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Report No: PAD1779

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF EUR 142.7 MILLION  
(US\$160.00 MILLION EQUIVALENT)

TO THE

REPUBLIC OF CAMEROON

FOR THE

CAMEROON INCLUSIVE AND RESILIENT CITIES DEVELOPMENT PROJECT

August 1, 2017

Social, Urban, Rural and Resilience Global Practice  
Africa Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective May 31, 2017)

Currency Unit = EUR  
EUR 0.89 = US\$1  
US\$ 1.38 = SDR 1

FISCAL YEAR  
January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AFD	French Development Agency ( <i>Agence Française de Développement</i> )
AIMF	International Association of Francophone Mayors ( <i>Association Internationale des Maires Francophones</i> )
ARAP	Abbreviated Resettlement Action Plan
BIP	Public Investment Budget ( <i>Budget d'Investissement Public</i> )
CA	Sub-divisional council ( <i>Commune d'Arrondissement</i> )
CAA	Autonomous Sinking funds ( <i>Caisse Autonome d'Amortissement</i> )
CAC	Additional Communal Cents taxes ( <i>Centimes Additionnels Communaux</i> )
CBA	Cost-Benefit Analysis
CDP	Communal Development Plan ( <i>Plan de Développement Communal</i> )
CCE	Observation and Evaluation Committee ( <i>Commission de Constat et d'Évaluation</i> )
CEA	Cost-Effectiveness Analysis
CEMAC	Central African Economic and Monetary Community
CERC	Contingent Emergency Response Component
CPF	Country Partnership Framework
CTD	Local Governments ( <i>Collectivités Territoriales Décentralisées</i> )
CU	City Council ( <i>Communauté Urbaine</i> )
CUD	Douala Urban Metropolitan Council ( <i>Communauté Urbaine de Douala</i> )
CUY	Yaoundé Urban Metropolitan Council ( <i>Communauté Urbaine de Yaoundé</i> )
DA	Designated Account
DSCE	Growth and Employment Strategy ( <i>Document de Stratégie pour la Croissance et l'Emploi</i> )
EIRR	Economic Internal Rate of Return
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMF	Environmental and Social Management Framework
EU	European Union
FA	Financing Agreement

FEICOM	Special Council Support Fund For Mutual Assistance ( <i>Fonds Spécial d'Équipement et d'Intervention Intercommunale</i> )
GDP	Gross Domestic Product
GoC	Government of Cameroon
ICB	International Competitive Bidding
ICT	Information and Communication Technology
IDF	Institutional Development Fund
IDP	Internally Displaced Person
IFR	Interim Financial Report
KfW	German Development Bank ( <i>Kreditanstalt für Wiederaufbau</i> )
KGTF	Korean Green Growth Trust Fund
LSC	Local Steering Committee
M&E	Monitoring and Evaluation
MINATD	Ministry of Territorial Administration and Decentralization ( <i>Ministère de l'Administration Territoriale et de la Décentralisation</i> )
MINDCAF	Ministry of State Property, Surveys, and Land Tenure ( <i>Ministère des Domaines, du Cadastre et des Affaires Foncières</i> )
MINEPAT	Ministry of Economy, Planning, and Regional Development ( <i>Ministère de l'Économie, de la Planification, et de l'Aménagement du Territoire</i> )
MINEPDED	Ministry of Environment, Nature Protection and Sustainable Development ( <i>Ministère de l'Environnement, de la Protection de la Nature et du Développement Durable</i> )
MINFIN	Ministry of Finance ( <i>Ministère des Finances</i> )
MINHDU	Ministry of Housing and Urban Development ( <i>Ministère de l'Habitat et du Développement Urbain</i> )
MINMAP	Ministry of Public Procurement ( <i>Ministère des Marchés Publics</i> )
MTR	Mid-Term Review
NCB	National Competitive Bidding
NGO	Nongovernmental Organization
NPV	Net Present Value
O&M	Operations and Maintenance
PCR	Physical Cultural Resources
PCU	Project Coordination Unit ( <i>Cellule de Coordination du Projet</i> )
PDO	Project Development Objective
PDU	Urban Master Plan ( <i>Plan Directeur d'Urbanisme</i> )
PDUE	Urban and Water Development Support Project ( <i>Project de Développement des Secteurs Urbain et de l'approvisionnement en eau</i> )
PDVIR	Inclusive and Resilient Cities Development Project ( <i>Project de Développement des Villes Inclusives et Résilientes</i> )
PFM	Public Financial Management
PIM	Project Implementation Manual
PNDP	National Community Development Program ( <i>Programme National de Développement Participatif</i> )
PP	Procurement Plan
PPA	Project Preparation Advance
PPP	Public-Private Partnership

POS	Land Use Plan ( <i>Plan d'Occupation des Sols</i> )
PS	Sector Land Use Plan ( <i>Plan de Secteur</i> )
PSC	Project Steering Committee
RAP	Resettlement Action Plan
RFP	Request for Proposal
RPBA	Recovery and Peace Building Assessment
RPF	Resettlement Policy Framework
SCD	Strategic Country Diagnostic
SDG	Sustainable Development Goals
SIGED	Integrated Disbursement Management System ( <i>Système Intégré de Gestion des Décaissements</i> )
TA	Technical Assistance
TLU	Technical Liaison Unit ( <i>Unité Technique de Liaison</i> )
ToR	Terms of Reference
TTL	Task Team Leader
VOC	Vehicle Operating Costs
WB	World Bank

Regional Vice President:	Makhtar Diop
Country Director:	Elisabeth Huybens
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez
Practice Manager:	Meskerem Brhane
Task Team Leaders:	Sylvie Debomy, Bontje Marie Zaengerling

# REPUBLIC OF CAMEROON

## Cameroon Inclusive and Resilient Cities Development Project

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## PAD DATA SHEET

Cameroon

Cameroon Inclusive and Resilient Cities Development Project (P156210)

### PROJECT APPRAISAL DOCUMENT

AFRICA

Report No.: PAD1779

Basic Information			
Project ID P156210	EA Category B - Partial Assessment	Team Leader(s) Sylvie Debomy, Bontje Marie Zangerling	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ]		
	Financial Intermediaries [ ]		
	Series of Projects [ ]		
Project Implementation Start Date August 22, 2017	Project Implementation End Date March 31, 2024		
Expected Effectiveness Date March 31, 2018	Expected Closing Date March 31, 2024		
Joint IFC No			
Practice Manager/Manager Meskerem Brhane	Senior Global Practice Director Ede Jorge Ijjasz-Vasquez	Country Director Elisabeth Huybens	Regional Vice President Makhtar Diop
Borrower: Republic of Cameroon			
Responsible Agency: Ministry of Housing and Urban Development (MINHDU)			
Contact: Telephone No.:	Anne-Marie Essono 237242029734 237675000050	Title: Email:	Coordinator minduh_pdue@yahoo.fr
Project Financing Data (in USD Million)			
<input type="checkbox"/> Loan	<input type="checkbox"/> IDA Grant	<input type="checkbox"/> Guarantee	
<input checked="" type="checkbox"/> Credit	<input type="checkbox"/> Grant	<input type="checkbox"/> Other	

Total Project Cost:	160.00	Total Bank Financing:	160.00							
Financing Gap:	0.00									
<b>Financing Source</b>		<b>Amount</b>								
BORROWER/RECIPIENT		0.00								
International Development Association (IDA)		160.00								
Total		160.00								
<b>Expected Disbursements (in USD Million)</b>										
Fiscal Year	2018	2019	2020	2021	2022	2023	2024			
Annual	5.00	15.00	30.00	32.00	30.00	30.00	18.00			
Cumulative	5.00	20.00	50.00	82.00	112.00	142.00	160.00			
<b>Institutional Data</b>										
<b>Practice Area (Lead)</b>										
Social, Urban, Rural and Resilience Global Practice										
<b>Contributing Practice Areas</b>										
Fragile, Conflict & Violence, Governance, Transport & ICT, Water										
<b>Proposed Development Objective(s)</b>										
The proposed Development Objective is to improve urban management and access to infrastructure in selected urban areas, particularly for poor neighborhoods, and increase resilience to natural hazards and other eligible crises.										
<b>Components</b>										
<b>Component Name</b>							<b>Cost (USD Million)</b>			
Strengthening Capacity for Inclusive and Resilient Urban Management							10.00			
Improving Connectivity and Living Environment in Beneficiary Cities							136.50			
Contingent Emergency Response							0.00			
Project Management, Coordination, Monitoring and Evaluation							10.00			
Unallocated							3.50			

<b>Systematic Operations Risk- Rating Tool (SORT)</b>		
<b>Risk Category</b>	<b>Rating</b>	
1. Political and Governance	Substantial	
2. Macroeconomic	Substantial	
3. Sector Strategies and Policies	Substantial	
4. Technical Design of Project or Program	Moderate	
5. Institutional Capacity for Implementation and Sustainability	Substantial	
6. Fiduciary	Substantial	
7. Environment and Social	Substantial	
8. Stakeholders	Moderate	
9. Other	Substantial	
<b>OVERALL</b>	Substantial	
<b>Compliance</b>		
<b>Policy</b>		
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 ]
Does the project meet the Regional criteria for readiness for implementation?	Yes [ X ]	No [ ]
<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01	<b>X</b>	
Natural Habitats OP/BP 4.04		<b>X</b>
Forests OP/BP 4.36		<b>X</b>
Pest Management OP 4.09		<b>X</b>
Physical Cultural Resources OP/BP 4.11	<b>X</b>	
Indigenous Peoples OP/BP 4.10		<b>X</b>
Involuntary Resettlement OP/BP 4.12	<b>X</b>	
Safety of Dams OP/BP 4.37		<b>X</b>
Projects on International Waterways OP/BP 7.50		<b>X</b>
Projects in Disputed Areas OP/BP 7.60		<b>X</b>

<b>Legal Covenants</b>			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
PCU consultants FA - Schedule 2, Section I, A.2 (b)		June 30, 2018	
<b>Description of Covenant</b> The Recipient shall recruit, no later than three (3) months after the Effective Date, an internal auditor, a civil engineer, a municipal development specialist, an environmental specialist, a social development specialist, and a monitoring and evaluation specialist, all with qualifications and terms of reference acceptable to the Association.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Computerized financial and accounting system FA - Schedule 2, Section II, B.4		June 30, 2018	
<b>Description of Covenant</b> The Recipient shall install within the PCU, no later than three (3) months after the Effective date, a computerized financial and accounting system in a manner satisfactory to the Association.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
External auditors FA - Schedule 2, Section II, B.5		September 30, 2018	
<b>Description of Covenant</b> In order to ensure the timely carrying of the audits referred to in Section II.B.3 of Schedule 2 to the Financing Agreement, the Recipient shall engage external auditors for the purpose, not later than six (6) months after the Effective date, in accordance with the provisions of Section III of Schedule 2.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Procurement staff FA - Schedule 2, Section III, E		May 31, 2018	
<b>Description of Covenant</b> The Recipient shall, no later than two (2) months after the Effective Date, train the procurement staff of the Project Coordination Unit in the use of the Association's procurement procedures in a manner satisfactory to the Association.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Implementation contracts FA - Schedule 2, Section V, A		June 30, 2018	
<b>Description of Covenant</b> To facilitate the implementation of Parts A.1, B.1, B.2 and B.4 of the Project, no later than three (3) months after the Effective date, the Recipient, has, through MINH DU, executed implementation contracts with each Beneficiary City in form and substance satisfactory to the Association.			

<b>Conditions</b>		
<b>Source of Fund</b>	<b>Name</b>	<b>Type</b>
IDA FA - Article IV, 4.01 (a)	Project Steering Committee	Effectiveness
<b>Description of Condition</b> The Recipient has established the Project Steering Committee in accordance with the provisions of Section I.A.1 of Schedule 2 to the Financing Agreement.		
<b>Source of Fund</b>	<b>Name</b>	<b>Type</b>
IDA FA - Article IV, 4.01 (b)	Project Coordination Unit	Effectiveness
<b>Description of Condition</b> The Recipient has established the Project Coordination Unit and recruited to said Project Coordination Unit, a coordinator, procurement specialist, financial management specialist and an accountant in accordance with the provisions of Section I.A.2 of Schedule 2 to the Financing Agreement.		
<b>Source of Fund</b>	<b>Name</b>	<b>Type</b>
IDA FA - Article IV, 4.01 (c)	Tender Board	Effectiveness
<b>Description of Condition</b> The Recipient has established the Tender Board in accordance with the provisions of Section I.A.3 of Schedule 2 to the Financing Agreement.		
IDA FA - Article IV, 4.01 (d)	Project Implementation Manual	Effectiveness
<b>Description of Condition</b> The Recipient has adopted the Project Implementation Manual in accordance with the provisions of Section I.C of Schedule 2 to the Financing Agreement.		
<b>Source of Fund</b>	<b>Name</b>	<b>Type</b>
IDA FA - Schedule 2, Section IV, B.1 (b)	Disclosure of Safeguards Instruments	Disbursement
<b>Description of Condition</b> No withdrawal shall be made under Category (2) unless the Recipient has disclosed in country and in the Association's InfoShop the Safeguards Instruments required for each Beneficiary City under the Project in accordance with the provisions of Section I.E.1 of Schedule 2 to the Financing Agreement.		
<b>Source of Fund</b>	<b>Name</b>	<b>Type</b>
IDA FA - Schedule 2, Section IV, B.1 (c)	Grant Operations Manual	Disbursement

**Description of Condition**  
 No withdrawal shall be made under Category (3) unless the Recipient has adopted the grants operations manual in accordance with the provisions of Section V.B of Schedule 2 to the Financing Agreement.

Source of Fund	Name	Type
IDA FA - Schedule 2, Section IV, B.1 (d)	Operations Manual for the Contingent Emergency Response Component	Disbursement

**Description of Condition**  
 No withdrawals shall be made under Category (4), unless the Association is satisfied, and so indicates by written notification to the Recipient, that all of the following conditions have been met with respect to activities under Part C of the Project:

- (i) the Recipient has determined that Eligible Crisis or Emergency has occurred, has furnished the Association a request to include said activities under Part C of the Project in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
- (ii) the Recipient has prepared and disclosed in country and in the Association's Infoshop all safeguards documents required for said activities, and the Recipient has implemented any actions which are required to be taken under safeguards Instruments, all in accordance with the provisions of Section I.F.3 (b) of Schedule 2 to the Financing Agreement;
- (iii) the Recipient's Coordinating Authority is adequately staffed and resourced as provided for under Section I.F.2 of Schedule 2 to this Agreement for the purposes of such activities; and
- (iv) the Recipient has adopted an CERC Operations Manual in form, substance and manner acceptable to the Association and the provisions of the CERC Operations Manual remain, or have been updated in accordance with the provisions of Section I.F.1 (c) of Schedule 2 to the Financing Agreement so as to be appropriate for the inclusion and implementation of said activities under the Part C of the Project.

### Team Composition

Bank Staff				
Name	Role	Title	Specialization	Unit
Sylvie Debomy	Team Leader (ADM Responsible)	Lead Urban Development Specialist	Urban Development	GSU19
Bontje Marie Zaengerling	Team Leader	Urban Specialist	Urban Development/DRM	GSU19
Ibrah Rahamane Sanoussi	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	Procurement	GGO07
Kouami Hounsinou Messan	Procurement Specialist	Senior Procurement Specialist	Procurement	GGO07
Celestin Adjalou Niamien	Financial Management Specialist	Sr Financial Management Specialist	Financial Management	GGO26

Cyrille Valence Nguouana Kengne	Safeguards Specialist	Senior Environmental Specialist	Environmental Safeguards	GEN07
Albert Francis Atangana Ze	Team Member	Consultant	Environment	GEN07
Kristyna Bishop	Safeguards Specialist	Senior Social Development Specialist	Social Safeguards	GSU01
Alain Owono	Team Member	Senior Social Development Specialist	Social Development	GSU01
Grace Muhimpundu	Safeguards Specialist	Jr Professional Officer	Social Safeguards	GSU01
Faly Diallo	Team Member	Finance Officer	Disbursement	WFALA
Nneoma Veronica Nwogu	Counsel	Senior Counsel	Legal	LEGAM
Marie Roger Augustin	Counsel	Legal Analyst	Legal	LEGAM
Aissatou Seck	Counsel	Counsel	Legal	LEGAM
Patrice Joachim Nirina Rakotoniaina	Team Member	Senior Municipal Engineer	Infrastructure	GSU19
Pierre Francois-Xavier Boulenger	Team Member	Senior WSS Specialist	Sanitation	GWA07
Gina Bowen	Team Member	Senior Operations Officer	Institutional Arrangements	AFCC1
Sylvie Munchep Ndze	Procurement Specialist	Procurement Assistant	Procurement	AFCC1
Yoro Sidibe	Team Member	Young Professional	Economic analysis	GWA07
Sung Heng C. Kok Shun	Team Member	Senior Program Assistant	ACS	GSU19
Leonard Ewang Ngumbah Wolloh	Team Member	Team Assistant	ACS	AFCC1
Anne Sinet	Team Member	Consultant	Municipal Development and Finances	GSU19
Sabine W. Beddies	Peer Reviewer	Senior Urban Specialist	Urban Development	GSU11
Michelle C. Keane	Peer Reviewer	Lead Country Officer	FCV	LCC8C
Zoe E. Trohanis	Peer Reviewer	Senior Urban Development Specialist	Urban Development	GSU10

Kremena M. Ionkova	Peer Reviewer	Senior Urban Development Specialist	Urban Development	GSU09	
<b>Extended Team</b>					
<b>Name</b>	<b>Title</b>	<b>Office Phone</b>	<b>Location</b>		
Nicolas Perrin	Senior Social Development Specialist (PNDP- citizen engagement)		GSU01		
Abel Bove	Governance Specialist (PNDP)		GG013		
Koffi Hounkpe	Senior DRM Specialist		GSU19		
Peter Ngwa Taniform	Senior Transport. Specialist		GTI08		
Julie Babinard	Senior Transport Specialist (pedestrian mobility)		GTI02		
<b>Locations</b>					
<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
Cameroon	Centre	Yaoundé	<b>X</b>		Infrastructure works are planned for CA Yaoundé 5 and Yaoundé 7
Cameroon	Adamaoua	Ngaoundéré	<b>X</b>		Infrastructure works are planned for CA Ngaoundéré 2
Cameroon	Far North	Maroua	<b>X</b>		
Cameroon	South-West	Kumba	<b>X</b>		Infrastructure works are planned for CA Kumba 2
Cameroon	Far North	Kousséri	<b>X</b>		
Cameroon	Littoral	Douala	<b>X</b>		Infrastructure works are planned for CA Douala 3 and Douala 5
Cameroon	East	Batouri	<b>X</b>		

## I. STRATEGIC CONTEXT

### A. Country Context<sup>1</sup>

1. **Cameroon is a lower-middle income country** with a gross national income per capita of US\$1,320 in 2015 (Atlas method), compared to an average of US\$1,628 for all sub-Saharan African countries. Yet, Cameroon achieved none of the Millennium Development Goals by 2015. Indeed, Cameroon's scores in the Human Development Index have deteriorated over the past two decades (with a ranking of 153 out of 187 in 2015). Furthermore, 37.5 percent of the population lives below the national poverty line, and 27 percent fall below the international poverty line of US\$1.90 per day. Poverty in Cameroon is characterized by a deepening divide in spatial disparities between urban and rural areas, central and coastal areas in the South (where rates have declined somewhat) and northern regions (where poverty is increasingly concentrated). The quality of service delivery is less than what can be expected from a lower middle-income country.

2. **Cameroon has a large economic potential owing to its diversity, vast natural resources, and the country's position as a gateway to West and Central Africa.** The country is endowed with oil, natural gas, iron bauxite, and abundant agricultural products including coffee, cocoa and cotton. It is one of the most diverse countries in Africa. Its territory spans from Lake Chad in the north to the Congo basin rain forest and fertile livestock and crop areas in the south. Cameroon accounts for 44 percent of the total gross domestic product (GDP) in the Central African Economic and Monetary Community (CEMAC). More than half of goods bound for Central Africa pass through the port of Douala, while exports and imports to the Central African Republic, Chad and the Republic of Congo all flow through Cameroon's national network of roads and rail.

3. **However, recent economic growth has not been driven by structural transformation and is susceptible to various risks, including climate variability and change.** Despite a gloomy overall economic environment in the CEMAC region and lower oil prices, economic developments in 2016 have remained positive with a growth rate of 4.7 percent (compared to 5.8 percent in 2015). However, economic growth has primarily been spurred by large public investments instead of structural reforms. Natural resource rents have helped finance a centralized governance system with a state-led development model, which weighs down the economy with monopolies, an unfavorable business environment, and weak governance. The country's debt situation has also recently deteriorated due to lower revenues from commodities, increasing macro-economic uncertainty. The public debt-to-GDP ratio reached 34.1 percent in 2016 (compared to 15.6 percent in 2013) and the risk of debt distress was raised from medium to high in the joint International Monetary Fund/World Bank 2015 Debt Sustainability Assessment, reflecting the collapse in the value of exports and the rapid growth in non-concessional borrowing. Moreover, the increases in climate variability and extreme events (such as droughts and floods) pose threats to economic growth. Finally, it is important to note that presidential, legislative, and municipal elections are scheduled for 2018.

4. **Insecurity, internal displacement, refugees, and climate change exacerbate the widening north-south gap in economic and social terms.** Impoverished communities in the North are particularly affected by insecurity and large flows of internally displaced persons (IDPs)

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<sup>1</sup> This section draws largely from: World Bank (2016). *Republic of Cameroon: Priorities for Ending Poverty and Boosting Shared Prosperity*. Systematic Country Diagnostic.

and refugees. Boko Haram has extended its spheres of action from Northern Nigeria into Cameroon and began carrying out violent attacks in early 2014.<sup>2</sup> In addition, the crisis in the Central African Republic has spilled over the borders in the form of incursions by armed groups and a flow of refugees into Eastern Cameroon. As of August 2016, the United Nations Office for the Coordination of Humanitarian Affairs estimated that Cameroon was hosting 325,000 refugees from Nigeria and Central African Republic, and was counting 157,000 IDPs, due to conflict-related insecurity. The economic impact of insecurity is serious. Cross-border trade with Nigeria (one of the most important markets for products in the region) has virtually come to a standstill, leading to a sharp economic downturn. In addition, northern Cameroon is the most environmentally fragile zone and particularly vulnerable to the effects of climate change.

## **B. Sectoral and Institutional Context**

**5. More than half of the population of Cameroon lives in urban areas, and cities continue growing at a rapid pace.** With an urbanization rate of 52 percent, Cameroon is one of the most urbanized countries in sub-Saharan Africa. An estimated 75,000 new households settle in cities each year and the urban population is expected to grow by 8 million by 2030. Rural-urban immigration is likely to remain high as climate change is expected to adversely affect agricultural productivity. The country benefits from a relatively good spatial distribution of 22 cities (with over 50,000 inhabitants) along key corridors for regional trade. Yaoundé and Douala, the two largest cities, house nearly half of the urban population and are growing at 6 to 7 percent per year.

**6. While urbanization in Cameroon seems to have contributed to poverty reduction, it has not been inclusive nor resilient and has produced pockets of vulnerable urban communities.** Monetary poverty in cities has declined significantly in relative terms from 17.9 percent in 2001 to 8.9 percent in 2014. Yet, since the urban population has increased by 4.1 million over the same period, the absolute number of urban poor has declined by only 300,000. Moreover, disparities in access to infrastructure, services, participation, and jobs are large within Cameroonian cities. In the absence of effective urban planning, most new urban dwellers have settled in underserved areas spreading from the edges of cities and in dense, precarious neighborhoods near city centers, where they remain excluded from many of the opportunities that cities offer and are exposed to manifold risks. The challenges are particularly acute in the two metropolitan areas of Douala and Yaoundé, as well as in the cities in northern Cameroon (the Far North, North, North West and Adamawa regions). The northern regions not only have the highest levels of poverty and unemployment and the lowest service coverage, but are also particularly vulnerable to attacks by extremist groups, which further contribute to their isolation.

**7. Spatial exclusion in Cameroonian cities has widened the gaps in access to urban infrastructure, basic services and amenities, and is exaggerated by the lack of access to secure land tenure.** Fast urbanization without sound land use planning, and concomitant public investments to maintain and expand urban infrastructure and basic services since the 1980s have resulted in urban pockets with poor infrastructure and service provision, particularly in sprawling peri-urban neighborhoods. Cities have not been able to provide the basic connections needed to anticipate growth, and chronically insufficient maintenance has led to a considerable reduction in the effectiveness of existing infrastructure. Water provision is intermittent and of unreliable

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<sup>2</sup> From the Cameroon Systematic Country Diagnostic: *Priorities for Ending Poverty and Boosting Shared Prosperity* (SCD, World Bank 2016)

quality.<sup>3</sup> While most urban residents have access to an improved water source, only 30 percent have a domestic connection; others rely on collective standpipes and vendors. High land tenure insecurity in cities, resulting from the complexity of the dual land tenure system in Cameroon (administrative and traditional), inefficiencies of the costly registration system, and the difficulty of developing a well-functioning land market, have contributed to the proliferation of underserved settlements in peri-urban areas.

8. **These neighborhoods are typically also more exposed to environmental hazards and other risks, which are being aggravated by climate change.** In the absence of well-functioning land markets and effective urban planning, the poor tend to settle in areas with increased risk exposure, including recurrent flooding. Rainwater drainage in cities is insufficient and rarely extends to these neighborhoods. Sewerage systems and wastewater treatment in urban areas are quasi inexistent and on-site sanitation is the norm. People rely on manual and sometimes mechanical pit emptying services, which dispose fecal sludge without treatment in unprotected sites. The resulting environmental degradation and groundwater pollution pose serious health risks in densely populated areas. In recent years, severe flooding events have affected urban and rural areas, exacerbating these health risks and affecting productive assets, living conditions, and livelihoods.

9. **Spatial segregation has also aggravated social exclusion in cities.** The opportunities for individuals living in precarious settlements to take part in society are limited and the needs of these communities are not systematically considered in urban planning and management. The opportunities to effectively participate in local decision making are particularly limited for youth (the average age of the population in Cameroon is 19 years), women, and people living in these spatially disconnected neighborhoods, particularly internally and externally displaced persons. The weakness of participatory processes could cause social tension.

10. **Similarly, economic opportunities are limited for residents of spatially excluded neighborhoods.** About 70 percent of jobs in Cameroonian cities are informal. Given the limited connectivity of poor neighborhoods, few formal jobs in the city are within reach for their residents. Unemployment in cities is particularly high for the youth and increases with the level of education (the unemployment rate for tertiary education graduates is about 25 percent). Well-educated young women in urban areas, of whom 40 percent are unemployed, struggle more to find jobs than well-educated young men, of whom 19 percent are unemployed.

11. **Cameroon's national strategies for growth and employment and its urban strategy highlight the need for more investments in infrastructure and services in urban areas.** With the 2020 Growth and Employment Strategy (*Document de Stratégie pour la Croissance et l'Emploi*, DSCE) and the Cameroon Vision 2035, the Government of Cameroon (GoC) aims to achieve upper middle income status and reduce poverty to 10 percent by 2035. This would be achieved partly through intensified investments in roads, information and communication technology (ICT), potable water, energy, and housing. The Vision 2035 plan also highlights increased support for decentralization, urban planning, and resilience to climate change. To support this, the GoC also adopted an Urban Strategy in 2014 to better manage urban growth, improve living conditions, increase efficiency of cities, and contribute to the competitiveness and

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<sup>3</sup> From the Cameroon Systematic Country Diagnostic: *Priorities for Ending Poverty and Boosting Shared Prosperity* (SCD, World Bank 2016)

economic, social and environmental efficiency of cities. Well-managed urban development will be a critical success factor for Cameroon to unleash its untapped economic potential and achieve upper-middle income status.

12. **However, Government capacity to develop and implement inclusive and resilient urban development strategies that tackle the multiple intertwined dimensions of urban poverty and vulnerability remains limited.** Despite recent efforts to develop a variety of urban planning instruments at the city level, only few have been finalized and approved to date. The quality of the plans is usually poor with the need to improve approaches regarding precarious settlements, social or environmental and climate change considerations, and their implementation is questionable. Efforts to involve and engage marginalized urban communities remain scattered and ad-hoc. The Ministry of Housing and Urban Development (MINHDU) has recently developed a slum upgrading strategy that needs to be operationalized and is looking to develop a pro-poor housing policy and technical guidelines. However, due to the lack of sufficient data on urban areas, urban strategies and investment choices remain ill-informed. To address high land tenure insecurity, which poses a serious challenge to inclusive urban planning, the Ministry of State Property, Surveys, and Land Tenure (MINDCAF) launched a land reform in 2009 aimed at making land a real tool for development, and a broad program to modernize the cadaster in 2011, which is being supported by the African Development Bank (AfDB). However, the outcomes of this reform remain to be seen and the modernization of land supply chains is advancing very slowly given the weak institutional and technical capacity. Lengthy and cumbersome resettlement and compensation procedures remain a serious bottleneck in any infrastructure development project.

13. **The GoC has shown its commitment to implement decentralization, but progress to date has been relatively slow and the definition of decentralized functions has not yet been finalized.** The 2004 Decentralization Framework Law, complemented by a new regime for local taxes and intergovernmental fiscal transfers in 2010, transferred substantial responsibilities and powers to local governments (CTDs), positioning them as key actors for urban development.<sup>4</sup> Yet, CTDs are facing numerous institutional and financial constraints to fulfill their new roles and ensure proper service delivery to their population. Moreover, ambiguity regarding transferred competences remains, particularly in the case of the 14 main cities, where city councils (*communauté urbaine*, CU) exist. These are mixed entities, managed by a centrally appointed Government Delegate and a council consisting of the representatives of sub-divisional councils (*commune d'arrondissement*, CA) with elected mayors. The CU is the key entity in charge of urban planning and capital investment projects, as the CA is mainly responsible for local service delivery. Currently, more than half of competencies are transferred to CTDs. However, the decisions taken by CTDs are still subject to heavy state control. To address these issues, the GoC has recently prepared a national strategy for decentralization that is currently being validated.<sup>5</sup> In the meantime, municipal finances do comparatively slightly better than in other countries in the region, corresponding to around 5 percent of overall public resources and 1 percent of GDP. However,

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<sup>4</sup> Decentralization Law and the Growth and Employment Strategy Paper, indicating the will to bring CTDs to the forefront in local economic development and the provision of local and urban services. While the current legal framework (2009 law) sets out regulations governing municipal financing and financial management (FM), funding options for municipalities, and FM oversight bodies, several key gaps remain, including that many critical laws have yet to be adopted, such as implementation decrees on devolving functions and finances and establishing a basic and reliable framework for staffing CTDs.

<sup>5</sup> The Interministerial Committee on Local Service Delivery (CISL) led by the Ministry of Territorial Administration and Decentralization (MINATD) validated the national decentralization strategy in December 2016. It is expected that the strategy will be presented to and validated by the National Decentralization Council (under the authority of the Prime Minister's Office) in 2017.

situations vary widely between Douala, Yaoundé, and secondary cities; and cash management operated by the State Treasury and the Special Council Support Fund for Mutual Assistance (*Fonds Spécial d'Équipement et d'Intervention Intercommunale*, FEICOM) reflects the need to improve transparency. In addition, the amount of fiscal transfers to CTDs through the additional municipal cent taxes (*centimes additionnels communaux*, CAC) is not sufficiently predictable, which complicates budget preparation and execution for the provision of services at the local level.

#### **Box 1. The City Contracts Experience in Cameroun**

Cameroon initiated its contractual policy with CTDs in December 1999 when the Ministry of Finance (MINFI) signed a first five-year performance contract with the Douala City Council (CUD). The objective was to sustain an urban road upgrading program financed by the French Development Agency (AFD) with institutional measures such as: (i) settling debt between MINFI and CUD, (ii) setting up a Douala Road Maintenance Fund (*Compte d'Entretien Voirie*), and (iii) improving internal management issues within the CUD. This first contract benefited from lessons of previous experiences in Senegal, Côte d'Ivoire, and other countries in the region; but it also introduced innovative and relevant procedures, which contributed to significantly improve the capacity of the CUD.

In 2004, MINHDU decided to institutionalize the contractual policy as the basis of a broader national investment planning policy linked to the decentralization process. A special Directorate responsible for preparing and monitoring the municipal contracts signed with the CTDs was established and “Partnership Agreements” with small and intermediate towns initiated. The capital investment projects listed in those agreements were mostly financed by the Public Investment Budget (BIP) and focused mainly on urban roads. In 2008 this contractual approach was used to implement the World Bank financed Urban and Water Development Support Project (PDUE).

About 10 years ago, MINHDU extended the experience with a second generation of contracts, named City Contracts, signed for five years with the Douala and Yaoundé Metropolitan. They were combining general back-to-back commitments with specific financial agreements (*conventions de financement*) involving various donors. The Douala Infrastructure Project financed by the World Bank was included in this contractual arrangement. The European Union (EU) initiated, through the PACDDU, the first contracts signed with secondary cities such as Bafoussam, Bamenda, and Ngaoundéré. AFD has also supported contractual arrangements in Cameroon through the C2D.

The contractual models developed for more than 15 years now form a valuable experience but suffer from various weaknesses linked to the slow decentralization progress and the public investment implementation procedure including centralized procurement implementation. It is expected the project will support the improvement of City Contracts to address: (i) both the metropolitan and the sub-divisional levels under the same instrument, and (ii) a focus on more integrated urban development sub-projects combining provision of trunk infrastructure and improvements in community services.

### **C. Higher Level Objectives to which the Project Contributes**

14. **The proposed project will contribute to the achievement of the GoC's objectives in the DSCE, Vision 2035, and Urban Strategy.** The Inclusive and Resilient Cities Development Project (PDVIR) will target specific aspects of urban poverty and economic growth through extending infrastructure and services to poor neighborhoods, thereby also improving access to existing economic opportunities, and strengthening CTDs to improve urban management, including through increased citizen engagement in urban development. The PDVIR can also contribute to the Urban Strategy targets to strengthen urban planning instruments, optimize investment efforts by promoting better linkages between actions carried out by the GoC, CUs, and CAs, and reduce the share of urban population without access to water, electricity and ICT. The technical assistance (TA) and capacity building to be provided at both local and national levels under the PDVIR will also support the decentralization agenda and contribute to inclusive urban development that ensures infrastructure and service delivery and accountability for all urban dwellers.

15. **The proposed project is consistent with the 2016 Systematic Country Diagnostic (SCD), which identified urbanization as a key pathway for poverty reduction, and the World Bank Country Partnership Framework (CPF) for FY17-FY21.** The SCD lists “Promote sustainable and inclusive cities through efficient city and land use planning, local economic development, and urban connectivity” as a priority action to address the non-conducive business environment. The CPF<sup>6</sup> lists targeted outcomes for improved governance and increased resilience in urban areas. Under Focus Area One on Addressing Multiple Poverty Traps, the project will contribute to the outcome on “Improved access to local infrastructure”. Under Focus Area Three on Improving Governance, the project will contribute to the outcome for “Improved regulatory and institutional framework for key sectors” and “Increased citizen engagement at local level”.

16. **The proposed project also contributes to the World Bank’s twin goals of ending extreme poverty and boosting shared prosperity, and to the sustainable development goal (SDG) on cities.** The project will help address inequality in Cameroon by focusing project investments on poor neighborhoods in targeted cities and creating temporary job opportunities in labor-intensive public works. The PDVIR will contribute to achieving Goal 11 (sustainable cities and communities) of the recently adopted SDGs and New Urban Agenda, particularly the targets on access to services and slum upgrading and the targets related to inclusive urbanization and participatory planning.

## II. PROJECT DEVELOPMENT OBJECTIVES

### A. PDO

17. The project development objective (PDO) is to improve urban management and access to infrastructure in selected urban areas, particularly poor neighborhoods, and increase resilience to natural hazards and other Eligible Crises.

### B. Project Beneficiaries

18. The main beneficiaries will be the inhabitants of selected underserved neighborhoods in the seven cities targeted by the Project. The main benefits will stem from improved living conditions resulting from enhanced access to urban infrastructure and services, improved connectivity with the city, as well as strengthened community organization and ability to voice needs. Additional benefits are expected to come from temporary job opportunities, for instance through labor-intensive construction activities.

### C. PDO Level Results Indicators

19. The following indicators are included in the Results Framework to measure achievement of the PDO:

- People provided with improved urban living conditions (number, disaggregated by gender)
- Area protected from a flooding event with a 10-year return period (ha)
- Cities with improved livability, sustainability, and/or management (number)

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<sup>6</sup> Report No. 107896-CM, discussed by the Board on March 28, 2017.

- Beneficiaries that feel project investments reflected their needs (percentage, disaggregated by gender)

### III. PROJECT DESCRIPTION

20. **Inclusive Cities concept.** The project concept is based on the Inclusive Cities approach<sup>7</sup> that recognizes the multi-dimensional and intertwined dimensions of urban poverty and vulnerability. Following this approach, the proposed Project aims to promote: (i) spatial inclusion by improving access to urban infrastructure and services for the residents of poor neighborhoods; (ii) economic inclusion by promoting access to economic opportunities for those residents (especially youth); and (iii) social inclusion by enhancing citizen engagement. The approach also favors in situ upgrading to minimize resettlement and reduce cost. In addition, the Project aims to promote both physical and socio-economic resilience of vulnerable urban communities and support climate change adaptation.

21. **Sector priorities.** The key sector priorities that would be supported by the project include:

- (i) Developing the technical capacity of the government and CTDs, through a pragmatic approach to (a) better plan urban development and develop integrated inclusive and resilient urban strategies particularly for vulnerable and underserved areas, (b) program, manage and maintain urban infrastructure, and (c) improve local governance, coordination and citizen participation;
- (ii) Reducing spatial disparities by providing basic infrastructure in underserved areas, improving intra-city connectivity with these neighborhoods, and supporting youth and community-led initiatives to improve living conditions; and
- (iii) Improving environmental conditions and resilience of cities by supporting climate change adaptation initiatives, environmental sanitation and pedestrian mobility investments, and a mechanism to respond to disasters and emergencies.

22. The proposed Project integrates lessons learned from the urban component under the World Bank-financed Urban and Water Development Support Project (PDUE, P084002), which closed on August 31, 2015. It will complement the intervention areas of the PDUE and of other externally-financed projects, including from AFD, EU, AfDB and the National Community Development Program (PNDP) financed jointly by the World Bank and AFD (see Annex 6 for details).

23. **Target cities.** The selection of target cities for the proposed Project was done jointly with the GoC with a view to balancing regional disparities within the country, strengthening economic development potential along trade corridors, and complementing other urban development projects. Based on these criteria, the following cities were selected: Ngaoundéré in Adamawa, Maroua, and Kousséri in the Far North, Kumba in the Southwest, Batouri in the East, and selected communes in the two metropolises of Yaoundé and Douala. In the first phase, project implementation will focus on the cities of Douala, Yaoundé, Kumba, Ngaoundéré, and Batouri. The specific interventions and the implementation arrangements in the cities of Maroua and Kousséri will be defined in more detail as the recommendations of the ongoing Recovery and

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<sup>7</sup> See Shah, P., E. Hamilton, and F. Armendaris. 2015. *Inclusive Cities Approach*. Report No: AUS8539. Washington, DC: World Bank.

Peace Building Assessment (RPBA) will become available in fall 2017 and the AFD feasibility study for Maroua will be finalized.

## **A. Project Components**

### **Component 1: Strengthening capacity for inclusive and resilient urban management (US\$10 million equivalent IDA)**

24. This component will finance the provision of TA to relevant national and local level Government institutions to strengthen their capacity to develop and implement inclusive and resilient urban development strategies and programs and improve urban management<sup>8</sup> through two sub-components:

25. **Sub-component 1.1: Support to CTDs for inclusive and resilient urban management (US\$7 million equivalent IDA).** This sub-component will finance the provision of TA to CTDs to strengthen their capacity in urban management, particularly for planning, implementing, and maintaining infrastructure and services in poor neighborhoods. Activities to be financed will include, among other things, the preparation of sector land use plans (PS), integration of climate change resilience and adaptation guidelines into land use and management plans, carrying out of urban mobility studies, development of asset management systems for operating and maintenance (O&M) of urban roads and drainage, support to improve budgetary management and FM, and carrying out of public accountability and citizen engagement activities in urban development.

26. **Sub-component 1.2: Support to national Government to improve urban planning tools and land management for more inclusive and resilient cities (US\$3 million equivalent IDA).** This sub-component will finance the provision of TA to relevant departments within the MINHDU and the MINDCAF to improve tools and strategies to facilitate more inclusive and resilient cities. Activities to be financed will include, among other things, improvement of programming and management tools for MINHDU investments in cities, improvement of guidelines for urban planning and housing, improvement of land management tools, and support to the reform of the legal framework for resettlement and compensation procedures.

### **Component 2: Improving connectivity and living environment in beneficiary cities (US\$136.5 million equivalent IDA)**

27. This component will finance a range of investments to improve connectivity and integration of poor neighborhoods within the beneficiary cities, access to infrastructure and basic services in targeted neighborhoods, and the broader living environment of beneficiary cities. The technical designs for the works will integrate climate change and disaster risk management considerations.

28. **Sub-component 2.1: Inner-city connectivity and integration of poor neighborhoods (US\$68.5 million equivalent IDA).** This sub-component will finance the construction and rehabilitation of urban trunk roads to enhance connectivity within the beneficiary cities,

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<sup>8</sup> Urban management summarizes the management of resources to carry out urban planning, urban administration, and social services and infrastructure provision.

particularly for targeted poor neighborhoods. This would contribute to increasing access to employment opportunities.

29. **Sub-component 2.2: Neighborhood upgrading (US\$25.6 million equivalent IDA).** This sub-component will finance construction and rehabilitation of demand-driven neighborhood improvement infrastructure, including, among other things, local roads, pedestrian paths, small bridges, street lighting, water distribution network, storm water drainage systems and slope stabilization infrastructure, community facilities (notably small health centers, schools, youth or community centers) and other public spaces (including leisure/social sports spaces, parks and green areas, streetscapes). Specific investments, complementing the works executed in the larger intervention areas under sub-component 2.1, are driven by the needs of each beneficiary community. They will be identified using a participatory approach through urban audits resulting in neighborhood improvement plans, which has been improved based on the experience of the PDUE, and considering urban planning documents (PDU, POS, and PS) and Communal Development Plans (CDPs) that are being prepared/updated under the PNDP.

30. **Sub-component 2.3: Support to local initiatives focusing on economic inclusion of youth (US\$3 million equivalent IDA).** This sub-component will finance: (a) the provision of grants to support economically inclusive neighborhood improvement initiatives with a priority on the inclusion of young people, particularly young women, and (b) the provision of TA and training to beneficiary communities. Eligible local initiatives could include, among other things: labor-intensive work approaches to enhance the urban image of the neighborhood and maintain local infrastructure and services, improvement of facades and public spaces, improvement of local services (for example, pre-collection of solid waste), environmental care, maintenance of local infrastructure, as well as skills development, ICT activities and other income generating activities.

31. **Sub-component 2.4: Improving the urban environment and resilience to flood (US\$39.4 million equivalent IDA).** This sub-component will finance investments to improve the overall urban environment and enhance resilience to flooding in selected beneficiary cities, including, among other things:

- a) Construction and/or rehabilitation of storm water drainage systems in Douala. This will contribute to reducing the risk from recurrent flooding;
- b) Support towards the construction of waste water treatment plants in Douala, including: (a) construction of a fecal sludge treatment plant in the Ngombé neighborhood, and (b) preparation of technical studies and procurement documents for a second fecal sludge treatment plant and management of the system;
- c) Carrying out of activities to preserve natural drainage capacity and contribute to climate change adaptation in beneficiary cities through, inter alia, the planting of trees around drainage basins and wetlands.
- d) Pilot investments to improve pedestrian mobility in Yaoundé, including, among other things, (a) construction and/or rehabilitation of pedestrian paths and facilities, and (b) public lighting.<sup>9</sup>

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<sup>9</sup> This activity is leveraging the findings and recommendations from a study carried out with funding from the Korean Green Growth Trust Fund (KGGTF).

### **Component 3: Contingent Emergency Response (CERC, no initial allocation)**

32. This component is included in accordance with OP/BP 10.00 (Investment Project Financing), paragraphs 12 and 13, for contingent emergency response through the provision of immediate response to an Eligible Crisis or Emergency, as needed. It will allow the GoC to request the World Bank for rapid reallocation of project funds to respond promptly and effectively to an eligible emergency or crisis, that is a natural or man-made disaster or crisis that has caused or is likely to imminently cause a major adverse economic and/or social impact. An Operations Manual for this component will be developed.

### **Component 4: Project Management, Coordination, Monitoring and Evaluation (US\$10 million equivalent IDA)**

33. This component will finance the costs of project coordination, management and monitoring, preparation of financial audits and periodic evaluations through, among other things, advisory services, purchase of equipment, provision of training, operating costs and monitoring and evaluation (M&E) activities.

#### **B. Project Financing**

34. The Project will be funded by an IDA Credit.

#### **Project Cost and Financing**

35. The Project will be implemented over six years and will be financed through an Investment Project Financing in the amount of US\$160 million equivalent on IDA terms.

<b>Project Components</b>	<b>Project Cost (US\$ million equivalent)</b>	<b>IDA Financing (US\$ million equivalent)</b>	<b>% of IDA Financing</b>
Component 1: Strengthening capacity for inclusive and resilient urban management	10	10	6.3%
Component 2: Improving connectivity and living environment in beneficiary cities	136.5	136.5	85.3%
Component 3: Contingent Emergency Response	0	0	0%
Component 4: Project Management, Coordination, Monitoring and Evaluation	10	10	6.3%
<b>Unallocated</b>	3.5	3.5	2.2%
<b>Total Costs</b>	160	160	100%
<b>Total Financing Required</b>	160	160	100%

### C. Lessons Learned and Reflected in the Project Design

36. The PDVIR builds on lessons learned and key principles derived from urban upgrading and development projects globally, as well as through the implementation of the PDUE, which closed on August 31, 2015<sup>10</sup>, and other urban projects in Cameroon.

37. **To adequately address urban poverty, it is important to recognize its intertwined spatial, social, and economic dimensions.** The project design builds on the World Bank’s Inclusive Cities approach that was developed based on lessons learned from previous urban interventions and studies. The project design considers that spatially focused infrastructure interventions for improving poor neighborhoods need to be accompanied by soft activities that improve institutional capacity, citizen engagement, and job opportunities for the urban poor.

38. **Integrated urban upgrading improves the functionality of a city and the sustainability of investments, especially when coupled with sound land use policies and instruments.** Considerable urban upgrading experience gained globally highlights the importance of aligning infrastructure improvements in underserved areas with strategic, multi-sector citywide planning, as well as paying attention to the needs of the urban poor. Experience from the Philippines, for example, shows that investing in improvements and connections to primary and secondary infrastructure is more likely to ensure the sustainability of tertiary infrastructure in poor

<sup>10</sup> The objective of the PDUE, which closed in August 2015, was to increase access of the urban population, particularly those living in low-income settlements, to basic infrastructure and services, including water supply. Within the context of the project over 435,000 people were provided with all-year access to urban roads, over 565,000 people benefited from appropriate drainage, and 378,710 people were provided with access to water supply services. In addition, the project provided other small infrastructure and services such as street lighting, small markets, wastewater collection platforms, public latrines, community water points, and classrooms. Finally, the project, through the city contract mechanism supported capacity building needed to improve O&M of these infrastructure and services, and institutional strengthening of the water public-private partnership (PPP) sector.

neighborhoods overtime. The principle of enhancing the connectivity of networked infrastructure through the upgrading of secondary and tertiary infrastructure has informed the design of Component 2.

**39. Social safeguards performance can be improved by minimizing resettlement and streamlining compensation process, where resettlement is necessary.** Key lessons from projects in Africa (such as the Dar-Es-Salaam Metropolitan Development Project<sup>11</sup>) and East Asia (such as the Vietnam Urban Upgrading Project<sup>12</sup>) underscore that interventions should be planned and designed to ensure minimal resettlement and adopt flexible standards to avoid social disruption and high cost. In Cameroon, the implementation of World Bank-funded projects has seen extensive delays due to a cumbersome regulatory and institutional framework for land expropriation and resettlement and lengthy compensation processes. Several efforts have been made during preparation to proactively address and minimize negative impacts. The project will avoid relocation issues as much as possible by favoring in-situ upgrading. For those cases where resettlement is unavoidable, a procedural note, prepared during preparation and expected to be endorsed by the Prime Minister for application under the PDVIR, provides guidelines and procedures to be applied by the Observation and Evaluation Committee (*Commission de Constat et d'Évaluation* - CCE) that harmonize requirements of the national law and World Bank policies.

**40. Working at the local level, particularly through City Contracts, can yield faster results than finalizing procedures at the central level.** The experience of the PDUE and previous projects in Cameroon showed that anchoring project activities in local institutions and involving communities through well-designed participatory approaches can be more conducive to success than centrally organized projects with top-down approaches. Contractual arrangements defining objectives and responsibilities have proven to be useful instruments to strengthen accountability on results between local authorities, their constituents, and national institutions (see Box 1 for more background on the development and application of City Contracts in Cameroon since 1999). The proposed Project will build on and further develop the city contract approach that was successfully used in the past. This new generation of City Contracts will link both CU and CA in the same agreement to be signed with the GoC. In addition, the implementation arrangements of the proposed Project were designed to transfer more responsibilities in project implementation to CTDs, building on the first achievements made under the PDUE.

**41. Urban development programs, through labor intensive activities, support to local initiatives and participation, can provide opportunities for young people who are facing barriers to access the labor market and representation.** The energy, skills and aspirations of young people are invaluable assets. Their underutilization has economic and psychological costs and may feed social tension. International experience shows that helping young people to realize their potential by gaining access to productive employment opportunities, training, and offering a voice in local decision-making that affect their lives, are pre-conditions for poverty reduction, sustainable development, and lasting stability.

**42. Beneficiary cities and project activities were selected considering complementarities and leveraging synergies with other projects.** Following the experience of the PDUE,

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<sup>11</sup> Dar-es-Salaam Metropolitan Development Project (P123134): <http://projects.worldbank.org/P123134/dar-es-salaam-metropolitan-development-project?lang=en>

<sup>12</sup> Vietnam Urban Upgrading Project (P070197): <http://projects.worldbank.org/P070197/urban-upgrading-project?lang=en>

beneficiary cities were chosen with consideration to spatial disparities in Cameroon and support provided under other urban projects financed by other donors, particularly AFD. Technical assistance and capacity building activities at the national and local levels were carefully chosen to complement ongoing support to the decentralization process under the PNDP (financed by both World Bank and AFD), including TA and institutional support to MINATD and strengthening the operational capacity of CAs and communes as well as their public financial management (PFM) systems.

43. **Communication is a key function within a project implementation unit and requires adequate skills and resources.** The experience of the PDUE demonstrated that it is key to strengthen communication skills for urban projects working with local communities and across large geographic areas to complement M&E efforts and build trust with project beneficiaries and other partners. External consultants recruited for periodic events and products, such as documentaries, are not as effective as full-time resources could be to promote the project ideas, objectives, and achievements. Thus, the Project Coordination Unit (PCU) will be contracting more permanent communication services for the proposed Project.

#### IV. IMPLEMENTATION

##### A. Institutional and Implementation Arrangements

44. The MINH DU will be responsible for the implementation of the proposed Project.

45. A Project Steering Committee (PSC) will be established. The main responsibilities of the PSC, which will be presided by the Minister of Urban Housing and Development, are to: (i) provide overall strategic orientation and oversight on project execution; (ii) approve annual work programs and budgets; (iii) review progress and audit reports; and (iv) facilitate communication and cooperation among stakeholders. The PSC will meet on a semiannual basis. The composition of the PSC is presented in Annex 3.

46. A PCU, established under the MINH DU, will ensure overall project coordination. It will report to and serves as the secretariat of the PSC. The PCU will be directly responsible for implementing Component 1 and will support CTDs to implement activities under Component 2, retaining fiduciary responsibility for these activities vis-à-vis the World Bank. It will also be responsible for: (i) the preparation of annual work plans and budgets (to be approved by the PSC); (ii) overall project reporting, and M&E (including quarterly implementation progress reports); (iii) external project communication; (iv) coordination of internal and external audits; (v) supervision and reporting of safeguards compliance; and (vi) liaising with IDA and other donors. PCU staff will include, among others: a coordinator, a senior adviser, a civil engineer, a municipal development specialist, a procurement specialist, an administrative and financial officer assisted by an accountant, a M&E specialist, a social development specialist, an environmental safeguards specialist, and junior staff. The PCU will also hire an internal auditor and communication services.

47. As under the PDUE, the project activities will continue to be implemented based on city contracts signed by the Government Delegate and Mayors as well as MINH DU. The definition of reciprocal engagements in the city contracts in terms of funding that the GoC will make available for participating CTDs and performance improvements that the latter commit to undertake in return

is based on prior urban, financial, and organizational assessments of the CTDs. The city contracts will also spell out the delegation of implementation responsibilities to the CTDs, which will be greater in the case of the Yaoundé City Council (CUY) and the Douala City Council (CUD) given their capacity from previous project implementation experiences. Project activities will also be closely coordinated with the PNDP, which is being implemented in parallel at the communal level, to ensure that the community participation processes and planning instruments in urban communes are well articulated and avoid duplication.

48. Each participating city will set up a Local Steering Committees (LSC). LSCs will be responsible for coordinating and monitoring the implementation of City Contracts. They will be presided by the Government Delegate (in the case of CUs) or the mayor (in the case of communes) and meet at least quarterly. They will be composed of the signatories of the city contract, representatives of deconcentrated services of relevant ministries, and at least one representative of the beneficiary population.

49. A Technical Liaison Unit (TLU) will also be established in each city. Each TLU will be responsible for the technical implementation of the activities included in the City Contract on behalf of the CTD administrations (CU, CA and urban communes). It will prepare the technical documentation for the infrastructure investment projects, which it will submit to the Government Delegate or Mayor, as the case may be. It will monitor the proper execution of the activities for which it is responsible, including reporting. It will support the PCU in the execution of Component 1 for those activities delegated by the Coordinator and in accordance with the respective city contract. The TLUs in Yaoundé and Douala will be composed of dedicated staff drawn from the CTD and include: a project manager, a civil engineer, a social specialist, an accountant and a junior assistant (recent graduate). The TLU personnel will benefit from an additional premium, indexed on performance and results. In the other cities, the TLUs will mobilize municipal staff in parallel to their usual activities due to the scarcity of management staff. In the CUs, the TLUs will bring together staff from both levels of local government (CU and CA). There will be annual audits of the TLUs.

50. The project's intervention in the northern cities (Maroua and Kousséri) will require conflict-sensitive approaches, specific implementation arrangements and possibly adapted project activities. These will be further defined in coordination with other donors intervening in these areas (particularly AFD) and based on the findings of the RPBA (expected to be available in Fall 2017).

## **B. Results Monitoring and Evaluation**

51. Continuous M&E will be an integral part of project implementation under the overall responsibility of the PCU. Each TLU will be responsible for day-to-day monitoring of project activities at the city level and providing regular updates to the PCU on the implementation of the City Contract. Project monitoring will be based on biannually progress reports, including updates on the results framework included in the Project Appraisal Document. At mid-term review (MTR) and before project closing, a beneficiary assessment will be undertaken. In addition to the Results Framework indicators, the project M&E system will also capture sector data defined by the GoC (MINEPAT, MINHDU, and so on) to inform policy and progress in implementation of national strategies. The M&E manual will provide further details on the results framework, social/gender-specific indicators, assessment of citizen engagement, as well as the methodology, tools, and institutional arrangements for data collection.

### C. Sustainability

52. All physical investments proposed under the Project will be screened upstream for sustainability of O&M arrangements. Institutional sustainability will be enhanced through intensive capacity building efforts at the local level, with support from the TLUs, to strengthen municipal capacities to plan and execute regular maintenance of urban infrastructure. Priority maintenance programs for each participating CTD will be part of the City Contracts.

## V. KEY RISKS

### A. Overall Risk Rating and Explanation of Key Risks

53. The overall risk rating is Substantial. Each of the following risks areas are rated substantial before mitigation: Political and Governance, Macro-economic, Sector Strategies, Institutional capacity for implementation and sustainability, Fiduciary, Environmental and Social and Security Issues. The risks related to Political and Governance will be mitigated by using City Contracts between participating cities and the national government to strengthen accountability and a stronger involvement of local population to monitor project implementation. The risks related to Sector Strategies, Institutional Capacity for Implementation, Fiduciary and Environmental and Social will be mitigated by: (i) providing targeted technical assistance and capacity building activities, (ii) strengthening the Project Coordination Unit with additional staff PCU (internal auditor, institutional development, social safeguards), (iii) establishing TLUs in each participating city. In addition, the risk linked to the lengthy compensation procedures that can considerably delay the execution of works will be mitigated by adopting improved, streamlined procedures for the evaluation committees that combine national and World Bank rules. The other risk linked to Security concerns in the North will be carefully monitored with the Government and other United Nations Agencies.

<b>Risk Category</b>	<b>Rating</b>
Political & governance	Substantial
Macro-economic	Substantial
Sector strategies and policies	Substantial
Technical design of project/program	Moderate
Institutional capacity for implementation and sustainability	Substantial
Fiduciary	Substantial
Environmental & social	Substantial
Stakeholders	Moderate
Other: Security in the North	Substantial

## VI. APPRAISAL SUMMARY

### A. Economic and Financial Analysis

54. The project will directly benefit 651,400 people in seven cities across the country. The most prominent impacts will include improved urban mobility in Yaoundé, Douala, Ngaoundéré, Kumba, and Batouri, enhanced protection against disastrous floods and improved health in Douala,

sanitation benefits from the sludge treatment plant in Douala and proximity infrastructures in the seven beneficiary cities that will contribute to more security, better education, income and well-being for local populations. A full-fledged economic analysis was conducted to capture the ex-ante economic performance and assess the profitability of different sub-projects. Details of the calculations are presented in Annex 5.

55. A cost-benefit analysis (CBA) was used to assess the economic feasibility of the urban roads sub-projects, which have an estimated investment cost of US\$68.5 million (over 40 percent of total project investments). The major benefits will be derived from improved mobility and enhanced opportunities for economic activities, especially for small businesses sustaining the livelihood of poor dwellers. The CBA thus focuses on savings of vehicle operating costs (VOC) and travel time costs to estimate the lower bound value of the economic internal rate of return (EIRR). The EIRRs range from 18 percent to 30 percent depending on the traffic on the different road sections. These EIRRs are above the recommended threshold of 5 percent considered as the opportunity cost of capital in Cameroon. A sensitivity analysis showed that the results are robust to changes in project costs. The road sub-projects are therefore economically feasible.

56. For the storm water drainage investments, which will be carried out at an estimated total cost of US\$21.2 million, a CBA was used to quantify the major benefits which are derived from damage avoided from major floods and avoided health expenses resulting from a reduced incidence of waterborne diseases. The obtained EIRR of 7.3 percent in Douala 3 and 15.4 percent in Douala 5 are above the recommended threshold of 5 percent. A sensitivity analysis showed that the results are robust to even more rigorous assumptions. These economic results should be viewed as a conservative lower bound value as other major benefits could not be quantified because of their qualitative nature. Another major benefit is the number of lives saved as a result of improved protection from flooding. The drainage sub-projects are therefore economically feasible.

57. For the fecal sludge treatment plant, which is estimated to cost US\$12 million, a financial CBA was conducted to demonstrate the financial feasibility of the project. The analysis - based on detailed analysis of the costs for the construction, and O&M of the plant - shows that a volumetric price estimated at FCFA 256 per m<sup>3</sup> of sludge treated would ensure long-term viability. Sensitivity analysis shows that this result is not significantly sensitive to change in relevant variables. The sub-project is therefore considered financially viable for the estimated volumetric price.

58. The specific composition of the neighborhood improvement infrastructure is not yet known as these works are driven by the needs of each beneficiary community and identified using a participatory approach. Therefore, an ex-ante CBA cannot be conducted. However, based on experience of similar projects (including the PDUE) a Cost Effectiveness Analysis (CEA) will be used as a screening tool to select a subset of investments from the list of the most desirable eligible sub-projects identified by the beneficiary communities, optimizing the value for money.

59. **Rationale for public provision.** In Cameroon, as in many other developing countries, roads are non-excludable goods. In fact, it would be socially undesirable and costly to exclude any citizen from the use of the road systems. They are also to a large extent non-rivalrous. As such, they can be considered public goods. Similarly, several benefits from drainage / flood protection are public goods in nature or are subject to externalities. Therefore, the private sector has no

incentive to invest as the costs are private while the benefits are socially shared. The construction of a sludge treatment plant in Douala would require significant coordination between private actors and induce considerable transaction costs. Without public sector support, these investments, though economically desirable, will not be carried out.

60. **World Bank's value added.** The World Bank financing will enable the protection from the damages of recurrent floods and improve mobility for around 651,400 people in the seven cities. Based on its worldwide experience, the World Bank is well positioned to infuse lessons and good practices into flood management and institutional strengthening in Cameroon. Together with critically-needed financial resources, the World Bank will transfer international expertise in urban planning in the country. In fact, the project design incorporates lessons drawn from similar Bank-financed projects, including the PDUE. World Bank intervention will ensure that adequate attention would be given to the sustainability of outcomes, including O&M arrangements, during implementation and after completion. World Bank safeguards policies would ensure that social and environmental aspects, especially resettlement issues, will be addressed appropriately. Further, the key objectives of the intervention are fully aligned with the forthcoming Cameroon CPF for FY17-FY21 as it focuses on fostering inclusion of poor neighborhoods.

## **B. Technical**

61. The project has been identified and prepared in close collaboration with the relevant stakeholders from the ministries, CTDs, beneficiary population and nongovernmental organizations (NGOs). The proposed design for the trunk infrastructure (roads and drainage) is based on a series of quality design studies for the intervention areas. The designs follow national regulations and incorporate best practices in terms of pedestrian mobility and climate change considerations. Relevant technical options, including associated impact assessments, were compared and analyzed during the preparation of feasibility studies. The impacts of natural phenomena and climate change were considered in technical designs to effectively mitigate against key hydro-meteorological risks. The trunk infrastructure and the fecal sludge treatment plant will be executed by experienced contractors. In some cases, the bidding documents for the proposed works area already available.

62. At the neighborhood level, most of the demand-driven investments will be of simple design and technology, using labor-intensive methods accessible to local contractors. The design of this component benefited from the lessons learned under the PDUE, especially with regards to: (i) the use of a demand-driven approach, socioeconomic viability, and beneficial environmental impact for selecting subprojects and increasing sustainability, and (ii) the execution of demand-driven subprojects through labor-intensive works. The PDUE provided small contractors an opportunity to learn and grow, which has helped increase local construction capacity. The selection and sizing of the subprojects are therefore expected to match the implementation capacity of local contractors.

63. The implementation of project activities will require contractors familiar with the execution of large contracts (trunk infrastructure and fecal sludge treatment plant) on the one hand, and the use of labor-intensive techniques for neighborhood investments on the other hand. The project will also need quality consulting firms to design and supervise works. The project will provide necessary support to enhance technical and managerial capacity of the contracting authorities (PCU, CUY, CUD, and so on) through TA, and/or strengthening of their staff. This will ensure a

well-balanced competence between the works contractors, the consulting firms in charge of supervision, and the contracting authorities. Annual technical audits will be carried out during project implementation.

64. The investments will be of simple design and make use of labor-intensive methods accessible to local small and medium enterprises and O&M plans prepared for each investment

### **C. Financial Management**

65. In accordance with the World Bank's operational policies and procedures for investment project financing (OP/BP 10.00), an FM assessment was conducted to ensure that the proposed FM arrangements within the PCU are adequate. The assessment concluded that the FM system in place at the PCU is adequate. The PCU has experienced staff and a procedures manual establishing the internal control system is in place. The PCU shall maintain a FM team that is composed of one administrative and financial officer and an accountant who are familiar with the World Bank's FM procedures. However, the accounting system used for the PDUE is not adequate to handle the needs of the new project as it was initially installed under a single-project license. An assessment of FM capacity of participating CTDs was also conducted during project preparation. It concluded that, except for the CUD and CUY, the CTDs are not familiar with World Bank FM procedures

66. Based on the findings of the assessment, the overall project risk for financial management is rated High. The key risks identified for financial management under the Project are as follows: (i) governance is widely acknowledged to be weak; (ii) the existing procedures manual might not be adequate to encompass all the internal control issues of the new project; (iii) delays on the submission of agreed interim financial reports (IFRs) and annual project financial statements may occur as the accounting scheme is yet to be established; (iv) the project financial statements might not be audited as the chamber of account is not yet endowed with the capacity to audit World Bank- funded projects; (v) the PCU FM software is not appropriate to handle all project activities; and (vi) ) the low management capacity at the participating municipalities level and the highly decentralized nature of the project and involvement of multiple stakeholders may jeopardize the project activities coordination.

67. In conclusion of the assessments, and as is the case for other World Bank-funded projects in Cameroon, the project's FM arrangements will be included in the existing country FM arrangements established to manage donor-funded projects. These arrangements are centered on two main institutions. First, the *Caisse Autonome d'Amortissement* (CAA) equipped with dedicated tools developed by the Bank Institutional Development Fund (IDF). These tools include (i) a standardized FM manual; and (ii) integrated FM system for donors funded project (namely SIGED<sup>13</sup>) that includes modules on (a) project cycle, (b) budgeting and accounting, (c) automated payments and (d) electronic archive. Second, the Ministry of Public Procurement (MINMAP) in charge of ex ante control of all suppliers' invoices associated with a contract before any payment by the CAA.

68. After the following measures will be adopted, in addition to the internal control system outlined above, the residual risk is assessed as Substantial: (i) a project procedures manual will be

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<sup>13</sup> Integrated Disbursement Management System (*Système Intégré de Gestion des Décaissements*)

elaborated based on the existing manual, the project document and the standardized FM Manual of Procedures developed by the CAA with World Bank IDF support, (ii) the budget and accounting modules of the SIGED – initially under a single-project, multi-site version – will be deployed at the PCU and the TLUs of Douala and Yaoundé to handle accounting and reporting needs under the project. This version will be converted into a multi-project version when the need arises.

69. In addition, in order to strengthen the proposed project FM and monitoring arrangements, (i) an internal auditor will be recruited for an initial period of one year renewable to conduct ex-post reviews of project transactions, ensure the integrity of the internal control system, and contribute to the strengthening of the capacities of the TLUs; and (ii) an external auditor will be recruited using the country arrangements (by which the MINMAP leads the process with the participation of MINEPAT) to conduct annual financial audits providing an opinion on the quality of the financial statements of the project and review the internal control system to identify its strengths and weaknesses. The possibility of involving the Audit Chamber (Supreme Audit Institution) in the process of recruiting the auditors will be considered; the accounting software Tom2pro will be purchased, customized and deployed at the PCU level and for the two TLUs of Douala and Yaoundé to ensure on time recording of financial information as well as production of quarterly and annual financial statements.

70. As for the CTDs, the PCU will have financial responsibility for all their activities. However, under the City Contracts, the CUD and CUY, through their respective TLUs, will be able to receive funds from the PCU for the implementation of their activities under Component 2 (including procurement). For the other CTDs, this funding will be limited to cover recurring operating costs. All TLUs, will be accountable for the use of received funds under the responsibility of the designated TLU coordinator who will sign for the account jointly with the TLU accountant. Each TLU will be required to keep a cash register in an Excel file. The PCU will have a general fiduciary oversight role and will issue no-objection notices before any payment to the TLU. The procurement and replenishment mechanism for these accounts will be detailed in the City Contracts and the project procedurals manual. At MTR, the fiduciary capacity of all participating CTDs will be re-assessed.

#### **D. Procurement**

71. An assessment of the capacity of the PCU and participating CTDs to implement procurement activities was carried out during project preparation. The assessment reviewed the organizational structure for the implementation of the Project, the procurement capacities (past procurement experience, staff in charge of procurement, tools including manuals, procurement filing, and so on) of the PCU, CUs, CAs, and urban communes, as well as the interactions between these different agencies.

72. The assessment found that the PCU has experience in applying the World Bank's procurement procedures. It also has a qualified procurement specialist among its staff. The filing is acceptable but needs to be improved in line with the Procurement Filing Manual recommended in World Bank-financed projects; The PCU staff has acquired experience during the implementation of the preceding PDUE. A manual exists, but needs to be updated to reflect the specificities of the proposed project (activities, institutional arrangements) and changes in World Bank procedures.

73. At the levels of the CTDs, the teams and functions are defined in an organization chart that enables the different services to be identified. However, the entities do not have a specific manual of procedures. The technical level of staff is relatively higher in the CUD and CUY compared to the CAs and other urban communes. Nonetheless, the experience with the Bank's procurement procedures remains limited in the CUs of Douala and Yaoundé and is weak at the level of CAs and urban communes. The procurement filing is weak. At central and decentralized levels, Procurement committees are set up by the MINMAP and operate in compliance with the Cameroonian Public Procurement Code.

74. Based on the findings of the assessment, the overall project risk for procurement is rated High. The key risks identified for procurement under the Project are as follows: (i) technical staff not familiar with complex works, which may lead to poor technical documents; (ii) staff involved in the project who may not have sufficient knowledge of World Bank procurement procedures will be responsible for process control and approval; (iii) lack of proficient procurement staff to implement procurement actions on time and in line with World Bank procurement procedures; (iv) inadequate communication and interaction between the CTDs, PCU, and MINMAP may lead to delays in procurement processes and poor cost estimations; (v) administrative routines may increase delays in the procurement processes and affect project implementation, and (vi) poor filing may lead to loss of documents. These risks can cause misprocurement as well as delays in evaluation of bids and technical proposals leading to implementation delays, poor quality of contract deliverables and reputational risks to the World Bank and the project.

75. After the following measures will be adopted, the residual risk is assessed as Substantial: (i) a qualified engineer at the level of the PCU and a TA firm will be appointed to ensure technical quality control of documents and participate in evaluation committees for complex projects; (ii) the existing manual for administrative, financial, and accounting procedures from the PDUE will be updated reflecting the specificities of the proposed project (activities, institutional arrangements) and changes in World Bank procedures, and clarifying the role of each team member involved in the procurement process, the maximum delay for each procurement stage, specifically with regard to the review, approval system, and signature of contracts; (iii) the PCU will exercise quality control on all aspects of the procurement process, including technical documents, evaluation, selection and award on a monthly basis; (iv) the PCU will monitor on a regular basis the implementation of the Procurement Plan (PP) and closely follow up on relations with beneficiaries and official bodies involved (MINMAP, CAA, and so on) to insure appropriate actions are taken on time; (v) a workshop will be organized at the beginning of the project to train/update all key stakeholders involved in procurement on World Bank procurement procedures and policies. Hands-on training of identified high level staff on Bank procurement procedures will be organized during the life of the Project; (vi) an adequate filing system will be set up for the project records at the level of the PCU and TLUs. The Project will finance appropriate equipment and the Procurement specialist will ensure compliance with bank procurement filing manual; and (vii) a Procurement Plan (PP) for the first 18 months of project implementation was prepared and approved at negotiations. During implementation, the PP will be updated as required at least annually to reflect actual program implementation needs and improvements in institutional capacity.

76. Procurement capacity assessment and project procurement arrangements are detailed in Annex 3.

## E. Social (including Safeguards)

77. The proposed project is expected to have a positive social impact by promoting inclusion of poor neighborhoods in urban management of targeted cities. There are no significant, long term or irreversible adverse impacts that are expected from project implementation.

78. **Involuntary Resettlement.** The project triggers OP/BP 4.12 (Involuntary Resettlement). A Resettlement Policy Framework (RPF) was prepared, publicly consulted in most beneficiary cities (except for Maroua and Kousséri due to persisting security concerns) and disclosed both in Cameroon in form and language that are accessible to affected people on April 21, 2017, and the World Bank InfoShop on April 24, 2017. Once the sites for project activities are clearly identified, the RPF provides guidance to screen the proposed activities for resettlement impacts and, where necessary, prepare RAPs before any civil works.<sup>14</sup>

79. Given lessons learned regarding lengthy land expropriation and resettlement procedures under the PDUE<sup>15</sup>, several efforts were made during project preparation to improve social safeguards performance of the proposed project. The project will avoid relocation as much as possible. However, in cases where this is unavoidable, the project will rely on the guidelines provided in the RPF and the RAPs that will be prepared to ensure that the relocation and resettlement is done in accordance with the World Bank's safeguards policies in consultation with key stakeholders. The RPF outlines the policies and procedures to be followed if sub-projects require land acquisition. The RPF was prepared to minimize and mitigate the potential negative impacts resulting from project investments and it provides the overarching framework by which potential resettlement issues will be addressed. Finally, the project will also provide resources to strengthen the capacity of the CCEs in environmental and social management. The trainings are currently being organized for the CCEs and other key stakeholders in all the cities.

80. **Safeguards capacity and institutional arrangements.** With regards to capacity, based on the experience gained through the implementation of the PDUE, the PCU is considered to have acquired significant experience in implementing World Bank Safeguards Policies. The project employs an Environment Specialist, and will recruit a social development specialist. To ensure continuity of safeguards supervision at the local municipal/city-level, the project will hire for the TLUs five social development specialists who will work in close collaboration with the safeguards specialists at the central level.

81. **Youth and gender.** As part of subcomponent 2.3 (Support to local initiatives), the project will support implementation of a series of activities that target youth and women in certain poor neighborhoods of the targeted cities. A social assessment of targeted cities is underway and will provide the relevant demographic, social, economic and cultural information regarding the populations, including any baseline data that could be used for M&E. Additionally, the project is

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<sup>14</sup> For the sludge treatment plant at the Ngombé site, an Abbreviated Resettlement Action Plan (ARAP) had already been prepared, approved and implemented under the Cameroon Sanitation Project (P117102). The ARAP was re-disclosed under the proposed Project in country and on InfoShop on April 28, 2017.

<sup>15</sup> Due to existing national regulatory and institutional framework for land expropriation and resettlement, World Bank projects experience extensive delays due to compensations. The main constraint in consolidating the World Bank and national framework is with regard to the eligibility criteria and the lengthy procedures associated with land acquisition. Based on a request from the MINFIN, the Country Management Unit initiated an Advisory Services and Analytics to assess the impact/implications of the national regulatory framework as part of the larger reform and decentralization process.

currently preparing a Youth and Community Development Plan, which will be informed by the Social Assessment. The plan will establish the inventory of existing capacities in the different cities, as well as the needs for each of the cities, and identify employment opportunities for youth (including skills development, integration of ICT, labor-intensive construction techniques, among other activities) in the areas of intervention. The needs and capacities will vary widely, and different strategies/models will be applied for each of the cities.

82. Inequalities between women and men persist in Cameroon. Through the social assessment, the project will seek to better understand gender issues, develop, and implement relevant actions to enhance gender equality and social inclusion in the areas of intervention. Moreover, through the Youth and Community Development Plan, the project will adopt gender-sensitive strategies and communication campaigns to encourage the active participation of women and girls in the local initiatives. The communication campaign will provide information on employment opportunities, skills development and other available opportunities. These activities will reach out to certain poor neighborhoods that were identified in the different cities. The campaigns will use channels that women are more likely to access, and tailor messages in a way that is accessible for both women and men. Communication and awareness raising campaigns will be conducted in parallel to the project physical upgrading activities.

83. The Project Implementation Manual (PIM) will consider mechanisms to ensure the inclusion of women, particularly young women, as project beneficiaries. Specific indicators were incorporated in the project's Results Framework to identify gender gaps, including the level of inclusion of women and youth in decision-making at the local level (Neighborhood Development Committees) and the percentage of local initiatives led by young women. In addition, the project will organize trainings for various stakeholders (CTDs, service providers, NGOs, and civil society) on gender-sensitive implementation, M&E of project activities.

84. **Citizen Engagement.** The project design has benefited from efficient feedback mechanisms (consultation and participation) at several levels from Ministries, PSC, PCU/MINH DU, CTDs, civil society, as well as local representatives in the process of selecting the overall project strategy, consultation of stakeholders, and the approval of programs and budget. Moreover, continuous participation of local populations and civil society at different phases of project implementation will be ensured. The populations targeted are residents of selected areas in the targeted cities who will benefit from the improved urban infrastructure, in addition to various other stakeholders including community organizations, local leaders, and other actors in the targeted cities. Their engagement will not only contribute to successful project implementation, but also ensure sustainability beyond the project cycle.

85. Several citizen engagement mechanisms already used by the PNDP will be applied, including: (i) the creation of a hotline (operated by city level social specialists or call center), (ii) assigning a contact person (at CA level), (iii) the introduction of a pilot methodology for scorecards in some of the communes under the PNDP to collect the community's perception and satisfaction of urban services, and/or (iv) leveraging local grievance mechanisms, such as the neighborhood committees, to respond to queries and general feedback. Information campaigns, neighborhood meetings, and other means of consultation will be applied during implementation. The collection of information on satisfaction of the project activities, grievance redress mechanisms, and service delivery will take place at the level of CAs and communes. The information will be consolidated

and registered at the CU level (or the TLU in the case of Batouri and Kousséri), which in turn will report back to the project/MINH DU level, and share the information with the citizens.

86. Indicators to assess the success of citizen engagement will be included in the M&E manual. Capacity building efforts to be included in the City Contracts will include training on citizen engagement and monitoring methods. Citizen engagement plans, including communication plan, budget and staffing will be elaborated.

## **F. Environment (including Safeguards)**

87. The project is classified as Category B under OP/BP 4.01 Environmental Assessment as potential environmental impacts from civil works under Component 2 are expected to be site-specific and not have any large scale, significant or irreversible environmental impacts. World Bank safeguard policies triggered for this project are OP/BP 4.01 (Environmental Assessment), OP/BP 4.11 (Physical Cultural Resources), and OP/BP 4.12 (Involuntary Resettlement).

88. An Environmental and Social Management Framework (ESMF) has been prepared and disclosed both in Cameroon and at the World Bank's InfoShop on April 27, 2017. Once the exact nature and location of proposed physical investments are identified, Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs) will be prepared in line with the procedures and guidelines set forth in the ESMF.<sup>16</sup>

89. The ESMF outlines the environmental and social screening process for sub-projects. It also describes in detail the steps required to (i) screen sub-projects for potential negative social and environmental impacts; (ii) assign the appropriate environmental category to sub-projects; (iii) carry out the appropriate environmental work based on the screening results; (iv) review and approve the screening results, and, as required, environmental impact assessments; (v) carry out public consultations; (vi) carry out environmental M&E; and (vii) establish baseline data and follow-up on environmental monitoring indicators. In addition, the ESMF includes environmental and social clauses and chance find procedures to be inserted in the bidding documents. It is anticipated that ESIA for subprojects include a cumulative impact assessment on existing and upcoming infrastructures. The specific ESMP for each subproject will be prepared, consulted upon and disclosed during project implementation. It will propose relevant mitigation measures according to identified subproject environmental and social impacts. The ESMP will be included in the PIM.

90. **Disaster risk management and climate change.** The design of the project considers disaster risk management and climate change adaptation. The ESMF identifies several impacts to which the infrastructure to be financed under the project will be exposed, including erosion and landslides, floods, excess rainfall, and droughts. The terms of references (TORs) for the subproject ESIA integrate the in-depth analysis of the causes of these impacts. In addition, erosion control is already included in the technical design of the trunk roads that will have better drainage of rain water and structures for the reduction of the flow velocities. The proposed drainage works in Douala also consider climate change and efforts will be made to preserve natural drainage capacity. In Yaoundé 7, the project also integrates measures to preserve natural drainage basins

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<sup>16</sup> For the fecal sludge treatment plant in Ngombé, an ESIA has already been prepared under the Cameroon Sanitation Project (P117102). The ESIA has been approved by the World Bank and disclosed on May 9, 2017.

and wetlands. Ngaoundéré, which is the beneficiary city most exposed to climate change impacts due to its location near the Sahel, will benefit from a specific sub-project to preserve the Mayo-Mabanga valley, which is the last wetland in the heart of the city, threatened by unplanned urbanization. The specific adjustments relating thereto as well as the exact perimeter remain to be defined in the light of the bidding document which will be prepared at the end of the specific ESIA of this locality. A similar intervention, albeit to a lesser extent, in the Mewoulou River valley in Yaoundé 5 is also envisaged.

91. **Public Consultation and Disclosure.** The preparation process of the ESMF was grounded on an inclusive consultation and participation of key stakeholders. The client organized public consultation meetings during the preparation of the ESMF. Minutes of these meetings confirm a solid support for the planning and implementation of the project. However, given the fact that subprojects will be implemented in very sensitive urban areas, consultations will continue during the project implementation phase. Stakeholder engagement in the decision-making process will further be enhanced to encourage more ownership and foster social accountability, which, in turn, will lead to more sustainability of project activities.

92. **Institutional arrangements for safeguards management.** The MINH DU is familiar with World Bank safeguards policies as it implemented the preceding PDUE (P084002). Nevertheless, an in-depth environmental and social capacity assessment is being carried out to identify specific areas for improvement or strengthening. There will be specific focus on CTDs involved (existence and functioning of a safeguards unit; appropriate qualified staff, and so on) and on the capacity of local stakeholders (decentralized divisional services in charge of monitoring ESMPs) to monitor ESMPs. The Ministry of Environment, Protection of Nature and Sustainable Development (MINEPDED) is the National authority in charge of environmental assessment and protection. It monitors the implementation of environmental and social mitigation measures issues an Environmental Compliance Certificate (that indicates satisfactory completion of the environmental assessment) and ensures impact and compliance monitoring of ESMPs through Divisional Services. The country has also a comprehensive environmental and social legal framework, including the 1996 Environmental Law and its implementation decrees. A new ESIA decree was issued in 2013 and a new order on the categories of projects subjected to an Environmental assessment enacted in 2016. However, the environmental and social law enforcement can be strengthened and specific measures will be defined during project implementation.

### **G. Other Safeguards Policies Triggered**

93. OP/BP 4.11 (Physical Cultural Resources) is triggered as most proposed infrastructure works include dredging and excavation, may result in chance finds. No specific stand-alone instrument on physical cultural resources (PCR) is required, but a chance find procedure has been included in the ESMF. During the preparation of the ESIA for specific sub-projects, attention will be placed on PCRs and relevant mitigation measures proposed, if needed. The chance find procedure included in the ESMF will then be updated as part of the ESIA reports, embedded in the overall ESMPs and inserted in each civil work contract.

## **H. World Bank Grievance Redress**

94. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org)

## Annex 1: Results Framework and Monitoring

**Country: Cameroon**

**Project Name: Cameroon: Inclusive and Resilient Cities Development Project (P156210)**

### Results Framework

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#### Project Development Objectives

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PDO Statement

The proposed Development Objective is to improve urban management and access to infrastructure in selected urban areas, particularly for poor neighborhoods, and increase resilience to natural hazards and other eligible crises.

**These results are at** | Project Level

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#### Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values					
		YR1	YR2	YR3	YR4	YR5	End Target
People provided with improved urban living conditions (Number) - (Corporate)	0.00	0.00	0.00	0.00	325700.00	488550.00	651400.00
People provided with improved urban living conditions - Female (RMS requirement) (Number - Sub-Type: Supplemental) - (Corporate)	0.00	0.00	0.00	0.00	156662.00	234993.00	313310.00
Area protected from a flooding event with a 10-year return period (ha) (Hectare(Ha))	0.00	0.00	0.00	0.00	140.00	210.00	280.00

Cities with improved livability, sustainability, and/or management (Number) - (Corporate)	0.00	0.00	0.00	5.00	5.00	6.00	7.00
Beneficiaries that feel project investments reflected their needs (percentage, disaggregated by gender) (Percentage)	0.00	0.00	0.00	50.00	0.00	0.00	80.00
Of which women (Percentage - Sub-Type: Breakdown)	0.00	0.00	0.00	50.00	0.00	0.00	80.00

### Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values					
		YR1	YR2	YR3	YR4	YR5	End Target
Cities for which the urban database is updated regularly (Number)	0.00	0.00	0.00	2.00	5.00	10.00	14.00
Sector land use plans developed and validated under the project (Number)	0.00	0.00	0.00	1.00	3.00	5.00	5.00
Asset management system for road and drainage assets operational in Douala and Yaoundé (Text)	No system in place	Initiate inventory of roads and drainage assets	System set up and data on roads and drainage conditions data available to develop O&M entered	5-year O&M plan developed based on realistic projected budgets	5-year O&M plan implemented in at least in 2 CAs	5-year O&M plan implemented in at least in 5 CAs	5-year O&M plan implemented in all CA and updated
CTDs that achieve annual targets for the execution of the	0.00	0.00	9.00	9.00	9.00	9.00	9.00

priority maintenance programs (PMP) (included in their city contracts) (Number)							
CTDs that publish semi-annually the progress achieved on commitments made in their city contracts (Number)	0.00	0.00	11.00	11.00	12.00	13.00	13.00
Grievances registered related to delivery of project benefits that are actually addressed. (Percentage)	0.00	50.00	75.00	100.00	100.00	100.00	100.00
Roads constructed or rehabilitated (Kilometers)	0.00	0.00	0.00	0.00	16.50	24.70	33.00
Drainage constructed or rehabilitated (Kilometers)	0.00	0.00	0.00	0.00	28.70	42.50	57.30
(a) stand alone (Kilometers - Sub-Type: Breakdown)	0.00	0.00	0.00	0.00	3.70	5.50	7.30
(b) other (Kilometers - Sub-Type: Breakdown)	0.00	0.00	0.00	0.00	25.00	37.00	50.00
Unplanned settlement area for which the defined upgrading plans have been implemented (Hectare(Ha))	0.00	0.00	0.00	100.00	300.00	600.00	900.00
Pedestrian paths built (Kilometers)	0.00	0.00	0.00	16.50	33.00	61.40	78.00

Youth-led initiatives supported by the project, of which 40% led by women (Number)	0.00	0.00	30.00	60.00	150.00	240.00	300.00
Functional Neighborhood Development Committees where elected positions are occupied by at least (a) 30 % women and (b) 20% youth (number) (Number)	0.00	0.00	15.00	15.00	15.00	15.00	15.00
Sludge deposited in the treatment plan in Ngombé (daily volume, m3 and % of capacity) (Cubic Meter(m3))	0.00	0.00	0.00	100.00	250.00	350.00	400.00
Percentage of capacity (Percentage - Sub-Type: Supplemental)	0.00	0.00	0.00	20.00	50.00	70.00	80.00

### Indicator Description

#### Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
People provided with improved urban living conditions	The cumulative number of people living in urban areas that have been provided with access to improved infrastructures, all-season roads (within a 500-meter range, equivalent to 10 minutes walking time), services, neighborhoods upgrading, public spaces, resilience, and/or urban environmental conditions through the direct interventions supported under the project. To be counted under this indicator a person needs to have been provided with at least one of the above, but, in most cases, will benefit from several improvements. Measures will be taken to avoid double-counting.	Starting Y4, Annual	Surveys, M&E reports, Reports from technical studies	PCU, TLUs, consultants
People provided with improved urban living conditions - Female (RMS requirement)	Of which female	Starting Y4, Annual	Surveys M&E reports, Reports from technical studies	PCU, TLUs, consultants
Area protected from a flooding event with a 10-year return period (ha)	The cumulative urban area that has been protected from a flooding event with a 10-year return period owing to the construction and rehabilitation of storm water drainage	Starting Y4 Annual	M&E reports, Reports from technical studies	PCU, TLUs, consultants
Cities with improved livability, sustainability, and/or management	The number of cities that reach at least 80% of the performance indicators included in their City Contracts	Starting Y3, Annual	M&E reports, Reports from technical studies	PCU, TLUs, consultants

Beneficiaries that feel project investments reflected their needs (percentage, disaggregated by gender)	The percentage of beneficiary population that feel that the project activities have reflected their needs as expressed through a baseline beneficiary assessment	MTR, end of project	Beneficiary satisfaction surveys	NGOs, TLUs, PCU, CTDs
Of which women	The percentage of beneficiary women that feel that the project activities have reflected their needs as expressed through a baseline beneficiary assessment	MTR, end of project	Beneficiary satisfaction surveys	NGOs, TLUs, PCU, CTDs

### Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Cities for which the urban database is updated regularly	The number of cities for which data on the key indicators in MINH DU's urban database are provided every two years	Starting Y3, annual	M&E reports	MINH DU, PCU
Sector land use plans developed and validated under the project	The number of sector land use plans that have been developed and validated under the project in accordance with the principles of integrated urban planning, urban resilience, and citizen participation	Starting Y3, Annual	M&E reports	CU, MINH DU, TLUs, PCU
Asset management system for road and drainage assets operational in Douala and Yaoundé	Assess the progress in developing and operating the new maintenance systems in Douala and Yaoundé	Annual	M&E reports, technical audits	CUD, CUY, TLUs, PCU
CTDs that achieve annual targets for the execution of the priority maintenance programs (PMP) (included in their city contracts)	The number of CTDs (CUs, CAs, and urban communes) that achieve satisfactory annual execution rates of their priority maintenance programs. The annual targets for execution rates are defined in their City Contracts	Starting Y2, Annual	M& E reports, Comparison of expenditure certificate and municipal budget ( <i>compte de gestion</i> )	TLUs, PCU
CTDs that publish semi-annually the progress	The number of CTDs (CUs, Cas, and urban communes) that make publicly	Starting Y2, Annual	M & E reports, Verification of publication	TLUs, PCU

achieved on commitments made in their city contracts	available every six months their progress in achieving the various performance indicators included in their City contracts			
Grievances registered related to delivery of project benefits that are actually addressed	This indicator measures the transparency and accountability of the grievance redress mechanisms established by the project. It measures the proportion of grievances received by the project that are addressed in accordance with the project grievance redress mechanism	Annual	M & E reports	TLUs, PCU
Roads constructed or rehabilitated	The cumulative length of all urban roads (with associated facilities including drainage and sidewalks) built or rehabilitated under the project and contributing to improvement on urban accessibility	Starting Y4, Annual	Supervision consultants, M&E reports and technical audits	TLUs, PCU, consultants
Drainage constructed or rehabilitated	The cumulative length of the storm water drainage systems built or rehabilitated under the project, thereby contributing to improvements in flood control.	Starting Y4 Annual	Supervision consultants, M&E reports and technical audits,	TLUs, PCU, consultants
(a) stand alone	The cumulative length of the storm water drainage systems built or rehabilitated under the project, thereby contributing to improvements in flood control by standalone systems (large drainage canals and watercourses)	Starting Y4 Annual	Supervision consultants, M&E reports and technical audits	TLUs, PCU, consultants
(b) other	The cumulative length of the storm water drainage systems built or rehabilitated under the project, thereby contributing to improvements in flood control with and other systems (e.g. roads-side drainage and gutters).	Starting Y4 Annual	Supervision consultants, M&E reports and technical audits	TLUs, PCU, consultants

Unplanned settlement area for which the defined upgrading plans have been implemented	The total area covered by neighborhood upgrading activities in the participating cities	Starting Y3, Annual	M&E reports, technical audits	TLUs, Supervision consultants PCU
Pedestrian paths built	Cumulative length of pedestrian lanes built or rehabilitated under the project, including those along the urban trunk roads	Starting Y3, Annual	M&E reports, technical audits	Supervision consultants, TLUs, PCU
Youth-led initiatives supported by the project, of which 40% led by women	The number of local initiatives implemented using grants allocated by the project contributing to the economic inclusion of young people and women, in accordance with the guidelines of the Grants Operations Manual	Starting Y2, Annual	M&E reports	NGOs, TLUs, PCU
Functional Neighborhood Development Committees where elected positions are occupied by at least (a) 30 % women and (b) 20% youth (number)	This indicator measures the involvement of women and youth in local decision-making reflected by the share of elected posts of neighborhood development committees which are occupied by women and youth.	Starting Y2, Annual	M&E reports	TLUs, PCU
Sludge deposited in the treatment plan in Ngombé (daily volume, m3 and % of capacity)	Indicate the increased capacity to dispose sludge in Douala and the use by trucks by measuring the daily average of the quantity of sludge unloaded at the plant	Starting Y3, annual	Supervision consultants, M&E reports and technical audits	TLUs, PCU, consultants
Percentage of capacity	Indicate the increased capacity to dispose sludge in Douala and the use by trucks by measuring the proportion of the sludge unloaded at the plant relative to the capacity of the plant	Starting Y3, Annual	Supervision consultants, M&E reports and technical audits,	TLUs, PCU, consultants

## **Annex 2: Detailed Project Description**

### **CAMEROON: Inclusive and Resilient Cities Development Project**

1. The proposed Project aims to consolidate and extend the achievements of the urban component under the Urban and Water Development Support Project (PDUE, P084002), which closed on August 31, 2015. It will complement the intervention areas of the PDUE and of other urban projects financed by AFD, AfDB, and the EU. It supports inclusive urban development that better connects poor neighborhoods in the overall city, supporting an integrated approach to neighborhood upgrading.
2. The project concept is based on the Inclusive Cities approach<sup>17</sup> that recognizes the multi-dimensional and intertwined dimensions of urban poverty and vulnerability. Following this approach, the proposed Project aims to promote: (i) spatial inclusion by improving access to urban infrastructure and services for the residents of poor neighborhoods; (ii) economic inclusion by promoting access to economic opportunities for those residents (especially the young); and (iii) social inclusion by enhancing citizen engagement in urban development. The project will follow a geographically focused and integrated approach that combines improvement and construction of urban infrastructure, including through labor-intensive methods (where feasible), with capacity building to participating CTDs and targeted institutional support to key ministries to achieve more inclusive urban management. The approach also favors in situ upgrading to minimize resettlement, and reduce cost. In addition, the Project aims to promote both physical and socio-economic resilience of vulnerable urban communities.
3. As under the PDUE, the project activities will continue to be implemented in the scope of City Contracts. Different contractual arrangements between the GoC and CTDs have been developed and applied since 1999. The definition of reciprocal engagements in the city contracts in terms of funding that the Government will make available for participating CTDs and performance improvements that the latter commit to undertake in return is based on prior urban, financial, and organizational assessments of each participating CTD. Project activities will also be closely coordinated with the PNDP, which is being implemented in parallel at the communal level, to ensure that the community participation processes and planning instruments in urban CTDs are well articulated, coherent, and avoid duplication.
4. With a view to addressing spatial disparities, strengthening development potential along economic corridors and ensuring complementarity with other externally-funded projects supporting urban development in Cameroon, in particular the Regional Capitals Project financed under C2D by AFD and AfDB in land management and urban infrastructure, the following cities were selected as beneficiary cities: Ngaoundéré, Maroua, and Kousséri in the northern area, Kumba in the Southwest, Batouri in the East, and selected communes in the largest cities of Yaoundé and Douala.
5. The proposed Project will have the following components:

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<sup>17</sup> Shah, P., E. Hamilton, and F. Armendaris (2015). *Inclusive Cities Approach*. Report No: AUS8539. Washington, DC: World Bank.

## **Component 1: Strengthening capacity for inclusive and resilient urban management (US\$10 million equivalent IDA)**

6. This component will provide TA to relevant national and local level government institutions to strengthen their capacity to develop and implement inclusive and resilient urban development strategies and programs and improve urban management in participating CTDs. The proposed activities were chosen considering complementarities with support being provided in parallel by other projects, particularly the PNDP (see Annex 6 for more details). It will have two sub-components: Sub-component 1.1 will provide support to CTDs, while Sub-component 1.2 will provide support to national government entities.

7. The proposed activities under this component complement the infrastructure investments under Component 2, aiming to address the following three issues related to urban planning and management in Cameroon that were identified during project preparation:

- (a) *Issue 1: Specify and improve modalities and techniques for programming and interventions in under-equipped, or even precarious neighborhoods.* Current interventions in under-equipped or precarious urban neighborhoods are either limited to the implementation of micro-projects identified and executed by communities or favor renovation that involves large-scale relocation of the inhabitants. Generally, the former only responds partially to the needs of the residents, and the latter are rarely implemented because of their negative social impacts. Some of the beneficiary CTDs (Douala, Kumba, Ngaoundéré) asked the Project to support the development of sector land use plans<sup>18</sup> for the project intervention areas, which would complement already existing Urban Master Plans and Land Use Plans. The proposed Project will therefore finance in-depth programming studies, which will complement the urban audits that are currently being finalized as part of project preparation. It is expected that the experiences developed and tested in the target areas under the proposed Project would form the basis for a more voluntary policy by the authorities (local and national) and would allow replication of similar interventions in under-served and precarious neighborhoods.
- (b) *Issue 2: Streamlining and optimizing the programming of the MINH DU's interventions in urban infrastructure.* Each year, the MINH DU receives an allocation of 70 to 100 billion FCFA from the public investment budget (BIP) to finance the rehabilitation or construction of infrastructure in cities, mainly urban roads. The ministry would like to streamline the procedure for planning and executing these investments in urban infrastructure, at least for those investments carried out with own resources (excluding externally-funded projects). In this sense, Component 1 will provide support to the MINH DU to specify its intervention strategy, formalize the necessary documents, and establish the management tools needed in the relevant directorates (DEPC, DOU, etc.). This support would help to achieve greater transparency in the allocations of public investments, better integration of the Inclusive Cities approach, create leverage effects for by combining various types of financing (additional financing to CTDs financing and possibly externally-financed

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<sup>18</sup> Foreseen in the Urban Planning Code (2004).

projects), articulation with the City Contract or partnership protocol procedures, gradual evolution towards a decentralized execution of the grants/loans currently registered in MINH DU for greater efficiency, etc.

- (c) *Issue 3: Improve the coordination of activities carried out by CUs and CAs, particularly regarding interventions in under-equipped and precarious neighborhoods.* The decentralization law of 2004 proposes a division of competences between the two levels of CTDs in major cities (CAs and CUs), but without qualifying the nature of so-called community investments. It also encourages co-operation between the two levels of local government to enhance effectiveness of public action (article 16), but without setting specific rules for this cooperation. Other legislative and regulatory provisions have changed the delegation of responsibilities, such as those regarding the classification of roads and utilities (VRD) or those relating to the responsibilities of the contracting authority with the creation of the Ministry of Public Contracts (MINMAP), which effectively re-centralizes a significant part of the competences initially transferred to the CUs. At the same time, MINH DU has been delegating some project management responsibilities to carry out the investments and activities financed by the MINH DU to the two main CUs (Douala and Yaoundé) (*maîtrise d'ouvrage délégué*). All these factors contribute to making the institutional context rather confusing and not conducive to the development and strengthening of contracting and project management capacity at city level. The implementation arrangements for the proposed Project have been defined with a view to strengthening the technical and contracting capacity of participating CUs to prepare and implement inclusive cities interventions. The CUs must, however, closely engage CAs of the intervention zones in project execution and liaise with the MINH DU through the PCU in Yaoundé.

**8. Sub-component 1.1: Support to CTDs for inclusive and resilient urban management (US\$7 million equivalent IDA).** This sub-component will provide TA to CTDs to strengthen their capacity for urban management through, inter alia, the preparation of sector land use plans, development of asset management systems for operating and maintenance of urban roads and drainage, carrying out of urban mobility studies, enhancement of urban planning systems for the design, development, and maintenance of urban infrastructure and services notably in poor neighborhoods, integration of climate change resilience and adaptation guidelines into sector land use and management plans, carrying out of public accountability and citizen engagement activities in urban development, and carrying out of studies on enhanced functionality and management of youth centers. Urban, organizational, and financial assessments of the participating CTDs are being carried out to prioritize a few selected specific areas of capacity building and performance metrics to be included in the City Contracts. Some new citizen engagement mechanisms may be tested in close coordination with the PNDP.

**Table 2.1: Activities by Type of CTD**

Type of CTD	Type of Activities
CU	<ul style="list-style-type: none"> <li>• Development of asset management systems for O&amp;M of urban roads and drainage (Douala and Yaoundé)</li> <li>• Evaluation and computerization of taxpayer files</li> <li>• Support to planning and management of market facilities and commercial equipment</li> <li>• Support to updating of street addressing and implementation of related applications (communication campaign, urban management application, property tax)</li> <li>• Elaboration of sector land use plans and other urban plans</li> <li>• Carrying out of urban mobility studies</li> <li>• Training in urban development</li> <li>• Carrying out of studies on enhanced functionality and management of such centers</li> </ul>
CA and urban communes	<ul style="list-style-type: none"> <li>• Support to improve maintenance management</li> <li>• Support to improve budgetary management and FM based on municipal audits (being carried out), use of SimBa, etc.</li> <li>• Local participation and accountability regarding the city contracts</li> <li>• Strengthening of municipal project management</li> <li>• Training</li> </ul>

9. **Sub-component 1.2: Support to national government to improve urban planning tools and land management for more inclusive and resilient cities (US\$3 million equivalent IDA).** This sub-component will provide TA to relevant departments within the MINHDU and MINDCAF to improve tools and strategies to facilitate more inclusive and resilient cities, including, among other things, operationalization of the MINHDU’s urban database, establishment of programming and management tools for MINHDU investments in cities under the BIP, carrying out of assessments and consequent improvement of the MINHDU’s contracting procedures with cities, review and operationalization of the MINHDU’s strategy for integrated neighborhood upgrading, preparation of guidelines/regulations for urban planning and self-construction in precarious neighborhoods, provision of support to reform of the legal framework for resettlement and compensation procedures, carrying out of plot surveys in selected intervention areas within the beneficiary cities, development and piloting of urban land readjustment methods, and provision of equipment for the modernization of land appraisals (UAV, bi-frequent GPS). Other just-in-time TA and studies may also be financed.

**Component 2: Improving connectivity and living environment in beneficiary cities (US\$136.5 million equivalent IDA)**

10. This component will finance a range of investments to improve urban/city connectivity and integration of poor neighborhoods, access to infrastructure and basic services in targeted neighborhoods, and the broader living environment of beneficiary cities. The specific interventions for the cities in the fragile Far North (Maroua and Kousséri) will be defined upon completion of the ongoing RPBA (expected for Fall 2017) and considering activities supported by other projects

and donors. The technical designs for the works will consider the recommendations of the multi sectoral investments plan for managing climate and disaster risk that was recently completed by the MINEPAT with support from the World Bank.

11. **Sub-component 2.1: Improving inner-city connectivity and integration of poor neighborhoods (US\$68.5 million equivalent IDA).** This sub-component will finance the construction and rehabilitation of urban trunk roads to enhance connectivity within beneficiary cities, including upgrading of 33 km of urban roads, cumulatively in Yaoundé, Douala, Ngaoundéré, Kumba and Batouri (see table 2.2). This would contribute to increasing access to employment opportunities. The selection of general intervention areas for trunk infrastructure within beneficiary cities was done based on criteria including population density, existing level of access to services, typology (and master plan), and complementarity to other interventions.

**Table 2.2. Urban Roads (Including Pedestrian Sidewalks, Drains, and Public Lighting)**

<b>CTD</b>	<b>Population (2015)</b>	<b>Length (m)</b>	<b>Estimated Cost (US\$, million)</b>	<b>Cost (US\$ per m)</b>
Batouri	41,571	2,100	2.33	1,095
Douala 3	1,062,477	5,210	12.14	2,330
Douala 5	892,397	3,320	7.79	2,346
Kumba 2	96,789	5,770	7.62	1,320
Ngaoundéré 2	116,927	4,970	8.56	1,722
Yaoundé 5	478,264	6,510	17.4	2,673
Yaoundé 7	174,481	5,160	12	2,326
Technical studies Project Preparation Advance (PPA)			0.64	
<b>Total</b>	<b>2,862,915</b>	<b>33,040</b>	<b>68.5</b>	

12. **Sub-component 2.2: Neighborhood upgrading (US\$25.6 million equivalent IDA).** This sub-component will finance construction or rehabilitation of demand-driven neighborhood improvement infrastructure to extend access to basic services in selected poor areas of beneficiary cities (about 900 ha, see table 2), complementing the works executed in the larger intervention areas under sub-component 2.1. Possible investments include, among others: local roads, pedestrian paths/small bridges, street lightening, extension of water distribution network, storm water drainage, slope stabilization, construction or repair of community facilities (small health centers, schools, youth or community centers – provided land is available and management clarified) and public spaces (leisure/social sports spaces, parks and green areas, streetscapes). Specific investments are driven by the needs of each beneficiary community. They will be identified using a participatory approach through urban audits resulting in neighborhood improvement plans, which has been improved based on the experience of the PDUE, and considering Communal Development Plans (CDP) that are being prepared/updated under the PNDP.

13. Building on the experience of the PDUE, the Project will prioritize gradual solutions that allow for a progressive improvement in the level of service and avoid resettlement, to the extent possible. It will also seek to enhance disaster resilience (particularly to recurrent floods) by incorporating risk-reduction measures in infrastructure investments and address high youth unemployment through promoting the use of labor-intensive construction techniques (to be included into City Contracts and bidding documents). Beneficiary neighborhoods in participating CTDs will be selected within the larger intervention areas of Sub-component 2.1 and based on the findings from ongoing urban audits and social studies considering the following criteria: (i) density (over 100 inhabitants per hectare); (ii) landlocked (more than 500 meters to access a public means of transport); (iii) insufficient basic services (water, electricity, sanitation); (iv) existence of a minimum of structuring roads; and (v) social mobilization. Cities in the Far North will be the subject of an adapted approach considering the insecurity context, in partnership with the other donors.

**Table 2.3. Neighborhood Upgrading Investments**

<b>CTD</b>	<b>Area to be Upgraded (ha)</b>	<b>Population in Area to be Upgraded (2015)</b>	<b>Envelope (US\$)</b>	<b>Investments (US\$ per person)</b>	<b>Investment (US\$ per ha)</b>
Batouri	107	19,260	1,163,900	60.43	10,877.57
Douala 3	98	34,300	3,333,333	97.18	34,013.60
Douala 5	125	37,500	3,333,333	88.89	26,666.66
Kumba 2	142	21,300	1,662,882	78.07	11,710.44
Ngaoundéré 2	189	28,350	2,136,838	75.37	11,306.02
Yaoundé 5	108	32,400	3,333,333	102.88	30,864.19
Yaoundé 7	110	22,000	2,500,000	113.64	22,727.27
Maroua	100	30,000	5,833,333	194.44	58,333.33
Kousséri	100	20,000	1,958,502	100.00	20,000.00
PPA			387,630		
<b>Total</b>	<b>1,079</b>	<b>245,110</b>	<b>25,296,952</b>	<b>103.21</b>	<b>23,444.81</b>

14. **Sub-component 2.3: Support to local initiatives focusing on economic inclusion of youth (US\$3 million equivalent IDA).** This sub-component will finance: (a) the provision of grants to support economically inclusive neighborhood improvement initiatives with a priority on the inclusion of young people, particularly young women; and (b) the provision of TA and training to beneficiary communities.

15. The grant mechanism would allow for individuals and entities to submit proposals for the funding of goods, services and small scale infrastructure to support activities enhancing employability and creating job opportunities. Eligible local initiatives could include, among others: labor-intensive work approaches to enhance the urban image of the neighborhood and

maintain local infrastructure and services, improvement of facades and public spaces, improvement of local services (e.g. pre-collection of solid waste), environmental care, maintenance of local infrastructure, as well as skills development, ICT activities and other income generating activities.

16. An operation manual specifying the implementation arrangements as well as the eligibility and selection criteria for the grants will be prepared during the first year of project implementation. The fiduciary management of the grants could be done through a competitively selected organization. It is estimated that the grants would finance around 300 activities over the course of its implementation.

17. **Sub-component 2.4: Improving the urban environment and resilience to flooding (US\$39.4 million equivalent IDA).** This sub-component will finance investments to improve the overall urban environment and enhance resilience to flooding in selected beneficiary cities, including, among others:

(a) Construction and/or rehabilitation of storm water drainage systems in Douala (US\$ 21.2 million equivalent IDA). The planned investments include the improvement of over 7 km of storm water drainage in CAs Douala 3 and 5 (see table 2.4).<sup>19</sup> This will contribute to reducing risks from recurrent flooding.

**Table 2.4. Storm Water Drainage**

CTD	Population (2015)	Length (m)	Estimated Cost (US\$, million)	Cost in (US\$ per m)
Douala 3	1,062,477	3,409	14.05	4122
Douala 5	892,397	4,013	7.12	1773
<b>Total</b>	<b>1,954,474</b>	<b>7,422</b>	<b>21.17</b>	

(b) Support towards the construction of wastewater treatment plants in Douala (US\$ 12 million equivalent IDA), including: (a) the construction of a fecal sludge treatment plant in the Ngombé neighborhood of Douala, which was originally to be financed under the CamSan Project (P117102) closing on June 30, 2017; and (b) preparation of technical studies and procurement documents for a second fecal sludge treatment plant in Douala.

(c) Carrying out of activities to preserve the natural drainage capacity in beneficiary cities (US\$ 1.2 million equivalent IDA), including through, among others, the planting of trees around natural drainage basins and wetlands in Douala (connecting to the storm water drains to be improved under the project), in Yaoundé (valley of the Mewoulou river in CA Yaoundé V and marsh in CA Yaoundé VII), in Ngaoundéré (Mayo-Mabanga valley, the last wetland in the heart of the city, threatened by encroaching urbanization), and Batouri to prevent their urbanization. This activity is particularly important for Ngaoundéré, which is the city most exposed to climate change given its location near the Sahel.

<sup>19</sup> The selection of the CA Douala 3 and CA Douala 5 to benefit from project activities was also driven by the impact of severe flooding in these areas in 2015.

(d) Pilot investments to improve pedestrian mobility in Yaoundé (US\$ 5 million equivalent IDA), including, among others: (i) construction and rehabilitation of pedestrian facilities in Ekounou; (ii) construction and rehabilitation of pedestrian paths in priority areas of the Cité Verte, Nkolmesseng, and Oyom-Abang neighborhoods; and (iii) public lighting. These investments will be financed leveraging the findings and recommendations from a study carried out with funding from the KGGTF.

**Component 3: Contingent Emergency Response (CERC, no initial allocation)**

18. This component is included in accordance with OP/BP 10.00 Investment Project Financing, paragraphs 12 and 13, for contingent emergency response through the provision of immediate response to an Eligible Crisis or Emergency, as needed. It will allow the Government of Cameroon to request the World Bank rapid reallocation of project funds in order to respond promptly and effectively to an eligible emergency or crisis, that is, a natural or man-made disaster or crisis that has caused or is likely to imminently cause a major adverse economic and/or social impact. An Operations Manual for this Component will be developed.

**Component 4: Project Management, Coordination, Monitoring and Evaluation (US\$10 million IDA)**

19. This component will finance the costs of project coordination, management and monitoring, preparation of financial audits and periodic evaluations through, among others, advisory services, purchase of equipment, provision of training, operating costs and M&E activities.

## **Annex 3: Implementation Arrangements**

### **CAMEROON: Inclusive and Resilient Cities Development Project**

#### **Project Institutional and Implementation Arrangements**

1. **Project oversight.** Overall project implementation responsibility will fall under the Ministry of Housing and Urban Development given its institutional mandate for policy and coordination on urban development. The MINHDU will be responsible for: (i) setting up the Project Steering Committee (PSC); organizing and sharing the SC sessions, (iii) recruiting and supervising the Project Coordination Unit (PCU) staff and consultants; (iv) supervising the project implementation; (v) providing orientation to technical and financial partners; and (vi) signing the City Contracts on behalf of the Government of Cameroon (GoC).

2. **Project Steering Committee (PSC).** An inter-ministerial PSC will be set-up before project effectiveness to provide overall strategic orientation to the project and oversight on project execution. The PSC will also approve annual work plans and budgets and analyze the project progress reports and independent audit reports. The PSC will also facilitate communication and cooperation between project stakeholders. The PSC will be chaired by the MINHDU and composed of the following:

- a. Representatives of the Ministries in charge of: Economy, Planning and Regional Development (MINEPAT); Finances (MINFI); Housing and Urban Development (MINHDU) State Property, Surveys and Land Tenure (MINDCAF); Territorial Administration and Decentralization (MINATD); Environment, Protection of Nature and Sustainable Development (MINEPDED);
- b. Representative of the General Director of the Caisse Autonome d'Amortissement (CAA);
- c. Government Delegates of the city council of Yaoundé, Douala, Ngaoundéré, Kumba and Maroua and Mayors of the urban communes of Batouri and Kousseri, as well as of the participating sub-divisional councils;
- d. Representatives of civil society, and association of urban planners.

3. **A Project Coordinating Unit (PCU),** placed under the MINHDU, will ensure overall project coordination including reporting, communication, M&E and will report to the PSC. It will also carry out its secretarial functions. The PCU will prepare annual work plans, quarterly and other periodic progress reports, coordinate external audits, consolidate project data, and manage relationships with the World Bank and other project stakeholders.

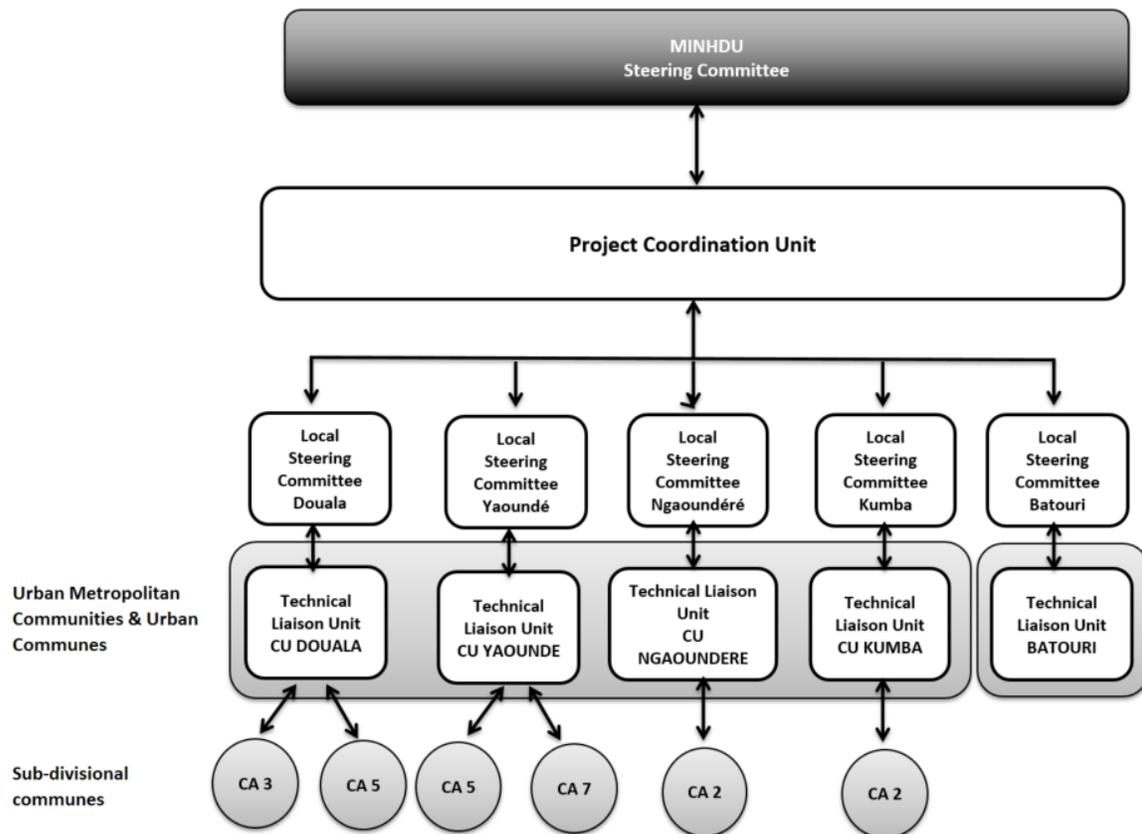
4. The PCU will also be directly responsible for implementing Component 1, and will support CTDs to implement their activities under component 2, retaining fiduciary responsibility for these activities vis-à-vis the World Bank.

5. The PCU will be composed of consultants financed by the project and Government staff, including: a coordinator, a senior advisor, a civil engineer, a municipal/urban development specialist, a procurement specialist, an administrative and financial officer assisted by an

accountant, a M&E specialist, an environmental management specialist, a social development specialist and junior staff (young graduate in first experience) as needed. The PCU will also contract an internal auditor (initially for one (1) year and renewable) and communication services.

6. The PCU has a proven track record in implementing the previous World Bank Financed PDUE. However, to better respond to the evolving nature and increased volume of activities and cities, the PCU initiated an organizational restructuring and strengthening of its capacity during the preparation phase. The Project would strengthen the implementation capacity of the PCU by financing salaries, consultants for specific tasks, operational costs and goods to provide the necessary conditions for successful implementation.

*Figure 1. Institutional Arrangements*



7. **Local Steering Committee (LSC).** Each city will set up a LSC to coordinate and monitor the implementation of its City Contract. Each LSC will consist of the signatories of the City Contract plus a representative of the population living in the targeted intervention areas (two representatives in the case of Douala and Yaoundé). It will be presided over by the Government Delegate of the city or the Mayor in the case of Batouri and Kousséri. It will meet at least quarterly. The TLU (see below) will act as the technical secretariat of the LSC.

8. **Technical Liaison Unit (TLU).** A TLU is created within each CU of Douala, Yaoundé, Ngaoundéré, Kumba, Maroua, as well as in the urban Communes of Batouri and Kousséri. Each TLU will oversee the overall coordination of the Project activities on behalf of the municipal

administrations. It will prepare the technical documentation for the investments projects, which will be submitted to the Government Delegate or Mayors, as the case may be. It will monitor the proper execution of the activities for which it is responsible, including reporting. It will support the PCU in the implementation of Component 1 for activities delegated by the Coordinator and in accordance with the City Contract. In the case of Douala and Yaoundé, the PCU will pass on funds to their respective TLUs for the implementation of the activities entrusted to them under Component 2 (including procurement). For the other cities, the funding to TLUs will be limited to cover recurring operating costs. At MTR, these arrangements and the capacity of all participating CTDs will be reassessed and more responsibilities may be transferred to the TLUs of other cities provided they present a management and reporting capacity deemed acceptable by the World Bank and the Government.

9. In Douala and Yaoundé, the TLU will be composed of dedicated staff, drawn from the CTD staff and include: a project Manager (urban planner, engineer or economist), a civil engineer, a social specialist, an accountant and a junior assistant. The TLU personnel will benefit from an additional premium, indexed on performance and results. In the other cities, due to the scarcity of management staff, the TLU will mobilize local municipal staff in parallel with its current activities. In the CUs, the TLU will regroup staff from both level (CU and CA).

10. **CTDs and beneficiary communities.** Beneficiary communities identify their neighborhood improvement programs in a participatory manner with the local authorities based on their existing planning documents (CDP, Urban Master Plan, etc.) and consigned in the urban audits. For each city and commune, the neighborhood and city level investment and maintenance programs for each city and commune will be detailed in the City Contract signed between the MINH DU and municipalities. Mechanisms for community participation and citizen engagements are described under section VI. E.

11. **Ministries.** The central and deconcentrated services of MINH DU and MINDCAF will be responsible to conduct their respective studies and activities detailed in components 1.2 and to support CTDs implement their programs. The General Tax Directorate (DGI) under the MINFIN will be involved in the implementation of certain activities under Component 1 that will be implemented locally (addressing and technical support for planning and implementation of the local budget). The MINFIN, the CAA and the MINMAP will ensure that funds are available for Government expenditure and that payment and procurement processes are completed on time and according to official standards. The MINEPDED will ensure that the processes related to the environmental and social management of the project will be carried out on time and in line with the provisions adopted for the Project, while the MINATD will support the project in the preparatory actions for the CERC and will accompany the CTDs, particularly in the implementation of the CERC.

12. **Arrangements under Component 1.** This component will be implemented and coordinated by the PCU. This includes: (a) managing the capacity building programs included in the City Contracts of the participating CTDs, and in the MINH DU and MINDCAF work plans; (b) preparing ToRs for the activities included in their respective annual work plan; (c) recruiting consultants and non-consultant-service firms; (d) overseeing the coordination and implementation

of the activities and monitoring progress; and (e) organizing study tour, training and other knowledge and learning activities.

13. **Arrangement under Component 2.** Except for fiduciary aspects, which will be handled by the PCU, activities under Component 2 (except the grants under Sub-component 2.3 to support local initiatives) will be implemented by the participating cities through their TLUs. The Douala and Yaoundé TLUs will share some fiduciary responsibilities with the PCU. The TLUs of each participating city will be responsible for city level infrastructure and will involve technical representative of the CAs for all neighborhood infrastructure programs. TLUs will program and supervise implementation of investments, in close collaboration with the community representatives of each settlement (Neighborhood Development Committees). Local agreements will be drawn up between the local authorities and these representatives to clarify the projected investments and appropriate implementation action plans. The PCU will oversee the preparation of these agreements.

14. To strengthen the procurement capacity of the CTDs through the TLUs the PCU shall ensure that the procurement and technical departments of the beneficiary CTDs participate in: the preparation of requests for proposals or bidding documents, opening and evaluation of proposals or bids, and contract award.

15. Assigning responsibility for implementation of Component 2 has been guided by several operational constraints such as: (i) the need to carefully coordinate technically, financially and socially the city-level with the neighborhood level investments, (ii) the current relative weak technical and institutional capacity of CAs; and (iii) the need to keep the implementation arrangements as simple as possible. However, to ensure that the arrangements remain consistent with the participatory approach and with the decentralization efforts currently underway, the following elements have been considered: (i) the TLUs include representatives of the population of the intervention areas, (ii) training and capacity building activities will be carried out at each level of government according to their mandates under Component 1; (iii) mechanisms to address conflicts between the two levels of government and at the community level have been defined; and (iv) implementation of activities will be monitored through community mechanisms.

16. Until MTR, only the TLUs and CUs of Douala and Yaoundé will be responsible for procurement of their activities under Component 2, while the PCU will be responsible for procurement of the activities in the other CTDs. Thereafter, an assessment of financial and procurement capacity of all CTDs will be carried out to determine if more responsibilities can be handed over to the TLUs and CTDs. If the assessment is satisfactory, the TLUs and CTDs will be given more responsibility for consultancy services, goods, and works procured under Component 2. If unsatisfactory, FM and procurement action plans will be amended and the PCU will assume/maintain responsibilities until satisfactory capacity is in place.

17. **Arrangement under sub-component 2.3.** Under this Sub-component, an operational manual to define the exact arrangements for the management of the youth initiative support grants will be completed at the beginning of the project. A selection committee comprising representatives of the PCU, CTDs, youth organizations (to be defined in the operational manual) will be charged with the evaluation of proposals based on predetermined criteria and indicators.

The TLUs youth agent will supervise the implementation of the grants in each participating city. It is envisaged that an operator with sufficient capacity will be competitively selected to manage the fund.

18. **Arrangements under Component 3.** Component 3 will be implemented and coordinated by the Coordinating Authority designated in the Contingent Emergency Response Operations Manual, which shall set forth detailed implementation arrangements for the component, including: (i) designation of ToRs for, and resources to be allocated to the Coordinating Authority, the entity to be responsible for coordinating and implementing the component; (ii) specific activities that may be included in the component, eligible expenditures; (iii) FM arrangements; (iv) procurement methods and procedures for emergency expenditures to be financed under the component; (v) documentation required for withdrawals; (vi) environmental and social safeguard management frameworks, consistent with the Association's policies on the matter; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the CERC. The detailed arrangements and operations manual will be prepared during the first six months of the project with the support of TA if needed. The approval of the manual and compliance with procedures to induce the emergency response are conditions of disbursement of this component. The amount allocated will be deducted from the other project components and a restructuring of the project processed *a posteriori*.

19. **Arrangement under Component 4.** This component covers financing for the efficient management of the project through the coordinating unit including staff, operating costs, M&E, information and communication, and audit costs. The PCU will (i) ensure coordination of overall project implementation; (ii) ensure availability of funds on time; (iii) maintain the books and accounts of project activities and produce financial reports; (iv) provide technical advice to the local authorities in charge of implementing Component 2; and (v) monitor and evaluate implementation and impacts of the project; and report results to the PSC as well as the various stakeholders (central and local administrations, donors, and the civil society).

## **Financial Management, Disbursements and Procurement**

### *Country Context*

20. After the adoption of the new PFM Act (*Nouveau Régime Financier de l'Etat*) in 2007, the GoC introduced in 2013 the program budgeting approach in all line ministries. While the budget has been approved on a programmatic basis since 2013, the intended benefits of the reforms have yet to materialize. Budget preparation and adoption processes have transitioned to program budgeting. However, the core problems identified in 2007 remain unsolved. The execution of line ministries' capital budget remains low and the performance of public services has not improved. Traditional annual line item budgeting persists in budget execution, meaning that the benefit and flexibility of multi-year program-budgeting are not leveraged yet. Program performance indicators are still essentially activity and output-based indicators, with no real foray into outcomes. Program Managers in line ministries are not sufficiently prepared to handle their new responsibilities and they lack several tools to carry out their duties. Finally, financial information systems have not undergone the necessary changes to ensure consistency and comprehensiveness of financial information among the key players along the expenditure chain. This is essential to match financial

and performance information and allow for an effective and efficient management of public resources.

21. To support the ongoing PFM reform process, the World Bank is preparing a PFM project aiming at (i) enhancing transparency and efficiency in PFM, and (ii) improving public procurement performance as to achieve efficiency, transparency, competition and better value for money. The implementation of this project will sustain the results already achieved and contribute to the improvement of the overall PFM environment in Cameroon.

22. Finally, the Institutional Development Fund (IDF) has supported the GoC to elaborate a standard FM manual and an integrated information system for investment project aiming at ensuring better integration of the investment project FM system into the country system. The information system is contributing to improved synergy between the project's accounting system and the Government information system by allowing automatized transmission and integration of the project's financial information into the Government system, and thus it will enhance transparency over donor-funded projects' funds management.

### *Financial Management*

**Table 3.1: Assessment Table and Mitigation Measures of Project Risks**

<b>Risk</b>	<b>Risk Rating</b>	<b>Risk Mitigating Measures Incorporated into Project Design</b>	<b>Risk after Mitigation Measures</b>
<b>Country level</b> Governance is widely acknowledged to be weak and may impact negatively the achievement of development objectives of programs and projects implemented.	<b>H</b>	Donors community actions are oriented toward PFM reform agenda in support to the Government commitment to tackle the cross-cutting issue of governance in the public resources management. Some donors foresee using the budget support instrument that could help accelerate the pace of the PFM and governance agenda.	<b>H</b>
<b>Implementation entities level</b> Low management capacity at the participating municipalities level might create coordination and reporting issue and jeopardize the project implementation.	<b>H</b>	Except the CUs of Douala and Yaoundé all other municipal entities will be entirely supervised by the PCU. A supervision and coordination mechanism will be established and thoroughly described in the procedures manual	<b>S</b>
<b>Project level</b> The highly decentralized nature of the project and involvement of multiple stakeholders (MINHDU, MINDCAF CTDs, urban communities and communes, etc.) may jeopardize the project activities coordination.	<b>S</b>	The internal control that will be built around a PIM will ensure the project is implemented in accordance with accepted procedures and segregation of duties. Roles and responsibilities of each stakeholder will be clearly defined	<b>S</b>
<b>INHERENT RISK</b>	<b>H</b>		<b>S</b>

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Risk after Mitigation Measures
<p><b>Budgeting</b> Elaboration of a credible budget in light of the PP, the TLUs planned activities and the participating municipalities development plan might be an issue as the project might experience delay in gathering information</p> <p>Delay may occur in the budget preparation and deviations may be experienced in budget execution of some components that may not be captured by the reports</p> <p>Execution of activities not included in the budgets might not be authorized</p>	<b>S</b>	The budgeting procedures will be clearly described in the procedures manual (timeline, process, nature of information to be gathered, responsibilities for budget preparation and monitoring etc.)	<b>S</b>
<p><b>Accounting</b> Mono project version of the PCU software is not appropriate to handle the project activities and hence delays in the treatment of financial information and in submissions of financial statements (interim and annual) may be experienced during implementation</p>	<b>S</b>	The accounting software Tom2pro mono multi-site and multi-user project will be purchased, customized and deployed at the PCU and TLUs level as appropriate.	<b>S</b>
<p><b>Internal Controls and Internal Audit</b> The existing procedures manual might not be adequate to encompass all the internal control issues of the new projects.</p> <p>The grant associated with the youth initiatives under Sub-component 2.3 might not be properly managed</p>	<b>S</b>	<p>The project manual of procedures will be developed based on the existing manual and the standardized FM manual developed for all projects by the CAA.</p> <p>A specific section regarding the grant initiative will be included in the manual and describe the evaluation of proposals and selection processes based on predetermined criteria and indicators, the fund management and fiduciary aspects, etc.</p> <p>An internal auditor will be recruited to reinforce the internal control mechanism under the project at PCU level as well as decentralized level</p>	<b>S</b>

<b>Risk</b>	<b>Risk Rating</b>	<b>Risk Mitigating Measures Incorporated into Project Design</b>	<b>Risk after Mitigation Measures</b>
<p><b>Funds Flow</b> A Designated Account (DA) was opened for the management of PPA funds; This account will be closed at the end of the APP period as soon as the project comes into effect.</p> <p>As the project aims at building the capacity of CTDs and communities, the centralized disbursement option might not fit the smooth implementation requirements</p>	<b>S</b>	<p>One DA will be opened in a stable commercial bank acceptable to the World Bank.</p> <p>Seven transaction accounts will be opened for each TLUs. The amount to be transferred to these accounts will be based on the forecasted activities to be financed (investment and operating costs for urban communities of Douala and Yaoundé and only operating costs for others urban communities and communes).</p> <p>The reporting arrangements that will be set up will require a close follow up at the TLU level of the use of funds and the replenishment will be based on a mechanism that will ensure prior justification of funds initially advanced</p>	<b>M</b>
<p><b>Financial Reporting</b> Delays on the submission of agreed interim financial reports (IFRs) and annual project financial statements as the accounting scheme is yet to be established</p>	<b>S</b>	The accounting software Tom2pro will be purchased, customized and deployed at the PCU level and for the two TLUs of Douala and Yaoundé to ensure on time recording of financial information as well as production of quarterly and annual financial statements	<b>S</b>
<p><b>Auditing</b> The project financial statements might not be audited as the chamber of account is not yet endowed with the capacity to audit World Bank- funded projects</p>	<b>S</b>	An external auditor will be recruited according to ToR acceptable to the World Bank.	<b>S</b>
<b>CONTROL RISK</b>	<b>S</b>		<b>S</b>
<b>Overall FM risk</b>	<b>H</b>		<b>S</b>

Note: H = high; L = low; M = moderate; S = substantial.

**Table 3.2: Financial Management Action Plan**

1. Customized the standardized project FM procedures to reflect the project specifics as part of the PIM (including youth initiatives grant mechanism)	Not later than 3 months after effectiveness	PCU
2. Purchase, customize and deploy the accounting software Tom2pro to handle accounting and reporting needs under the project at the PCU and the TLUs of Douala and Yaoundé	Not later than 3 months after Effectiveness	PCU
3. Recruit an internal auditor	Not later than 3 months after effectiveness	PCU
4. Recruit an external auditor to conduct annual financial audit of the financial statements of the project along with the review of the internal control system	Within 6 months of effectiveness	PCU

23. **Financial Management Arrangements.** In line with the use of the country national system, the project FM arrangement will rely on the existing country FM arrangements established to manage donor-funded projects. These arrangements are centered on two main institutions, the CAA equipped with dedicated tools developed by the Institutional Development Fund (IDF) and the MINMAP in charge of ex ante control of all suppliers' invoices associated with a contract before any payment by the CAA.

24. **Staffing.** The PCU FM staff will consist of the existing FM consultants (one FM officer and an accountant) in charge of the FM aspects of the Project Preparation Advance (PPA). Said staff will be transferred to the PCU through single source contracts before project effectiveness based on ToR acceptable to the Bank. Each TLU will be composed of dedicated staff from the CTD staff including an accountant.

25. **Budgeting.** The overall responsibility for preparing an annual work plan and related budget will lie with TLUs and the PCU. The PCU will be responsible for consolidation. The different steps of budget management (preparation, revision, consolidation, adoption, and execution) will be detailed in the FM section of the Project Implementation Manual (PIM). The annual work plan and budget will be prepared yearly, submitted to the World Bank early enough to have them approve before the end of January (or three months after the effective date for the first year of the project), and then approved by the PSC. A budget execution report will be included in a quarterly interim financial report to enable the project's implementation to be monitored.

26. **Accounting Policies and Procedures.** The PCU through its accounting team will have the overall responsibility for maintaining the accounts of the project activities and ensuring that the annual financial statements are produced on time and in accordance with the accounting standards that are in effect in Cameroon.<sup>20</sup> Not later than three months after the effectiveness date, the PCU will install a computerized accounting system that is capable of covering several sites to record the project's transactions and to produce the required periodic reports. The integrated Tom2pro software will be deployed at the PCU and at the TLUs of Douala and Yaoundé to handle

<sup>20</sup> The accounting principles set out by the Organization for the Harmonization of Business Law in Africa (OHADA)

accounting and reporting needs under the project. Furthermore, when the current CAA reporting systems, developed with the software provider Tomate, permits, a dedicated window will be opened for the project's users by CAA on the module of the accounting and reporting of said CAA information system.

27. ***Internal Control and Internal Auditing.*** The administrative, financial, and accounting procedures will be part of the PIM. The manual will include a clear description of the initiation and approval processes with respect to segregation of duties. In that regards the standardized FM manual of procedures developed by the CAA with IDF support will be customized to reflect the project specificities. With regards to the specificities of sub-component 2.3, the manual will clearly describe the youth initiative grant management mechanism and training will be organized for the stakeholders for them to have a clear understanding of the project financing and implementation mechanisms.

28. The PCU will also make use of the computerized accounting system to capture all project-related transactions. The FM officer will be responsible for maintaining all necessary controls to ensure: (i) that the project funds are used only for the intended purposes in an efficient and economical way; (ii) that accurate, reliable, and timely periodic financial reports are prepared; and (iii) that the project's assets are adequately safeguarded. These are reinforced by the Government's internal control arrangements, such as the prior visa payment by the MINMAP that will apply to the project's invoices and the control by the CAA over withdrawal applications and payments requests.

29. To sustain the capacity building initiatives of the project team, the World Bank disbursement and FM units will provide adequate training in disbursement and FM procedures to the project FM team. These measures aim at further enhancing the internal control system

30. An internal auditor will be recruited, initially for the period of one year, renewable as needed, to conduct ex-post reviews of the projects transactions and internal control system and to contribute to capacity building of the CTDs.

31. ***Financial Reporting and Monitoring.*** The quarterly IFRs to be generated from the computerized FM system will be presented in accordance with the format agreed with and submitted to the Bank within 45 days of the end of each calendar quarter. The IFRs will normally include: (i) sources and uses of funds by the classifications of project expenditures; (ii) a comparison of budgeted and actual project expenditures (commitment and disbursement) to date and for the quarter; (iii) a statement of the use of funds by component or sub-component; (iv) DA activity; and (v) a physical progress report on the implementation of the project. The TLUs transactions will be provided early enough to the PCU FM team to allow consolidation of financial data and elaboration of consolidated IFR and annual financial statements. The latter will be prepared in a consolidated manner at the end of each fiscal year.

32. ***External Auditing.*** The annual financial statements and quarterly IFRs prepared by the PCU as well as the internal control system will be subject to an annual audit by a reputable and independent auditing firm based on ToR that are satisfactory to the World Bank.

33. The scope of the audit will be tailored to the project's specific risks in accordance with World Bank requirements and will be agreed upon with the government. Particularly, the independent auditor will audit the use of all funds flowing from the DA to the ultimate beneficiaries. The project will comply with the World Bank's access to information and disclosure policies by making all disclosable audit reports publicly available promptly after receiving them. The project's external auditor will be hired within six months of effectiveness. A single audit opinion, in compliance with International Standards on Auditing, will be issued and 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 internal control and accounting system weaknesses, will be submitted to IDA within six months of the end of each financial year. If their availability and capacity permit, the Chamber of Accounts will be involved in the recruitment process of the auditor.

34. ***Conclusions of the FM Assessment.*** The overall FM residual risk is considered **Substantial**. The proposed FM arrangements for this project are considered adequate and meet the World Bank's minimum fiduciary requirements under OP/BP10.00.

#### *Disbursements*

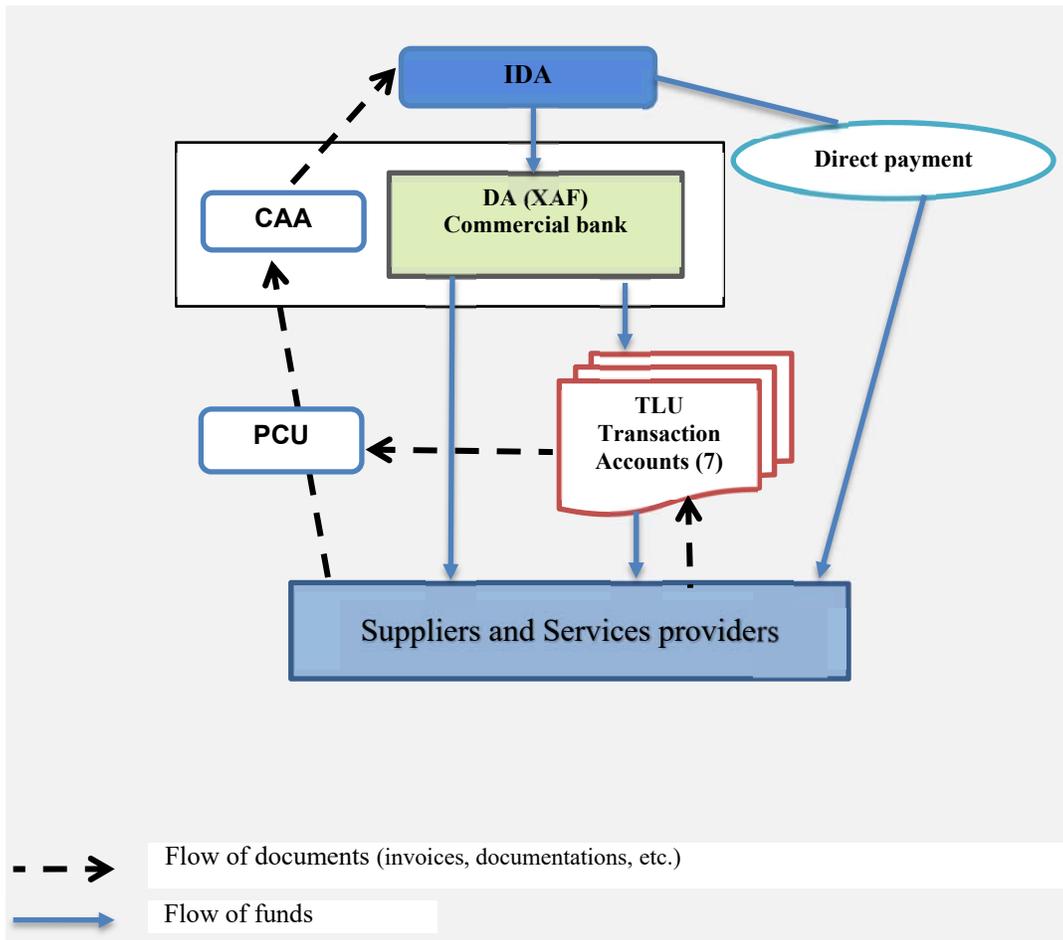
35. ***Funds Flow and Disbursement Arrangements.*** Funds flow will rely on the Government's banking arrangements through the CAA. In this regard, the CAA's managing director will continue to act as public accountant which includes the signing authorization on all payment means using the automated payments module of the CAA information system for donor financing.

36. Funds will flow from the IDA Account to one DA denominated in XAF and opened in a reputable commercial bank in Cameroon that is acceptable to the World Bank. The DA will be managed according to the disbursement procedures described in the administrative, accounting, and financial procedures manual as part of section of the PIM and the Disbursement Letter.

37. Seven transaction accounts will be opened one for each TLU. The eligibility criteria and replenishment method will be detailed in the procedures manual. All TLUs will be accountable for the use of the funds received under the responsibility of the designated TLU coordinator who will sign the account jointly with the accountant of the TLU. They will be required to keep a cash register in an Excel file. The PCU will have a general fiduciary oversight role and will issue no-objection notices before any payment by the TLU. The procurement and replenishment mechanism for these accounts will be detailed in the project procedures manual.

38. Upon effectiveness, this operation will follow the report-based disbursement method since the FM team has sufficient experience in producing reliable and acceptable IFRs. The DA will receive an initial deposit equivalent to six-month expenditure forecast and will be replenished regularly through quarterly Withdrawal Applications. Direct payment, reimbursement, and special commitment methods will be available to the project and might apply as appropriate.

Figure 3.2. Disbursement Channel



*Procurement*

39. **Guidelines.** Procurement for the proposed project will be carried out in accordance with: (a) the World Bank’s “*Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants*” dated January 2011 and revised in July 2014, and (b) “*Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers*” dated January 2011 and revised in July 2014.

40. **Fraud, coercion and corruption.** The implementing agencies as well as bidders and service providers (suppliers, contractors and consultants) shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.16 and 1.17 of the Procurement Guidelines and paragraphs 1.23 and 1.24 of the Consultant Guidelines, in addition to the relevant articles of the Cameroon Public Procurement Code which refers to corrupt practices. The procurement activities for the Project will be carried out in accordance with 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 updated in January 2011.

41. **Procurement Documents.** Procurement would be carried out using the World Bank's Standard Bidding Documents for all International Competitive Bidding (ICB) for goods and works and for Standard Request for Proposal (RFP) for the selection of consultants through competitive procedures. For other selection or procurement method, documents satisfactory to the Association will be used.

42. **Requirement for National Competitive Bidding (NCB).** Works, goods, and non–consulting services contracts will use NCB procurement methods in accordance with national procedures using Standard Bidding Documents acceptable to IDA and subject the additional requirements:

- 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 shall permit the Association, 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 the Association; 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 shall be advertised in national newspapers with wide circulation.
- The bid evaluation, qualification of bidders and contract award criteria shall be clearly indicated in the bidding documents.
- Bidders shall be given adequate response time (at least four weeks) to submit 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, shall be allowed to participate.
- No domestic preference shall be given to domestic contractors and to domestically manufactured goods.
- Bids are awarded to the bidder with the lowest bid evaluated provided this bidder is qualified.
- Fees charged for the bidding documents shall be reasonable and reflect only the cost of their printing and delivery to prospective bidders, and shall not be so high as to discourage qualified bidders.

43. **Procurement Plan (PP).** The different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Recipient and the Bank in the PP. A PP for the first 18 months of program implementation has been approved at negotiations. During implementation, the PP will be updated as required – at least annually – to reflect actual program implementation needs and improvements in institutional capacity.

44. **Advertising procedure.** General Procurement Notice, Specific Procurement Notices, Requests for Expression of Interest and results of the evaluation and contracts award should be published in accordance with advertising provisions in the guidelines mentioned earlier. For ICB and RPFs that involve international consultants, the contract awards shall be published in the United Nations Development Business online within two weeks of receiving IDA's "no objection" to the recommendation of contract award. For goods and works, the information to be published shall specify: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated prices of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded. For consultants, the following information must be published: (a) names of all consultants who submitted proposals; (b) technical points assigned to each consultant; (c) evaluated prices of each consultant; (d) final point ranking of the consultants; and (e) name of the winning consultant and the price, duration, and summary scope of the contract. The same information will be sent to all consultants who submitted proposals. The other contracts should be published in national gazette periodically (at least, quarterly) and in the format of a summarized table covering the previous period with the following information: (a) name of the consultant to whom the contract was awarded, (b) the price, (c) duration, and (d) scope of the contract.

45. **Procurement information and documentation – filing and database.** Procurement information will be recorded and reported as follows:

- Complete procurement documentation for each contract, including bidding documents, advertisements, bids received, bid evaluations, letters of acceptance, contract agreements, securities, related correspondence, etc., will be maintained at the level of respective ministries in an orderly manner, readily available for audit.
- Contract award information will be promptly recorded and contract rosters as agreed will be maintained.
- Comprehensive quarterly reports indicating: (i) revised cost estimates, where applicable, for each contract; (ii) status of on-going procurement, including a comparison of originally planned and actual dates of the procurement actions, preparation of bidding documents, advertising, bidding, evaluation, contract award, and completion time for each contract; and (iii) updated PPs, including revised dates, where applicable, for all procurement actions.

#### *Procurement Methods*

46. **Procurement of Works.** The works to be financed by IDA will include but not be limited to rehabilitation and construction of roads, storm water drainage, and a sludge treatment plant. Contracts of works estimated to cost US\$10,000,000 equivalent or more per contract shall be procured through ICB. Contracts estimated to cost less than US\$10,000,000 equivalent may be procured through NCB. Considering the complexity of the works and the limited capacities of most CTDs, special attention will be given to the evaluation criteria as well as rigorous verification during the evaluation process. Contract estimated to cost less than US\$200,000 equivalent per contract may be procured through shopping procedures. For shopping, contracts will be awarded following evaluation of bids received in writing based on written solicitation issued to several

qualified suppliers (at least three). The award will be made to the supplier with the lowest price, only after comparing a minimum of three quotations opened at the same time, provided the supplier has the experience and resources to execute the contract successfully. For shopping, the project procurement officer will keep a register of suppliers updated at least every six months. Direct contract would be used for contracts in compliance with paragraph 3.7 of the Procurement Guidelines.

47. **Procurement of Goods.** The Goods to be financed by IDA will include but not be limited to: office furniture, and equipment, office supplies, etc. Similar Goods that could be provided by a same vendor would be grouped in bid packages estimated to cost at least US\$1,000,000 per contract and will be procured through ICB. Contracts estimated to cost less than US\$1,000,000 equivalent may be procured through NCB. Goods estimated to cost less than US\$100,000 equivalent per contract may be procured through shopping procedures. For shopping, the project procurement officer will keep a register of suppliers updated at least every six months. For vehicles and fuel, considering the country context, the shopping thresholds can be raised up to US\$500,000 subject to requesting quotations from all major brand dealers or distributors of petroleum producers. Direct contract will be used for contracts in compliance with paragraph 3.7 of the Procurement Guidelines.

48. **Selection of Consultants.** The project will finance consultant services such as surveys, technical and financial audits, TA, activities under the institutional strengthening component, engineering designs and supervision of works, trainers and workshops facilitators. Consultant firms will be selected through the following methods: (a) Quality-and Cost- based selection (QCBS); (b) Selection Based on the Consultant's Qualification (CQS) for contracts which amounts are less than US\$300,000 equivalent and which are relative to exceptional studies and researches that require a rare and strong expertise; (c) Least-Cost Selection (LCS) for standard tasks such as financial and technical audits; and (d) Single Source Selection, for services in accordance with the paragraphs 3.8 to 3.11 of the Consultant Guidelines. Individual Consultant (IC) will be hired in accordance with paragraph 5.1 to 5.6 of the World Bank Consultant Guidelines.

49. **Shortlists for consultancy services for contracts** estimated to cost less than US\$300,000 equivalent for civil works supervision and less than US\$100,000 equivalent for others per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines

50. **Procurement from United Nations Agencies.** There may be situations in which procurement directly from UN agencies may be the most appropriate method of procurement. In such circumstances, the project will make specific arrangement with the UN Agencies concerned through a Single-Source Selection and then they follow their own procurement procedures to purchase and deliver the goods and services needed.

51. **Training, Workshops and Conferences.** The training (including training material and support), workshops and conference attendance, will be carried out based on approved annual training and workshop/conference plan. A detailed plan giving the nature of training/workshop, number of trainees/participants, duration, staff months, timing and estimated cost will be submitted to IDA for review and approval before initiating the process. The appropriate methods of selection

will be derived from the detailed schedule. After the training, the beneficiaries will be requested to submit a brief report indicating which skills have been acquired and how these skills will contribute to enhance their performance and contribute to the attainment of the project objective.

52. **Operational Costs.** Operating costs financed by the project are incremental expenses, including office supplies, vehicles O&M, maintenance of equipment, communication costs, supervision costs (i.e. transport, accommodation and per diem), and salaries of locally contracted staff. They will be procured using the procurement procedures specified in the Project Financial and Accounting Manual.

#### *Assessment of the Capacity of the Agency to Implement Procurement*

53. Procurement activities will be carried out by the following:

- At the central level, the PCU which has managed the former urban project (PDUE) reporting to the MINH DU.
- The CTDs: CUs, CAs, and urban communes.

54. Procurement activities will be managed by the PCU, which will carry out the following activities: (i) managing the overall procurement activities, and ensuring compliance with the procurement process described in the relevant manuals; (ii) preparing and updating PP annually in relation with the municipalities and urban communities; (iii) ensuring compliance of bidding documents, draft RFPs, evaluation reports, and contracts in compliance with World Bank procedures, (iv) preparation at the central level of bidding documents, evaluation reports, contracts and participation in the procurement commission activities in compliance with World Bank procedures; and (v) seeking and obtaining the approval of national entities and of IDA on procurement documents as required.

55. The municipalities and urban communities will participate in the process of all their procurement activities and will particularly ensure the following activities: (i) preparation of ToRs and the bidding documents, (ii) preparation of evaluation reports, and contracts in compliance with World Bank procedures, and (iii) participation in the procurement commissions activities and in all related meetings, and (iv) seeking and obtaining approval of national entities on procurement documents as required.

56. An assessment of the capacity of the PCU to implement procurement activities of the Project was carried out during the Project preparation and finalized during the pre-appraisal. The assessment reviewed the organizational structure for the implementing of the Project, the procurement capacities (past procurement experience, staff in charge of procurement, tools including manuals, procurement filing, etc.) of the PCU, the municipalities and urban communities, and the interaction between these different agencies.

57. The existing PCU procurement specialist in charge of procurement aspects of the PPA will be transferred to the PCU for project implementation through a Single-Source contract before project effectiveness based on ToR acceptable to the Bank. At local level, in the case of the CUs of Douala and Yaoundé, the municipal services and commissions responsible for procurement will be in charge of procurement aspects for their activities under Component 2. For the activities under

Component 2 concerning the other cities, a special tender board to be created for the project under MINH DU will be in charge of procurement.

58. The key risks identified for procurement under the Project are: (i) technical staff not familiarized with complex works, which may lead to poor technical documents, (ii) staff involved in the project who may have not sufficient knowledge on World Bank procedures) will be responsible for process control and approval, (iii) lack of proficient procurement staff to implement procurement actions on time and in line with World Bank procurement procedures, (iv) inadequate communication and interaction between CTDs, PCU, and MINMAP may lead to delays in procurement processes and poor costs estimation, (v) administrative routines may increase delays in the procurement processes and affect project implementation, and (vi) poor filing may lead to loss of documents.

59. Overall, all these risks can cause misprocurement, possible delays in evaluation of bids and technical proposals leading to implementation delays, poor quality of contract deliverables and reputational risks to the World Bank and the project.

60. The overall procurement risk for the Project is rated as High. The residual risk will be **Substantial** after adopting the agreed action plan summarized in the table 3.3:

<b>Table 3.3: Action Plan Mitigation Measures</b>			
<b>Risk</b>	<b>Action</b>	<b>Responsibility</b>	<b>Date</b>
1- staff involved in the project who may not have sufficient knowledge on World Bank procedures will be responsible for process control and approval	Organize workshop sessions to train on World Bank procedures all staff involved in the procurement of the project	PCU/World Bank	Two months after effectiveness
2. The lack of proficient procurement staff to implement procurement actions on time and in line with World Bank procurement procedures;	Continuous hands on trainings on World Bank procedures of identified key staff	World Bank /PCU	During the life of the Project
3. Technical staff not familiarized with complex works	Hire, on a competitive basis, qualified engineer at the level of the PCU and technical assistant firm to ensure technical quality control of documents and participate in the evaluation committees	PCU	Three months after effectiveness
4- Inadequate communication and interaction between the Communes, the PCU, and the MINMAP which may lead to delays in procurement processes and poor estimation of the costs	Develop Project manual to clarify the role of each team member involved in the procurement process of the project and the maximum delay for each procurement stage, specifically regarding the review, approval system, and signature of contracts.	PCU	Two months after effectiveness
5. Administrative routines may increase delays in the	Exercise quality control on all aspects of the procurement process, including developing		

procurement processes and affect project implementation	TORs, technical specifications, bidding documents, proposals, request of quotations, evaluation, and award.	PCU	During the life of the Project
	Monitor on regular basis the PP implementation and set up a close follow up with beneficiaries and official bodies involved (MINMAP, CAA) to insure appropriate actions are taken on time	PCU	During the life of the Project
6- Poor filing which can lead to loss of documents	Improve the filing system at the level of the PCU and CTDs to ensure compliance with the World Bank procurement filing manual;	PCU / Procurement specialist	During the life of the Project

61. **Frequency of Procurement Reviews and Supervision.** The World Bank’s prior and post reviews will be carried out based on thresholds indicated in the table 3.4. The IDA will conduct six-monthly supervision missions and annual Post Procurement Reviews; the standard post-procurement reviews by World Bank staff should cover at least 20 percent of contracts subject to post-review. Post-reviews consist of reviewing technical, financial and procurement reports on Project procurement actions by World Bank staff or consultants selected and hired by the World Bank according to procedures acceptable to the Bank. Project supervision missions shall include a World Bank procurement specialist or a specialized consultant. IDA may also conduct an independent procurement review at any time until two years after the closing date of the project.

62. **Procurement Prior Review.** This risk is rated High. Table 3.4 summarizes the procurement prior review for “high risk.” These prior review thresholds can evolve according to the variation of procurement risk during the life of the project.

**Table 3.4: Procurement Prior Review Thresholds (US\$, million)**

Type of Procurement	Thresholds	Comments
Works, including turnkey, supply and installation of plant and equipment	5	For all direct contracts/single source, notwithstanding the mentioned thresholds, the justification shall be prior reviewed by the World Bank. If above the mentioned thresholds, the draft negotiated contract shall be prior reviewed by the World Bank
Goods, information technology and non - consulting services	1.5	
Consulting firms	0.5	
Individual consultants	0.2	

*Environmental and Social (Including Safeguards)*

63. **Environmental category.** The proposed project is not expected to have any large scale, significant, or irreversible environmental impacts. It is classified Category B under OP/BP 4.01 (Environmental Assessment) because potential environmental impacts from civil works will be site-specific. The project is expected to have a positive social impact by promoting the inclusion of certain poor neighborhoods into targeted cities. In consideration of the activities likely to be

supported, the project has triggered three safeguards policies: OP 4.01 (Environmental Assessment); OP 4.11 (Physical Cultural Resources); and OP 4.12 (Involuntary Resettlement).

64. **Key safeguards risks.** As the project will finance roads rehabilitation and the construction of a sludge treatment plant, potential negative environmental and social impacts of these subprojects are likely to include: (a) solid and liquid wastes and water and soil pollution due to construction activities, (b) soil erosion and silting due to the rehabilitation of water management structures for irrigated schemes, (c) social conflict due to the need of land and land degradation, and (d) HIV expansion, and exposure to dust and noise of the population near construction sites.

65. **Instruments for mitigating safeguards risks.** Since not all proposed investments to be financed by the Project were known during preparation, the GoC has prepared an Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF). Both framework documents were prepared, consulted upon, developed, cleared and disclosed.

66. **Involuntary Resettlement.** The RPF has been prepared to address potential social safeguards issues. Certain proposed activities under Component 2 will most likely require acquisition of land. Due to high population density in the urban areas, the risk of physical resettlement is moderate to high (varies depending on the city) and may induce potential economic (temporary or permanent) displacement or loss of assets. Where required, the RPF will guide the preparation of Resettlement Action Plans (RAPs) or Abbreviated Resettlement Action Plans (ARAPS). To that effect, a social impact assessment will be carried out and a RAP (or multiple A/RAPs) will be prepared before the commencement of the subproject works, in accordance with the World Bank's safeguard policies (OP4.12), once the exact sections of the concerned subprojects to be covered by the RAP have been identified and agreed with the GoC.

67. **Consultations with various stakeholders and affected groups.** Public consultations with local communities based on the respect of the 'right of the people to information', took place in some areas of the targeted cities. These consultations with exchange and discussion of the activities planned by the project, and the positive and negative impacts that may result, allowed the actors to provide feedback on the project, to share their concerns and constraints, and formulate suggestions and recommendations as part of its implementation. The consulted communities are overall favorable to the project and appreciate that the project will provide opportunities for the marginalized and precarious urban areas, while also providing equal opportunities to women and youth, and for all to benefit from infrastructure and equipment (roads, drainages, etc.) that will be provided in the cities.

68. **OP/BP 4.01 (Environmental Assessment).** Since the exact nature and location of the activities were not identified prior to appraisal, to ensure that potential negative environmental and social impacts of future subprojects are identified and appropriately mitigated, the GoC has prepared an ESMF. Once the exact nature and location of proposed physical investments will be identified, Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs) will be prepared in line with the procedures and guidelines set forth in the ESMF.

69. The ESMF outlines the environmental and social screening process for sub-projects. It also describes in detail the steps required to (i) screen sub-projects for potential negative social and environmental impacts; (ii) assign the appropriate environmental category to sub-projects; (iii) carry

out the appropriate environmental work based on the screening results; (iv) review and approve the screening results, and, as required, environmental impact assessments; (v) carry out public consultations; (vi) carry out environmental M&E; and (vii) establish and follow-up on environmental monitoring indicators. In addition, the ESMF includes environmental and social clauses to be inserted in the bidding documents. It is anticipated that ESIA for subprojects include cumulative impact assessment on existing and upcoming infrastructures. The specific ESMP for each subproject will be prepared, consulted upon and disclosed during project implementation. It will propose relevant mitigation measures according to identified subproject environmental and social impacts. The ESMP will be included in the PIM.

70. **OP/BP 4.11 (Physical Cultural Resources)** is triggered as most proposed infrastructure works include dredging and excavation, which may result in chance finds. No specific stand-alone instrument on Physical Cultural Resources (PCRs) is required, but a chance find procedure has been included in the ESMF. During the preparation of the ESIA for specific sub-projects, particular attention will be placed on PCRs and relevant mitigation measures proposed, if needed. The chance find procedure included in the ESMF will then be updated as part of the ESIA reports, embedded in the overall ESMPs and inserted in each civil work contract

71. **Public Consultation and Disclosure.** The preparation process of the ESMF all safeguards instruments was grounded on an inclusive consultation and participation of key stakeholders. The client organized public consultation meetings during the preparation of the ESMF. Minutes of these meetings confirm the approval of the stakeholders for the planning and implementation of the project. However, given the fact that subprojects will be implemented in very sensitive urban areas, consultations will continue during the public hearings phase of the ESIA and the project implementation phase. Stakeholder engagement in the decision-making process will further be enhanced to encourage more ownership and foster social accountability, which, in turn, will lead to more sustainability of project activities.

72. **Borrower capacity and institutional arrangements for safeguards management.** The implementation of the proposed project will be carried out under the coordination and supervision of the MINH DU. The project will benefit from the existing capacity in the MINH DU in implementing and monitoring World Bank Safeguards policies gained through the implementation of the PDUE. The PCU employs an environmental specialist, and will recruit a social development specialist to supervise and monitor social safeguards measures. The two specialists will monitor and supervise the environmental and social measures as recommended in the various safeguards instruments for the project. To ensure continuity of safeguards supervision at the local municipal/city-level, and to build capacities, the project will hire five (part-time or full-time) social development specialists (one for each UTL) who will work in close collaboration with the safeguards specialists at the central level. In addition to these institutional arrangements for the environmental and social management of subprojects, the project will develop a work plan that will ensure better involvement of MINEPDED and MINAS deconcentrated staff in environmental and social monitoring and surveillance.

73. An in-depth environmental and social capacity assessment will be carried out during the preparation of the project to identify specific areas for improvement or strengthening. Relevant environmental and social safeguards capacity building sessions will be organized by the World Bank safeguards specialists and the PCU when needed during the implementation of the project.

There will be specific focus on CTDs involved (existence and functioning of a safeguards unit, appropriate qualified staff, etc.) and on the capacity of local stakeholders (deconcentrated services in charge of monitoring the implementation of ESMPs) to monitor environmental and social management plans.

74. The MINEPDED is the national authority in charge of environmental assessment and protection. It monitors externally the implementation of environmental and social mitigation measures, issues an Environmental Compliance Certificate (that indicates satisfactory completion of the environmental assessment) and ensures impact and compliance monitoring of ESMPs through Divisional Committees on a half-yearly basis. The country has also a comprehensive environmental and social legal framework, including the 1996 Environmental Law (Law 96/12 of August 5, 1996, on the framework law on environmental management) and its implementing decrees. A new decree on the assessment of environmental and social impacts was published in 2013 (Decree 2013/0171 / PM of February 14, 2013 laying down the procedures for carrying out ESIAAs) and a new decree on categories of environmental and social impact. Projects subject to an environmental assessment promulgated in 2016 (Order 00001 / MINEPDED of February 08, 2016, laying down the various categories of operations for which a strategic environmental assessment or an ESIA is required). However, the environmental and social law enforcement can be strengthened and specific measures will be defined during project implementation.

75. **Mechanisms to monitor the implementation of safeguards measures.** The PCU will directly supervise the project activities with support from the CUs and CAs of Yaoundé, Douala, Ngaoundere, Kumba, Maroua, as well as Batouri and Kousseri (depending on their capacity). Supervision and monitoring will be a continuous process. Environmental and social monitoring will additionally be conducted by the supervisory engineer who will carry out control missions of civil engineering (roads, drainages, sidewalks, and all infrastructure). Each contracting agency/company will be required to provide an ESMP of the contractor (EMPC), to be approved by the PCU and the World Bank as part of the bidding package. The engineering contractor/supervisor will ensure the team includes environmental and social experts, whose ToR will include: enforcing the EMPC mitigations measures; ensuring that contractors adhere to the obligations in environmental and social measures matters, ensuring that these are respected during the construction period; reporting periodically on environmental and social monitoring throughout the work; inspecting the work and apply corrective actions as appropriate; preparing and submitting the bi-annual report and the annual environmental and social monitoring report to the PCU, the World Bank, MINEPDED and MINAS as requested for the project.

### *Monitoring and Evaluation*

76. The PCU/MINH DU and the participating CTDs, through their TLUs, will be responsible for M&E of the project. The PCU will have overall responsibility to consolidate data and prepare bi-annual reports on the various components and activities, with contributions from evaluation reports, technical auditors, and third party monitoring according to the M&E plan as detailed in the project M&E manual. These reports will be submitted within 45 days from the end of each reporting period. These reports will detail physical and qualitative progress of each activity in respect to the indicators of the Results Framework, as well as the financial execution of the activities. In addition, the report will include a summary of the implementation of the ESMPs and RAPs as well as any issues and remedies proposed to address them. Technical and environmental

audits will be carried out every two years to assess the quality, use, and maintenance of the infrastructure works and the application of ESMPs and remedies and to give recommendations for the further implementation of the project. Before the MTR and before the end of the project, a beneficiary assessment will also be conducted to inform implementation. The project M&E manual will include the project Results Framework but also several project management and impact indicators defined by the MINEPAT for all donor-supported projects. To facilitate the integration of data, the project is acquiring an M&E software (TOM2MONITORING) that is interlinked with the financial management software (TOM2PRO) used by the financial services of the Project. The baselines of the Results Framework have been established through the detailed technical design studies, municipal audits in each participating city, and studies conducted during project preparation.

**Annex 4: Implementation Support Plan**  
**CAMEROON: Inclusive and Resilient Cities Development Project**

**Strategy and Approach for Implementation Support**

1. The strategy for implementation support was developed based on the nature and specific characteristics of the project, with several cities spread out in different regions of the country, including the North, with challenging security and implementations issues, and its risk profile. It also considers the experience of the previous operation and, the institutional and decentralization framework and make use of national and local systems as much as possible. The Implementation Support Plan (ISP) will meet the fiduciary obligations and propose a flexible framework to provide the technical advice necessary to achieve the Project development Objectives. Supervision and field visits will be carried out semiannually and as needed to address technical challenges related to capacity constraints of implementing entities that may not have experience with World Bank project. As such the ISP will focus on areas with needs of specific strengthening and attention, for example, in fiduciary and safeguards management, as well as social accountability.

**Implementation Support Plan**

2. Project management, implementation and coordination will be carried out at the national level by the MINHDU and the Steering Committee through the PCU and at the local level by the municipalities through the TLUs. The World Bank will participate actively to any relevant sector or thematic group, such as decentralization and urban development to contribute to policy dialogue and strengthen collaboration and synergies with other development partners.

3. The project will require extensive support at the start of the project and during the early phase. At mid-term, the implementation support arrangements will be assessed and updated accordingly. The ISP is built around semi-annual missions with visits to cities and regular remote meetings by video-conferencing between the World Bank team and the PCU which will complement the client M&E system. Separate fiduciary reviews might also be conducted as well as opportunist joint visits to the North. The MTR will be organized not later than 36 months after project effectiveness to review project performance and make the necessary adjustments.

4. Over the course of the project life, it is expected that at least 14 supervision missions will be conducted including at launching, mid-term and closing, paying particular attention to the following aspects:

- Setting up an efficient mechanism at the PCU and at municipal level, to monitor environment and social safeguards and claims, in particular because of the complex compensation process and the legacy of complaints and the poor compliance of contractors in applying the ESMPs. Safeguards specialists based in the country office, will participate in supervision missions and training sessions for the PCU, TLU, Government agencies and municipalities that will play an active role in supervision of project activities.

- Supporting the development and implementation of a rigorous M&E systems to regularly inform the Results Framework, involving stakeholders and beneficiaries and ensuring that the lessons from regular assessments, audits and citizen engagement are retrofitted in the project.
- Supporting the cities through TLUs, to implement their municipal contracts, improve their management and fiduciary capacities, involve the communities and report to their constituencies, and benefit from capacity building and exchange opportunities, in close articulation with the PNDP.
- For the cities in the North, supporting the Government and the municipalities to identify realistic programs with the population and develop an implementation strategy in close coordination with the donor's community.
- Supporting the project stakeholders to systematically include resilience, climate change and gender considerations in investments design and choice.
- Ensuring close coordination and articulation with donors intervening in urban and municipal development by organizing regular meetings with the urban collaboration platform to be set by the MINH DU at project launch.

### **Main Components of the ISP**

5. **Overall implementation support.** The World Bank's Task Team Leaders (TTLs) and the team will (i) coordinate World Bank supervision with partner institutions to ensure consistent project implementation, as specified in the legal documents (that is, Financing Agreement and Project Operations Manual), and (ii) interact regularly with the client and PCU to gauge project progress in achieving the PDO and address implementation bottlenecks as they may arise.

6. **Technical support.** The World Bank will provide continuous extensive and quality technical advice on project activities during supervision missions, MTR and through ad hoc advisory services.

7. **M&E.** The World Bank team will provide adequate support to M&E activities to strengthen the PCU and TLUs ability to both monitor project progress and assess the impact of interventions. This will include staff missions to project sites at least twice a year to closely monitor and assess project performance.

8. **Fiduciary:** Fiduciary implementation support intensity and frequency will be in line with a risk-based approach and involve a collaborative approach with the entire task team. A first implementation support mission will be performed three months after project effectiveness. Afterwards, missions will be scheduled by using the risk based approach model and will include the following diligences: (i) monitoring of the FM arrangements, including accounting, reporting, and internal controls, during the supervision process at intervals determined by the risk rating assigned to the overall FM Assessment at entry and subsequently during Implementation (Implementation Status and Results Report); (ii) integrated fiduciary review on key contracts, (iii) review of the IFRs; (iv) review of the audit reports and Management Letters from the external auditors and follow-up on material accountability issues by engaging with the TTL, client, and/or auditors; the quality of the audit (internal and external) is also 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) physical supervision on the ground specially; (vi) review procurement documents and providing timely feedback; (vii) monitoring procurement progress against the detailed PP; and (viii) provision of fiduciary training to PCU and TLUs and work with the PCU in building and maintaining appropriate FM and procurement capacity to improve and facilitate project management, as well as efficient internal control systems.

9. **Safeguards.** World Bank environment and social specialists and consultants will work with the PCU and TLUs in the implementation of the safeguards frameworks (ESMF, CPF) and safeguards instruments (ESIA, ESMP, RAP), including: (a) supporting the PCU and stakeholders with familiarization of the World Bank’s instruments; (ii) ensuring the PCU capacity to undertake social and environmental audits and develop mitigation approaches; and (iii) ensuring regular and close supervision of progress and implementation of these plans with regular project sites visits.

### Implementation Support Plan and Resource Requirement

**Table 4.1. Implementation Support Plan**

<b>Time</b>	<b>Focus</b>	<b>Skills Needed</b>	<b>Resource Estimate (US\$)</b>
First 12 months	<p><b>Start-up phase:</b></p> <ul style="list-style-type: none"> <li>- Signing City Contracts and annual programs with institutional beneficiaries,</li> <li>- Technical, fiduciary and safeguards training,</li> <li>- Finalization of neighborhood investments programs and identifying land pilot project,</li> <li>- Safeguards documents and processes, set up M&amp;E and grievance mechanisms,</li> <li>- Operation manual for the youth initiative funds and the CERC.</li> <li>- Contracting</li> <li>- Initiating institutional support activities</li> <li>- Identifying programs for the Northern regions</li> </ul>	<ul style="list-style-type: none"> <li>- Municipal development</li> <li>- Urban and land development</li> <li>- engineering</li> <li>- Safeguards</li> <li>- M&amp;E</li> <li>- Fiduciary</li> <li>- Communication</li> <li>- Social development</li> </ul>	150,000
Years 2-3	<p><b>Implementation Support</b></p> <ul style="list-style-type: none"> <li>- Project management, supervision, and coordination</li> <li>- FM (FM reviews and supervision, training, and monitoring)</li> <li>- Procurement management (reviews and supervision, training as needed)</li> <li>- Environmental safeguards, supervision and monitoring, training as needed</li> </ul>	<ul style="list-style-type: none"> <li>- TTL,</li> <li>- Fiduciary</li> <li>- Safeguards and social</li> <li>- Engineering</li> <li>- Urban and municipal development.</li> <li>- Fragility specialist.</li> </ul>	100,000/ year

	<ul style="list-style-type: none"> <li>- Implementation support and monitoring</li> <li>- Youth and social engagement</li> </ul>		
MTR (year 4)	<b>MTR :</b> Project performance review, City Contract review, compliance to legal agreement and safeguards, audits and assessments, planning phase II	<ul style="list-style-type: none"> <li>- TTL</li> <li>- Fiduciary</li> <li>- Safeguards and social</li> <li>- Engineering</li> <li>- Urban and municipal development.</li> <li>- Fragility specialist</li> <li>- M&amp;E</li> </ul>	150,000
Post MTR Years 5-6	<b>Implementation Support</b> <ul style="list-style-type: none"> <li>- Continue works, institutional building activities</li> <li>- Social engagement</li> </ul>	<ul style="list-style-type: none"> <li>- TTL</li> <li>-</li> <li>- Fiduciary</li> <li>- Safeguards and social</li> <li>- Engineering</li> <li>- Urban and municipal development.</li> </ul>	100,000/year
Closing	<b>Implementation Completion report</b>	<ul style="list-style-type: none"> <li>- TTL</li> <li>- Economic analysis</li> <li>- M&amp;E</li> </ul>	40,000

**Table 4.2. Skills Mix Required**

Skills Needed	Number of Staff Weeks/year	Number of Trips	Comments
TTL	10	12	
Co-TTL	10	12	
CO based specialist	5	In country to project cities	Based in Cameroon
FM specialist	4	In country to project cities	Based in Cameroon
Procurement specialist	4	In country to project cities	Based in Cameroon
Engineers	5	In country to project cities	Based in Cameroon
Urban, municipal, land, youth specialists	10	20	Based in headquarter or outside
Environmental. and social safeguards Specialists	8	In country to project cities	Based in Cameroon
Program assistants	4	0	In Cameroon and DC
Legal	1		Over the implementation period
Disbursement	3		Over the implementation period

## Main Development Partners

<b>Name</b>	<b>Institution/Country</b>	<b>Role and Sector</b>
French Development Agency	France	Urban development Decentralization HIMO in fragile environment Infrastructure Sustainable development
African Development Bank	Multilateral	Urban development Land management Infrastructure
<i>Kreditanstalt für Wiederaufbau (KfW)/German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ)</i>	Germany	Decentralization
Japan International Cooperation Agency	Japan	Infrastructure Mobility
European Union	Multilateral	Decentralization
United Nations Agencies UN-Habitat, UNDP, UNOPS	Multilateral	Fragility, Conflict and Violence Urban development, slums, decentralization
Association Internationale des Maires Francophones	International	Municipal development

## **Annex 5: Economic and Financial Analysis**

### **CAMEROON: Inclusive and Resilient Cities Development Project**

1. The Project Development Objective is to improve urban management and access to infrastructure in selected urban areas, particularly for poor neighborhoods, and increase resilience to natural hazards and other eligible crises. The economic analysis assesses the benefits and costs of projects activities contributing to the PDO.

#### **Component 2. Improving connectivity and living environment in beneficiary cities: sub-component 2.1: Inner-city connectivity and integration of poor neighborhoods and sub-component 2.4: Sanitation in Douala**

2. The infrastructure development approach adopted at appraisal aims to identify and rehabilitate strategic roads sections in Yaoundé, Douala, Kumba, Ngaoundéré and Batouri. The road infrastructure is expected to have significant impact on the economic development of the targeted cities by improving urban connectivity. Investments will bring about significant improvement in terms of improved mobility which will result in enhanced economic activities.

3. The drainage component will promote reduced flooding, improved sanitary conditions, reduction of water-borne diseases, reduced health-related expenses, added safety (through street lighting), and overall improvement of living conditions and social cohesion within the settlements.

#### **A.1. Mobility (Upgrading of Urban Roads)**

4. Increasing access to urban roads is one of the outputs contributing to support the PDO.

#### ***Overall Benefits***

5. The main benefit of urban road infrastructure will come from improved mobility in poor settlements of targeted cities. The project will invest in structuring road sections in the following municipalities: Yaoundé 5, Yaoundé 7, Douala 3, Douala 5, Kumba 2, Ngaoundéré 2 and Batouri.

6. All the road sections identified are in severely degraded condition leading to traffic congestions, accidents and high operating cost of vehicles. The rehabilitation of the roads will significantly reduce commuting time to major business areas, to schools, markets and hospitals. It will also substantially improve the comfort and security (less accidents) of transport.

#### ***Cost Benefit Analysis (CBA) of Identified Sub-projects***

7. The economic performance of the road subprojects is examined using a rigorous CBA. The CBA relies on the Highway Development and Management (HDMI 4) model and on extensive data collection on traffic completed with realistic assumptions on traffic in with project situation. Table 1 presents some characteristics of the main road sections.

**Table 5.1: Investment and Length of Major Roads**

Municipality	Road Length (km)	Investment (CFAF, billion)
<b>Yaoundé</b>		
Yaoundé 5	6.505	10,509,679,081
Yaoundé 7	5.631	7,256,986,078
<b>Douala</b>		
Douala 3	5.210	7,357,746,238
Douala 5	3.320	4,718,125,392
<b>Kumba</b>		
Kumba 2	5.772	4,624,733,278
<b>Ngaoundéré</b>		
Ngaoundéré 2	6.342	5,188,111,850
<b>Batouri</b>		
Batouri	2.100	1,435,421,012
<b>Total</b>	<b>42.885</b>	<b>41,090,802,929</b>

8. Total investment cost for option 1 is estimated at CFAF 41.1 billion (US\$ 68,484,672)<sup>21</sup>.

9. **Benefits** were estimated based on Vehicle Operational Costs (VOC) savings owing to the construction of the road, building on traffic data and operation costs of vehicles using the road work:

- (i) The Average Daily Traffic (ADT) and Average Travel Time (ATT) were estimated based on field surveys conducted at the different points along the axis of the selected road sections presented earlier (early 2017). The estimates for the different roads are presented in detail in the project files<sup>22</sup>.
- (ii) The HDM4 was used for the CBA. This method has the advantage of providing the decision maker with a standard analytical framework for the economic assessment of road projects. This approach allows to compare projects based on similar criteria. The HDM4 model is recognized worldwide as one of the best tools for economic analysis of road development projects, programs and strategies.
- (iii) The main model inputs are described as follows:
  - Characteristics of the road sections including their length, width, sinuosity, average slope, road conditions assessed through the International Roughness Index (IRI). This technical data was obtained from the technical and engineers feasibility studies.
  - The frequency of maintenance and rehabilitation for the “without Project situation” and the “with project situation”.
  - Traffic volume (normal traffic, diverted traffic and induced traffic) and travel time. Extensive survey was conducted to estimate travel volume and travel time for different categories of vehicles, passengers and merchandise. Diverted traffic is

<sup>21</sup> Exchange rate considered is CFAF 600 = US\$ 1

<sup>22</sup> Report “Analyse Economique Du Projet De Développement Des Villes Inclusives (PDVI)”

estimated based on Origin/Destination matrices while induced traffic is estimated at 5% of normal traffic based on similar projects<sup>23</sup>.

- Annual traffic growth assumptions are Batouri: 3,9%, Kumba: 4,0%, Ngaoundéré: 3,7%, Yaoundé: 5,7%, Douala: 4,7%.<sup>24</sup>
- The characteristics of the vehicles especially Vehicle Operation Costs (VOC) and the cost of accidents from the studies conducted by the MINTP25 (see annex);
- The maintenance costs and investment costs (to collect in urban communities and the MINH DU);
- The discount rate (5%, 6%, 8%, 10% and 12%).

10. Model Outputs include the Net Present Value (NPV), the Internal Rate of Return (IRR) and the Net Benefit to Investment Ratio (NB/I).

11. **Costs.** The costs are composed of the following:

- Investment costs estimates presented in table 5.1 drawn from various technical feasibility studies.
- The maintenance costs estimated at CFAF 2,000,000 per km per year to CFAF 4,000,000 per km per year<sup>26</sup>.

12. **Results.** For both with and without project scenarios, an estimation of the annual operating costs and travel time for the different vehicle categories and passengers was undertaken multiplying the operating cost per kilometer by the annual total number of kilometers by each vehicle and multiplying the travel time by the annual number of passengers. The annual benefit, which represents the total operating costs saved and opportunity cost of time saved for a given year, is the difference between total costs without the project and total costs with the project.

13. A 20-year time horizon was considered for the CBA analysis. It is assumed that road construction/rehabilitation works will cover the period from 2017 to 2020. A linear progression of the traffic was assumed between 2017 and 2040 with an average traffic growth of 4.4 percent<sup>27</sup> in table 5.2.

**Table 5.2: Economic Efficiency of the Urban Roads in the Targeted Municipalities**

Municipality	NPV (CFAF, Billion)	EIRR (percent)	Benefit to Investment Ratio
<b>Yaoundé</b>			
Yaoundé 5	11.071	29.0	1.309
Yaoundé 7	10.766	30.1	1.812
<b>Douala</b>			
Douala 3	6.558	24.0	1.091
Douala 5	2.046	18.5	0.531

<sup>23</sup> See economic analysis for PDUE

<sup>24</sup> Assumptions are based on BUCREP 3er RGPH reports.

<sup>25</sup> MINTP refers to the Ministry of Public Works

<sup>26</sup> EGIS Cameroun (2009)

<sup>27</sup> This is broken down per city as earlier indicated

<b>Kumba</b>			
Kumba 2	3.503	25.4	0.899
<b>Ngaoundéré</b>			
Ngaoundéré 2	5.050	26.7	1.174
<b>Batouri</b>			
Batouri	1.709	29.2	1.427

14. The EIRR for the different road sections vary from 18 percent to 30 percent. Each subproject is economically justified.

15. **Sensitivity analysis.** A sensitivity analysis was conducted to test the robustness of the results (see detailed results in table 5.3 to table 5.7). Sensitivity analysis shows that even if actual costs were 20 percent higher or traffic 20 percent lower than estimated the project would remain economically justifiable for all the road sections. Therefore, the result can be considered highly robust.

16. **Conclusion.** The methodology does not consider other socio-economic benefits from urban road investments. Some benefits may not have been quantified - owing to the lack of data and complexity of modeling these effects. These include the following:

- Protection from permanent air pollution by fine particles (dust). This means less respiratory diseases and less exposure to meningitis.
- Better road drainage during the raining season. This will result in less stagnating water and reduce the incidence of mortal diseases such as malaria.

17. Therefore, the results presented here represent a very conservative lower bound value of the economic benefits.

18. The CBA supports the conclusion that investments are economically justifiable.

### Tables for Sensitivity Analysis

Table 5.3: Sensitivity Analysis for Road Sections in Yaoundé 5 and Yaoundé 7

<b>VARIABLE</b>	<b>NPV (billion)</b>	<b>EIRR (percent)</b>	<b>Net Benefits to Investment</b>
<b>YAOUNDE 5</b>			
Discount Rate=12%	11.071	29.0	1.309
Discount Rate =10%	14.178		1.607
Discount Rate =8%	18.393		2.036
Discount Rate =6%	23.924		2.596
Discount Rate =5%	27.335		2.942
10% decrease in traffic	8.894	26.0	1.034
20% decrease in traffic	6.999	23.1	0.814
10% increase in investment costs	10.229	25.6	1.1
20% increase in investment costs	9.387	24.3	0.926
Residual Value=0	10.810	29.0	1.240

<b>YAOUNDE 7</b>			
Discount Rate=12%	10.766	30.1	1.812
Discount Rate =10%	14.175		2.334
Discount Rate =8%	18.703		3.028
Discount Rate =6%	24.800		3.978
Discount Rate =5%	28.63		4.592
10% decrease in traffic	9.116	27.6	1.534
20% decrease in traffic	7.422	24.9	1.249
10% increase in investment costs	10.185	27.9	1.561
20% increase in investment costs	9.604	25.9	1.352
Residual Value=0	10.586	30.1	1.729

**Table 5.4: Sensitivity Analysis for Road Sections in Douala 3 and Douala 5**

<b>VARIABLE</b>	<b>NPV (billions)</b>	<b>EIRR (percent)</b>	<b>Net Benefits to Investment</b>
<b>DOUALA 3</b>			
Discount Rate=12%	6.558	24.0	1.091
Discount Rate =10%	9.013		1.469
Discount Rate =8%	12.278		1.968
Discount Rate =6%	16.676		2.650
Discount Rate =5%	19.439		3.091
10% decrease in traffic	5.969	22.1	0.905
20% decrease in traffic	5.380	20.5	0.749
10% increase in investment costs	5.304	21.9	0.883
20% increase in investment costs	4.093	19.8	0.681
Residual Value=0	6.375	24.0	1.030
<b>DOUALA 5</b>			
Discount Rate=12%	2.046	18.5	0.531
Discount Rate =10%	3.150		0.800
Discount Rate =8%	4.637		1.158
Discount Rate =6%	6.666		1.651
Discount Rate =5%	7.951		1.970
10% decrease in traffic	1.428	16.7	0.370
20% decrease in traffic	0.857	14.9	0.222
10% increase in investment costs	1.668	16.9	0.394
20% increase in investment costs	1.290	15.5	0.280
Residual Value=0	1.929	18.4	0.486

**Table 5.5: Sensitivity Analysis for Road Sections in Kumba 2**

<b>VARIABLE</b>	<b>NPV (billion)</b>	<b>EIRR (percent)</b>	<b>Net Benefits to Investment</b>
Discount Rate=12%	3.503	25.4	0.899
Discount Rate =10%	4.734		1.178

Discount Rate =8%	6.365		1.535
Discount Rate =6%	8.554		2.003
Discount Rate =5%	9.927		2.293
10% decrease in traffic	2.858	23.2	0.734
20% decrease in traffic	2.103	20.2	0.540
10% increase in investment costs	3.191	22.9	0.758
20% increase in investment costs	2.820	20.8	0.616
Residual Value=0	3.447	25.3	0.872

**Table 5. 6: Sensitivity Analysis for Road Sections in Ngaoundéré 2**

<b>VARIABLE</b>	<b>NPV (billions)</b>	<b>EIRR (percent)</b>	<b>Net Benefits to Investment</b>
Discount Rate=12%	5.050	26.7	1.174
Discount Rate =10%	6.765		1.535
Discount Rate =8%	9.042		2.009
Discount Rate =6%	12.102		2.650
Discount Rate =5%	14.023		3.061
10% decrease in traffic	4.266	24.5	0.992
20% decrease in traffic	3.363	22.0	0.782
10% increase in investment costs	4.634	24.4	0.982
20% increase in investment costs	4.218	22.4	0.822
Residual Value=0	4.921	26.6	1.111

**Table 5.7: Sensitivity Analysis for Road Sections in Batouri**

<b>VARIABLE</b>	<b>NPV (Billion)</b>	<b>EIRR (percent)</b>	<b>Net Benefits to investment</b>
Discount Rate=12%	1.709	29.2	1.427
Discount Rate =10%	2.261		1.839
Discount Rate =8%	2.996		2.381
Discount Rate =6%	3.986		3.115
Discount Rate =5%	4.609		3.585
10% decrease in traffic	1.411	26.5	1.178
20% decrease in traffic	1.130	23.9	0.943
10% increase in investment costs	1.595	26.7	1.214
20% increase in investment costs	1.480	24.6	1.036
Residual Value=0	1.674	29.1	1.357

Source: HDM4 Analyses

## **A.2. Drainage (Improvement of Storm Water Drainage in Douala)**

19. Increasing access to appropriate drainage in low-income settlements is one of the objectives contributing to support the PDO.

20. Drainage systems financed by the project include those in Douala 3 estimated at 3.409 km (Carrière, Cité de Bille, Djiboum 2, Entrée Bille, Logbaba Forestière, Logbaba Plateau, Ndogpassi 3, Nkongui, Nlog Manyangue, Valee de la Paix) and in Douala 5 estimated at 4.013 km (Bangoss City, Beedi, Bengue City, Logbessou, Logpom, Obama City and PK11) for an estimated investment cost of US\$ 21,171,575. The project will also finance a sludge treatment plant in Ngombé for an estimated investment cost of US\$ 12,000,000.

21. **Overall benefits.** The expected benefits from the drainage works include:

- (i) Control of floods and avoided cost of the related damages to infrastructures (houses, businesses, roads, equipment etc.) and ecosystems;
- (ii) Improved control of water discharge, including preserving water tables from contamination from wastewater, and
- (iii) Reduction of waterborne diseases: by reducing stagnating water, improved drainage system can considerably reduce the incidence/prevalence of water related diseases including malaria, typhoid, dermatoses, cholera and various types of diarrhea.

22. In addition, improving drainage systems also provides an array of benefits including:

- (i) Less school absenteeism for children;
- (ii) Lower health expenses incurred for waterborne diseases;
- (iii) Less time spent by parents providing health care to themselves or their children and, as a result, greater opportunity to increase their income;
- (iv) Time saved, principally by women, for activities associated with household wastewater removal; and
- (v) Improved well-being as a result of a healthier life.

### ***CBA for Drainage Works in Douala 3 and in Douala 5***

23. The analysis is carried out for some of these important expected benefits. Considering data available, it focused on benefits resulting from avoided expenses related to the main waterborne diseases and flood prevention.

24. **Methodological approach.** A CBA is used to assess the net benefits stream generated by drainage interventions in the different sub-projects in the target municipalities. The net benefits are equal to the difference between the incremental benefits and the incremental costs of two scenarios: “with” and “without” the project. The “without” project scenario considered the actual condition and outcome of the existing drainage systems. It assumes that the situation is likely to remain the same during the project life cycle if no intervention is undertaken. The “with” project scenario assumes that by constructing adequate drainage systems the project would avoid floods

and reduce the impact of selected waterborne diseases. The project horizon was estimated at 30 years based on similar projects, studies and works covering the period from 2017 to 2020.

25. **Project benefits.** Two major sets of benefits are considered in the analysis:

- (i) *Health improvement-related benefits.* The assessment of benefits was based on the avoided cost method. Based on similar projects and literature, it was assumed that investments in drainage systems would at least partially avoid costs occurring from water-borne diseases (malaria, dermatoses and diarrhea). These costs include 1) direct treatment costs (consultation, medicines etc.) 2) indirect treatment costs (transport of the patient, opportunity cost for the spent taking care of the patient etc.).
- (ii) *Flood avoidance related benefits.* Here again, the assessment of benefits was based on the avoided cost method. It is assumed that the infrastructures built under the project will allow avoiding frequent flood events that presently occur in the project influence area of the two target cities. This will impede the damages to houses and the associated reparation costs.

26. **Without project scenario.** The benefits in this scenario would include the following:

- (i) *Health improvement related benefits.* To assess avoided costs in the without investment scenario, the following information was collected from existing literature:
  - a. Health expenses data were sourced from healthcare centers and from a national health survey<sup>28</sup>.
  - b. Incidence of major water-borne diseases were also sourced from TBS3<sup>29</sup>
  - c. Opportunity cost of lost working day was calculated from data of a national employment survey<sup>30</sup>. (CFAF 2,500 per work day).

It was assumed that, for the treatment duration, each patient will be taken care of by one adult. Time spent by this adult translates into an opportunity cost as the adult will forgo revenues he/she could otherwise earn. The daily revenue of the average adult was estimated at CFAF 2,500 per day (legal minimum salary). Therefore, given the population in the different sub-projects, avoided costs included (i) the direct costs incurred for different water-borne diseases and (ii) indirect costs related to the opportunity costs of adults' time spent on care.<sup>31</sup> Costs were estimated at CFAF 45,000 per household per year.

(ii) *Flood avoidance related benefits.* To assess avoided costs related to avoiding floods, the following information was collected:

- a. Frequency and costs of major flood events in the project influence area<sup>32</sup>. A survey focused on the project beneficiaries was organized to collect primary data on flood

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<sup>28</sup> National Institute for Statistics report « Enquête Démographique et de Santé et a Indicateurs Multiples (Eds-Mics) 2011 »

<sup>29</sup> TBS3: troisième Edition du tableau de bord social. Reference : TBS3. 2009. troisième Edition du tableau de bord social sur la situation des enfants et des femmes au Cameroun (TBS 3). 200p.

<sup>30</sup> l'Enquête sur l'Emploi et le Secteur informel (ESSI 2005)

<sup>11</sup>Prevalence based assessment method of the disease cost was used because it requires less data and less assumptions than other methods. Reference: Segel, J. E. 2006. Cost-of-Illness Studies—A Primer. RTI International RTI-UNC Center of Excellence in Health Promotion Economics.

<sup>32</sup> Survey indicated that on average two major floods per year attaining heights of 1.3 m occur in the area.

frequency and the associated cost of damages. The survey included material damage including furniture and economic loss related to cleaning required after floods. The average cost is estimated at CFAF 200,0000 per household per year.

- b. Feasibility studies report that the extent of the flooding is estimated at 145ha in Douala 3 and 155 ha in Douala 5<sup>33</sup>.
- c. Populations affected by the floods are evaluated using net population densities in each area namely 177 and 145 inhabitants per ha in Douala 3 and Douala 5 respectively. These densities are those of the Urban Plan of Douala for the 2025 horizon. Data on flood prone areas and population densities show that an estimated 27000 inhabitants were affected by the floods in Douala 3 and 21,000 inhabitants in Douala 5 in 2010. A growth rate of 4.7 percent is used to project this data.<sup>34</sup>

27. **With project scenario.** It should be noted that although the positive impact of drainage system on waterborne diseases is largely recognized (FAO, Sasaki et al, 2011)<sup>35</sup>, only a limited number of studies analyses the quantitative relationship between the provision of drainage network and the decrease of the incidence/prevalence of specific water-borne diseases. Therefore, the CBA assumed a reduction of the incidence of specific water-borne diseases by 80 percent and made sensitivity analysis for 50 percent and 30 percent.

28. For flood avoidance, it is assumed that the project will improve flood protection from 1 occurrence every year to 1 occurrence every 50 years.

29. **Project costs.** Costs include investment costs and maintenance costs:

- (i) Investment costs data were provided by the engineering design studies, referring to actual costs based on cost estimations of similar projects.
- (ii) The annual maintenance costs are estimated at 1% of the total investment based on other similar projects.

**Table 5.8: Investment and Maintenance Costs**

Municipality/Cost	Investment Cost (CFAF)	Annual Maintenance cost (CFAF)
<b>Douala 3</b>	8,432,150,615	62,935,385
<b>Douala 5</b>	4,270,794,839	71,802,500
<b>Total</b>	12,702,945,454	134,737,885

30. **Results (Benchmark scenario).** The Net Present Value (NPV) and Economic Internal Rate of Return (EIRR) ex-ante (using a 5% discount rate) are presented in the table 5.9.

<sup>33</sup> Etablissement camerounais des Techniciens Associés en Bâtiments et Travaux publics - engineering report

<sup>34</sup> National Statistics Institute of Cameroon

<sup>35</sup> Hutton, G. and L. Haller, "Evaluation of the Costs and Benefits of Water and Sanitation Improvements at the Global Level", WHO, 2004.

**Table 5.9: Economic Efficiency of Drainage Investments in the Project Areas**

<b>Subproject/ Economic Indicator</b>	<b>EIRR (%)</b>	<b>NPV (CFAF)</b>
<b>Douala 3</b>	7.3	2,930,345
<b>Douala 5</b>	15.4	8,478,027

31. *Sensitivity analysis* on the impact of drainage on the incidence of waterborne diseases. There is no consensus in the literature about the exact magnitude of the impact of drainage systems on waterborne diseases. For this reason, a sensitivity analysis is conducted to ensure that even with lower impact of drainage on waterborne diseases, the project would still be economically justifiable. The table 5.10 shows the results:

**Table 10: Sensitivity Analysis of Drainage Investments in the Project Areas**

<b>Drainage Impact on the Reduction of Water-borne Diseases.</b>	<b>50%</b>	<b>30%</b>
<b>Economic Indicators.</b>	<b>EIRR (%)</b>	<b>EIRR (%)</b>
Douala 3	5.7	4.6
Douala 5	12.9	11.0

32. Despite a decrease in NPV, EIRRs are still higher than 5% in all scenarios for Douala 3 and Douala 5. Therefore, sensitivity analysis shows that results are robust.

33. *Conclusion.* The CBA results which represent a very conservative lower-bound value of the EIRR and the NPV shows that the project is economically sound. EIRR for all the drainage systems/works studied is above 5 percent in the baseline scenario. Sensitivity analysis confirms the robustness of the results. However, the results in Douala 3 are more sensitive to a decrease of the impact of drainage on waterborne diseases. This result should be balanced with other benefits from the overall drainage system that could not be quantified. These benefits are discussed in the following sections.

### **Improved Mobility**

34. Through the construction of service roads along the drains, walkways, the scuppers, and connections for local residents (stairs, ramps etc.), mobility will be enhanced significantly in the vicinity of the drains so that populations can move along the drains and from one side to the other in an easy way.

### **Improvement of the Living Environment**

35. The installation of benches, waste receptacles and public toilets along the drains will contribute to improving the lives of the population and the development of inclusive cities according to the project objective.

### **Improved Security**

36. Construction of the drains will contribute to the improvement of safety through the reduction of the number of casualties in times of major rain events.

37. Other benefits would include increase in touristic attraction and in the aesthetic value of the targeted areas in Douala 3 and Douala 5. Therefore, some additional avoided costs are not accounted for. Overall, the analysis supports the conclusion that the drainage subcomponent of the project is fully justified.

38. A global analysis combining road and drainage works was conducted. This analysis also incorporated the costs for institutional building under Component 4, and Subcomponent 2.4 (pedestrian mobility) estimated at US\$ 18 million. For a discount rate of 12 percent, the analysis results in a NPV of CFAF 32.40 billion and an EIRR of 20.2 percent. Sensitivity analysis considering the impact of drainage system on the reduction of water borne diseases at only 30 percent shows a NPV of CFAF 29.79 billion and an EIRR of 19.6 percent. Therefore, the overall economic results are robust.

### **A.3 Sanitation (Construction of a Sludge Treatment Plant in Ngombé)**

39. The project will finance the construction of a sludge treatment plant in the Ngombé neighborhood of Douala. This treatment plant will provide the possibility of processing sludge in hygienic conditions in conformity with international standards. A financial CBA is used to determine the price level that the operator should charge to users to ensure long term cost recovery.

40. **Subproject costs.** Investment costs are estimated at CFAF 7,200,000,000 (USD 12,000,000) according to the engineering design report. Operating costs include salaries (CFAF 21,900,000 per year), office supply and recurrent costs (CFAF 6,309,000 per year), maintenance costs (CFAF 3,300,000 per year) and other costs (operating license costs and operating fees estimated at 40% of operating income).

41. **Subproject revenues.** Revenue analysis aims at determining the conditions necessary for financial viability of the treatment plant. Simulations were conducted to determine the level of operator income that ensured sustainable operation. The Financial Rate of Return (FIRR) considered is 12 percent<sup>36</sup>.

42. Determining this reasonable level will be based on the recommendations of some development economists who state “in Africa and for projects of social infrastructure, the standard suggests to adopt a rate of 12 percent”. However, in implementing this recommendation, the pricing should also account for willingness to pay of service users.

43. **Main assumptions.** Based on the above principles, the operating account is established on the basis of the following main assumptions:

- (i) The cost of the works is estimated approximately at CFAF 7.2 billion. Investment depreciates over 25 years.
- (ii) The evolution of the sludge volume (in m<sup>3</sup>) follows annual forecasts in table 5.11:

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<sup>36</sup>See Amadou Aly Mbaye analysis of projects in developing countries: CREA University Cheikh Anta Diop.

**Table 5.11: Evolution of the Sludge Volume (in m<sup>3</sup>)**

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Volume (m <sup>3</sup> )	147,611	154,548	161,812	169,417	177,380	185,717	194,445	203,584	213,153	223,171

- (iii) The management of the sludge treatment plant will be done by a private operator through a contractual arrangement.
- (iv) An analysis is done over a period of 10 years, corresponding to the usual practice for this type of contract.
- (v) Revenue related to the sale of the dried sludge are not included in income from operations to remain conservative.
- (vi) Revenue for the operator is obtained from a volumetric tax on the quantity of sludge treated by users.
- (vii) An inflation rate of 2% is considered.
- (viii) An initial working capital of about CFAF 20.5 million, at the beginning of operation, to be supported by the operator for the purchase of a vehicle and office furniture.
- (ix) A tax and an operating license fees are to be paid by the operator according to the operating result. The analysis assumed an overall rate of 40%.
- (x) There must be a rate of expected profitability of 12% at least for the private operator.

44. **Results.** Results show that for the financial viability of the sludge treatment plant, the volumetric price for sludge treatment should be around CFAF 256 per m<sup>3</sup>. Sensitivity analysis show that a decrease in sludge volume to be treated by 10 percent implies that the volumetric price should be CFAF 285 per m<sup>3</sup> representing an increase of 11.3 percent. If operating expenses rise by 10 percent, the volumetric price should be CFAF 280 per m<sup>3</sup> representing an increase of 9.4 percent. If the tax and an operation license decrease by 50 percent, then the volumetric price should be CFAF 258 per m<sup>3</sup>.

#### **A.4. Neighborhood Upgrading. (Sub-component 2.2)**

45. US\$ 25.6 million is planned to cover this sub-component. For small infrastructure works in poor neighborhoods, since investments are driven by the needs of each beneficiary community and are being identified using a participatory approach, the specific composition of investments is not known. Therefore, an ex-ante CBA cannot be conducted. However, based on experience of similar projects, for example the PDUE, a CEA will be used as a screening tool to optimize the value for money for each investment in the participating municipalities. Eligible subprojects will be identified through a participatory approach. This approach will deliver a priority list of the most desirable subprojects. A subset of projects will be finally selected using Cost-Effectiveness Analysis (CEA) as the most practical economic valuation technique<sup>37</sup>.

<sup>37</sup> Key benchmarking data are included in the report “Analyse Economique du Projet de Développement des Villes Inclusives (PDVIR)” included in the project files.

**Annex 6: Major Related Projects Financed by the World Bank and/or other Agencies**  
**Cameroon Inclusive and Resilient Cities Development Project (P156210)**

<b>Project</b>	<b>Donor</b>	<b>Amount</b>	<b>Implementation Period</b>	<b>Objective and Main Activities</b>
Urban and Water Development Support Project (PDUE) – P084002	WB	US\$ 108.7 million	May 2007 - August 2015	To increase access of the urban population, particularly those living in low-income settlements, to basic infrastructure and services, including water supply. To achieve this objective, the project financed urban infrastructure investments in low-income settlements in five cities (Bamenda, Douala, Maroua, Mbalmayo, and Yaoundé), capacity building to strengthen urban management capacity of these cities and support to national urban strategies and instruments, TA to Camwater to implement a PPP in the provision of urban water services.
Cameroon Sanitation Project (CamSan) – P117102	WB	US\$ 30 million	June 2011 – June 2017	To improve planning and management of the sanitation sector and provide access to sanitation services through pilot approaches in selected urban and rural areas. The urban investments focused on Douala, combining support to hygiene promotion and marketing of household latrines with construction of latrines and condominium sewerage. The initially planned construction of a sludge treatment plan was transferred to the PDVIR.
Community Development Program Support Project (PNDP) Phase III – P144637	WB and AFD	US\$ 133 million	September 2015 – June 2019	To strengthen local public FM and participatory development processes in communes for the delivery of quality and sustainable social and economic infrastructure. Phase III of the PNDP is providing local development support to all of Cameroon’s 360 communes, including all CAs and urban communes, including preparation of Community Development Plans, provision of small grants to finance economic and social infrastructure, and strengthening of the operational capacities as well as PFM systems of communes. One sub-component is targeting investments for the poorest and vulnerable populations in the northern regions: Adamaoua (US\$5 million), North (US\$5 million), and Far North (US\$13 million). PNDP also provides institutional support to the decentralization process, including TA and studies in support of the MINATD in connection with the drafting of implementing decrees under the Decentralization Laws and the finalization of the Decentralization Charter.
Modernizing budgetary and accounting chains in communes for increased transparency	AIMF	TA to PNDP	2012	To strengthen the capacity of communes for local FM, in particular through the implementation of the SIM_ba software package. After a pilot in 2012, which provided SIM_ba and TA to 53 communes in 10 regions, the approach is being extended to the remaining 276 communes under the PNDP with TA from AIMF.
Multimodal Transport Project – P143801	WB	75m	May 2014 – June 2021	To increase multimodal transport efficiency and effectiveness along the Yaoundé–Kousseri Corridor. The project finances rail and road infrastructure improvements in the Far North, North, and Adamaoua regions, in particular Maroua-Mora-Kousseri corridor and around Ngaoundéré.

Regional Capitals (C2D)	AFD	EUR 125 million	September 2014	To improve the living conditions for the inhabitants of the CUs of Bertoua, Bafoussam, and Garoua through more balanced territorial development. It finances priority investment programs in the three cities to improve road infrastructure, commercial facilities (markets, abattoirs, bus stations), local urban services (drinking water, street lighting, sanitation) and public spaces (parks), as well as capacity building of contracting authorities to support CUs in the implementation of the priority investment programs and the subsequent municipal management of services.
Support Project for Modernization of Land Registration and Improvement of the Business Climate (PAMOCCA)	AfDB	US\$ 23 million	November 2010 - December 2017	To strengthen governance in land registration and management through modernization of land registration and capacity building in the 10 regional capital cities (Yaoundé, Douala, Ngaoundéré, Maroua, Garoua, Bertoua, Bamenda, Ebolowa, Buea, Bafoussam) and to revise the land-related legislative, regulatory and institutional framework.
Urban Development Project	AfDB	TBD	Under preparation	Under discussion
Yaoundé Sanitation Project – Phase 2 (PADY 2)	AfDB, AFD, GEF	US\$ 155 million	June 2013 - December 2017	Building on achievements under phase 1, which had financed the development of 20% of the main river canal (Mfoundi) and its four tributaries crossing the city of Yaoundé, PADY supports the development of the remaining canal to strengthen the positive impacts in terms of health and urban poverty reduction.
Decentralization program of FEICOM for medium-sized cities (PDVM)	KfW	EUR 15 million	2014 - 2019	PDVM aims to support the decentralization process, transparency and citizen engagement through the financing of economic and social infrastructure in 16 intermediate cities as well as accompanying measures for these municipalities and to strengthen the capacity of FEICOM to finance local development. The Program covers Kousséri, Mokolo, Mora and Yagoua (Far North), Bafia, Mbalmayo and Obala (Center), Bafang, Bagangté, Bouda, Dschang, Foubam and Foubot (West); and Buea, Muyuka and Tiko (South-West).
Participatory Slum Upgrading Program (PPAB)	EU and ACP,	US\$ 0.9 million	2008 – December 2015	To improve the lives of slum dwellers by addressing common deprivations of slums (inadequate water, sanitation, durability of housing, overcrowding and tenure insecurity). The activities were implemented in the neighborhood Nkolbikok in Yaoundé VI.

GEF Global Environment Facility

IBRD Map 43032

