycle 2 - (20,000 beneficiaries)																											
Upgrading MIS																											
Targeting and Registration																											
Payment - Using Improved ICT																											
Assessment of payment process																											
Assessment of SSN system functioning																											

28. **Sub-components.** In order to ensure that households get the maximum benefit from the cash transfer pilot program, complementary measures will be designed and implemented. Activities under Component 2 are therefore divided into two sub-components:

2.1 Cash transfers. This sub-component covers: (i) transfer payments to households; (ii) data collection and targeting costs; (iii) the costs of registering beneficiaries and issuing them with identification cards; and (iv) the administrative costs of the payment agencies. The expected cost of providing the cash transfer to 40,000 households for 24 months (two cycles of 20,000 households each) is US\$30.6 million (including contingencies) or 84

percent of Component 2. Data collection, the targeting and registration of beneficiaries, and the administrative costs of the payment agencies account for a further 4 percent.

2.2 Accompanying measures. Accompanying measures and soft conditions will supplement the transfer of benefits and are expected to contribute to the achievement of the PDO by: (i) promoting human capital investments by households (particularly in their children's health and education) and (ii) facilitating and encouraging productive activities. The accompanying measures will also encourage household savings and productive activities, thus increasing their resilience to shocks and increasing the sustainability of the project's positive impact. These aspects of the project are also aimed at helping the beneficiary households once they leave the program. To achieve the dual objectives of the accompanying measures, several activities will be carried out: (i) an information session will be conducted at the time of registration on the program's objectives and on what will be expected of beneficiaries in return for the transfer; (ii) at the same time, beneficiary households will also be required to agree to a moral contract (a soft conditionality) committing them to taking a number of positive actions (centered on their children's schooling, health, and nutrition); (iii) ongoing community-level information campaigns will promote the adoption of good health and nutrition practices; and (iv) training activities will focus on financial literacy, savings strategies, and teaching business skills relevant to income-generating activities. Attendance will be mandatory for beneficiary households, but absence will not incur a penalty or a suspension of benefits. The cost of the accompanying measures is expected to be around US\$4.2 million or 12 percent of the Component 2 budget. Also, beneficiary households will be put in touch with microfinance institutions to enable them to sustain their productive activities after they stop receiving transfers.

29. **Targeting.** As recommended by the feasibility study and on the basis of the lessons learned from the ongoing cash transfer pilot, the project will use a combination of targeting mechanisms. Geographic targeting will be used to select the regions, departments, and communes. Villages within the chosen communes will be selected using community-based targeting. Community-based targeting in combination with proxy means testing (PMT) will be used to select beneficiaries at the village level. The list of beneficiary regions, departments, and communes will be approved by the Steering Committee (*Comité de Pilotage*).

30. **Selection of Regions.** The program will operate in the five regions identified on the national poverty map as those with the highest rate of chronic poverty (Adamaoua, East, North-West, Far-North, and North) as well as the poorest urban areas of Yaoundé and Douala (Annex Table 2.3). The selection of these regions reflects the distribution of poverty in Cameroon on the national poverty map and also ensures that both urban and rural areas benefit from the program. Other chronically poor households in less vulnerable regions will be eligible to participate when the program will be expanded to cover the whole country.

31. **Selection of Departments.** Within the selected regions and urban areas, the departments identified as the most vulnerable are prioritized, again following the national poverty map. Therefore, the program will cover the 10 rural departments in the five selected regions that have the highest rate of chronic poverty (above 50 percent in four regions and above 45 percent in the North-West). On average, there will be approximately 1,500 beneficiaries in each of the selected

departments. However, as departments vary in terms of their population and of the numbers of chronically poor within their boundaries, this will result in a varying number of beneficiaries per department.

32. **Selection of Communes and Villages.** One or two communes will be selected in each department based on the poverty map. As the national poverty map reaches only down to the commune level, the beneficiary villages within each commune will be selected by a committee at commune level. This committee, consisting of UGP staff, regional representatives of the relevant Government entities, and communal representatives, will choose the beneficiary villages based on poverty and structural vulnerability criteria, security conditions, and absence of social programs in their area. The final list of villages then will be forwarded to the Steering Committee (*Comité de Pilotage*) for approval. The full selection methodology and criteria will be set out in the implementation manual.

Annex Table 2.3: Poverty Indicators by Region and Beneficiary Allocation

Region	Department	Population	Poverty headcount (%)	Chronic poverty headcount (%)	Number of chronic poor	Population in region	Number of chronic poor in region	Number of benef. hh. in region
Adamaoua	Djerem	81,556	39.6	28.1	22,917	926,383	358,543	1,500
	Faro et Deo	111,616	47.7	32.4	36,164			
	Mayo Banyo	217,367	68.9	60.0	130,420			
	Mbere	153,111	48.8	37.2	56,957			
	Vina	362,733	49.8	30.9	112,084			
East	Boumba et Ngoko	106,514	32.7	16.1	17,149	832,850	310,971	1,000
	Haut Nyong	194,889	41.7	29.1	56,713			
	Kadey	189,429	71.3	56.2	106,459			
	Lom et Djerem	342,018	49.3	38.2	130,651			
Far North	Diamare	695,304	62.6	50.0	347,652	3,237,986	1,739,629	7,000
	Logone et Chari	586,268	24.7	22.8	133,669			
	Mayo Danay	602,475	81.6	61.2	368,715			
	Mayo Kani	282,913	75.8	60.2	170,314			
	Mayo Sava	417,406	76.2	64.9	270,896			
	Mayo Tsanaga	653,620	81.0	68.6	448,383			
North	Benoue	949,453	55.3	45.7	433,900	1,759,972	911,928	4,000
	Faro	71,208	83.3	66.7	47,496			
	Mayo Louti	342,796	71.7	53.3	182,710			
	Mayo Rey	396,515	73.1	62.5	247,822			
North West	Boyo	136,157	75.9	47.5	64,675	1,814,017	476,757	1,500
	Bui	441,727	61.7	26.5	117,058			
	Donga Mantung	146,284	63.5	38.7	56,612			
	Menchum	304,285	66.2	35.9	109,238			
	Mezam	449,826	25.2	10.2	45,882			
	Momo	166,314	55.4	29.3	48,730			
	Ngo Ketunjia	169,424	31.5	20.4	34,562			
Total Rural		8,571,208			3,797,829	8,571,208	3,797,829	15,000
Total Urban	Yaoundé & Douala							5,000
Grand Total								20,000

33. **Identification of Beneficiary Households.** Beneficiary households will be identified by a combination of community selection and proxy means testing (PMT), and the process will incorporate lessons learned during the implementation of the pilot. Combining community and statistical methods in the targeting process will both increase the accuracy and enhance the legitimacy of the process. Targeting committees consisting of recognized representatives of their communities will be established at the village level and tasked with shortlisting households in need of income support based on a number of clear criteria. By doing so, they will also identify those households in each village who are not considered poor and who are thus ineligible for the program.

34. On the basis of the community shortlist, the project will apply a PMT to all eligible households by a survey organization under the supervision of the UGP. A customized survey will rank households following a formula that will serve as a proxy for their relative poverty level. This method approximates each household's wealth using variables correlated with the level of the household's expenditures.

35. The shortlist produced by the village-level targeting committees should minimize any inclusion errors and increase the community's involvement in and ownership of the cash transfers program. It will also enhance the transparency of the beneficiary selection process. However, there are also some risks involved in this targeting system, including the risk of exclusion errors and the risk that households who were shortlisted but not selected from the program will be resentful. To mitigate the risk of discontent, the community shortlist will be a simple, unranked list, leaving the ranking to take place at the PMT stage. The objective of the PMT and the variables used will be carefully discussed by project staff at the commune and community levels. A comprehensive effort will be made to clearly explain and widely disseminate the project's selection criteria.

36. The Government's pilot is currently testing the PMT methodology that will be used in this component. The proposed PMT method relies on the analysis of the national ECAM3 database (2007 data) that defines key variables (area of residence, household demographic characteristics, housing conditions, and household assets) to estimate a correlation with an observed level of consumption using an econometric model. The computation of the PMT score is based on weights derived from the econometric models. Thus, the formula for the calculation of the household PMT score is:

$$(Score\ PMT)_m = Constant + \sum[(value\ of\ variable)_k \cdot m^*(weigh)_k]$$

where k represent the variables in the model. The weights represent the coefficients of the selected variables obtained from the econometric model. Households will be ranked from the poorest to the better off using the resulting PMT score. The PMT cut-off will be set by the UGP at the commune level to yield the desired number of beneficiaries and will minimize inclusion errors associated with the different levels of poverty within regions. The targeting procedures will be revised during the life of the project to take into account the performance of the targeting system.

37. **Questionnaire.** The PMT questionnaire will gather the following data on households: (i) general information; (ii) a list of household members; (iii) the characteristics of the head of

household and other household members; (iv) housing conditions; and (v) ownership of assets. The questionnaire may be administered only to the list of possible beneficiaries submitted by the community. It will be possible to gauge the extent of the exclusion errors in the community listing because the questionnaire has been administered to all households in the selected villages in the Government's pilot. These household surveys will be conducted by an independent organization that will be recruited for this purpose. The interviewers will be trained to minimize interview bias and to ensure that the questionnaires are completed accurately. A supervisor will crosscheck the questionnaires to identify any irregularities. Verification of the completeness of the forms will take place both in the field and during data entry by the supervisors of the data collection team and the project staff. The project will be using personal digital assistants or PDAs (small computer devices) or tablets to collect and enter data in the field. Initial procedures and methods will be kept as simple as possible, and will be improved and refined over the course of the project.

38. **Household Definition.** For the purpose of this project, a husband, his wife/wives, and their children as defined in the existing family booklet issued by the local authorities will constitute a household. The definition of a household used by the *Institut National de la Statistique du Cameroun* (INS) – those who share resources and meals together – will also apply.

39. **Grievance.** The grievance system (detailed above on p. 42) will be operational from the targeting stage and will enable beneficiaries to communicate with program managers about any problems related to tied to the implementation of the component. The grievance mechanism will be a way to correct exclusion and inclusion errors in targeting, identify late or missing payments, and raise any issues regarding soft conditions and training activities.

40. **Registration Process.** The registration process will take place after the proposed beneficiaries have all been selected. The objective of registration will be to: (i) identify the specific individuals who will collect the payments; (ii) provide them with picture identification cards; and (iii) provide them with information on the soft conditions that they will be expected to meet in return for receiving the transfers. Registration will take place in the presence of the village and commune representatives and the field operators. The names of people to be registered will be read out during a community meeting and posted in the commune office and in community spaces if available.

41. **Payment Recipients.** The beneficiary will usually be the oldest woman in the household, who is usually the wife of the household head. In the case of polygamous households, the benefits will be given to the first spouse. Around 20 percent of households in the selected regions are estimated to be polygamous (ECAM3). Polygamous households in Cameroon consist on average of only two wives per husband, and the women tend to share responsibilities, resources, and meals.

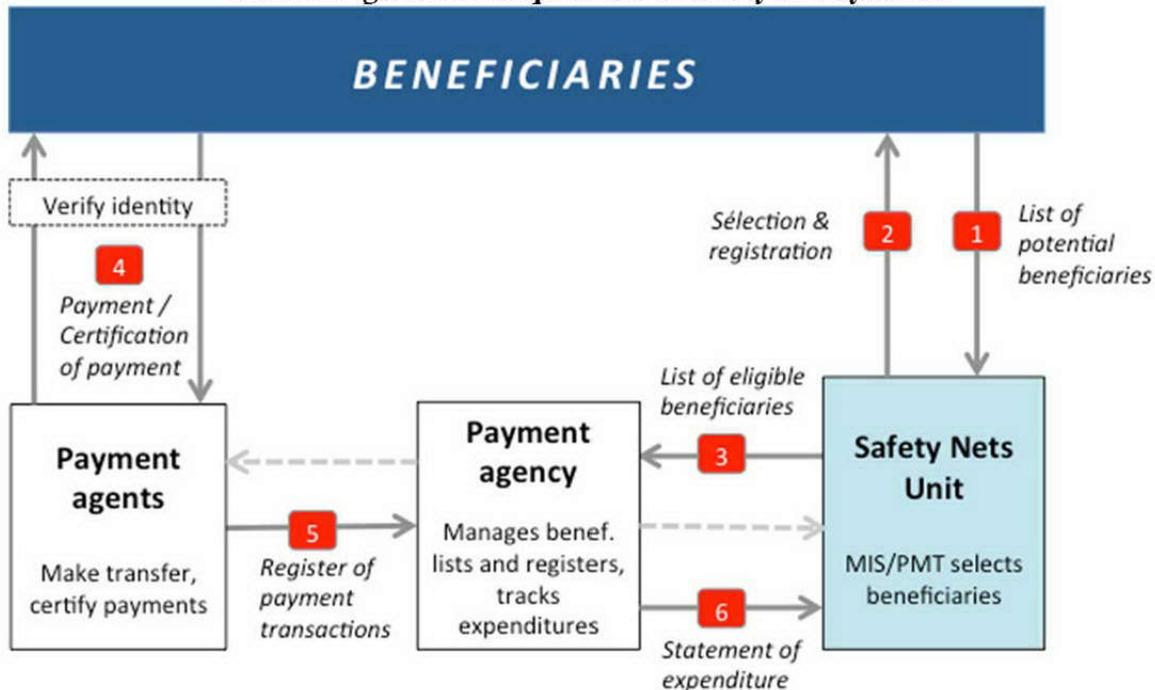
42. **Beneficiary Personal Identification Cards.** Personal identification cards are necessary for beneficiaries to verify their identities and thus receive their transfer payments but they also help to ensure transparency and protect the program against fraud. The goal of the project is to issue the designated beneficiary for each household with an electronic beneficiary identification card on which will be stored the beneficiary's essential information (and biometric information such as fingerprinting if necessary). The identified beneficiary will be required to produce that

card when she collects the cash on behalf of her household. The beneficiary identification cards will be produced by the project and will include the picture of the woman who will receive the transfer, her personal data, and an identification number. Information will be collected and photos will be taken during the registration process. The UGP will ensure the confidentiality of the information gathered through this process. The project is likely to use paper identification cards at the beginning of the project and gradually move to using magnetic and smartcards as capacity increases and processes are developed.

43. **Data Collection, Storage, and Management.** The registration process will be conducted by an independent firm under the supervision of project staff. During the registration process, beneficiaries' information will be recorded on electronic devices (such as tablets or laptops with card readers). This information will then be transmitted to the UGP's central database for the project. This database will contain all of the information related to the registration of beneficiaries and their updates as well as their payment information.

44. **Payment Systems.** A payment system will be established in accordance with international best practice adapted to local capacity. The payments will be made in partnership with the financial institutions responsible for delivering the payments to beneficiaries. The system will be computerized and integrated with the MIS described above. The objective is to deliver the actual payments using a combination of ICT technologies including smartcards and mobile phones depending on their availability and feasibility. Annex Figure 2.1 below shows the steps involved in the payment process and the flow of information and funds.

Annex Figure 2.1: Steps in the Delivery of Payments



Step 1. List of potential beneficiaries: Information on potential beneficiary households in the selected villages is collected and entered in the registry or MIS, and beneficiaries are

selected for the program according to the PMT formula and other criteria specified in the PIM.

Step 2. List of beneficiaries to be registered: Once the list of beneficiaries has been determined, it is used in the field to guide program staff in registering all of the selected beneficiaries and providing them with program identification cards.

Step 3. List of beneficiaries eligible for payment: The UGP provides instructions to the agency or agencies responsible for making the payments to beneficiaries. The central office of the payment agency is responsible for sending a hard or electronic copy of the payment list to its local payment agents.

Step 4. Payment and certification of payment: After verifying the beneficiary's proof of registration (by examining her program identification card or smartcard) and after validating her name on the beneficiary list, the payment agent distributes the money and records the transaction, either by hand or electronically using an ICT interface still to be developed.

Step 5. Registration of payment transactions: The agents send the information on these transactions to the payment agency, which in turn sends it on to the UGP. At the UGP, the information is recorded in the central database so that the payments made to the beneficiaries can be reconciled with the list of beneficiaries to be paid.

Step 6. Transmission of the statement of expenditure: At the end of each payment cycle, the payment agency will send to the UGP the status of all disbursements made in each village, specifying any payments that were not made.

45. **The Flow of Funds.** At the time of the first payment, the UGP will authorize the transfer of the monetary equivalent of two bi-monthly cash payments from the designated account to the bank account of the payment agency or agencies. For the subsequent payments, the UGP will authorize the transfer of funds necessary for one payment cycle (two months) after verifying the agency's statement of expenses regarding the previous payment cycle. It is the responsibility of the payment agency to transfer these funds to their agents in the field.

46. **Payment Agencies.** The project will use a small number of payment agencies to provide payments to beneficiaries. These agencies will be selected in each region based on the number and capacity of agencies in the region as well as the needs of the project in that region. A number of institutions will be considered, including, among others, private and public banks, microfinance institutions, and mobile telephone companies. Before contracts are signed, the UGP will further assess all agencies based on the proposals that they have submitted and their regional coverage. The UGP will select the payment agencies to be involved in this project in accordance with Bank procedures. The selected agencies will sign a contract with the UGP that defines the objectives of the collaboration and their roles and responsibilities. The selected agencies will ensure the delivery of the transfers to the beneficiaries and assume any risk associated with transporting and handling the cash. The staff of the payment agencies will be given training by the UGP on the project implementation manual and on the project's fiduciary requirements and will be required to use the payment procedures specified in the PIM.

- *Banks.* There are several banks in Cameroon that are capable of coordinating and delivering payments to the beneficiaries. One of the benefits of using banks is that they can also provide beneficiaries with access to financial services. Unfortunately, banks in Cameroon do not tend to have branches in rural areas. However, they might be able to work in combination with other agents such as wireless phone companies or mobile banks to deliver the payments – see the example of Brazil and of Equity Bank in Kenya.¹⁸
- *Microfinance Institutions (Institutions de Microfinance or MFIs).* Many microfinance institutions exist in the targeted regions. Their financial and management capacity has recently been reviewed by a World Bank-financed project (the *Programme National de Développement Participatif* or PNDP), the findings of which will guide the Social Safety Net Project.
- *Mobile Phone Companies.* Mobile phone companies can also be used to deliver payments to beneficiaries, either alone or in combination with banks. The benefits of using this method include the automation of the payment process, high cost-effectiveness, easy access, and the rapid and accurate tracking of the flow of funds. However, depending on the extent of the mobile phone company's network, there may be some geographic limitations to the coverage and availability of points of sale, at least during the first phase of the project. If mobile phones are used, beneficiaries may be required to own a handset or may only need to have access to a payment agent who has a phone. In this situation, the agent would send the information provided by the beneficiary, her identification card details, and the payment request by SMS (short message service or text message) via his or her mobile phone to the main database registry at the UGP office or to the bank. Upon receiving a confirmation of the beneficiary's identity, the agent would then pay the beneficiary and keep a record of the transaction.

47. ***Accompanying Measures/Soft Conditions.*** The objective of the accompanying measures is two-fold: (i) to promote human capital investment and (ii) to increase household productivity by facilitating and encouraging income-generating activities and small-scale savings. Moreover, the accompanying measures aim to alleviate any concerns about creating dependency among beneficiaries, which is politically important in Cameroon, by giving beneficiaries the tools to increase their standard of living once they exit the program.

48. ***Promoting Human Capital Investment.*** While cash transfers may increase household consumption, especially food consumption, the long-term positive changes in behavior required to increase households' human capital and improve their well-being can be boosted by providing beneficiaries with accompanying measures such as information campaigns and training that will encourage them to invest in their human capital.

49. ***Facilitating and Encouraging Productive Activities.*** Training in financial literacy, savings strategies, and business skills relevant to income-generating activities will be organized for beneficiaries throughout the life of the cash transfer program. It is expected that, after receiving 24 months of cash transfers and training support, the beneficiary households will have: (i) increased their financial knowledge and their ability to manage their resources and funds; (ii)

¹⁸ del Ninno et al (forthcoming)

acquired more productive assets such as small farm equipment; and (iii) possibly have engaged in income-earning activities.

50. ***Soft versus Hard Conditions.*** The program does not impose any hard conditions on its beneficiaries because of the limited availability of health, education, and social assistance services in many rural areas of Cameroon. Instead, beneficiary households will be required to participate in community activities aimed at encouraging positive behavioral changes both at the household and the community level and in individual training activities. While attendance is mandatory for beneficiary households, their absence will not lead to any penalty or suspension of benefits.

51. ***Specific Activities and Timing.*** To achieve the dual objective of the accompanying activities and contribute to the achievement of the PDO, several activities will be undertaken starting at the time of household registration and lasting throughout the 24-month payment period.

- a) ***Information campaigns at registration.*** At registration, small groups of beneficiaries who are being registered will be given information on the project's objectives and on what is expected from them. In the context of Cameroon, it has been observed that part of the focus of these information sessions should be to encourage households to register the births of their children and to make full use of the available network of social services. Beneficiaries will also discuss in these small groups the meaning and objectives of the moral contract and how they are expected to carry out the co-responsibilities associated with participating in the program.
- b) ***Moral contracts.*** Also at the time of registration, beneficiary households will be required to agree to a moral contract (a soft conditionality) in which they will agree to take a number of positive actions. The beneficiary households will commit to ensuring that their children receive proper schooling and health care and to use the regular cash transfers provided through the program to provide proper nutrition to the children in the household, especially those under 2 years of age. The moral contract that is established between the beneficiary and the program (the Government) will take the form of a piece of paper stating what is expected of the beneficiaries in simple language including pictures and images. It will also state the program's objectives and the Government's commitment to pay the household transfers for 24 months. Each household will sign two copies of the contract, keeping one and returning one to be kept in the project's files.
- c) ***Community-level information campaigns.*** During the 24 months of the payment period, the program will provide beneficiaries with information campaigns and activities that will use both new and old media. These activities will promote the adoption of the best health and nutrition practices and the reduction of any risky kinds of behavior that have been observed in the communities. These activities will be designed to take into account any lessons learned from the pilots and from the in-depth analysis to be carried out as part of Component 1 of the proposed project.
- d) ***Beneficiary training activities.*** During the 24 months of the transfer cycle, the program will also provide beneficiaries with training in a range of skills including financial

literacy and income-generating activities. This training will be provided by NGOs, microfinance institutions, or other entities. The payment structure will also be set up so that two of the 12 periodic payments are larger than the other 10 (FCFA 80,000 per household) to encourage the recipient household to save part of these additional funds or to invest them in income-generating activities. The training activities will take place before the disbursement of the two larger payments in order to maximize their positive impact on long-term household well-being.

52. ***Communication, Accountability, and Grievance Management.*** In accordance with information and communication procedures developed by the project, field operators in collaboration with local authorities will hold regular meetings to inform communities about the project's objectives, activities, and progress. Community information and awareness campaigns will be conducted throughout the life of the project. This will be an important step in ensuring that communities understand the project and are able to investigate and take appropriate actions to address complaints. The complaints and grievance system will reduce the risk of errors, fraud, and corruption and will enhance the transparency of the project and its accountability to beneficiaries and stakeholders (see Annex 8).

53. ***Items Financed by this Component.*** This component will finance the cash transfers provided to beneficiary households, the costs associated with carrying out the accompanying measures, and the administrative costs of implementing the cash transfer program and the accompanying measures. In sum the costs will cover: (i) the cash transfers to beneficiary households; (ii) the identification of the beneficiaries; (iii) the costs of registering the beneficiaries, including the costs of collecting additional information, conducting the registrations, and the cost of the identification cards; (iv) the costs of delivering the payments; and (v) the costs of providing the accompanying measures to be carried out by microfinance institutions and NGOs.¹⁹ By the time the system is established, the total cost of implementing the cash transfer component, excluding the accompanying measures, is expected to be less than 10 percent of the value of the transfer.

Component 3: Public Works Program Pilot (US\$5.9 million – Total costs including contingencies)

54. This component will develop and pilot a labor-intensive public works program aimed at reducing temporary poverty caused by exogenous shocks. The public works pilot will provide short-term employment to 10,000 households annually during the last three years of the project. The households to be targeted will be those with the highest risk of falling into temporary poverty living in communities affected by shocks. The activities will be located in departments, communes, and villages selected from among those experiencing temporary poverty as a result of unpredictable events such as droughts, flooding, or rising prices in international markets. The additional income provided in return for the labor of a household member will enable those households to smooth their consumption and protect their assets. An additional benefit of these public works activities will be the creation and/or maintenance of useful public goods or services.

¹⁹ The costs associated with training NGOs and microfinance institutes to carry out the information and training activities will be financed under Component 1.

55. The public works program will be coordinated with the cash transfer program so as to reinforce its impact on households. The link between the public works and cash transfer programs at the geographical and implementation level will be further developed, but a certain amount of overlap between the two programs at the village level is expected. Public works subprojects will operate in the same five rural regions as the cash transfer program. As the objective of the public works component is to help households to cope with shocks, any village located within the selected area will be eligible for the public works program, even if it is not located within the same department where the cash transfer program is operating (provided that the regional office has sufficient capacity). Therefore some public works sites will be located in or near villages where the cash transfer program is already operating and will be open to both beneficiaries and non-beneficiaries of the cash transfer program. As a result, given that there is likely to be some village-level overlap between the programs, the public works program will reinforce the cash transfer program by providing the most vulnerable households with supplemental income during a period of shock.

56. The development and piloting of the public works component will be phased in after the cash transfer program is in place in order to facilitate coordination between the two programs. The exact scope of the public works pilot will be set out in the project implementation manual (PIM).

57. The component will create an average of 600,000 working days per year for a total of 1,800,000 working days over three years. It is projected that this will provide additional income to 10,000 households per year (30,000 by the end of the project) and that each participant will work for approximately 60 days.

58. Based on economic analyses of income and consumption levels in Cameroon, the wage per day will be set at FCFA 1,000, which is just below the market rate for unskilled labor in rural areas. It is expected that this low wage level will discourage the displacement of people from other productive activities and will result in “self-targeting,” though other selection measures may be necessary to target participants if the demand for labor exceeds supply (see below).

59. Activities eligible under the public works component will include soil conservation for the protection of the environment, small irrigation systems, the rehabilitation of infrastructure such as small roads and sanitation projects, and other activities that meet needs as identified by local communities. Lists of potential subprojects have already been drawn up at the commune level as part of the participatory Communal Development Plans prepared by the PNDP. Eligible activities will be detailed in the implementation manual for the public works program. The activities should meet the following basic criteria: (i) they should provide a public good or service and benefit the broader community and (iii) they should not adversely affect the environment or have negative social consequences as defined in the Environment and Social Management Plan (ESMF) and the Resettlement Policy Framework (RPF).

60. To a large extent, the sequencing of the public works activities will follow the work rhythms that prevail in rural areas. The subprojects are expected to be implemented during the slow agricultural production period between January and April, although some activities may take place in other periods to reflect specific ecological cycles and/or the occurrence of sudden shocks.

61. NGOs will be responsible for implementing and supervising the public works subprojects. Their responsibilities will include: (i) preparing and submitting technical proposals; (ii) carrying out information and communication campaigns on the public works activities in the targeted communes in collaboration with the regional offices; (iii) selecting and enrolling beneficiaries and selecting site supervisors and team leaders; (iv) planning the works to be carried out, organizing teams, and assigning tasks; (v) training workers and ensuring security and safety measures; (vi) managing and supervising work sites and teams and supervising the technical quality of the works; (vii) preparing lists of people to be paid, attendance records, number of days, and amounts to be paid; (viii) helping the payment agencies to deliver payments to beneficiaries; and (ix) preparing weekly reports for the regional office.

62. Annex Table 2.4 summarizes the steps that will be followed to target communes and villages, to select NGOs, and to start the implementation of the public works activities.

**Annex Table 2.4: Proposed Annual Implementation Schedule
of the Public Works Component**

	Step	Period	Responsible
1	EOI and establishment of the list of pre-qualified NGOs	July	UGP
2	Targeting of communes	October	Based on information at the department level, the UGP prepares the list which is validated by the Steering Committee.
3	Selection of NGOs (one or more) per department	October	Regional office / UGP with commune
4	Contracts with NGOs	October / November	UGP
5	Design of public works subprojects	October / November	NGOs, validated by communes and technical departments
6	Appraisal and approval of public works subprojects	November / December	UGP (with approval of relevant sectoral ministries/decentralized technical services). Approval by UGP with information to the Steering Committee.
7	Start of the public works subprojects	January	NGOs

63. **Expression of Interest (EOI) and Prequalification of NGOs.** NGOs will be invited to express their interest in implementing public works subprojects in June/July of each year. The UGP will then compile a list of prequalified NGOs. The prequalified NGOs will have to meet minimum criteria, including proof of having previous experience of managing public works subprojects and proof of their official registration as a non-governmental organization. The NGOs will also be asked to provide the names of the departments and communes where they have previous experience, which will help the UGP in assigning locations.

64. **Selection and Contracting of NGOs.** Once the list of villages has been established, prequalified NGOs will be allocated a number of villages and will be responsible for designing and setting up subprojects for a given number of working days. The number of villages covered and the number of working days generated will depend on the capacity of the respective NGOs to implement the activities as evaluated by the regional office. Depending on the number of subprojects to be implemented and the number of communes to be covered, this component will

finance a manageable number of contracts with NGOs who will then be responsible for hiring beneficiaries to work on their public works subprojects for a period of about three to four months during the slack agricultural season. The contracts to be signed between the UGP and the implementing NGO will describe the NGO's responsibilities and area of intervention.

65. **Targeting and Registration.** The mechanisms for targeting the poorest communes and villages and for selecting and registering beneficiaries will be set out in the PIM.

66. **Targeting of Communes.** The component will be implemented in the five rural regions of the project. All of the departments in these five regions will be eligible. A list of communes within the departments that have been affected by shocks will be identified each year by using a poverty map. Urban communes will initially be excluded from participating in Component 3 because they have lower rates of poverty and food insecurity than the rural areas (although this will be revisited during the mid-term review). This preliminary list of communes will be validated by the Steering Committee.

67. **Targeting of Villages.** In the selected communes, a list of priority villages to benefit from the public works program will be identified in discussions between the commune, the UGP, and the regional offices. Other relevant institutions may be included in the process, which will be defined further in the PIM. This list of villages will be submitted for information to the Steering Committee. The public works program is open both to villages that are and are not participating in the cash transfer program within the selected departments and communes.

68. **Selection of Beneficiaries.** As above mentioned, the daily wage will be set at FCFA 1,000 per day. It is expected that in many cases the low daily wage will not be sufficient to limit the number of participants, especially considering that no work at all is available for most of the rural population during the period when the public works activities will be implemented (January to April). Beneficiaries will be enrolled on a first-come first-served basis. However, when demand for employment is substantially higher than the number of available jobs, then it may be necessary to apply additional criteria in order to include the maximum number of vulnerable households. These measures may include: (i) limiting enrollment to one person per household; (ii) ensuring the inclusion of remote or isolated settlements, and (iii) using the same PMT as is being used in the cash transfer program. The design of the public works activities combined with the selection process will ensure that people who cannot take part in heavy labor, such as the elderly, pregnant women, and the disabled, can still participate in the program. A few exclusion criteria will also apply. For example, participants should be at least 18 years old, and they should not be employed by a public entity. Hence, if a public works subproject is operating in or near a village that is participating in the cash transfer program, it is likely that a number of cash transfer beneficiaries will receive additional financial support from taking part in the public works during especially difficult times. In this sense, the expected benefits of the two programs will reinforce each other.

69. **Gender-based Targeting.** Women will be given preference during the recruitment period in order to achieve the program's target of employing 50 percent female beneficiaries at every public works site. However, given the constant and heavy daily workload of women even during periods when agricultural work is not available and men are idle, it may not be desirable to mandate the inclusion of women in public works. This issue will therefore require further

discussion between the Bank team, the Government and civil society counterparts in each region. Specific measures will be devised to facilitate the participation of women. For example, women will be able to work in teams with one woman tasked with looking after their small children while the others carry out the work. The woman looking after the children will be paid the same rate as the other unskilled workers on the project.

70. ***Enrollment, Registration, and Training of Participants.*** The NGO responsible for the implementation of the small local projects will enroll beneficiaries, register their information, and issue them with identification cards. The enrollment process will be the same as for Component 2. All workers will receive a brief training session after they have been enrolled but before they start to work. In this training session, they will be given key information about the public works program and about the conditions under which they will be expected to work, including their rights and obligations. A simple contract (a sample format of which will be included in the PIM) will outline these rights and obligations and will be signed by both the participant and the implementing agency.

71. ***Design of Public Works Activities.*** The NGOs selected to implement public works subprojects will prepare a technical proposal including a list of potential activities and working sites to be implemented in the selected villages following the criteria described above. NGOs, under the supervision of project staff, should discuss with community members in advance any activities that will be undertaken in the villages of the commune and should take into account the *Plan Communal de Développement* (PCD) that has been approved by each commune. In other respects, the technical design of the activities should follow the guidelines set out by the UGP in the PIM.

72. ***Appraisal and Approval of Public Works Activities.*** The NGOs will then submit their technical proposals for public works activities to the regional offices. In collaboration with the decentralized technical services of the relevant ministries, the regional offices will appraise the proposed activities according to: (i) technical criteria related to the sector in question; (ii) the number of workers, including number of women, needed and number of working days created; (iii) the specifications of materials and equipment (which should account for at most 20 percent of total wage and non-wage costs); (iv) the extent to which the processes set out in the implementation manual are being followed, in particular the requirement to consult with the commune and their consistency with the communal development plans; (v) compliance with the environmental and social criteria as defined in the ESMF and the RPF; and (vi) the conformity of the proposed subproject with national policies, laws, and regulations. The regional office will give the final approval to the proposed activities once all the criteria have been satisfactorily met.

73. ***Procurement of Material and Equipment.*** The procurement specialist in the UGP will be responsible for any small-scale procurement for the public works activities.

74. ***Managing and Supervising the Works.*** For each subproject, the implementing NGOs will designate a site team leader who will be responsible for 10 to 15 people. The site team leaders will be paid a higher wage than the regular workers. The site team leader will be responsible for the work of his or her team on a daily basis, including attendance, daily distribution of tools, and verifying the completion of tasks. The NGOs will oversee the implementation of the public works activities by visiting each site and team at least twice a

week. Daily tasks will be assigned by the site's team leader. However, depending on the type of work being carried and on the agreements reached at the beginning of each program, some flexibility may be possible regarding the time at which these tasks are carried out, particularly to minimize any interference with women's responsibilities such as childcare and other household duties. Throughout the implementation of the program, the implementing NGOs will submit bi-monthly monitoring reports to the UGP.

75. ***Information and Communication.*** The implementing NGOs will be required to carry out information and communication campaigns about the public works program in the department involving both media adverts and direct meetings with community members. These campaigns will explain the details of the public works activities, specifically the 60-day time limit and an FCFA 1,000 per day wage rate. They will also include information about the program's eligibility requirements, measures to encourage the selection of women, and the importance of community involvement in the intervention. In the departments where the cash transfer program (Component 2) is also implemented, special efforts will be made to explain the difference between the two programs and to ensure that people understand that participating in both programs is allowed. Throughout the life of the public works program, other relevant information will continue to be disseminated to ensure the transparency and social accountability of the program and to ensure that people know their rights and obligations. This will include information on grievance mechanisms.

76. ***Payment of Participants.*** Workers will be paid twice a month by designated operators such as banks, MFIs, or mobile phone companies. All participants will receive a program identification card at the enrollment stage. Participants will need to show their identification card to collect their payments. Twice a month the implementing NGOs will send attendance records to the regional office and to the designated payment agent along with the estimated amounts due to be paid. The payment agent will then travel to work sites to pay the workers in the presence of a representative of the implementing NGO and of the UGP.

77. ***Items Financed by this Component.*** The component will finance the payments to beneficiary households, the administrative costs of implementing the public works program, the costs of the inputs, and the costs of the communication and training activities. In sum these costs will include: (i) the identification of the villages and beneficiaries; (ii) the registration process, including the costs of collecting additional information, conducting the registrations, and producing the cards; (iii) the costs of delivering the payments; and (iv) the cost of materials and tools for implementing the subprojects. The costs of the training activities to be carried out by NGOs or MFIs will be included if these activities take place in the same villages where the cash transfer component is being implemented. By the time the system is established, the total cost of implementing the public works component, including both materials and implementation overheads, is expected to be less than 30 percent of the total value of the Component 3.

Annex 3: Implementation Arrangements

CAMEROON: Social Safety Net Project

Project Overview and Implementation Arrangements

1. The proposed project aims to contribute to the second strategic theme in the Bank's FY2010-13 Country Assistance Strategy (CAS) for Cameroon, which is "improving service delivery." It consists of three components:

Component 1: Laying the Foundations of a Safety Net System and Supporting Project Management (US\$7.8 million)

Component 2: Pilot Cash Transfer Program with Accompanying Measures to Boost Household Productivity (US\$36.3 million)

Component 3: Public Works Program Pilot (US\$5.9 million).

2. The project implementation arrangements take into account the need to ensure effective coordination and oversight at all levels and to institute fiduciary mechanisms and controls to facilitate seamless project implementation. The daily management and coordination of the Social Safety Net Project will be done by the technical Safety Net Unit (UGP) created within MINEPAT. A cross-ministry Steering Committee (*Comité de Pilotage*), which already exists, will be in charge of overseeing the project.

3. Institutional and staffing arrangements for the project will be as follows:

At the central level:

- The *Social Protection Steering Committee (Comité de Pilotage* or CP) includes representatives of various Government ministries involved in social protection and is responsible for policy dialogue and guidance. The Steering Committee may also involve technical and financial partners (TFP) as needed. Established by an *arrêté* from the Office of the Prime Minister on September 17, 2012 the Steering Committee is chaired by the president of the CTS with the permanent secretaries of the Ministry of Social Affairs, the Ministry of Women and Children, and the Ministry of Labor and Social Security as vice chairs, and it is supposed to meet at least every three months. In particular, with respect to the implementation of the project, the committee will be responsible for: (i) validating the roadmap for the implementation of the project and ensuring that it is put into operation; (ii) validating the geographical areas where the project is to be implemented and various documents such as operational manuals; (iii) overseeing the project's implementation; and (iv) validating and disseminating results. The Steering Committee will also be responsible for the overall supervision of activities related to the setting up of a safety net system and eventually the coordination of all social protection in Cameroon.
- The *Unité de Gestion du Projet* (UGP) is the technical safety net unit that, under the supervision of the Steering Committee, is responsible for the coordination of safety net programs. It will also be responsible for: (i) the day-to-day management of the setting up

and implementation of the project including the cash transfer and public works programs and (ii) the production of implementation progress reports and assessments every quarter, semester, and year, including financial reports. The UGP also serves as the secretariat of the Steering Committee. The UGP has been a regular focal point for the Bank team in the course of preparing the project and will ensure that the requisite sustained support is provided by the Government. The core members of the UGP consist of Government staff who work full-time on the project and are appointed and paid by the Government. The project itself will pay for support staff and for contractual staff to support the UGP such as specialists who will not work full-time on the project. A small version of the UGP is already in place and taking charge of preparing and implementing the Government cash transfer pilot. It consists of five Government staff including: (i) a project coordinator; (ii) a financial and administrative specialist; (iii) a field operations coordinator; (iv) a social marketing and accompanying measures specialist; and (v) an M&E specialist.

At the regional and local level:

- Two *regional offices* will be responsible for project implementation in the two poorest regions of operation that have the largest shares of beneficiaries (the Far-North and the North). These offices will be responsible for overseeing the implementation of the project in these two regions and will consist of two field-based staff (one regional field officer and an assistant).
- A *focal person* in each of the three regions that do not have a regional office will be recruited to work with the local MINEPAT representative. This person will be in charge of the project activities in that region.
- A *network of field operators* recruited by the project will supervise the implementation of the project at the commune and village levels. Two field operators are planned for each department where the project is being implemented, with an additional two operators being responsible for each of the two urban areas. The field operators will also be present in the Far-North and North regions to work alongside the staff of the regional offices. The network of field operators will work under the guidance of the UGP project staff and will coordinate closely with the local authorities.
- The two full-time staff in each regional office, the field operators, and any support staff and drivers will be recruited by the Government and paid by the project on a temporary or part-time basis as needed.
- In addition, community committees (*Groupes de Travaux d'Arrondissement* or GTA) will be closely involved in project implementation and oversight at the commune level, particularly in relation to the targeting of beneficiaries, communication activities, and grievance mechanisms. The GTA will consist of relevant local Government representatives (health, agriculture, and social and education services), local chiefs, and civil society and will be presided over by the mayor. Working with the field operator, the GTA will validate the community targeting shortlist of potential beneficiaries. During implementation, the GTA will provide local oversight to ensure that transparency is maintained, grievances are reported, and local training activities are well implemented. The GTA will also provide encouragement to beneficiary families to ensure that they fulfill their moral contracts towards the program and the community. The GTA will work in close collaboration with the field operators, who will act as their liaison with the UGP.

At the village level, community liaison committees (*Groupes de Contrôle Citoyens* or GCC) will help to coordinate the project and will represent the household members in the selected villages.

- Pre-existing *Community Development Committees* that were created under the auspices of the national PNDP project will be involved in the selection of the public works sites and subprojects. Each public works subproject will be selected and developed in accordance with the Communal Development Plans (*Plan Communal de Développement* or PCD) prepared by the PNDP for each commune in Cameroon.

Capacity Assessment

4. **The UGP has recently been created to manage the Government's cash transfer pilot program and the Social Safety Net Project.** It is currently staffed by Government employees with relevant skills. The pilot program UGP will be reinforced and be staffed by personnel with the technical skills necessary for a project of this size and complexity. In anticipation of any possible capacity constraints, a number of implementation manuals will be written and adopted, and a series of training workshops will be held to familiarize management and relevant staff with their contents and use. The following manuals will be adopted:

- A project implementation manual (PIM) will be developed. The PIM will include three main sections: (i) the administrative and financial aspects of project implementation; (ii) the implementation of the cash transfer component; and (iii) the implementation of the public works component, which is set to begin in year 2015. In addition, the PIM will include several annexes that will detail field procedures once they have been developed and tested and are ready for implementation.
- The administrative, financial, and accounting section of the PIM will be developed and approved by the time of project effectiveness. It will clearly describe the procedures governing the operation of the UGP and the various project activities of the UGP. It will also detail the responsibilities of the UGP, the UGP staff, and the regional offices. The core full-time staff in the UGP are recruited and paid for by the Government according to the procedures of the Government of Cameroon. All other contractual staff (specialist consultants and support staff) will be recruited according to the Guidelines for the Selection and Employment of Consultants by World Bank Borrowers, edited January 2011 and revised October and May 2010, and will be paid for by the project.
- The cash transfer component of the project implementation manual (PIM) will be developed by the time of project effectiveness. It will clearly describe such implementation aspects as beneficiary targeting, cash transfer procedures, public works procedures, accounting documentation, and information flows throughout the project implementation cycle.
- The public works component of the PIM will be developed prior to the launch of Component 3 of the project in 2015. It will clearly describe all implementation guidelines pertaining to selecting and implementing subprojects, selecting and managing payment service providers, recruiting and paying workers, and reporting. The preparation of this section of the PIM will be a condition of disbursement for this component.

5. In addition to the measures mentioned above, the UGP will outsource several activities to local consulting firms, NGOs, or CBOs to facilitate the implementation of the project. These arrangements will cover:

- Contractual arrangements with the National Statistics Institute (INS) or other data collection firms, if necessary, to conduct household-level surveys for the targeting and the impact evaluations.
- Contracts with private local firms to conduct the registration of beneficiaries.
- Contracts with NGOs with the required technical expertise, qualifications, and experience to facilitate the implementation of the accompanying measures.
- Contracts with NGOs with the relevant technical expertise, qualifications, and experience to implement the public works subprojects.

Country PFM Situation and Use of Country System

6. Following the 2006 PEMFAR and the 2007 PEFA that identified several weaknesses in Cameroon's public financial system (budget credibility, comprehensiveness and transparency, policy-based budgeting, budget execution, accounting and reporting, auditing and external scrutiny), the Government has embarked on a comprehensive series of reforms to increase budget transparency and efficiency. These have resulted in the production of the *Nouveau Régime Financier de l'Etat* (2007) and a public financial management modernization plan covering the 2009-2015 period (PFMP). The Government is also introducing program budgeting in the 2013 budget year as part of the reforms. The public financial management modernization plan has seven strategic pillars (planning, budget execution-revenue, donor financing, budget execution-expenses, accounting, cash and debt management, and internal and external control) that are being achieved through the implementation of 170 actions under the leadership of a dedicated high-level committee (*Comité de Pilotage des Réformes des Finances Publiques*).

7. According to the independent mid-term review of PFMP, 18 percent of the actions have been fully implemented, about 37 percent are ongoing, and the remaining 45 percent are lagging behind. The review has pointed out the need to undertake a country system assessment to determine the modalities that could be used for donor-financed projects. Once this assessment has been completed, the Bank will analyze the opportunities for changing the entire portfolio, including the safety net project.

Financial Management

8. **Risk Assessment and Mitigation.** The project's fiduciary management will be the responsibility of the Safety Net Unit (UGP). The overall residual risk rating is Substantial (see Annex Table 3.1). The assessment undertaken during preparation recommended these mitigation measures: (i) the recruitment of an accountant with qualifications and experience satisfactory to IDA; (ii) the design of an administrative and financial manual of procedures that sets out a clear segregation of duties; (iii) the installation of a computerized information system to support the financial management of the project activities; (iv) as part of the preparation of the PIM, the development of appropriate terms of reference for the recruitment of an independent external auditor by negotiation; (v) the recruitment of said external auditor not later than six months after

effectiveness to ensure that annual audit reports are prepared and transmitted to IDA in a timely manner, and (vi) the recruitment of an internal auditor.

Annex Table 3.1: Financial Management risks and Mitigating Measures

Risk	Risk Mitigating Measures Incorporated into the Project Design	Residual Risk Rating
<i>Inherent Risk</i>		High
Country level Delay in the implementation of the PFM master plan could hamper governance	The donor community is supporting the PFM reform agenda	High
Entity level The UGP has only recently been created and lacks expertise in managing donor funds.	The UGP will be strengthened with (i) the recruitment of qualified staff and (ii) the development of a fiduciary platform (manual of procedures and accounting system). Reliance on acceptable third parties (such as commercial banks and mobile phone companies) for the cash transfer program.	Substantial
Project level Mismanagement of project assets and deviations in the use of funds, particularly in the cash transfer program	Outsourcing to reliable third parties (such as commercial banks and mobile phone companies) for the cash transfer program will mitigate the risk of fraud and corruption. Development of a comprehensive project manual.	Substantial
<i>Control Risk</i>		Substantial
Budgeting Delay in preparing yearly budget and inappropriate monitoring of budget execution	The project management will follow budget procedures clearly outlined in the administrative and financial manual. The annual work program will be in line with the procurement plan to prevent procurement delays.	Substantial
Accounting Lack of: (i) qualified accounting staff familiar with Bank procedures and (ii) accounting software that could delay the recording of the transaction	Two financial staff: one financial expert, already part of the UGP, and one accountant to be recruited. Accounting software will be purchased and installed to handle the project's transactions and generate the required financial information. Staff will be trained in its use.	Substantial
Internal controls and internal audit Lack of a comprehensive PIM describing UGP activities. Limited capacity of the internal audit unit of the line ministry.	A manual of procedures will be designed to clearly define FM procedures applicable to the project. An internal auditor will be recruited.	Substantial
Funds flow Funds may be diverted or used for purposes ineligible under the project. This risk is particularly high for the cash transfer program.	Open two designated accounts (DA) in a commercial bank under TORs acceptable to the bank. DA (A) will be used for cash transfers only, and DA (B) will be used for other components. Outsourcing to reliable third parties (such as commercial banks, mobile phone companies, or other financial institutions) cash transfer payments will mitigate the risk of fraud and corruption. Internal audit missions will ensure that the provisions in the manual of procedures will be enforced.	High
Financial reporting and monitoring A lack of accounting software could delay the submission of agreed IFRs and annual project financial statements.	Accounting software will be purchased and installed to handle project transactions and generate the required financial information. Unaudited interim financial reports will be developed and	Substantial

	submitted quarterly. A simplified reporting system will be developed between the UGP and the third parties that are implementing the cash transfer program.	
External auditing A lack of external audit arrangements	Qualified and independent external auditors will be recruited under TORs satisfactory to the Bank. Audits will be performed according to internationally recognized standards, with the scope and the objectives of the audit tailored to the particulars of the project. special attention will be given to the cash transfer program.	Substantial

9. **Strengths and Weaknesses.** A financial management manual for the project is being drafted and will lay out the key financial management strengths and weaknesses and the actions to be taken to address them.

10. **Staffing.** The civil servant who is currently responsible for the financial management of the pilot project in the UGP will play the same role in the project and will be backed-up by an accountant recruited competitively with a track record of working with the World Bank's procedures. Both will receive training on the World Bank's financial management procedures at the project launch and periodically thereafter.

11. **The Management of Payments to Beneficiaries.** This project involves the need to make a large number of relatively small payments to beneficiaries at regular intervals. The payments will be made by payment agencies such as financial institutions and mobile companies that are capable of transferring money digitally and that are acceptable to the Bank. Detailed arrangements for the cash payments will be set out in the project manuals, which will be amended in the course of the project implementation.

12. **Budgeting.** The overall responsibility for preparing a consolidated annual work plan and budget will lie with the UGP. The different steps involved in the budget management process (preparation, revision, adoption, and execution) will be detailed in the PIM. The UGP will prepare a consolidated annual work plan and budget yearly and submit it to the Bank for approval no later than the end of December (or one month after the effective date for the first year of the project) before being approved by the Steering Committee. The annual work program will be in line with the procurement plan to avoid any delays resulting from the procurement process. A budget execution report will be included in a quarterly interim financial report to enable the Bank to monitor the project's implementation.

13. **Accounting Arrangements and System.** The UGP will have the overall responsibility for maintaining the accounts for the project activities and for ensuring that the annual financial statements are produced in a timely manner and in accordance with the accounting standards that are in effect in Cameroon.²⁰ The UGP will acquire a computerized accounting system capable of covering several projects to record the project's transactions and to produce the required periodic reports no later than three months after the effectiveness date. One accountant with experience and qualifications that are satisfactory to IDA will be recruited on a competitive basis to ensure

²⁰ The accounting principles set out by *L'Organisation pour l'Harmonisation en Afrique du Droit des Affaires* (OHADA).

the effective financial management of the project in addition to the financial manager (a civil servant) who is monitoring the pilot project.

14. ***Internal Control and Accounting Procedures.*** The administrative, financial, and accounting procedures will be defined in the administrative, accounting, and financial procedures manual. The manual will include a clear description of the procedures and approval processes with respect to the segregation of duties. The reporting relationship between the Steering Committee and the CTS will also be clearly described in the manual. The UGP will make sure that all project-related transactions are recorded in the computerized accounting system. The financial manager will be responsible for maintaining all necessary controls to ensure that: (i) the project funds are used only for the intended purposes in an efficient and economical way; (ii) the periodic financial reports to be prepared are accurate, reliable, and timely; and (iii) the project's assets are adequately safeguarded. The World Bank Letter of Agreement (LOA) and financial management (FM) units will provide the project FM team with adequate training in disbursement and FM procedures. All of these measures will enhance the internal control system.

15. ***Internal Audit.*** An internal auditor will be hired to perform a risk-based audit. The UGP will draw up the terms of reference for this internal auditor and submit them to the World Bank for approval. The internal auditor will submit periodic reports to the UGP and the Bank on his or her findings and will make recommendations to strengthen the project's internal control system.

16. ***Financial Reporting and Monitoring.*** The UGP will produce quarterly interim financial reports (IFRs) using the data contained in the computerized financial management system in accordance with the format agreed with IDA and will submit them to IDA within 45 days of the end of each calendar quarter. The IFRs will include: (i) the sources and uses of funds by the different classifications of project expenditures; (ii) a comparison of budgeted and actual project expenditures (commitments and disbursements) to date and for the quarter; (iii) a statement of the use of funds by component or activity; (iv) designated account activity; and (v) a progress report on the implementation of the project.

17. ***External Auditing.*** The annual financial statements and quarterly IFRs prepared by the UGP as well as the internal control system will be subject to an annual audit by a reputable and independent auditing firm based on terms of reference that are satisfactory to IDA. The scope of the audit will be tailored to the project's specific risks in accordance with the World Bank's requirements and will be agreed upon with the Government. In particular, the independent auditor will audit the use of all funds flowing from the designated account to the ultimate beneficiaries. The project will comply with the World Bank's access to information and disclosure policies by promptly making all disclosable audit reports publicly available after receiving them. The project's external auditor will be hired within six months of effectiveness. This auditor will issue a single audit opinion, in compliance with the International Standards on Auditing, which will cover all project receipts, payments, and accounts. The audited financial statements, along with the auditor's report and management letter (incorporating management's comments) covering any identified weaknesses in the internal control and accounting system, will be submitted to IDA within six months of the end of each financial year. In addition, a separate operational audit will be conducted for funds disbursed under the cash transfers program once 20 percent of the payments in the first cycle have been made. The disbursement of the second cycle of the cash transfers is conditional on the successful completion of a satisfactory

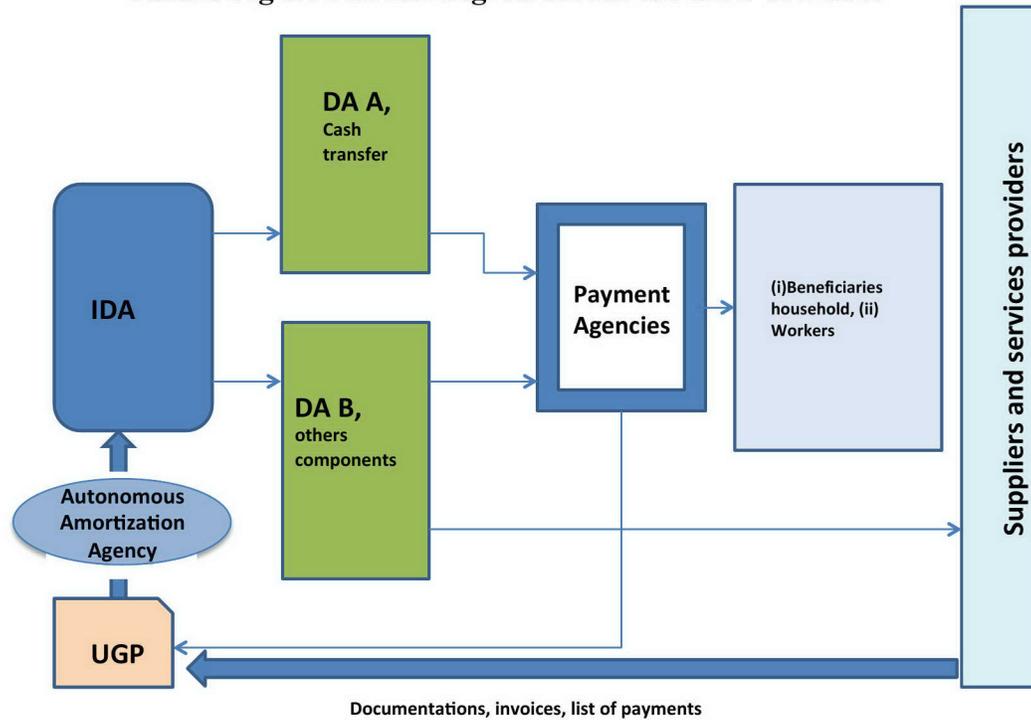
operational audit that confirms the eligibility of expenditures under the first installment as well as ensuring that all processes (targeting, registration, and payments) are functioning properly.

18. **Flow of Funds.** Funds will flow from the IDA account to two designated accounts (DA) denominated in US dollars and opened in a reputable commercial bank in Cameroon that is acceptable to the Bank. The first DA will be used for the cash transfer component and will have a flexible ceiling that is linked to the project's cash forecast for the cash transfer program. The second DA will be used for the remaining components, and its ceiling will be fixed at CFAF 500 million, which is estimated to cover approximately four months of expenditures. The designated accounts will be managed according to the disbursement procedures described in the administrative, accounting, and financial procedures manual as part of the PIM and the disbursement letter (DL). Disbursements under the Credit will be transaction-based. Direct payment, reimbursement, and special commitment methods will apply as appropriate. Disbursements may become report-based eventually when the UGP has the capacity to produce reliable and acceptable IFRs. The minimum value of the direct payments, reimbursements, and special commitments will be 20 percent of the designated account ceiling. The flow of funds is represented below in Annex Figure 3.1.

19. **Cash Transfer Accounts of Payment Agencies.** The UGP will transfer funds from the DA for the cash transfer program to each of the payment agency accounts. Upon receiving a list of beneficiaries from the UGP, the payment agency (which may be a financial institution or a mobile phone company acceptable to the Bank, depending on the area covered) will pay the beneficiaries after checking their beneficiary identification cards. The payment agencies will make the funds available to their field agents at a distribution point where the beneficiaries will then go to collect their payments. The payment agencies will periodically furnish the UGP with a financial report showing the funds received, the amounts distributed to the beneficiaries, and any remaining balance. The detailed list by beneficiaries will be also adequately maintained at the UGP for auditing purposes. The manual of procedures will provide a detailed description of the payment system.

20. **Disbursement of the Credit for the Cash Transfers.** The Bank will disburse the Credit for the cash transfers program in two cycles of 20,000 beneficiaries each: Cycle 1 will consist of two phases of 5,000 and 15,000 beneficiaries each. The initial disbursement for the first Phase of cycle 1 of 5,000 beneficiaries will be made after the development of the basic MIS and the completion of the targeting and registration of beneficiaries, and upon receipt of (a) the list of beneficiaries selected in line with the criteria identified in the manual; and (b) the verification of the list by the internal auditor who will confirm adherence to the manual of procedures. The disbursement of Phase 2 of the first cycle (to cover the remaining 15,000 beneficiaries) will be made upon the completion of targeting and registration of beneficiaries in relevant regions. In all cases, the relevant lists will be verified by the internal auditor. The proceeds allocated to the second cycle of 20,000 beneficiaries will be disbursed upon receipt by IDA of a satisfactory operational audit that confirms the eligibility of expenditures made under the first installment.

Annex Figure 3.1: Arrangements for the Flow of Funds



21. **Counterpart funds.** The Government of Cameroon will provide counterpart funds to cover all of the costs related to the institutional setting up of the safety net system in Component 1. This will include contribution for taxes and duties and the cost of four key staff of the UGP, additional staff as needed, and other costs linked to its functioning. At appraisal it was estimated that the Government’s contribution will be approximately US\$5 million, which amounts to 64 percent of projected expenditures under the first Component.

22. Annex Table 3.2 specifies the categories of eligible expenditures that will be financed by the Credit (“Category”), the amounts of the Credit allocated to each category (Component), and the percentage of expenditures to be financed.

Annex Table 3.2: Eligible Expenditures

Category (component)	Amount of the grant allocated (US\$)	Percent of expenditures to be financed (inclusive of Taxes ^a)
1. Goods, consultant services, training and operating costs under Component 1, and the costs associated with Component 2.2	12	100% (excluding value added taxes and import duties)
2. (2)(a). Cash transfers under Component 2.1 of the project – first installment (cycle 1)	2(a) 15.2	100% of amounts paid by the Recipient under the Cash Transfer
(2)(b). Cash transfers under Component 2.1 of the project – second installment (cycle 2)	2(b) 15.2	100% of amounts paid by the Recipient under the Cash Transfer
(2)(c). Goods and services under Component 2.1 of the project (including targeting, registration, and payment costs)	2(c) 1.7	100% (excluding value added taxes and import duties)
	Total 32.1	
3. Component 3 of the project	5.9	100% (excluding value added

		taxes and import duties)
TOTAL AMOUNT	50.0	100%

Notes: ^a “Taxes” means taxes as defined in the IDA General Conditions for Credits and Grants, dated July 31, 2010, with the exclusion of value added taxes and custom duties.

23. Annex Table 3.3 summarizes the main actions to be undertaken to ensure proper financial management.

Annex Table 3.3: Financial Management Action Plan

Action to be undertaken	Time-frame	Responsible body
1. Appointment of two financial staff dedicated to the project (one being the civil servant who is currently part of the UGP and is responsible for the financial management of the pilot project and the other to be recruited)	Three months after effectiveness	UGP
2. Design of a accounting, financial, and administrative manual of procedures (section (a) of the PIM) that is satisfactory in form and substance to IDA	Effectiveness	UGP
3. Installation of a computerized information system for the financial management of the project’s activities	Three months after effectiveness	UGP
4. Recruitment of an internal auditor and an external auditor	Within four months after effectiveness	UGP
5. Recruitment of payment agencies for making the payment to the beneficiaries	Before cash transfers begin	UGP
6. Independent assessment of the first cycle of the cash transfer program	After the payment of the first cycle	UGP

24. **Conclusions of the FM Assessment.** The overall residual FM risk at preparation is considered Substantial. The proposed financial management arrangements for this project are considered adequate and meet the Bank’s minimum fiduciary requirements under OP/BP10.02.

25. **Implementation Support Plan.** The intensity and frequency of the FM implementation support provided by the Bank will be in line with a risk-based approach and will involve intensive collaborative with the entire task team. A first implementation support mission will be take place three months after project effectiveness. Subsequent missions will be scheduled following the risk mitigation measures proposed with particular attention to the cash transfer component and will include the following: (i) monitoring the financial management arrangements during the supervision process at intervals determined by the risk rating assigned for the overall FM Assessment at entry and subsequently during implementation (ISR); (ii) carrying out integrated fiduciary review on key contracts, (iii) review the IFRs; (iv) review the audit reports and management letters from the external auditors and follow-up on material accountability issues by engaging with the task team leader, client, and/or auditors; the quality of the audit (internal and external) also is to be monitored closely to ensure that it covers all relevant aspects and provide enough confidence on the appropriate use of funds by recipients; (v) supervise the project on the ground, particularly the cash transfer component; and (vi)

Provide assistance to build or maintain appropriate financial management capacity and efficient internal control system.

Procurement

26. Procurement for this project will be carried out in accordance with several sets of World Bank: (i) “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January, 2011; (ii) “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credit & Grants by World Bank Borrowers” dated January, 2011; and (iii) the provisions stipulated in the Legal Agreement. The Procurement Plan will set out the methods governing the procurement of works, goods, and non-consulting services and the selection of consultants as well as the necessary prequalifications, estimated costs, prior review requirements, and timeframes. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation. The Bank’s Standard Bidding Documents (SBD) or Cameroon’s National Standard Bidding Documents, which are satisfactory to IDA, will be used. To the extent practicable, the Bank’s Standard Bidding Documents for goods and Standard Requests for Proposals for proposals as well as all standard evaluation forms should be used throughout the project’s implementation.

27. **Advertising.** A comprehensive general procurement notice (GPN) will be prepared by the Borrower and published on the United Nations Development Business online website (UNDB online) following Board approval to announce the major consulting assignments open to any international competitive bidding (ICB). The GPN should include all ICB for works, goods, and non-consulting services contracts and all large consulting contracts (those estimated to cost US\$300,000 or more). A specific procurement notice is also required on UNDB online for all works and goods to be procured using ICB. Requests for expressions of interest (EOI) for consulting services expected to cost more than US\$300,000 must also be advertised in UNDB online. IDA requires that an EOI must be published in the national gazette, a national newspaper, or an electronic portal with free access for all consulting firm services regardless of the contract amount. In the case of national competitive bidding (NCB), a specific procurement notice must be published in the national gazette, a national newspaper, or an electronic portal with free access. Contract awards must also be published on UNDB online in accordance with the Bank’s Procurement Guidelines (para. 2.60) and Consultants Guidelines (para. 2.28).

28. **Requirements for National Competitive Bidding.** Works, goods and non-consulting services contracts will use national competitive bidding (NCB) procurement methods in accordance with national procedures using standard bidding document acceptable to IDA and subject to the following additional requirements:

- In accordance with paragraph 1.16 (e) of the Bank’s Procurement Guidelines, each bidding document and contract financed out of the proceeds of the financing shall provide that (a) the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers must allow IDA, at its request, to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have said accounts and records audited by auditors appointed by IDA and (b) the deliberate and material violation of such provision may

amount to an obstructive practice as defined in paragraph 1.16 (a)(v) of the Procurement Guidelines.

- Invitations to bid must be advertised in national newspapers with wide circulation.
- The bid evaluation, the qualifications of the bidders, and the contract award criteria must be clearly indicated in the bidding documents.
- Bidders must be given enough time (at least four weeks) to submit their bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later.
- Eligible bidders, including foreign bidders, will be allowed to participate.
- No domestic preference should be given to domestic contractors or to domestically manufactured goods.
- Bids will be awarded to the lowest evaluated bidder provided that this bidder is qualified.
- Any fees charged for the bidding documents must be reasonable and reflect only the cost of their printing and delivery to prospective bidders and should not be so high as to discourage qualified bidders.

29. ***Procurement Environment.*** Recent changes in the legislation of Cameroon, and the establishment of a central ministry in charge of public procurement (MINMAP), have modified the institutional architecture of the bodies responsible for public procurement. The new organizational structure was introduced through three decrees issued on 8 March 2012. No special exceptions, permits, or licenses need to be specified in the Financing Agreement since the procurement code, approved by the President of the Republic in September 2004, allows IDA procedures to take precedence over any contrary provisions in local regulations.

30. ***IDA fielded a procurement mission between October 31 and November 10, 2012*** to assess the potential effects of these changes on Bank-financed projects in Cameroon. The mission concluded that the new centralized system under MINMAP could lead to a number of positive outcomes. However, mission team members raised concerns about the allocation of technical and legal responsibilities as well as regulatory issues. A follow-up joint donor mission took place in Cameroon from January 28 to February 3, 2013 to discuss the recommendations of the initial mission and facilitate the transition from the old to the new procurement system and ensuring the smooth implementation of Bank-financed projects.

31. ***In light of the above missions and the Bank's general principles for procurement, it has been agreed that the Government will establish a special tender board (Commission Spéciale de Passation des Marchés Publics or CSMP) within the UGP,*** the implementing entity for the Social Safety Net Project. The *arrêté* creating the CSMP must be acceptable to IDA and must reflect the agreement between the Government and the Bank on the constitution, composition, and competencies of the CSMP under this project. The Government will issue the *arrêté* prior to project effectiveness.

32. ***Procurement under the guidelines accounts for a small part (20 percent) of the project*** as most of the credit is to be disbursed under different arrangements, namely the cash transfer benefits and public works salaries, following procedures defined by the Government that are acceptable to the Bank. Procurement will be conducted at several levels of the project.

33. **Procurement of Goods and Non-Consulting Services.** No major good or non-consulting services through ICB are expected to be acquired under this project. The goods likely to be procured under this project include vehicles, computers, software and office equipment, and furniture necessary for the functioning of the project as well as equipment and materials for the implementation of the public works subprojects under Component 3 of the project. Taking into account the level of value added and the manufacturing or production capacity in the country, goods of a similar nature that are needed during the same time period will be procured in bulk where feasible in bid packages of at least US\$1 million equivalent, so that they can be procured at competitive prices. Goods estimated to cost US\$1 million equivalent and above per contract will be procured using ICB, by means of the Bank's standard bidding documents. For other goods contracts costing less than US\$1 million equivalent, NCB procurement methods will be used in accordance with national procedures using standard bidding documents acceptable to IDA and subject to the additional requirements as follows:

- Goods and non-consulting services, including readily available off-the-shelf maintenance of office electronic equipment and other services such as printing and editing that cannot be grouped into bid packages of US\$100,000 or more, may be procured by means of prudent shopping in conformity with Clause 3.5 of the procurement guidelines.
- Based on country-specific needs and circumstances, shopping thresholds for the purchase of vehicles and fuel may be increased up to US\$500,000 provided that major cars dealers and oil providers are consulted.
- Payment agents will be recruited by the UGP in accordance with the Bank's procurement guidelines.

34. **Selection of Consultants.** Consulting services will be used for the following activities: (i) baseline data collection and analysis for impact assessment studies; (ii) the development and implementation of the management information system; (iii) the financial audit; (iv) data collection for the selection and registration of beneficiaries; and (v) the implementation of the accompanying measures. These consulting services will be procured using the most appropriate method among those that are allowed by the Bank's guidelines and that are included in the approved procurement plan including: Quality-and Cost-Based Selection (QCBS), Quality-Based Selection (QBS), Selection under a Fixed Budget (SFB), Least-Cost Selection (LCS):

- Consultants' Qualifications Selection (CQS) will be used for assignments that do not exceed US\$300,000. Single source selection will be used in accordance with the provisions of paragraphs 3.9 to 3.13 of the Consultant Guidelines, with IDA's prior agreement. All terms of reference will be subject to prior review by IDA.
- Assignments of engineering designs and contract supervision in excess of US\$300,000 and all other technical assistance assignments above US\$100,000 must be procured on the basis of international shortlists and in accordance with the provisions of paragraph 2.6 of the consultants' guidelines.
- Consultants for Services Meeting the Requirements of Section V of the consultants' guidelines will be selected under the same provisions as for the selection of individual consultants by comparing the qualifications of the candidates who either expressed an interest in the assignment or were approached directly by the UGP.

- Government-owned enterprises or institutions, such as the INS, which do not comply with the eligibility clause 1.13 (b) of the consultant guidelines, can be selected in the area where they have a comparative advantage through a single source contract based on a signed agreement (“convention”) subject to the World Bank’s prior review. No consultant fees will be paid to any civil servants or Government officials working on this assignment.

35. **Operational Costs.** The operational costs financed by the project include, among others, utilities, office supplies, vehicle operation, maintenance and insurance, and building and equipment maintenance costs. They will be procured using the project’s financial and administrative procedures included in the PIM and based on the annual workplan and budget. For services (such as car maintenance and computer maintenance) to be financed through operational costs, the project will procure service contracts for a defined period.

36. **Training, Workshops, Seminars, Conference Attendance, and Study Tours.** These will be carried out on the basis of the approved annual workplan and budget, which will set out the general framework of training and similar activities for the year, including the nature of training, study tours, workshops, the number of participants, and cost estimates.

Institutional Arrangements for Procurement and Capacity Assessment including Risk Mitigation Measures

37. **Assessment of the Borrower’s Capacity to Implement Procurement.** An assessment of MINEPAT’s implementation arrangements for the project has been carried out focusing particularly on the UGP. The capacity assessment found that: (i) the UGP has no experience in the implementation of Bank-financed projects; (ii) there is no qualified procurement specialist within the UGP; (iii) there is no implementation manual including a section on procurement; (v) the UGP does not have a comprehensive record keeping system; and (vi) the new institutional arrangements of December 2011 that assigned new responsibilities to MINMAP have caused some concerns with respect to the ministry’s technical and legal responsibilities and related regulatory issues.

38. **Risks Identified and Proposed Mitigation Measures.** The overall procurement risk for the project is rated as High. This is due to, among other factors, the risk of corruption in procurement, especially in the public works activities, and the UGP’s very limited experience in the implementation of Bank-financed projects. A mitigation action plan has been agreed, which, if properly implemented and monitored, will bring this risk down to Substantial (see Annex Table 3.4 below). In addition, it is also recommended that the UGP should develop a comprehensive recordkeeping system.

Annex Table 3.4: Procurement Action Plan

Action to be Undertaken	Timeframe	Responsible Body
Develop and submit a procurement plan to the World Bank	First draft prepared at appraisal, final version was discussed during negotiations	UGP
Finalize and submit to IDA a satisfactory version of the implementation manual that includes a section on procurement for use by the project (Section a)	Prior to effectiveness (effectiveness Condition)	UGP
Create a special tender board (CSPM) within the implementing entity and attached to the project to supervise project procurement that is acceptable to the Bank.	Prior to effectiveness (effectiveness condition)	UGP/MINEPAT/ MINMAP
Recruit a procurement specialist with qualifications and expertise satisfactory to the Bank within the CTS as a member of the UGP	Two months after effectiveness	UGP
Strengthen the capacity of the key staff of the UGP, including the procurement specialist, to implement the procurement and consultant guidelines dated January, 2011	Four months after the project effectiveness and as needed during the life of the project	UGP through a consultant or training center, with the participation of the World Bank procurement staff

39. ***Institutional Responsibility for Procurement and Implementation Arrangements.*** The UGP is the key implementing entity and will be responsible for complying with relevant procurement procedures. The implementing entity is responsible for ensuring that the necessary national clearances and approvals have been received before the no-objection requests are transmitted to IDA. Contracts costing FCFA 5 million (US\$10,000 equivalent) or more will be procured by a special tender board at the level of the implementing entity (CSMP). This tender board will be created by a ministerial order (“arrêté”) issued by the minister in charge of public contracts. For contract amounts of less than FCFA 5 million (US\$10,000 equivalent), the UGP will use an internal procurement committee. Details of these institutional arrangements and the responsibilities of this internal procurement committee will be provided in the PIM.

40. ***Procurement Plan.*** A first draft procurement plan for the project has been produced that discusses the procurement methods to be used and will be available for discussions. This plan, covering the first 18 months of project implementation, was reviewed at appraisal. The final version of the plan will be discussed and agreed upon by the Borrower and the project team at negotiations. It will be available in the project’s database, and a summary will be disclosed on the Bank’s external website once the project is approved by the IDA Board of Executive Directors. The procurement plan will be updated by agreement between the project team and the Bank at least annually or as required to reflect the project’s actual implementation needs and any increases in institutional capacity.

41. ***Publication of Results and Debriefing.*** The results of the bidding process for all ICBs, limited international biddings (LIBs), and direct contracting must be published. Publication should take place as soon as the no-objection is received, except in the case of direct contracting, which may be done quarterly and in a simplified format. The results of NCB and shopping should be published in accordance with the requirements of the procurement code of Cameroon. The disclosure of results is also required for selection of consultants. All consultants competing

for the assignment should be informed of the result of the technical evaluation (the number of points that each firm received) before the opening of the financial proposals, and at the end of the selection process, the results should be published. The publication of results in selection of consultants applies to all methods. For CQS and SSS, however, the publication may be done quarterly and in a simplified format. The publication of results may be done through Client Connection. Losing bidders/consultants should be told the reasons why they were not awarded the contract if they ask for an explanation.

42. ***Fraud and Corruption.*** The procuring entity as well as all bidders, suppliers, contractors, and service providers should observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.14 and 1.15 of the procurement guidelines and paragraphs 1.22 and 1.23 of the consultants' guidelines. The "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants," dated October 15, 2006 and revised in January 2011, will apply to this project.

43. ***Frequency of Procurement Supervision.*** The capacity assessment of the implementing agency recommended that the Bank should conduct supervision missions to the field at least once a year to review the project's procurement actions.

Summarized Procurement Plan

44. The main works, goods and non-consulting services to be procured in the first 18 months of the project are listed in Annex Table 3.5.

**Annex Table 3.5: Works, Goods, and Non-Consulting Services
to be Procured**

Ref. No.	Description	Procurement Method	Domestic Preference (yes/no)	Review by IDA (Prior/Post)	Comments/ Completion date
1	Payment Agents	NCB	No	Prior	December 2013
2	Office Furniture	NCB	No	Post	October 2013
3	Office Equipment	NCB	No	Post	
4	Computers and IT Equipment	NCB	No	Prior	September 2013/First NCB

45. ***Prior Review Thresholds for Non-consultant Services.*** Contracts estimated to cost more than US\$5 million for works and US\$500,000 for goods per contract will be subject to prior review by IDA. This will also be the case for all direct contracting and for the first NCB contracts for works and goods, as well as others as identified in the procurement plan.

46. The main consulting assignments for first 18 months of the project are listed in Annex Table 3.6.

Annex Table 3.6: Consulting Assignments with Selection Methods and Time Schedule

Ref. No.	Description of Assignment	Selection Method	Review by IDA (Prior / Post)	Comments/ Completion date
1	Carrying out the Baseline Impact Assessment	SSS	Prior	June 2014
2	Developing Management Information Systems	QCBS	Prior	August 2013
3	Developing the Modules and helping to implement the accompanying measures	QCBS	Prior	September 2013
4	Selection of beneficiaries	SSS	Prior	December 2013
5	Financial audit for the first two years	LCS	Prior	June 2015

47. **Prior Review Thresholds for Consultant Services.** Consultant services estimated to cost above US\$200,000 for firms and US\$100,000 for individuals per contract and single source selection of consultants (firms and individuals) will be subject to prior review by IDA. Similarly, all audit contracts will be subject to prior review, as will the first contracts to be awarded using each selection method regardless of the contract amount. Shortlists of consultants for Assignments of Engineering Designs and Contract Supervision estimated to cost less than US\$300,000 and for all other consultancy assignments whose estimated cost does not exceed US\$100,000 per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Bank’s Consultant Guidelines.

48. **Performance Technical Audit.** The subprojects carried out as part of the public works program will be subject to random performance technical audits including post-delivery inspection and verification that they have been completed or installed. These audits will be carried out by independent auditors recruited by the UGP. The UGP will also request the conduct of unannounced control of subproject execution. During the execution of the project and up to two years after the closing date of the Credit Agreement, all documentation related to the subprojects must be kept by the Borrower for review and examination by the Bank.

Environmental and Social (including safeguards)

49. The project is expected to have a positive social impact by providing livelihood and employment opportunities for targeted communities in participating areas. On the basis of pre-determined criteria, the project will target the poorest and most vulnerable communities, specifically by providing labor-intensive public works opportunities and unconditional cash transfers as well as by creating community assets through those public works subprojects that will result in longer-term social benefits to people in the area. Provision has also been made to facilitate the inclusion of women in the public works program.

50. The Social Safety Net Project is a Category B project, suggesting that the environmental and social impact of the project will be limited, site-specific, and manageable to an acceptable level. Six safeguards policies are triggered as indicated in the table below.

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[X]	[]
Natural Habitats (OP/BP 4.04)	[]	[X]
Pest Management (OP 4.09)	[X]	[]
Physical Cultural Resources (OP/BP 4.11)	[X]	[]
Involuntary Resettlement (OP/BP 4.12)	[X]	[]
Indigenous Peoples (OP/BP 4.10)	[X]	[]
Forests (OP/BP 4.36)	[X]	[]
Safety of Dams (OP/BP 4.37)	[]	[X]
Projects in Disputed Areas (OP/BP 7.60)	[]	[X]
Projects on International Waterways (OP/BP 7.50)	[]	[X]

51. **OP/BP 4.01 - Environmental Assessment.** This policy is triggered because of potential direct environmental effects associated with Component 3 (public works) that might include soil conservation, reforestation activities, small irrigation systems, small infrastructure rehabilitation, and rural road maintenance. These activities will have a direct impact on the soils, vegetation, and human population in the project areas. However, this impact will not be significant and will be mitigated by accompanying measures designed to minimize any adverse effects and to pursue global environmental benefits. The Borrower has prepared an Environmental and Social Management Framework (ESMF) to guide the screening, analysis, and safeguards approval of future activities, on sites that have not yet been defined. The ESMF also presents sample terms of reference for activities eligible for an Environmental Assessment as well as environmental guidelines for contractors (for example, those carrying out rural roads maintenance and afforestation and creating small irrigation networks). Water management infrastructure will be small in scale and will not trigger the Safety of Dams safeguard policy, but the ESMF does include technical specification for such infrastructure. Based on the screening process, specific Environmental Social Impact Assessments (ESIAs) including Environmental and Social Management Plans (ESMPs) will be prepared. The irrigation networks will not be dependent on dams.

52. **OP 4.09 - Pest Management.** This policy is triggered because of the potential expansion of small-scale agroforestry activities and the possibility that irrigation networks will be created that will increase water storage. As the Government has prepared several Pest Management Plans (PMP) for other World Bank projects in the agriculture sector, the project will use the existing PMP prepared for the Agricultural Competitiveness Project (P112635). It will provide guidance on managing pests in the irrigation subprojects. The project's financial resources will not be used to purchase pesticides.

53. **OP/BP 4.10 - Indigenous Peoples.** This policy is triggered because in the Kadey department in the East Region there are indigenous peoples that fulfill the criteria of OP/BP 4.10, par.4, such as the Baka pygmies. To this end, an Indigenous Peoples Planning Framework (IPPF) has been prepared and was publicly disclosed on December 26, 2012.

54. **OP/BP 4.11 - Physical Cultural Resources.** This policy is triggered because some project activities may be undertaken around indigenous people's sites. It is essential for all IP cultural sites, particularly sacred sites, to be protected. The ESMF provides guidance and

procedures for protecting physical cultural resources (OP 4.11) and for managing any known assets, including the best way to identify these sites before implementing activities in these areas. The project team will consult with the IPs to ensure the protection of any sites that may be identified.

55. ***OP/BP 4.12 - Involuntary Resettlement.*** This policy is triggered because of possible land acquisition as a result of the project. A resettlement policy framework (RPF) was prepared to outline the principles for providing compensation in the event that any future activities of the public works (Component 3) or any indirect actions by cash transfer beneficiaries (Component 2) should require land acquisition and involuntary resettlement. A resettlement action plan (RAP) will be prepared as necessary once it has been determined if any land acquisition is necessary. In the target areas, activities will be implemented mainly on lands that are already being cultivated and on pastoral lands.

56. ***OP/BP 4.36 – Forests.*** This policy is triggered as the project intends to finance small-scale reforestation activities. The project will ensure that appropriate species are used for that purpose. Furthermore, a simple forest management plan should be prepared if necessary to ensure the sustainable management of planted forests. The ESMF provides guidelines on the planting process. The project will not introduce land pressure that will push communities to occupy new lands. Moreover, the project will not finance any micro-project that threatens forests or natural habitats as clearly specified in the ESMF.

57. ***The safeguard policies that are not triggered*** are: Natural Habitats (OP/BP 4.04), Safety of Dams (OP/BP 4.37), Disputed Areas (OP/BP 7.60), and International Waterways (OP/BP 7.50).

58. ***Consultation and Disclosure.*** During the project preparation process, the stakeholders (affected people, CSOs and public administration partners) were consulted about the main safeguards instruments. A workshop was organized in Yaoundé to present the main safeguards instruments (the ESMF, the RPF, the IPPF, and the PMP) and specifically for the indigenous people's safeguards, a consultation was organized in the Kadey Division with the main indigenous people. During the launch of the project's activities, the UGT will organize consultations in the main project areas with the main stakeholders of the safeguards instruments. The main safeguards instruments (the ESMF, the RPF, the IPPF, and the PMP) have been finalized and found satisfactory by the Association and were disclosed on December 26, 2012.

59. ***Institutional Arrangements for Implementing Safeguards Instruments.*** The Government will hire consultants with expertise in environment and social safeguards as needed to ensure that the safeguards instruments are implemented. During the supervision missions, the World Bank safeguards team will verify that the project is in compliance with the safeguards requirements. The project will also mobilize adequate financial resources to implement the safeguards.

Monitoring and Evaluation

60. Progress towards the achievement of the PDO will be measured by a monitoring and evaluation (M&E) system. Annex 1 presented the results framework for the project including indicators, data sources, frequency of data collection, and targets and baselines. The key PDO-

level indicators set the groundwork for the creation of an effective safety net system, including a public works and a cash transfer program. Moreover, intermediate indicators will monitor the progress of each component over the life of the project (Annex 1). An M&E officer, with support from the *Institut National de la Statistique du Cameroun* (INS), will be based in the UGP and will be responsible for implementing the M&E program and for collecting, processing, and sharing relevant data. The project coordinator will be responsible for the regular monitoring of processes and outputs.

61. **Monitoring.** The project will maintain a database on the MIS that will be used to assess the efficiency, effectiveness, and progress of the project on a regular basis. The UGP is expected to provide the Bank with comprehensive semi-annual reports on the project's performance and progress. The MIS database, managed by the UGP, will include all of the information on potential and current beneficiaries needed to implement the PMT method. It will also contain detailed information on each beneficiary household (collected at time of registration) to provide a baseline and reference point.

62. Monitoring at each stage of the project will identify any problems that might arise during the project cycle and will make it possible to promptly adopt solutions. The Bank team will conduct regular supervision missions and assess the project's compliance with its implementation guidelines (as outlined in the PIM), including its adherence to financial management procedures. Internal World Bank implementation supervision reports (ISRs) will be used to alert the Bank's management to the project's performance and will inform their decisions accordingly. The technical audit will be conducted according to the needs outlined in the results framework and in the governance and accountability framework. Spot checks of various project implementation sites by project staff and auditors will also complement the regular monitoring process.

63. **Mid-term review (MTR) and Project Evaluation.** The project will conduct a mid-term review (MTR) and a project evaluation to gauge progress towards the PDO and the key performance indicators. The MTR is anticipated to happen sometime in 2015 towards the end of the first cycle of cash transfers but before the start of the second cycle. The MTR exercise will be conducted by an independently recruited firm (with the Bank team and key country stakeholders being involved in the mid-term review), and it will take into account the results of the project evaluation described below. The MTR and end of project evaluations will focus on the outcomes of the PDO-level indicators listed in the results framework (Annex 1).

64. The indicators have been designed to monitor progress towards the achievement of the PDO, particularly the establishment of a safety net system and the extent to which poor and vulnerable households are covered by the safety net programs (cash transfers and public works) that are being created by the project. Specifically these indicators are:

- (i) The establishment of a national safety net system, which will be measured by the:
 - a. Development and implementation of an effective targeting mechanism for the cash transfer program (target: by the end of the project)
 - b. Development and implementation of a functional and effective MIS system for the cash transfer and public works programs (target: by the end of the project)

- c. Creation and implementation of a permanent safety net institution within the Government (target: by the end of the project)
- (ii) The share of beneficiary households (of both cash transfers and public works programs) who live below the poverty line (targeting effectiveness) (target: 70 percent of beneficiary households)
- (iii) The per capita consumption level of households benefitting from the cash transfers (target: an increase of 15 percent)
- (iv) The number of direct beneficiaries and the percentage of those who are female (target: 420,000 people and 50 percent)

65. ***The project evaluations will have three key elements:*** (i) a process evaluation to assess the effectiveness of the system and in particular the procedures required for a national safety net system to implement cash transfer and public works program, including identification, targeting, registration, and payment of beneficiaries; (ii) a targeting evaluation to assess the percentage of poor participants and the extent of exclusion and inclusion errors; and (iii) a public works audit to assess the quality of the assets created in the public works program supported by Component 3. In addition to evaluating the project's progress towards achieving its development objective and the indicators listed in the results framework, the project will also undertake an impact evaluation. This will assess whether the project has affected the behavior, level of consumption, poverty, and vulnerability of beneficiary households.

66. The process evaluation will use several sources of data. First, the MIS and regular monitoring reports will produce information on whether the MIS, the targeting system, the M&E system, and the payment system have been adequately developed. In addition, a small qualitative beneficiary assessment and a technical public works audit will be carried out in connection with the mid-term review. The beneficiary assessment will survey a sample of beneficiaries of the cash transfer and public works programs about their experiences with the payment procedures and accompanying measures and about their perceptions of and general satisfaction with the benefits they will have received.

67. The targeting evaluation will use a PMT survey and the baseline household survey to evaluate the effectiveness of the project's targeting methods. First, a PMT survey will be conducted to provide the data needed to identify and select the households to be registered for the program as well a control group to be used for the impact evaluation. Second, during the registration process, more detailed household-level data will be collected on the beneficiary households. Finally, evaluation baseline data are due to be collected prior to the first transfer payment being made. Comparison of the expected poverty ranking of the households in the baseline and the actual beneficiaries will provide the basis for estimating the extent of any inclusion and exclusion errors.

68. The public works audit, which will be conducted by experts in small rural infrastructure, will determine the quality and sustainability of the community assets created by the public works component and will evaluate the process for selecting and supervising the subprojects.

69. ***Impact Evaluation.*** The impact evaluation will be designed to answer the following questions:

- a) What is the change in households' short-term consumption as a result of the cash transfer?
- b) What is the (short-term but permanent) effect resulting from the transfers as a result of the accumulation of productive and non-productive assets by recipient households on: (i) local poverty rates; (ii) increased investments; or (iii) behavioral changes such as altering their marketing strategy or their crop portfolio or their adoption of entrepreneurship?
- c) What is the indirect impact of the program on non-beneficiaries?
- d) What are the medium and long-term consequences of the project on education, health, and social indicators?

70. The following options will be explored for defining the counterfactual for the cash transfer component: (i) comparing beneficiaries in the treatment villages with non-beneficiaries in treatment villages and with potential beneficiaries in control villages; (ii) comparing households within villages using a regression discontinuity estimation method and a village fixed effect; and (iii) comparing households from different villages using a randomized selection of villages. Each methodology has risks and benefits, which will be carefully analyzed by the impact evaluation consultant in consultation with project staff before finalizing an approach. The baseline data collection is scheduled to take place in a random sample of treatment and control villages just prior to the first cycle of household registration in the treatment villages. The first follow-up survey is scheduled to be conducted after the beneficiary households in cycle 1 have been receiving cash transfers for around 12 months. A second survey will be conducted on a subsample of the beneficiaries six months after they have received their last payment. A special data collection exercise will be undertaken to assess the use and perceived effectiveness of the accompanying measures (training) in which beneficiary households will be asked to participate during the course of the cash transfer program. A village-level questionnaire will also be completed to gather information on the village as a whole. In addition, national household survey data collected by the ECAM4 survey will become available towards the end of the project and thus will be available to be compared with the 2007 ECAM3 data to assess any changes in poverty measures between the two rounds of the survey.

71. ***Use of the M&E Information.*** Information collected and analyzed by the project will be used to track the progress of the project from appraisal to closure, to identify any problems or issues as they arise, and to inform decisions about how to address those issues. Furthermore, the M&E system will yield information about the effectiveness of the cash transfer and public works programs in addressing chronic and transitory poverty and in helping households to build their capital and assets in ways that can raise their long-term standard of living. Many of the indicators used in the results framework and the impact evaluation are standard indicators used to assess the effectiveness of safety net projects and hence can be used to benchmark the programs with other similar interventions in Africa and elsewhere.

72. ***M&E Capacity Building.*** Another important objective of the project is to strengthen the national M&E capacity for social safety nets and other social programs. The Government of Cameroon is benefitting from the significant capacity and experience of the INS, the *Bureau Central des Recensements des Etudes de Population* (BUCREP), and academia for designing and implementing rigorous M&E systems. For instance, the INS and BUCREP have a longstanding

tradition and mandate to undertake regular national household surveys and to collect census data. The project will contact with national and international consultants to work with technical staff at the INS, BUCREP, and academia to strengthen the capacity of the UGP to manage M&E and MIS systems and to build a coherent database and M&E system that can be used by a range of social programs in Cameroon.

Annex 4: Operational Risk Assessment Framework (ORAF)

CAMEROON: Social Safety Net Project

Project Stakeholder Risks				
Stakeholder Risk	Rating	Moderate		
Description: There are some risks anticipated in the Bank’s relationships with key stakeholders namely the Government, other donors, and civil society organizations.	Risk Management:			
	- The Bank team has proactively consulted with key stakeholders (Government and non-government) during the safety net assessment to ensure buy-in and commitment, and this will continue during project preparation and implementation. - The Bank will encourage the implementing unit to hold communication and information sessions with key stakeholders to share results, strengthen commitment to the project and promote better understanding of safety nets and their importance. - The Bank will deal with emerging issues by continuing a regular dialogue on safety nets issues.			
	Resp: Bank	Stage: Preparation	Due Date:	Status: In Progress
Implementing Agency (IA) Risks (including Fiduciary Risks)				
Capacity	Rating	High		
Description: Implementation management and coordination. Related risks are centered around capacity and facilitating arrangements mainly at two levels: coordination at the national and local Government levels and implementation on the ground. The multi-sectoral nature of the social safety nets and the realities involved in implementing the different components through different institutions will make coordination rather difficult. In addition, there will be risks related to the lack of capacity for managing the project’s implementation on the ground.	Risk Management:			
	Build Capacity - Component 1 “ <i>Laying the Foundations of a Safety Net System and Supporting Project Management</i> ” is explicitly designed to build both instruments and the necessary capacity for managing a national SSN system. It includes training, systems development, and technical assistance activities. Strengthen Coordination - The Government has established and financed a technical Safety Net Unit (the Unité de Gestion du Projet - UGP) within the Ministry of Economy, Planning, and Regional Development (MINEPAT) to implement the project, coordinate stakeholders involved in implementation and consultation, and ensure regular project monitoring and evaluation Support implementation - Essential instruments for project management such as M&E framework and Management Information System (MIS) and a Project Implementation Manual (PIM) providing detailed guidelines for all project activities including management, payments systems, transparency and supervision are all developed by the project staff in close coordination with international experts to provide solid technical foundations and promote knowledge transfer. The Government has been advised to promote learning by doing through project setup and implementation by employing consultants with the highest possible technical assistance skills to assist program staff as needs arise.			
	Resp:	Stage: Implementation	Due Date:	Status: Not Yet Due
Governance	Rating	High		
Description: Fiduciary and accountability arrangements. Due to the capacity challenges explained above, there could be risks associated with fiduciary (financial management and procurement) and accountability mechanisms , given that Cameroon does not have a strong record of satisfactory performance in these specific areas.	Risk Management:			
	Strengthen governance - The program places significant resources into monitoring, including on governance indicators. The MIS system provides real-time tracking of payments and financial transfers. Regular audits, FMR, and controls will be strictly implemented. Demand-side governance actions to strengthen accountability are also part of the project monitoring and evaluation framework and the Bank and Government teams will work closely to ensure these are implemented. Communication & social marketing - Information campaigns to ensure widespread understanding of program objectives, activities and expected results, as well as grievance procedures. A broad range of communication methods will be used including: workshop, community meetings, posters, leaflets and media outlets such as radio and Internet.			

		Accountability and grievance. - The grievance mechanism will allow beneficiaries and communities to complain or flag problems in implementation (targeting, payment delays, misuse of program funds etc.).			
		Resp: Client	Stage: Implementation	Due Date:	Status: Not Yet Due
Project Risks					
Design		Rating	High		
<p>Description:</p> <p>A Specific Investment Loan (SIL) design was found to be best suited to the Cameroon environment and to the nature of benefits to be delivered to the target population. The team also recognizes that the design, though the best option currently, might be challenged by the institutional arrangements in place. However, setting up new arrangements is not seen as a viable immediate solution as it will take too much time to make the required decisions, take the necessarily actions, and deliver benefits to the target population in time.</p> <p>The above said, establishment of the UGP under the CTS has been a good indication of commitment on the Government side. The CTS has so far displayed good levels of decision-making under the auspices of MINEPAT and there has not been dissent on the side of other Government stakeholders.</p>		<p>Risk Management:</p> <p>Technical assistance The Bank team will continue to provide more support both in form of technical assistance and advice to the CTS and MINEPAT to ensure sustained leadership and facilitation to bring stakeholders on Board.</p> <p>Pilot approach In order to maximize learning and promote sustainability, the project will adopt a pilot approach –the project will focus on developing and consolidating the human capacity, instruments and activities to support the national safety net system in Cameroon.</p>			
		Resp: Client	Stage: Preparation	Due Date:	Status: In Progress
Social and Environmental		Rating	Moderate		
<p>Description:</p> <p>The overall social and environmental impact is expected to be positive. Cash transfer activities are expected to have no negative impact socially and environmentally. As part of the public works pilot, some activities will be implemented that are likely to have a social and environmental impact, and it is expected that there might be an undesirable impact at the beginning but capacity is expected to grow over time with the gradual expansion of the public works component.</p>		<p>Risk Management:</p> <p>- Preparation of an ESMF, PMP, IPPF and RPF - Capacity building and training in environmental and social management will be provided under Component 1</p>			
		Resp: Client	Stage: Preparation	Due Date:	Status: Not Yet Due
Program and Donor		Rating	Moderate		
<p>Description:</p> <p>It will become increasingly important for donors other than the World Bank to contribute to providing the desired technical assistance and supplemental financing. If there is donor fatigue caused by the lack of a fairly good governance track record in Cameroon, then the resulting lack of donor support will strongly compromise the building of an effective safety net system.</p>		<p>Risk Management:</p> <p>- To ensure that emerging issues are presented and dealt with upfront, the Bank team will recommend: (i) the active participation of donors in the Safety Net Steering Committee (<i>Comité de Pilotage</i>); and (ii) the establishment of a safety net Sector Working Group (SWG). The SWG consists of the Government and development partners and will provide a regular forum for discussions of key issues of concern and for finding remedies for issues both at the policy and implementation levels. In this way, key issues will be identified and resolved through collaborative engagement that will help the Government to move forward.</p>			
		Resp: Bank	Stage: Preparation	Due Date:	Status:
Delivery Monitoring and Sustainability		Rating	High		
<p>Description:</p> <p>NA</p>		Resp:	Stage:	Due Date:	Status:
Overall Risk					
Implementation Risk Rating		Rating	High		

Annex 5: Implementation Support Plan

CAMEROON: Social Safety Net Project

Strategy and Approach for Implementation Support

1. The project is enshrined within and seeks to boost the efforts of the Government and other stakeholders to develop a broader and, eventually, a national social safety net program that will be increasingly pro-poor and thus help to reduce poverty more efficiently. The implementation of the project is thus expected to trigger collaboration between the Government and its development partners toward the establishment of a national safety net program. Some initial benefits resulting from the adoption of this approach were realized during the identification and preparation missions when the Bank team consulted with and generated a common understanding among the Government and its development partners on the underpinning and options for the development of a national program.

2. It was decided to meet regularly to hold technical and policy discussions on the safety net program, which are expected to continue and become more structured once the project is fully designed and is being implemented. This coordination arrangement is expected to facilitate the provision of technical assistance and advice to the Government by donors, and the Bank will continue to play an important and catalytic role to ensure that the momentum is sustained.

3. In addition to the Government and donors, NGOs, civil society organizations, and the private sector will increasingly be brought on board as the project becomes effective and its implementation gets underway. They will become important partners in such implementation functions as payments, monitoring and evaluation, beneficiary identification, and capacity building.

Implementation Support

4. The task team leadership as well as part of the core task team will be based in Washington or somewhere else outside of Cameroon. A few other support team members will be based in the country. This will require regular technical interaction with the World Bank team and support missions, especially during the first half of the project to ensure that any emerging challenges will be identified early enough, recommendations made in time, and corrective actions implemented well before any risk to adversely affect progress toward the project's development objectives. In this regard, two kinds of implementation support arrangements have been designed as part of the project:

- Implementation support missions from the Bank will be conducted every six months throughout the project. These missions will make continuous assessments of progress in implementation and toward the achievement of the project's development objectives. These support missions will also ensure that corrective actions will be taken to counter any emerging problems.
- From time to time as needed, experienced Bank staff and/or consultants will make technical support visits in between missions by to provide hands-on implementation support to the Government and other stakeholders in addressing emerging technical

issues. On these technical visits, the team will provide both operational support and implementation advice on any areas where there are capacity gaps.

5. Specific technical assistance and capacity building will be mobilized in key technical areas that are considered critical for project implementation. These include but are not limited to the following:

- Targeting and beneficiary identification;
- Monitoring and evaluation;
- Impact evaluation;
- Operations and implementation management; and
- The planning and implementation of public works subprojects.

Annex Table 5.1. Activity Planning for the Main Areas of Implementation Support

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Targeting and beneficiary identification, monitoring, operations management Preparing coordinated systems based on safety net strategy	Targeting, monitoring and evaluation, operations management, planning Baseline survey for impact evaluation	TBD	TBD
12-36 months	Cash transfer component is implemented Accompanying measures to ensure best practices in nutrition and health are developed and applied systematically Preparation of MTR Public works subprojects planning Impact evaluation	Intensive support to implementation Outreach, training, and sensitization skills for the accompanying measures Ensuring the PDO is Satisfactory Follow-up data collection for impact evaluation		
36 months and beyond	Cash transfers (Cycle 2) and public work components are implemented Lessons learned from MTR are implemented through action plan to ensure a continued Satisfactory project rating towards achieving the PDO	Intensive support to implementation Fiduciary and safeguards specialists support in supervising compliance with Bank requirements		

Annex Table 5.2. Skills Mix Required

Skills Needed	Number of Staff Weeks (annually)	Number of Trips (annually)	Comments
TTL	12	2-3	Based at HQ
Economist	12	2-3	Based at HQ
Operations specialist	4	As required	Based in the region
PR Specialist	2	As required	Based in Cameroon
FM Specialist	3	As required	Based in Cameroon
Social safeguards specialist	2	As required	Based at HQ
Environmental safeguards specialist	1 (starting year 2)	As required	Based in Cameroon
M&E specialist	2	As required	Consultant

Annex 6: Team Composition

Team Composition				
Bank Staff				
Name	Title	Specialization	Unit	UPI
Carlo del Ninno	Senior Economist	Task Team Leader	AFTSW	19167
Victoria Monchuk	Economist		AFTSW	241298
Alex Kamurase	Senior Social Protection Specialist		AFTSE	291153
Faustin-Ange Koyasse	Senior Economist		AFTP3	89821
Enagnon Ernest Eric Addo	Financial Management Specialist	Financial management	AFTME	278206
Kouami Messan	Senior Procurement Specialist	Procurement	AFTPE	256789
Mountaga Ndiaye	Extended Term Consultant	Procurement	AFTPE	.
Emeran Serge M. Menang Evouna	Forestry Specialist	Environmental safeguards	AFTN3	275867
Zarafshan H. Khawaja	Lead Social Development Specialist	Social safeguards	AFTCS	20035
Paivi Koskinen-Lewis	Social Development Specialist	Social safeguards	SDV/AFTCS	350740
Nneoma Nwogu	Senior Counsel	Legal	LEGAM	374240
Aissatou Diallo	Senior Finance Officer	Controller	CTRLA	241610
Nathalie Tchoumba Bitnga	Team Assistant		AFCC1	288621
Thembi Malena Kumapley	Program Assistant		AFTSW	278328
Non Bank Staff				
Name	Title	Specialization	City	
Thomas Dickinson	Consultant	Social Protection Specialist	Washington	

Annex 7: Economic and Financial Analysis
CAMEROON: Social Safety Net Project

Cash Transfer Program

A. What is the Appropriate Benefit Level and Structure?

1. Given that the level of poverty in Cameroon is 39.9 percent and a population of about 17.9 million people, around 7.2 million people fall below the monetary poverty line²¹ (Annex Table 7.1). The poverty gap (average distance between the level of income of the poor and the poverty line) is 12.3 percent (FCFA 33,142 per person per year). Around 26.1 percent of the population (4.7 million people) lives in chronic poverty.²² On average there are six members per household, and more in very poor rural areas. International evidence shows that, in order to have an impact on household consumption and poverty, the amount transferred by a cash transfer program has to be between 10 to 20 percent of the consumption of a household at the poverty line.

2. Taking into account international recommendations and guidelines, the feasibility assessment proposed a transfer of FCFA 15,000 per month per household, which is approximately FCFA 30,000 per year per person for an average family of six. While it is possible to vary the level of transfer according to the number or age of the children or even according to seasonal variations, for operational reasons the level of transfer should be harmonized across the regions, at least in the early stages of the implementation of the cash transfer program. FCFA 15,000 per month would cover around 19 percent of the consumption of a family at the poverty line (in other words, those in the 4th quintile)²³ and around 52 percent of their food consumption (Annex Table 7.1). Moreover, FCFA 15,000 per month per household would bridge 100 percent of the poverty gap for the average poor family.

Annex Table 7.1: Estimated Benefit Level and Coverage of the Cash Transfer Program

	Poverty line (39.9 percent)	Chronic poverty line (26.1 percent)
Poverty headcount (%)	39.9	26.1
Number of poor people	7,158,060	4,682,340
Poverty gap (%)	12.3	
Poverty gap (FCFA/person/year)	33,142	
Total expenditures for a poor household (FCFA/month)	80,411 ^a	63,774 ^b
Food exp as a % of total hh expenditures (%)	35.8 ^a	
Transfer value as a share of total hh exp/month (%)	18.7 ^a	23.5 ^b
Transfer value as a share of hh food exp/month (%)	52.1 ^a	

Source: ECAM3 2007

^a For a household in the 4th decile.

^b For a household in the 2nd decile.

²¹ In 2007 (ECAM3) the national poverty line was FCFA 738 (US\$1.35) per person per day.

²² According to ECAM3, “people in chronic poverty” refers to individuals falling below the national poverty line, with a high probability of remaining poor in the near future, and who are extremely vulnerable to consumption shocks. The probability was calculated using econometric techniques.

²³ Twenty-four percent for a family in the second quintile.

B. How Many Poor Households can the Program Afford to Cover?

3. Given the large number of poor people in Cameroon, it would not be fiscally affordable to cover all of the poor (both the chronically and transitionally poor) on a continual basis as this would amount to 39.9 percent of the population (Annex Table 7.2, column 1). Therefore a compromise must be made in terms of the number of people that can be covered by the program and for how long. According to the recent safety net assessment²⁴, the cost of a cash transfer program that covered all of the chronically poor in Cameroon (26.1 percent of the population) would amount to around FCFA 140 billion or 283 million US dollars per year excluding administrative costs (see Annex Table 7.2, column 2). If administrative costs of 20 percent²⁵ were included, the total cost would increase to US\$339 million per year or 1.51 percent of GDP. This amount is not much higher than the Government's current expenditure on safety net programs, including subsidies.

4. However, covering only around half of the chronically poor (Annex Table 7.2, column 3) would cost only FCFA 80 billion or 0.7 percent of GDP, but this coverage could be expanded in the event of a crisis, thus reducing the need to introduce less efficient emergency measures. Some additional start-up costs for developing necessary information, targeting, and payment systems would be incurred, and the program would require reoccurring operating expenditures on staff and consultant salaries, equipment, M&E, audits, and outreach. However, the average annual costs of operating a cash transfer program that would cover half of the chronically poor in Cameroon is estimated to be less than 1 percent of GDP per year.

5. The project, with its contribution of US\$50 million, will cover far fewer people than what would be possible in a fully developed Government program. Given that US\$36.3 million will be allocated over a period of five years²⁶ to Component 2 to cover transfer payments and some of the administrative costs associated with the transfer program (20 percent), the total number of households that can receive transfer payments over the project cycle is estimated to be about 40,000 households or 120,000 poor people per year (Annex Table 7.2, column 4).

C. What is the Expected Impact of the Transfer Program?

6. ***Impact on Poverty.*** *Ex-ante* simulations of the potential impact of the cash transfers on poverty measures for different transfer benefit structures and targeting methods (scenarios) have been assessed. For each scenario, the household consumption level is compared to the baseline consumption (used to measure poverty) level before the transfer to calculate the reduction in the poverty rate (at the monetary poverty line), in the poverty gap, and in the severity of poverty.

²⁴ World Bank (2011). "Cameroun: Filets Sociaux"

²⁵ In general the internationally accepted ratio of administrative costs to transfer costs for an unconditional cash transfer program is around 10 to 20 percent. In the estimate of the administrative costs used here, we include only the costs for Component 1 (such as the costs involved in registration, identification cards, and accompanying activities). In addition, some of the upfront and reoccurring costs for system building and project operations in Component 3 should also be added to the total administrative costs of a cash transfer program to estimate how much it costs to run such a program on an annual basis.

²⁶ The actual period of during which transfers will be paid out will be less than five years including the time taken to start up the program and close it down.

The same estimations have also been done using a chronic poverty line estimated at 80 percent of the monetary poverty line.

Annex Table 7.2: Annual Cost Estimate for a National Cash Transfer Program

	Monetary poverty (39.9 percent)	Chronic poverty (26.1 percent)	About half of chronic poor (2,220,000 people)	Five year US\$35 mil. project cash transfer allocation ^a
<i>Excluding administrative costs</i>				
FCFA (Billion)	218	140	67	.
US\$ Million	432	283	134	.
Percent of 2010 GDP	1.93	1.26	0.70	.
<i>Including 20 percent administrative costs</i>				
FCFA (Billion)	258	169	80	3.5
US\$ Million	518	339	161	7.0
Percent of 2010 GDP	2.3	1.5	0.7	0.03

Sources: Author's analysis using ECAM3 data (2007) and poverty analysis from feasibility study.

^a Given that the project allocates US\$35 million to for Component 2 to cover cash transfer payments and associated administrative costs for five years, the project can afford to cover 40,000 households.

7. Annex Table 7.3 presents the reduction in all three poverty measures in percentage terms for each of the benefit structure and targeting scenarios. While none of the calculations uses the FCFA 15,000 per household per month transfer level, it is likely to be safe to say that the impact of this transfer level would fall somewhere in between the two transfer levels used – FCFA 12,500 and FCFA 16,500. The estimations were carried out using data from the five poorest regions in Cameroon: Adamaoua, East, Far-North, North, and North-West.

8. The results show that focusing on the chronic poor rather than those under the monetary poverty line produces much greater reductions in poverty rates. A transfer of FCFA 15,000 per month targeted to the chronic poor can be expected to result in just over a 17 percent reduction in the poverty rate, over a 43 percent reduction in the poverty gap, and over a 54 percent reduction in the severity of poverty in the targeted regions (Annex Table 7.3 row 3). The impact varies significantly in each of the five regions. The poverty headcount is expected to be reduced by as much as 26 percent in the North where many people live close to the poverty line, but only by about 9 percent in Adamaoua. However, because the poverty gap and severity are much higher in the Far-North, North and East, this is where the transfer will have the greatest impact on the poorest.

9. Targeting specific groups such as families with children under the age of 5 can significantly reduce targeting costs, but the results in Annex Table 7.3 (row 4) show that the simulated impact of this strategy on poverty levels is lower than the impact when the PMT selection criteria are used. However, it could be that focusing on families with young children may have a greater impact on the nutrition, health, and schooling of children. However, these variables are not included in the simulations. When the PMT method is used and a larger weight is given to the group of households with the lowest PMT score (the poorest), the impact on

chronic poverty remains largely the same as when only the PMT is used to target recipients, but the targeting is more effective as the impact on both the poverty gap and on the severity of poverty is slightly larger (Annex Table 7.3, row 5).

Annex Table 7.3: Impact Simulations of Cash Transfers (percent)

Simulation^a	Reduction in poverty rate (headcount) (%)	Reduction in poverty gap (%)	Reduction in poverty severity (%)
<i>Transfer level: FCFA 12,500 Targeting method: PMT estimated on monetary poverty</i>	5.2	26.0	37.7
<i>Transfer level: FCFA 16,500 Targeting method: PMT estimated on monetary poverty</i>	7.5	32.5	44.3
<i>Transfer level: FCFA 12,500 Targeting method: PMT estimated on chronic poverty</i>	17.6	43.4	54.5
<i>Transfer level: FCFA 12,500 Targeting method: only households with children under 5</i>	13.2	33.6	42.6
<i>Transfer level: FCFA 12,500 on average Targeting method: PMT chronic poverty and more weight to the households with the lowest PMT score</i>	17.5	45.7	56.8
<i>Transfer level: FCFA 12,500 on average and diversifying by household size Targeting method: PMT estimated on chronic poverty</i>	16.6	45.1	57.0

Source: Feasibility assessment using data from ECAM3 (2007)

^a The average baseline levels of poverty and chronic poverty without transfers in the five regions were: poverty rate 51.6% (chronic poverty 67.2%), poverty gap 14.0% (chronic poverty 23.2%), and poverty severity 5.0% (chronic poverty 10.0%).

10. The simulations also show the expected impact on poverty using a differentiated benefit structure for different types of households. In these simulations, the PMT is still used to target the chronic poor. When families with larger number of members are provided with a higher monthly benefit level and households with a smaller number for members are provided with a lower monthly transfer, the impact on the poverty rate is slightly less than when all families are given equal benefits and the impact on the gap and severity is slightly larger (Annex Table 7.3, row 6).

11. In order to be able to weight these different impact scenarios against each other and against what is feasible in the context of Cameroon, it is important to keep in mind that the more complex the targeting method that is chosen and the more diversified the benefit structure, the higher will be the targeting and administrative costs. It is also crucial to note that there are strategic risks involved in differentiating households from each other as it can be difficult to justify why some households receive more than others. These risks need to be weighed against the benefits produced by the differentiation in benefit structure and targeting methods.

12. In conclusion, the set of simulations shows that a cash transfer of FCFA 15,000 could significantly reduce poverty incidence. The fact that the reduction in the poverty gap and the severity of poverty is also considerable indicates that narrower targeting can effectively benefit the poorest of the poor. Moreover, this estimated reduction in Cameroon seems high compared to

the results of other experiments with cash transfers in developing countries. However, these are *ex-ante* simulations and an *ex-post* evaluation will be needed to confirm or refute these predictions. Finally, these predictions have the potential to vary widely if the PMT itself is changed for administrative or policy reasons.

13. ***Impact on Health and Education Outcomes.*** There are several studies concerning the specific impact of cash transfers on health and education, but most of these were studies of conditional cash transfers (CCTs) in Latin America. Also, they have generally not computed an overall benefit by looking at the lifetime effect of the change in health or education. However, one study that looked at an unconditional cash transfer program in South Africa found large gains in health and a discounted rate of return on cash transfers payments of between 160 to 230 percent.²⁷

D. Cost-effectiveness

14. Because it is very difficult to estimate *ex-ante* the impact of cash transfers on various outcome indicators (other than in the simple arithmetic calculations presented above), it is not a straightforward process to compare the costs and benefits (impacts) of a program in order to estimate its cost-effectiveness. However, it is well-known that cash transfers can have an impact beyond their immediate effects on household consumption and market prices. Cash transfers can produce positive indirect effects when the household invests this money either in productive inputs that will generate short-term income or in assets that will enhance the family's longer-term development. Therefore, some positive effects of cash transfers may spill over from the target population into the whole local economy.

15. In Niger, cash transfer pilots seem to have had positive effects on local trade and on the development of certain livelihoods.²⁸ Although the multiplier effects on the local economy were not measured, the impact would have been even greater if the transfers had been regular and predictable. It is reasonable to assume that a long-term and predictable injection of cash from transfers would produce similar multiplier effects, as seen in other countries. In addition, analysis of Cameroon's emergency responses to the financial crisis in 2010 suggest that cash transfers were more cost-effective than traditional in-kind distributions, as the prices of imported cereals reached US\$1,200 per ton compared to local prices of US\$400 to 500 per ton.

16. In Mexico, an assessment of PROCAMPO (a program providing direct support to farmers) estimated that the program had had multiplier effects of between 1.5 and 2.6 times the amount transferred.²⁹ In Malawi, using a similar methodology, the multiplier effects of the Dowa Emergency Cash Transfers (DECT) project were estimated to be between 2.02 and 2.45 times the amount transferred.³⁰ This means that for each dollar transferred, additional income of over US\$2 is generated in the local economy.

²⁷ Agüero et al. (2007)

²⁸ Save the Children UK (2008) and (2009)

²⁹ Sadoulet (2001)

³⁰ Davies (2008)

17. Moreover, another study found that 12 percent of the transfers provided in Mexico's PROGRESA, a conditional cash transfer, are invested with a return of 17.6 percent and that, after 5.5 years in the program, households increased their consumption by 34 percent.³¹

Public Works Program

A. What is the Appropriate Benefit Level and Structure?

18. About 94 percent of the poorest Cameroonians (those in decile 1) live in rural areas, and 92 percent of working-age adults are engaged in informal employment (agriculture and non-agriculture). This type of employment is most common in rural areas and among women. In rural areas, employment in the primary sector (agriculture, animal husbandry, hunting, and fishing) accounts for 83 percent of all employment, with 69 percent of rural women engaged in this sector. Primary sector informal activities such as small-scale agriculture are generally seasonal and unstable, and these work opportunities are dependent on the weather and agriculture seasons. Underemployment (not making enough income to make a living) and seasonal unemployment (when demand for agriculture workers is low) are both common, which means that small-scale farmers, farm workers, and their families often face periods characterized by insufficient income, food-insecurity, and hunger.

19. Public works activities can provide additional income to households that are in need of additional income. If well-designed, these programs are temporary, timed for those periods when household revenues are lowest, and targeted to the most vulnerable households.

20. Taking into account international recommendations and guidelines, the feasibility assessment proposed a wage rate of FCFA 1,000 per worker per day. This would be equivalent to approximately FCFA 20,000 for an individual who works 8 hours per day during the period of the project (20 days per month for three months for up to 60 days of work per household per year). This level of spending would be equivalent to between FCFA 300 and 500 per day per poor person in the five northern regions. For the average household of six, it would amount to around FCFA 1,800 and 3,000 per day. A wage of FCFA 20,000 per month would cover around 25 percent of the consumption of a family at the poverty line (in the 4th quintile)³² and around 70 percent of their food consumption.

B. How Many Poor Households Can the Program Afford to Cover?

21. It is expected that the project will support around 60 to 70 subprojects in every year during which Component 3 is being implemented, which will amount to a total of around 200 subprojects over three years. Each subproject will engage about 75 to 150 households in full-time work over the course of three months for a maximum of 60 days of work. Around 10,000 workers will be employed per year for a total of around 30,000 over the last three years of the project. However, should participating households not be capable of providing anyone able to work for the entire 60 day 8-hour days, the project may end up supporting a larger number of workers at a lower overall benefit level per family.

³¹ Gertler et al. (2006)

³² Thirty-one percent for a family in the second quintile.

22. Because of the temporary nature of the work and the limited number of workers that can feasibly participate at each work site, the non-wage costs of the public works program are rather small (20 percent capital-labor ratio). Including estimated administrative overheads, non-wage costs will not exceed 30 percent of the total costs of Component 3 and the overall cost of the public works program will be about FCFA 585 million or 0.005 percent of GDP per year.

C. How Will the Public Works Programs Be Timed?

23. Public works subprojects need to operate during the times when the need for additional household revenue is the highest. The feasibility study analyzed regional data from the Food and Agricultural Organization's crop calendar and recommended that in the five northernmost regions of Cameroon the need for public works is greatest between January and May as this is generally the agricultural slack season and when exogenous shocks such as droughts and floods are most likely to occur.

D. What Types of Public Works Will Be Undertaken?

24. Activities eligible under the public works component will include soil conservation to slow desertification and protection of the environment and small irrigation systems, the rehabilitation of small infrastructure such as small roads and sanitation projects, and other activities that meet local needs as expressed by communities. These activities will be detailed in the implementation manual for the public works program. Lists of potential subprojects have already been identified at the commune level through the participatory Communal Development Plans prepared by the *Programme National de Développement Participatif* (PNDP).

25. In order to maximize the number of households that can benefit from the transfers, the wage part of public works funding will represent a minimum of 70 percent of the labor-intensive public works budget allocated per year. This allocated budget, combined with the establishment of a set daily rate and of a maximum number of days that each person can work, will allow a pre-determined number of households to participate in the public works program in each selected commune. The other 20 percent of the public works budget allocation will be spent on administrative costs, including technical supervision, monitoring, and capital inputs. The Bank will transfer the financing for these costs before the public works activities begin to ensure that the necessary tools and materials are procured in advance. The subprojects should meet the following basic criteria: (i) they should provide a public good or service; (ii) they should benefit the broader community; and (iii) they should not adversely affect the environment or have negative social consequences as defined in the ESMF and the RPF.

E. What Is the Expected Impact of the Public Works Program?

26. Although no impact evaluations or *ex-ante* simulations are available of labor-intensive public works programs in Cameroon, there is international evidence from other African countries (such as Ethiopia and Zambia) and non-African countries (such as Argentina and India) that public works programs can have important positive direct and indirect effects. These programs have had a direct impact in terms of reducing poverty incidence, preventing households from resorting to negative (non-productive) coping mechanisms in times of crisis, and increasing the

consumption of the poorest households (see Annex 7 for more details). They have had an indirect impact in terms of the value of the assets created by the sub-projects and the potential to produce social gains resulting from those assets in the affected communities. The indirect impact of public works programs on communities is crucial because the cost of transferring \$1 of income to a poor household under a public works program is usually greater than the transfer itself.³³ These programs can also have a negative impact on labor market by pushing salaries downwards or by creating labor shortages.

27. **Direct Impacts on Poverty and Consumption.** Impact evaluations of the PSNP program in Ethiopia showed that the program had had a positive impact despite the adverse effects of the drought and severe food price shocks of 2008. Households participating in the PSNP experienced food insecurity for 0.6 months less than non-PSNP households. Also, PSNP households increased their caloric intake by 17 percent more than non-PSNP households, and public works participants experienced a net growth in livestock holdings compared to other households. The percentage of PSNP beneficiary households that did not report having to sell their assets to meet their food needs increased slightly from 49 to 52 percent after the program. Overall, the impact evaluation found that the program had had a modest impact in terms of increasing households' ability to raise funds in an emergency.³⁴

28. Argentina's Jefes program aimed to protect workers from poverty and extreme (food) poverty during the 2002 crisis. The program provided a basic cash transfer and, for about 80 percent of participants, this transfer payment came with a work requirement. Impact evaluations confirm that Jefes had a small impact in terms of helping participants to escape extreme poverty (using the food poverty line). Despite the existence of Jefes, 30 percent of households who were not extremely poor in 2001 fell into extreme poverty in 2002. However, counterfactual simulations that assumed that Jefes did not exist, 40 percent fell into extreme poverty. The impact in terms of actually reducing poverty was less striking. With the existence the program, 8 percent escaped extreme poverty, but this would have been 5 percent without the program. However, an extra 10 percent of the participants would have fallen into extreme poverty in the absence of the program.³⁵

29. **Indirect Impact.** The limited evidence available from India's National Rural Employment Guarantee Scheme is that the program is contributing to capital formation in agriculture. During the very first year, 75 percent of the 830,000 works undertaken have been devoted to water harvesting structures, minor irrigation tanks, community wells, land development, flood control, and planting, which are all activities likely to contribute significantly to raising farm productivity.³⁶ In Africa, the public works subprojects of Ethiopia's PSNP rehabilitated 167,000 hectares of land, constructed 275,000 kilometers of embankments, and planted almost 900 million seedlings, thereby reaping environmental benefits. *Ex-post* visits to

³³ Ravallion (1999) "Appraising Workfare." The World Bank Research Observer 14(1): 31-48

³⁴ IEG (2011) Implementation Completion and Report Review, Ethiopia PNSP APL II project.

³⁵ Galasso, Emanuela and Martin Ravallion (2004) "Social Protection in a Crisis: Argentina's *Plan Jefes y Jefas*," *World Bank Economic Review*, 18(3): 367-399.

³⁶ World Bank (2009) "How to Make Public Works Work: A Review of the Experiences" SP Discussion paper No. 0905.

selected project sites found significant increases in vegetation cover and a broader diversity of plant species.³⁷

30. Quantitative studies have shown that public works programs also have the potential to produce social gains through the assets created. There is evidence that in Zambia 37 percent of people in the areas covered by the public works activities had greater access to markets, 15 percent said that the attendance of pupils at school had increased because of the project, and 13 percent indicated that the project had increased access to health services because recipients were more able to afford them.³⁸ In Ethiopia, 27 percent of PSNP participant households (self) reported increased use of health facilities, and almost half of them attributed the increase to the PSNP.

F. Cost-effectiveness

31. While a public works program is an expensive way to transfer income to poor households, the analysis of cost-effectiveness of the program has to take into account both the direct and indirect effects and the long-run and short-run effects of the program discussed above. It also has to capture all costs (labor, materials, and administrative overheads), the program's labor intensity and targeting efficiency (of direct and indirect benefits), the direct and opportunity costs incurred by beneficiaries when they participate in the works, and budget leverage or the share of the Government's outlay that actually benefits the poor. However, such detailed information is rarely available (or reliable enough) to estimate a program's cost-effectiveness at appraisal. Nevertheless, we can compare some aspects of the cost-efficiency of Cameroon's proposed public works program with international experience.

32. **Cost of Transferring US\$1.** Data from some simulations done for other public works in low-income settings are available and show that the cost of transferring \$1 to poor people in low-income countries with an average poverty rate of 50 percent are US\$2.5 if future gains from assets created are taken into account and US\$3.6 if only current benefits are considered. Nonetheless, these simulations do not fully take into account the indirect and secondary benefits and, to this extent, probably over-state the costs of transferring wage income in public works programs. In the World Bank's public works program in Niger, which has very similar design parameters as the one in Cameroon, the cost of transferring \$1 was estimated to be US\$2.23.

33. **Labor Intensity.** It is estimated that the share of labor costs (direct wage payments) will be about 80 percent of subproject costs. The materials will account for the remaining 20 percent. After adding the other administrative overheads needed to manage the works, the total non-labor costs of Component 3 are not expected to exceed 30 percent. In other public works in low-income settings, 30 percent administrative costs are considered normal. For instance, in a review of the wage and non-wage costs of four public works programs in India, Ethiopia, and Malawi,

³⁷ IEG (2011) Implementation Completion and Report Review, Ethiopia PNSP APL II project.

³⁸ World Bank (2009) "How to Make Public Works Work: A Review of the Experiences" SP Discussion paper No. 0905

the wage share of the costs fell between 45 and 85 percent.³⁹ The labor costs for the recent World Bank public works program in Niger were also estimated at 70 percent at appraisal

34. **Targeting Efficiency of Wages.** The program, which uses a combination of targeting methods (geographic, community-based, and self-targeting), is designed to maximize the share of wages benefitting households in the lowest income deciles. The goal for the targeting efficiency indicator in the results matrix is 70 percent. Hence, the aim is for 70 percent of beneficiaries to be from households in the bottom two income quintiles. If achieved, this share compares well with that achieved by other programs such as the PSNP in Ethiopia (87 percent), the Liberia Cash for Work Temporary Employment Program or CfWTEP (74 to 86 percent), and the Employment Guarantee Scheme (EGS) in Bangladesh (80 percent) (Annex Table 7.4).

35. **Share of Indirect Benefits Going to the Poor.** The poverty benefits depend on the share of profits accruing to the poor from the assets created. Assuming that the subprojects are generally located in communities where the participants live and since the social safeguards will ensure fair and equitable management of assets created and rehabilitated, we can assume that a fair amount of profit will return to the poor. In the proposed project, it is assumed that 70 percent of proceeds will go to the poor.

36. **Net Salary Gain.** Net salary gains (gross wages minus the direct and opportunity costs to the beneficiary of participating in the works) are difficult to estimate *ex-ante*. FCFA 1,000 per day (or a maximum of FCFA 20,000 per household per month) amounts to about 19 percent of household expenditures for a household at the poverty line, 24 percent for a household in income quintile 2, and 19 percent of household food expenditures for a household at the poverty line. Direct costs for the participant are expected to be very low as the works will take place in their own communities and will require very little community contribution (except for the storage of equipment). Opportunity costs (foregone income from elsewhere) are also expected to be very low as the works will be timed to take place during the time of year when the demand for farm labor is the lowest and the availability of household labor is the highest.

37. International experience of net salary gains varies widely from about 51 percent of income earned during the lean agricultural season for the lowest income quintile in India to 80 percent estimated *ex-ante* in Niger to 93 in Liberia where three-quarters of participants had no other income or employment before the arrival of the program (Annex Table 7.4). In addition, indirect and long-term benefits have to be included to be able to estimate the real gains accurately.

³⁹ World Bank (2009) "How to Make Public Works Work: A Review of the Experiences" SP Discussion paper No. 0905.

Annex Table 7.4: Comparison of the Cost-efficiency of Public Works Programs

	Liberia (CfWTEP)	India (NREG)	Ethiopia (PSNP)	Bangladesh (ESG)	Niger (SNP)	Cameroon
Labor intensity	0.68	0.71	0.85	0.65	0.70	0.7
Targeting efficiency	0.80	0.70	0.87	0.80	0.80	0.7
Share of indirect benefits going to the poor	0.80	ND	0.85	ND	0.80	0.7
Net salary gain	0.93	0.50	0.75	0.50	0.80	ND
Efficiency ratio	0.40	ND	0.47	ND	0.36	ND
Cost of transferring US\$1	1.98	4.02	1.80	3.85	2.23	ND

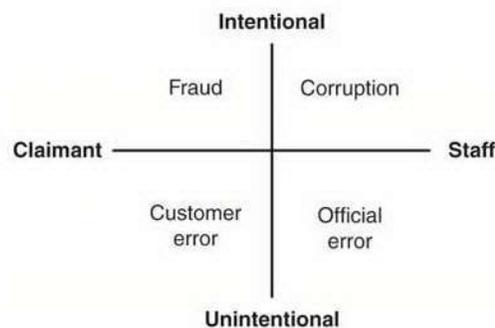
Source: World Bank (2011) “Project Appraisal Document on a Proposed Credit in the Amount of SDR 44.5 million to the Republic of Niger for the Safety Net Project” Report No: 59609-NE

Annex 8: Governance and Accountability Plan

1. A public program implemented by different levels of Government that requires the application of targeting criteria, the direct transfer of funds, and the execution of community-level projects requires strong checks and balances. Governance and accountability measures ensure that resources are allocated equitably, prevent any manipulation by special interests, and support the free flow of information that fosters a culture of transparency and efficiency. Demonstrating that a project is fair and can deliver results without leakage, fraud, corruption, or foul play is critical to obtaining the support of the population and the political class and is thus key to ensuring its sustainability. Transparency, participation, and accountability are all essential elements in pursuing this objective.

2. Although all safety net programs strive to transfer all of their resources to registered beneficiaries in the right amount and at the right time, a fraction of these transfers is often lost to error, fraud, and corruption (see Annex Figure 8.1 below).

Annex Figure 8.1: Error, Fraud, and Corruption in Safety Net Programs



3. *Error* is an unintentional violation of program or benefit rules that result in the wrong benefit amount being paid or the right amount being paid to an ineligible applicant. Official errors are due to staff mistakes, and customer errors occur when customers inadvertently provide incorrect information. *Fraud* occurs when a claimant deliberately makes a false statement or conceals or distorts relevant information regarding his or her program eligibility or level of benefits. *Corruption* is intentional abuse by the program management staff, payment agencies, or others in authority.

4. As outlined in the ORAF (Annex 4), the main risks involved in the Cameroon Social Safety Net Project are related to:

- i) **Project management:** Ensuring efficiency and good governance in project management, particularly with regard to capacity and fiduciary aspects.
- ii) **Targeting:** Ensuring efficient targeting and avoiding fraud and corruption in the selection of beneficiaries.

iii) **Payments:** Ensuring the delivery of timely and transparent payments to beneficiaries and avoiding fraud and corruption in the flow of funds.

5. The governance and accountability framework is designed to respond to these three major areas of risk and is summarized in Annex Table 8.1 below. Governance and accountability measures will be further detailed in the project implementation manual, which also contains all of the processes and guidelines for the targeting and payment of beneficiaries, as well as for the payment system.

6. The project's governance and accountability measures are aligned with the Government's anti-corruption frameworks and institutions and draw on the key principles of good governance in World Bank projects. In the future, the project will also make use of ICT to improve its disclosure, transparency, and complaints mechanisms.

7. The monitoring and evaluation framework and the MIS will provide the information to assess whether good governance practices are being used in the implementation of the Social Safety Net Project. The M&E system will consist of the formal mechanisms for making this assessment, including a mid-term review, an impact evaluation, and independent reviews. The management information system (MIS) will contain quantitative information on potential and actual beneficiaries that will inform the production of regular reports. It will also give project managers to maintain a continuous overview of the implementation processes and enable them to spot any red flags. Regular program audits will be carried out using MIS data, and these will be submitted to the Steering Committee and World Bank. Active sharing and dissemination of project information will foster transparency and accountability and promote public oversight. Social accountability measures and third party monitoring arrangements (by NGOs, civil society organizations, national media, and communities using community scorecards) will be developed. The project grievance mechanism is described in Annex 2 (p. 42) and will be further developed in the PIM and the grievance handbook.

8. The pilot approach adopted by the project puts an important emphasis on learning lessons and improving systems over time. This will facilitate the development and improvement of governance and accountability measures over the course of the project. The small-scale pilot that is currently underway has developed the first iteration of essential instruments such as the M&E system, the MIS, beneficiary targeting methodologies, transfer payment mechanisms, and a communications strategy, and these will continue to be expanded and developed over the course of the project. All three main areas of risk must be addressed from the outset, but measures relating to the oversight and control of public works (Component 3) will be developed later due to the later starting date of these activities (project year 3).

9. The governance and accountability measures that respond to the main areas of risk are as follows:

i) Project management: Ensuring efficiency and good governance in project management

a. Build Capacity. A Steering Committee will be established with a mandate to coordinate all parties involved in the establishment of the national safety net system. Qualified staff will be recruited, and a training and capacity-building agenda will be pursued with a strong

implementation support plan. The PIM and its annexes will comprehensively detail all project activities and procedures and provide guidelines for relevant aspects of project implementation for stakeholders, field staff, and service providers.

b. Ensure fiduciary management. The UGP will recruit staff with a satisfactory record in handling fiduciary responsibilities and resources to support the implementation of the project at the central and local levels. The project will also provide training on basic procurement and financial management procedures to its staff. The project will conform to standard World Bank procedures for fiduciary management applied as described in the PIM. An independent qualified external auditor acceptable to the Bank will audit the project's accounts periodically as will be stipulated in the Credit Agreement. Social accountability measures and a confidential grievance mechanism will be established to handle complaints and appeals.

c. Promote good governance. Program information will be publicly disclosed. Annual reports will be made available and posted on the project website. Relevant program information will also be disclosed in the areas where they are being implemented. A strategy will be developed for disclosing information (for example, on the web, on posters, and at regular community meetings) to ensure that citizens and third parties (such as the national press, NGOs, and civil society organizations) can hold the program to account.

ii) Targeting: Avoiding fraud and corruption in beneficiary selection

a. Targeting methodology. The project will have a clear and transparent beneficiary targeting system, including controls and verifications. Communities will participate in the selection and validation of beneficiary shortlists and will provide oversight during the implementation of the project. A PMT will be applied to the beneficiary shortlists, after which Final beneficiary lists will then be made public and posted at locations throughout the community. Appeals and grievance mechanisms will be easy for both beneficiaries and non-beneficiaries to access if they have any complaints about the administration or the results of the targeting process.

b. Communication and social mobilization strategy. Information campaigns will be undertaken to ensure that local people understand the objectives, activities, and expected results of the cash transfer and public works programs and are aware of the grievance procedures. A broad range of communication methods will be used including workshops, community meetings, posters, leaflets, and media outlets such as the radio and the Internet. Having a thorough knowledge of the project will allow key stakeholders (particularly beneficiaries and community members) to hold service providers to account for any deviations in implementation.

c. Accountability and grievances. A grievance mechanism will be set up to enable both beneficiaries and non-beneficiaries to raise complaints or flag problems in the implementation of the programs (for example, related to targeting, payment delays, or misuse of program funds).

iii) Payments: Creating a timely and transparent payment system

78. The payment system will be carefully designed and monitored to eliminate any risk of fraud and corruption. The project will contract with well-established banks, microfinance institutions (*Institutions de Microfinance* or MFIs), and mobile phone companies to deliver the payments. All prospective payment providers will be invited to submit technical and financial

proposals in response to the project's requests for proposals (RFPs), and on the basis of those documents, one or more will be selected to deliver the payments. The MIS system will track all transfers. Beneficiaries will be given project identification cards to be used as proof of their identity to reduce fraud. Payments will be publicly made and monitored by the community, and internal and external auditors will regularly verify the records kept by the project and the payment agencies. Field staff will also make random spot checks to verify that payments have been made to the right beneficiaries.

Annex Table 8.1: Governance and Accountability Matrix

Risk	Agreed Actions/Activities	Person/Agency Responsible for Implementation	Timeline (Years)						Preparation / Implementation status	Person/Agency Responsible for Monitoring
			1	2	3	4	5	6		
I. Capacity and governance of project management	1.a Build capacity									
	Steering Committee (including donors and civil society) will supervise key decisions	Steering Committee	x	x	x	x	x		Existing	World Bank
	Qualified staff will be recruited and a training and capacity-building agenda pursued with strong implementation support plan.	UGP, World Bank	x	x	x	x	x		Core staff recruited	Steering Committee, World Bank
	Project staff, community committees, and beneficiary groups will receive regular and satisfactory training.	UGP	x	x	x	x	x		To be developed	Steering Committee, World Bank
	The project implementation manual (PIM) will detail all project activities, processes, and transactions, as well as the supervision guidelines to be followed by program staff and consultants.	UGP, and payment agencies FM officers	x	x					In development for pilot	External auditor, World Bank
	A monitoring and evaluation (M&E) system will be established that covers the regular monitoring of activities, process evaluations, and targeting assessments. Audits (both internal and external) will be undertaken. Small beneficiary surveys and spot checks will be implemented to gather information on program performance, targeting, and payments.	M&E officer; field supervisors	x	x	x	x	x		In development	External auditor, M&E consultant
	A computerized management information system (MIS) will be established to integrate key operational processes, such as the selection and registration of beneficiaries, the preparation of payment lists, and the reconciliation of accounts.	MIS consultant, UGP, regional offices	x	x	x	x	x		MIS in development	External auditor, World Bank
	1.b Ensure fiduciary management									
	Qualified staff will be recruited and training in procurement and financial management will be provided.	UGP, World Bank	x	x	x	x	x		Core Staff recruited	Steering Committee, World Bank
	Standard World Bank procedures for fiduciary management (as described in PIM) will be followed.	UGP and World Bank	x	x	x	x	x		Not yet due	World Bank
Annual internal and external audits will be issued within six months from the end of the fiscal year and will include analysis of beneficiary registry and payment records and spot checks.	Internal and external auditors	x	x	x	x	x	x	Not yet due	Steering Committee, World Bank	

	A confidential and cost-effective grievance mechanism will be set up to handle complaints and appeals.	UGP	x	x	x	x	x		In development	Steering committee, civil society	
1.c Promote good governance											
	Project information will be disclosed in the implementing areas, and annual reports made publicly available. A disclosure strategy will be drawn up to ensure that citizens and third parties can hold the program to account.	Communications officer (UGP), field supervisors	x	x	x	x	x		Communication strategy in development	UGP	
	M&E system will include reporting on governance and will be used in quarterly reporting (which will summarize the status of compliance with this matrix).	UGP and M&E Consultants	x	x	x	x	x		M&E system in development	External auditor	
	Moral contracts will define the mutual rights and responsibilities of beneficiaries and the project.	Field supervisors, NGOs	x	x	x				In development	UGP	
	Clear social accountability instruments and guidelines will be available to community committees and beneficiary groups. Service providers and project field operators will provide training.	UGP and field supervisors	x	x	x	x			To be developed	External auditor, third party monitoring	
II. Fraud & corruption in beneficiary selection	2.a Targeting methodology										
	An objective and transparent beneficiary targeting system will be put in place. The targeting methodology will be made public and fully explained to the communities who will participate in the project targeting and oversight. A qualified team will conduct the targeting exercise, the results of which will be publicly available. The project's targeting performance will be subject to evaluation.	UGP, village committees, targeting consultants, field supervisors	x	x	x	x	x			In development	External auditor, World Bank, UGP, field operators
	2.b Communications and social mobilization strategy										
	Information campaigns will be undertaken to ensure the widespread dissemination of key messages, using workshops, community meetings, posters, leaflets, and mass media.	UGP, service providers	x	x	x	x	x			In development	UGP
	Project staff, community committees and beneficiary groups will receive regular and satisfactory training.	UGP	x	x	x	x	x			To be developed	Steering Committee, World Bank
2.c Accountability and grievance											
A confidential grievance mechanism will be set up to handle complaints and appeals and will be made available to communities from targeting stage onwards.	UGP	x	x	x	x	x			To be developed	External auditor, third party monitoring	

III. Fraud & corruption in the payment system	3.a. Payment system										
	A clear and transparent methodology will be put in place to handle the flow of funds, payments, reconciliations, and controls.	UGP, World Bank	x	x	x					Payment system developed	UGP, World Bank
	Independent and qualified payment agents will be recruited with the capacity to ensure that cash transfers reach the intended beneficiaries and that all transfers can be traced and with the ability to meet the project's fiduciary requirements and reporting responsibilities satisfactorily.	UGP	x	x	x					Guidelines developed	Steering Committee, World Bank
	Payments will be transparent by being made publicly in the presence of local Government and traditional authorities. Beneficiaries will be provided with project identification cards that they will be required to show in order to receive their payments.	Payment agents, field staff, field supervisors	x	x	x	x	x			In development	Community & third party monitoring, external auditor
	Internal and external audits will be carried out of records kept by the project and the payment agencies. Spot checks will be made to verify that the recorded beneficiaries exist and have received their payments.	UGP and Regional offices	x	x	x	x	x			Not yet due	World Bank

