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PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED CREDIT
IN THE AMOUNT OF SDR 13.6 MILLION
(US\$20 MILLION EQUIVALENT)
TO THE
REPUBLIC OF CAMEROON
FOR A
COMMUNITY DEVELOPMENT PROGRAM SUPPORT PROJECT
IN SUPPORT OF THE FIRST PHASE OF THE
COMMUNITY DEVELOPMENT PROGRAM

February 20, 2004

**Environmental, Rural and Social Development Central Africa
Country Department 07
Africa Regional Office**

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CURRENCY EQUIVALENTS

(Exchange Rate Effective Estimation for August 2003)

Currency Unit = CFA Franc

1 CFAF = US\$0.00166

US\$1 = 600 CFAF

FISCAL YEAR

January 1st -- December 31

ABBREVIATIONS AND ACRONYMS

AFD	French Development Agency (Agence Française de Développement)
APL	Adaptive Program Lending
ASPEN	Africa Safeguards Policy Enhancement
CAA	National Debt Management Agency (Caisse Autonome d'Amortissement)
CAS	Country Assistance Strategy
CBO	Community-Based Organization
CDC	Communal Decision Committee
CDP	Communal Development Plan
CPAR	Country Procurement Assessment Review
DCA	Development Credit Agreement
EMP	Environmental management Plan
EOI	Expression of Interest
ESMF	Environmental and Social Management Framework
FEDEC	Foundation for Development and Environment
FEICOM	Special Fund for Council Management (Fonds Spécial d'Equipement et d'Intervention Intercommunale)
FMR	Financial Monitoring Report
GDP	Gross Domestic Product
GOC	Government of Cameroon
GPN	General Procurement Notice
ICB	International Competitive Bidding
IPDP	Indigenous People Development Plan
LDP	Local Development Plan
MINEPAT	Ministry of Economic Affairs, Programming and Regional Development
MINAGRI	Ministry of Agriculture
MINEPIA	Ministry of Livestock, Fisheries and Animal Industries
MINEF	Ministry of Environment and Forests
MINSANTE	Ministry of Public Health
MINATD	Ministry of Territorial Administration and Decentralization
MINEDUC	Ministry of National Education
MIS	Monitoring Information System
NCB	National Competitive Bidding
NCU	National Coordination Unit
NGO	Non Governmental Organization
PIM	Project Implementation Manual
PADC	Community Development Support Project (Projet d'Appui au Développement)

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	Communautaire)
PAPNDP	Community Development Program Support Project
PDC	Provincial Decision Committee
PDOB	Ouest-Bénoué Development Project
PNDP	Community Development Program
PNVRA	National Agricultural Extension and Research Program Support Project
PPU	Provincial Project Unit
PRDM	Projet de Développement de la Région de Monts Mandara
PRSP	Poverty Reduction Strategy Paper
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
RSR	Rural Sector Review
SA	Special Account
SBD	Standard Bidding Document
SC	Steering Committee
SOE	Statement of Expenditures
SPN	Specific Procurement Notice
SRFP	Standard Request for Proposal

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CAMEROON
COMMUNITY DEVELOPMENT PROGRAM SUPPORT PROJECT

CONTENTS

A. Program Purpose and Project Development Objective	Page
1. Program purpose and program phasing	3
2. Project development objective	3
3. Key performance indicators	4
B. Strategic Context	
1. Sector-related Country Assistance Strategy (CAS) goal supported by the project	5
2. Main sector issues and Government strategy	5
3. Sector issues to be addressed by the project and strategic choices	8
4. Program description and performance triggers for subsequent loans	9
C. Program and Project Description Summary	
1. Project components	11
2. Key policy and institutional reforms supported by the project	12
3. Benefits and target population	12
4. Institutional and implementation arrangements	13
D. Project Rationale	
1. Project alternatives considered and reasons for rejection	17
2. Major related projects financed by the Bank and/or other development agencies	18
3. Lessons learned and reflected in the project design	19
4. Indications of borrower commitment and ownership	20
5. Value added of Bank support in this project	20
E. Summary Project Analysis	
1. Economic	21
2. Financial	21
3. Technical	22
4. Institutional	22
5. Environmental	23
6. Social	27
7. Safeguard Policies	30
F. Sustainability and Risks	

1. Sustainability	32
2. Critical risks	32
3. Possible controversial aspects	33
G. Main Conditions	
1. Effectiveness Condition	33
2. Other	33
H. Readiness for Implementation	33
I. Compliance with Bank Policies	33
Annexes	
Annex 1: Project Design Summary	35
Annex 2: Detailed Project Description	42
Annex 3: Estimated Project Costs	49
Annex 4: Cost Benefit Analysis Summary, or Cost-Effectiveness Analysis Summary	50
Annex 5: Financial Summary for Revenue-Earning Project Entities, or Financial Summary	51
Annex 6: (A) Procurement Arrangements	52
(B) Financial Management and Disbursement Arrangements	63
Annex 7: Project Processing Schedule	69
Annex 8: Documents in the Project File	71
Annex 9: Statement of Loans and Credits	72
Annex 10: Country at a Glance	74
Annex 11: Rural Development Policy Letter	76
Annex 12: Financial and Institutional Arrangements	84

CAMEROON
Community Development Program Support Project

Project Appraisal Document

Africa Regional Office
AFTS3

<p>Date: February 18, 2004 Sector Manager/Director: Joseph Baah-Dwomoh Country Manager/Director: Ali Khadr Project ID: P073629 Lending Instrument: Adaptable Program Loan (APL)</p>	<p>Team Leader: Ousmane Seck Sector(s): Sub-national government administration (90%), Information technology (10%) Theme(s): Municipal governance and institution building (P), Municipal finance (P), Participation and civic engagement (P), Rural services and infrastructure (P), Rural policies and institutions (S)</p>
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Program Financing Data

APL	Indicative Financing Plan				Estimated Implementation Period (Bank FY)		Borrower
	IDA US\$ m	%	Others US\$ m	Total US\$ m	Commitment Date	Closing Date	
APL 1 Loan/ Credit	20.00	24.1	62.82	82.82	06/30/2004	12/31/2008	
APL 2 Loan/ Credit	20.00	20.0	80.00	100.00	06/30/2007	12/31/2011	
APL 3 Loan/ Credit	20.00	20.0	80.00	100.00	06/30/2010	12/31/2014	
Total	60.00		222.82	282.82			

Loan Credit Grant Guarantee Other:

For Loans/Credits/Others:

Amount (US\$m): 20.0

Proposed Terms (IDA): Standard Credit

Grace period (years): 10

Years to maturity: 40

Service charge: 0.75%

Financing Plan (US\$m):	Source	Local	Foreign	Total
BORROWER		6.29	0.00	6.29
IDA		14.50	5.50	20.00
LOCAL COMMUNITIES		1.00	0.00	1.00
FRANCE: GOVT. OF FRANCE - MOFA and AFD (C2D)		21.00	4.00	25.00
HIPC-DONOR CONTRIB.FOR DEBT RELIEF NOT FLOWING THRU THE BANK		27.20	0.00	27.20
LOCAL SOURCES OF BORROWING COUNTRY		3.33	0.00	3.33
Total:		73.32	9.50	82.82

Borrower: REPUBLIC OF CAMEROON

Responsible agency: MINISTRY OF ECONOMIC AFFAIRS, PROGRAMMING & REG. DEVELOPMENT

Address: MINEPAT, Yaoundé, Cameroun

Contact Person: Mme. Marie-Madeleine NGA

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Estimated Disbursements (Bank FY/US\$m):

FY	2005	2006	2007	2008					
Annual	4.40	3.70	5.20	6.70					
Cumulative	4.40	8.10	13.30	20.00					

Project implementation period: 4 years

Expected effectiveness date: 06/30/2004 **Expected closing date:** 12/31/2008

OPCS AP, PAQ Form Rev. March, 2000

A. Program Purpose and Project Development Objective

1. Program purpose and program phasing:

The purpose of the Community Development Program (PNDP) is to reduce poverty and to promote sustainable rural development in Cameroon by strengthening local governance and empowering communities in rural areas, including marginalized groups. More specifically, it would (i) support implementation of demand-driven subprojects and (ii) carry out local capacity-building activities. The PNDP supports decentralization by strengthening local technical and financial capacity and by addressing weaknesses in social capital to improve delivery of basic services, generate economic opportunity, and address poverty and growth.

The program's long-term vision is that communes would collaborate with communities in the planning and control of local development in rural communes (as defined by Law 74/23) by (i) identifying and managing infrastructure and service needs, (ii) managing the resources needed to establish and maintain community infrastructures, and (iii) promoting good governance. The vision cannot be achieved quickly. To maximize success, the program would be implemented using the Adaptable Program Loan (APL) instrument in three four-year phases. The first phase (the subject of this Project Appraisal Document) initiates the process and refines its mechanisms in five provinces—*Province du Nord*, *Province de l'Ouest*, *Province de l'Adamaoua*, *Province du Centre*, and *Province du Sud* (annex 13).

The three phases would be structured as follows:

<p>Phase 1: Initiation</p> <p>Under this phase, the program would start in 5 of 10 provinces: <i>Province du Nord</i>, <i>Province de l'Ouest</i>, <i>Province de l'Adamaoua</i>, <i>Province du Centre</i>, and <i>Province du Sud</i>. Over the four-year implementation period, the program would progressively refine its approach and mechanisms, building on its results and on previous local development experience in Cameroon from such pilot initiatives as the National Agricultural Extension and Research Program Support Project (PNVRA), Ouest-Bénoué Development Project (PDOB), Mandara Mountains Area Development Project (<i>Projet de Développement de la Région de Monts Mandara</i>, PRDM), the Biodiversity Conservation and Management Program, and the Community Development Support Program (PADC). Rural communities would be empowered, development investments would be cofinanced, and rural communes would be strengthened enough to manage local development.</p>
<p>Phase 2: Expansion</p> <p>Under this phase, program activities would expand to all provinces, with activities initiated in every rural commune, if not in every community. Commune-level capacity-building would greatly intensify, and when communes have shown satisfactory governance performance, local development responsibilities would be progressively more intensively transferred to them.</p>
<p>Phase 3: Consolidation</p> <p>Under this phase, the program would achieve national geographic coverage. Appropriate measures would be taken to ensure the long-term sustainability of local development, with local governments taking over all local development activities.</p>

2. Project development objective: (see Annex 1)

The Community Development Program Support Project (PAPNDP) is the first phase of the program.

Its objective is to assist the Government of Cameroon in setting up and implementing a decentralized financing mechanism to ensure participatory community development in rural areas. It would (i) establish a system for channeling funds to rural communities to finance prioritized collective infrastructures, (ii) strengthen the capacity of communities and local governments to plan and manage their own development, and (iii) improve the legal and regulatory framework for decentralized rural development. Communities and communes would be engaged in a participatory appraisal of their needs, culminating in the implementation of subprojects cofinanced by the project. Efforts would be made to clarify procedures and build local governance capacity for communes so that resources and local development responsibilities could be transferred to them. Special efforts will be undertaken for enable marginalized people (indigenous communities, nomads, women, etc.) to participate in the project.

3. Key performance indicators: (see Annex 1)

The first phase of the Adaptable Program Loan (APL) would have a large capacity-building component. Progress toward project objectives would be measured by qualitative and process-oriented performance indicators. Indicators would also measure the implementation of subprojects. Some quantitative indicators have been added to reflect improvement in basic services and social infrastructure, but because the subprojects are demand-driven, the quantitative indicators are tentative and based on current pilot operations, feasibility studies, and studies conducted for the country's Poverty Reduction Strategy Paper (PRSP).

These indicators may be revised during the midterm review.

Performance indicators include:

Performance Indicators
500 subprojects have been implemented *
Local Development Plans of at least 50 % of targeted CBOs within the 38 targeted communes have been approved *
Communal Development Plans of at least 75 % of targeted communes have been approved
50 health centers have been rehabilitated or built
150 classrooms have been rehabilitated or built
30 rural roads improvement subprojects have been completed
150 water supply infrastructures have been rehabilitated or built
70 % of subprojects approved for more than six months have been completed
Decentralization legal texts have been prepared
Staff and/or elected authorities of all 38 targeted communes have benefited from training sessions or sensitization campaigns
at least 50 % of targeted communes have a rate of implementation of their budget higher than 50 % as compared to the baseline
Implementation ratio of the training plans established by the PPU's to the benefit of CBOs reaches 55 %
at least 70 % of infrastructures carried out under the subprojects are maintained and operational
80 % of the reports to be prepared by NCU under the Project Monitoring and Evaluation Manual have been issued on a timely basis
80 % of contracts signed by NCU have been executed on time.
50 % of targeted communes have a rate of tax covering higher than 50 % as compared to the baseline
A properly grounded decision has been rendered on at least 95 % of subprojects submitted to Communal and

B. Strategic Context

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

Document number: 26555 Date of latest CAS discussion: September 11, 2003

The recently-approved World Bank Group Country Assistance Strategy has been aligned with the PRSP goal of poverty reduction through improved basic delivery, private sector-led growth, and better governance. The proposed project would contribute to the first pillar ("strengthening the institutional framework for improved pro-poor economic management and service delivery") and, in particular, to the following outcome: "improved delivery of basic services, specially sustainable management of service delivery at the community level, farmers reached by extension services, and urban management units" (outcome 1.3.) by empowering local communities, strengthening decentralized authorities' capacities, and improving basic services delivery, in the context of local development plans, as measured by the following related indicators: 4,000 rural community-based action plans have been designed, 50% of them have implemented one subproject, and women and vulnerable groups are more involved in decisionmaking. Finally the project would contribute to strengthening community-driven development capacity of local government, an important element of the first pillar of the strategy.

A Rural Sector Review (RSR) was completed by the Bank on January 9, 2003. It assessed the main issues and constraints to rural sector performance in Cameroon and proposed an action plan for the Bank, including a national local development program. The RSR also highlighted how sustainable community development requires support to communities and programs for capacity-building.

2. Main sector issues and Government strategy:

Main issues

Despite significant progress between 1996 and 2001, poverty still affects a large share of Cameroon's population, and poverty reduction remains a key concern of the Cameroonian authorities. According to the Household Survey II (ECAM-II), nearly 4 of 10 Cameroonians lived in poverty in 2001, and some 80% of the poor lived in rural areas. So rural areas must be the primary focus of poverty reduction interventions. Analyses conducted during preparation of the PRSP identified the following obstacles to the reduction of rural poverty:

1. Inadequate and inefficient provision of basic services to rural populations.

As ECAM-II showed, **poor education** is closely associated with poverty: more than 4 of 10 households headed by a person with no education live in poverty, compared with 1 of 20 households headed by a college-educated person. Educational levels remain very low in Cameroon, particularly in rural areas. Although the literacy rate has improved over the last 30 years, it is still below 60% in rural areas, and the primary school enrollment rate (79% nationwide) shows strong geographic and gender disparities, with rates below 50% in the *Provinces de l'Extrême-Nord et du Nord*. The main causes are long distances between home and school (more than 10 kilometers for some communities), poor quality of education, and high student-teacher ratios.

Health services fail to address all the population's needs and expectations. Contributing factors include (i) the weak financial situation of the population (the poorest 20% lack any financial coverage for health care and other social services), (ii) the weak financial situation and poor technical capacities

of the public health system, and (iii) the excessive centralization and inadequate coordination of public services. HIV/AIDS is a major rural development issue. National HIV/AIDS prevalence is 11%—20% in some areas—and is still rising. Women and young people are affected most.

Limited and dilapidated rural road networks are a key factor in poverty. According to the Ministry of Agriculture, up to 40% of production is lost due to lack of available transport. Of the 50,000 kilometer national road network, 28,000 kilometers are rural roads (transit roads, communal roads, livestock transhumant paths, and community roads). Funds cover only a third of rural road maintenance needs. And because the Government has no policy for ownership of community roads, communities lack support for periodic maintenance.

In rural areas, an estimated 58% of the population lacks access to **clean water**, and there is 1 water point for every 460 people, nearly twice the accepted standard of 1 water point for every 250–300 people. The main water problems are (i) inaccessibility due to lack of roads, (ii) lack of a participatory approach to planning public investments, (iii) use of poorly adapted technologies, (iv) lack of coordination among the ministries in charge of rural water supplies, and (v) scarcity of technical capacities and skills at the local level for establishing and maintaining water supply infrastructure.

Communities have limited access to **credit**. Financing from the banking sector has been limited, and microfinance institutions do not cover all rural areas or have the long-term resources needed to meet demand, so many customers are turned away.

2. Technical and financial weaknesses of the communes and communities.

Community involvement in the local development process has increased, and some communities have drawn up local development plans, although they often lack the financial means to implement their plans. Communes are still held accountable for local development even though their resources are inadequate and revenues under direct local government control are usually insufficient to cover expenditures. There are five main sources of local funding with the following strengths and weaknesses:

- a. *Centimes Additionnels Communaux* (CAC) are collected with state taxes on behalf of the communes (a 10% surcharge on income taxes, a 25% surcharge on land taxes, a 10% surcharge earmarked on games taxes, and so on). Of these funds 10% are allocated to the Government; 20% are allocated to the Fonds Spécial d'Équipement et d'Intervention Intercommunale (FEICOM), as created by Law 74/23 and operational since 1977; and 70% are distributed to communes through the FEICOM. If the “fiscal chain” were tightened and resources collected on behalf of communes were actually distributed to them, resources available to communes under the CAC provision would double without any other changes in government policy, tax rates, or tax bases. Improving the distribution of the CAC should be a high priority in the effort to strengthen local government.
- b. *FEICOM capital loans and grants*. One of the roles of the FEICOM is to support local investment with loans and grants. These funds are an important source of finance for local capital investment, but the relative weight of technical and financial criteria in allocating funds has yet to be determined.
- c. *Local taxes*. Property tax revenues in urban areas could be boosted by basing them on land value rather than on plot size. Higher local tax yields in urban areas would allow more CAC funds to be allocated to rural areas. This, along with better distribution of CAC funds, could increase the resources available to rural communes. There is little potential for raising local taxes at the rural commune level. Most public services are delivered in the village, which is far from the commune physically and psychologically, and there is little willingness to pay local taxes.
- d. *User fees*. There appears to be strong willingness to directly pay for services in which quality improvement is evident. Differences between sectors must be carefully studied before user fee policies are adopted. In all types of countries and communities, user fees for maintenance of

small-scale infrastructure have increased community involvement and sustainability, but the results in social sectors have been mixed. An in-depth study (using a controlled experimental design) in Cameroon's Adamaoua Province found that use of rural health centers, particularly by the poor, rose significantly when user fees were introduced and then reinvested for quality improvements (Litvack and Bodart, *Social Science and Medicine*, 1993). Anecdotal evidence in education indicates the opposite: enrollment increases when formal fees are removed, despite drops in quality. But other factors, such as economic growth, may have driven these attendance changes.

- e. *Local elites*. In practice, local elites (as they are known in Cameroon) appear to be a large source of discretionary finance for villages. Villagers who have prospered and often moved to Yaoundé or Douala remit funds directly to their communities and are often able to successfully lobby to have their villages included in national programs (rural electrification, school improvements, and the like). While elites play a pragmatic and useful role, lobbying is not the best method for allocating public expenditures. Further, by placing overall emphasis on those who have already used their prior advantages, it further marginalizes those remote and/or indigenous communities that have not begun to climb the ladder. While this phenomenon would probably persist, the transparency of national programs should be improved to ensure that village-level planning is participatory and focuses on the most necessary investments.

Service delivery by local governments suffers from a severe lack of capacity, skilled staff, and training. Equipment and materials needed to carry out work are either scarce or outdated. Coordination and communication among communes and communities are also lacking.

3. Lack of coordination between donors at the local level.

Several local development projects have been launched in Cameroon, but coordination has been poor. The multisectoral character of local development requires better integration.

Government's strategy

1. Poverty Reduction Strategy.

Poverty reduction has become a priority for the Government of Cameroon. The Government presented its PRSP to the Bank in July 2003. The PRSP sets the following priorities:

- i. Promoting a stable macroeconomic framework.
- ii. Strengthening growth through economic diversification.
- iii. Empowering the private sector as the main engine of growth and a partner in social services delivery.
- iv. Developing basic infrastructure and natural resources in an environmentally sustainable manner.
- v. Accelerating regional integration in the framework of the Central African Economic and Monetary Community.
- vi. Strengthening human resources, bolstering the social sector, and promoting integration of vulnerable groups in the economy.
- vii. Improving institutional framework, administrative management, and governance.

The PNDP is presented in the PRSP as one of the main instruments of the rural development strategy. It would contribute to priority (ii), the rural sector being presented as key for economic growth in Cameroon. The PNDP would also contribute to priorities (iv), (vi), and (vii) by cofinancing collective social infrastructures, strengthening the capacities of rural communes and communities, and supporting decentralization.

2. Rural Development Strategy.

On April 29–30, 2003, the Government of Cameroon presented its Rural Development Strategy. Its overall objective is strong, equitable, and sustainable rural growth. Specific objectives are:

- i. Modernizing agricultural production systems.
- ii. Restructuring the institutional framework.
- iii. Promoting an appropriate incentive framework.
- iv. Managing natural resources in a sustainable manner.

The strategy would be implemented in the context of a Rural Development Support Framework (Cadre Synoptique de Mise en oeuvre de la Stratégie de Développement du Secteur Rural) with five priority axes: (i) local development, (ii) agricultural production development, (iii) institutional support, (iv) forestry and environment, and (v) rural finance development. Local development activities are to be implemented under the PNDP framework.

3. Decentralization.

The Government of Cameroon has been strongly engaged in decentralization, starting with Law 74/23 (December 5, 1974) that created communes. The law distinguishes between urban and rural communes (306 rural communes in Cameroon). Communal authorities, including a mayor who serves as chair, are elected. But progress has been slow. The role of the communal elected authorities should be strengthened so that they can perform assigned functions and be held accountable for performance. The specific texts required to complete the legal framework laid out in the 1996 constitution have been under preparation for five years. The awaited texts are expected to set out:

- General rules applicable to communes (financial resources, status and organization charts of staff);
- General rules applicable to regions (attributions, operational aspects) ;
- Specific provisions applicable to communal elected authorities (status and organization charts) ;
- Specific provisions applicable to regional elected authorities and regional staff (electoral made, status and organization charts).

On finance, a 1998 decree relaxed the “single treasury” (*unicité de caisse*) principle previously imposed on councils. Reform of the tax system and council resources would come with decentralization.

The PAPNDP would support the Government of Cameroon’s completion of the decentralization regulatory framework and would increase the capacities of rural communal authorities and commune staff.

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

The PAPNDP, which is integrated into the Rural Development Support Framework (in connection with its first theme of local development), is designed to support implementation of the PRSP and of the Rural Development Strategy. The PAPNDP would directly address the main issues mentioned above through the following strategic choices:

Empowerment and strengthening of communities to increase their involvement in local development. This would be achieved through capacity-building for community-based organizations and learning by doing, with communities managing their development. Communities would analyze the existing situation; elect decisionmaking bodies; identify, prioritize, and analyze problems; draw up action plans; mobilize resources; and take responsibility for implementing action plans.

Beneficiary cofinancing of development subprojects. Experience has shown that demand is better articulated and the sustainability of infrastructure is enhanced when communities contribute to investment costs, control investment choices, and oversee implementation.

A demand-driven and multisectoral project. Because the PAPNDP is demand-responsive, it would address the perceived priorities of communities and increase the efficiency and effectiveness of poverty reduction efforts. A demand-driven approach of this kind can only be pursued in a multisectoral manner. A wide range of subprojects would be cofinanced as long as they are of collective benefit (schools, health centers, literacy programs, rural roads, bridges, wells). The program would thus increase the availability of social services in rural areas.

Consistency between vision and action. Formal agreements between MINEPAT and each key technical ministry involved in PAPNDP implementation are being prepared by the Government and will be finalized prior to effectiveness. They will detail how those ministries would be involved in PAPNDP implementation to ensure consistency between local activities and national policies and standards. The project would strengthen national and regional coordination units (such as *missions régionales d'études et d'aménagement*). At the regional level the project would reconcile (i) short-term technical and economic priorities and (ii) long-term social and environmental issues, making sure that local stakeholders and decisionmakers have a common understanding of the constraints and priorities for each region.

National coverage and adapting program design to local capacities. It is important to ensure that the PAPNDP would scale up from existing local development projects (PNVRA, PRDM, PADC, PDOB, GEF-Biodiversity), progressively covering the whole country. Given the country's size and the huge capacity-building effort required for a community-based approach, a long-term program is necessary.

Coordination of initiatives of local development donors. As declared in the Rural Development Policy Letter of Cameroon, the PNDP would be the framework for local development projects in the country. It is a multidonor program that aims to consolidate and coordinate donor initiatives to avoid the inconsistencies of past development activities.

Monitoring and encouragement of the trend toward decentralization. The PAPNDP would strengthen the capacities of communes and support a financial mechanism for channeling resources to communes and communities. Empowering local governments through capacity-building activities and resources, while mandating transparency, could initiate a process whereby electoral accountability could better express itself.

4. Program description and performance triggers for subsequent loans:

The PNDP would be executed under an APL in three four-year phases. An APL would allow for a flexible, long-term intervention covering the whole country, while tailoring activities to capacity and experience that would be progressively developed.

Phase 1: Initiation

The first phase would define the approach and methods and would implement them in 5 of 10 provinces: *Province du Nord, Province de l'Ouest, Province de l'Adamaoua, Province du Centre, and Province du Sud*. To increase the chances of success, these regions were chosen by the Government of

Cameroon under the following criteria: (i) poverty level defined by the 2001 ECAM-II poverty survey, (ii) continuity where participatory initiatives have already been implemented and raised local expectations, and (iii) agroecological diversity. In the 5 regions, the PNDP would expand the scope of previous local participatory development projects. For example, it would cofinance the implementation of subprojects in communities which have already prepared local development plans under the PNVRA. Communes would be strengthened under the PNDP, and interventions would depend on their capacities. The role of the FEICOM would be defined once its audit has been completed.

Phase 2: Expansion

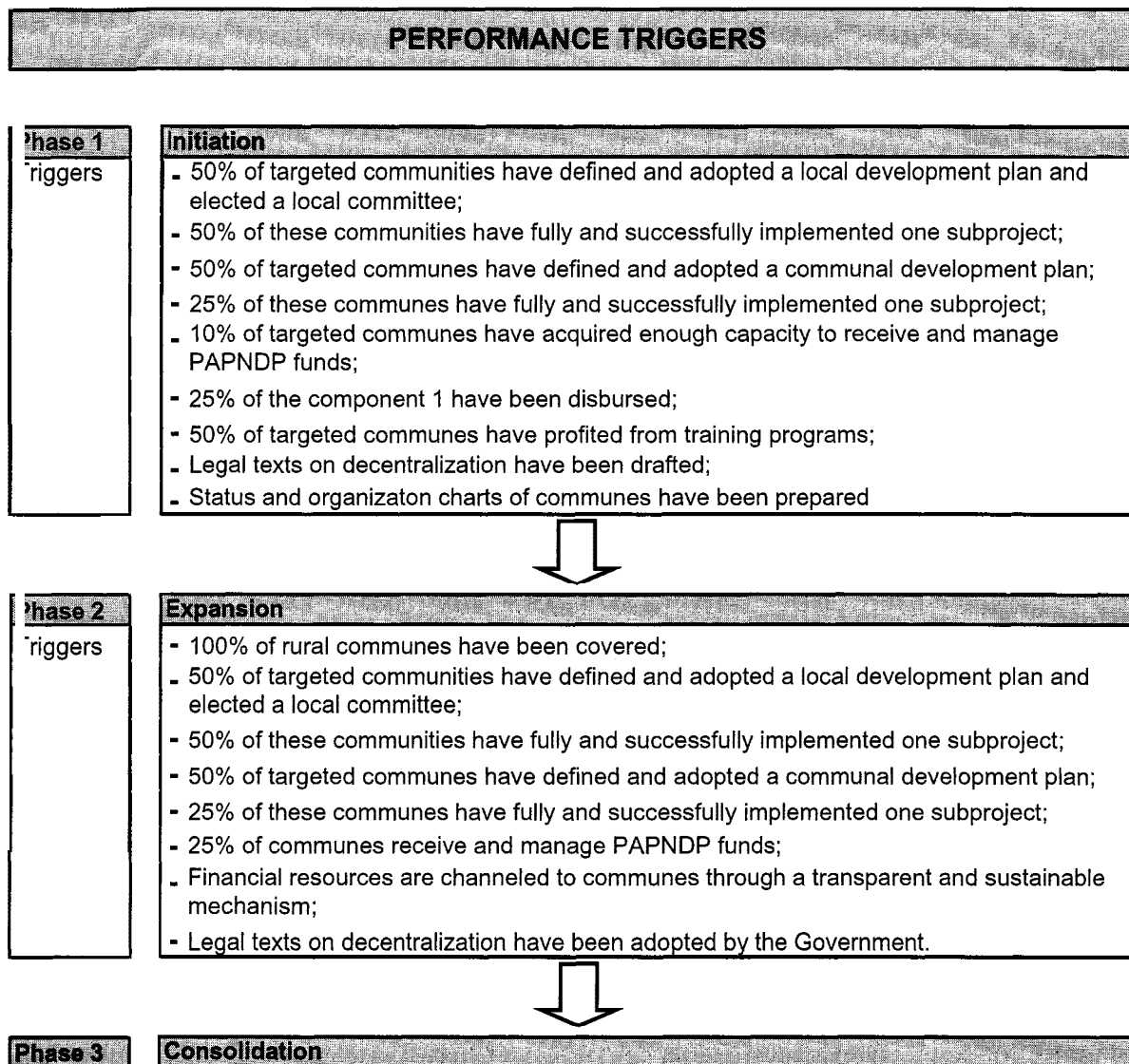
The second phase would expand the strategies of the first phase to all provinces. It would maintain PNDP support to communities from the previous phase and target new eligible communes to reach at least one community per rural commune. Local development responsibilities would be increasingly transferred from project entities to the communes. Collaboration among communes supported during the previous phase would be promoted, and intercommunal projects would be cofinanced if communities so request.

Phase 3: Consolidation

The final phase would (i) complete national coverage and (ii) support institutional and capacity-building activities aimed at developing a sustainable institutional and financial mechanism for supporting local development. Local development responsibilities would be totally transferred to communes.

Performance triggers for subsequent loans

Phases might run concurrently because they would be triggered by the following performance results:



C. Program and Project Description Summary

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

The project would have four components: (i) supporting local development, (ii) supporting the decentralization process, (iii) capacity-building at the local level, and (iv) supporting project management and coordination, monitoring and evaluation, and communication (see annex 2 for a detailed description).

For each component, the preliminary cost estimates are as follows:

Component	Indicative Costs (US\$M)	% of Total	Bank-financing (US\$M)	% of Bank-financing
Supporting local development	53.07	64.1	10.00	50.0
Supporting the decentralization process	5.56	6.7	0.86	4.3
Capacity-building at the local level	10.22	12.3	3.59	18.0
Supporting project management and coordination, monitoring and evaluation, and communication	13.97	16.9	5.55	27.8
Total Project Costs	82.82	100.0	20.00	100.0
Total Financing Required	82.82	100.0	20.00	100.0

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

The PAPNDP would favor decentralization. Specific legal texts required to complete the legal framework in the 1996 constitution have been under preparation for five years. The texts are expected to set out (i) general rules applicable to communes, (ii) general rules applicable to regions, (iii) specific provisions applicable to communal elected authorities, and (iv) specific provisions applicable to regional elected authorities and regional staff. On finance, a 1998 decree relaxed the “single treasury” (*unicité de caisse*) principle previously imposed on councils. But there is no provision for mandatory transfer of financial resources to municipalities, except for taxes to be withheld at the source and used by councils. The project would assist the Government of Cameroon in finalizing the regulatory framework for decentralizing communes.

The PAPNDP would consolidate financial mechanisms to channel funds to communes and communities. Cofinancing subprojects would strengthen financial management capacities at all levels: community, commune, region, and center. The project would support a financial mechanism (possibly FEICOM, depending on the results of its current audit) for channeling funds to the local level. The project would then strengthen FEICOM’s capacities to assume its responsibilities, and communes would be able to take advantage of more financing.

3. Benefits and target population:

Benefits	Target population
Empowerment of rural communities	Rural communities
Increased involvement of women and vulnerable groups in the processes of decision-making, definition of priority action plans, and implementation oversight	Vulnerable groups in participating communities (indigenous communities, nomads, women, etc.)
Increased capacity of community-based organizations to plan and implement priority activities	Community-based organizations in participating communities
Increased capacity among local government officials to develop communal action plans and budgets	Local government officials and their constituents

Increased capacity among technical staff (NGO, decentralized technical services, communal staff) to facilitate community participation processes	Local technical staff and participating communities
Improved rural infrastructure (roads, bridges, schools, dispensaries, wells, etc.) and service delivery (education, health, extension, road maintenance, HIV/AIDS prevention, etc.)	Rural communities

Target population:

The first phase will define the approach and methods and will implement them in five out of ten regions: *Province du Nord, Province de l'Ouest, Province de l'Adamaoua, Province du Centre* and *Province du Sud*. In order to increase the PNDP's chances of success, these regions were chosen by the GoC according to the following criteria: (i) poverty level as defined by the 2001 ECAM-II poverty survey; (ii) continuity where participatory initiatives have been initiated and closed and have raised great local expectations, and (iii) agroecological diversity.

PAPNDP mechanisms have already been tested in 10 pilot rural communes. They have been chosen based on the following criteria: (i) previous community planning experience in several villages, (ii) interest and commitment on the part of local administrators and traditional authorities, and (iii) presence of public/private service providers. The Project has worked first with the villages that already have some experience with the community-based approach, subsequently expanding to surrounding villages within one commune.

Totally the five provinces count 152 rural communes and activities in 38 communes will be financed by IDA Credit. The 28 additional rural communes to the 10 pilot ones will be chosen according to governance quality and poverty level criteria.

4. Institutional and implementation arrangements:

Institutional and Implementation Arrangements:

The first of three phases of the PNDP would be implemented over four years, although the subsequent phases might overlap since they would launch when predefined performance triggers are reached (see B.4.).

The project would be placed under the responsibility of the Ministry of Economic Affairs, Programming, and Regional Development.

The program's institutional arrangements have been defined according to the following principles:

- The Government and local beneficiaries must participate in financial support to subproject decisionmaking, because both are contributing financial resources.
- Implementation entities must display transparency and efficiency, and avoid undue delay between community requests and implementation of subprojects.
- Successful project implementation requires all stakeholders (Government, communities; local governments; nongovernmental organizations, or NGOs; donors) to be actively involved.
- Community-level subprojects must be consistent with national sectoral policies.

The PAPNDP is organized to comply with the decentralization framework, especially with regard to

rural communes. Four levels are involved in PAPNDP's organization:

Village and community level. After a participatory assessment, a community would prepare a local development plan that reflects its perceived priorities. Participatory planning would be facilitated by operators contracted by the project. The community would elect a council that would be responsible for (i) verifying that subprojects are consistent with local development plan, (ii) performing a technical and financial appraisal of subprojects to be submitted, (iii) collecting contributions, (iv) implementing subprojects, (v) monitoring subprojects implementation, (vi) submitting subprojects requests to the Communal Decision Committee, and (vii) electing representatives to the Communal Decision Committee. Some communities are already organized and might have already elected local councils. Instead of creating new structures, the PAPNDP would build on existing bodies, and communities would be free to decide whether they wish to keep or restructure them. After the LDP has been approved by the Communal Decision Committee, community-based organizations within the community would prepare submit subprojects.

Commune level. The commune plays a major role in the PAPNDP mechanism. It is the "maître d'ouvrage" for all subprojects (commune or community level), but community-level subprojects would be jointly implemented by communes and communities. Communal Decision Committees would be established with representatives of decentralized technical ministries, local governments, community-based organizations and NGOs. The committees would (i) approve local development plans, (ii) approve subproject proposals according to specific eligibility criteria (checking in particular their technical and financial quality and consistency with national standards), (iii) coordinate activities among communities, and (iv) supervise subproject implementation with regular field missions.

Province level. Two entities would be involved at the provincial level:

- Provincial Decision Committees would have the same mandate as Communal Decision Committee, but they would be responsible for approving communal development plans and subproject proposals from communes. The committees would comprise representatives from decentralized technical services, including the FEICOM, communes, the National Assembly, and NGOs.

- Provincial Project Units (PPUs) would be in charge of day-to-day PAPNDP implementation in each province. Because most activities would be subcontracted to local service providers, each unit would consist of a small team of specialists (a regional coordinator, a monitoring and evaluation specialist, a social and environmental specialist, a capacity-building and communication specialist, a technician in charge of communities development, a technician in charge of communes development and an accounting specialist). The PPU would be responsible for (i) channeling funds to beneficiaries, (ii) launching capacity-building activities, (iii) coordinating activities in the province, and (iv) managing the monitoring and evaluation system.

Central level. Two entities would be involved at the central level:

- A steering committee, under the responsibility of the Ministry of Economic Affairs, Programming, and Regional Development, would represent all stakeholders: several ministries (MINEPAT, MINAGRI, MINEPIA, MINEF, MINSANTE, MINATD, MINEDUC), local governments, NGOs, communities, and chambers. It would approve the PAPNDP's annual work plan and budgets, review its activities, and communicate on those topics.

- A National Coordination Unit (NCU), also under the responsibility of the Ministry of Economic Affairs, Programming, and Regional Development, would manage the project at the central level. The NCU includes a project coordinator, an assistant, an administrative and financial specialist, a monitoring and evaluation specialist, a capacity-building and communication specialist, a social and environmental specialist, a procurement specialist, and an accounting specialist. The NCU would

consolidate monitoring and evaluation data from PPU and supervise their activities, work plans, and budgets.

Financial Management Arrangements:

The first phase of the PNDP will be carried out over four years. Procurement, disbursement, and decentralized financial management practices will benefit from a wealth of new and simplified methods developed and standardized recently in the Bank. These are described in *Guidelines for Simplified Procurement and Disbursement for Community-based Investments*, February 1998; *Guidelines for Africa Region on Financial Management for Community Action Programs*, October 2000; and *Guidelines for Task Teams on Procurement Procedures Used in Social Funds*, February 2001, and *Fiduciary management for Community-driven Development projects*, March 2002 (draft).

1. Capacity Assessment of the National Coordination Unit and Financial Monitoring Reports

Based on program implementation arrangement, the overall responsibility for financial management will remain with the NCU and carried out by the Project Coordinator, the Assistant Coordinator and the Administrative and Financial Specialist. Accordingly, the scope of the assessment has been limited to the NCU. However, given the decentralized nature of the program, the coordination and reporting mechanisms between the entities involved in the program and the NCU will be looked at to ensure the arrangements in place will allow for smooth implementation of program's activities as well as to ensure that loan proceeds are used only for the purposes for which the loan is granted, with due regard to economy, efficiency, and the sustainable achievement of the program's development objectives.

The capacity of the NCU is acceptable and the preparation activities are in progress. The objective is to have a fully established and functional NCU to declare the program effective so that at the outset of the implementation of the activities, the NCU has the appropriate accounting, internal control, and the relevant financial reporting systems in place. This will allow the NCU to (i) reliably record and report the financial transactions of the program in a timely manner, including those transactions involving the use of Bank funds and other donors ; and (ii) provide sufficient and relevant financial information for managing and monitoring program activities.

The NCU through its financial management and accounting unit will have the overall responsibility of the program financial management. It will have to maintain program's consolidated budget and accounts. To that end, the financial management and accounting unit will be equipped with a computerized and integrated financial management appropriate to the scale and nature of the different phases of the program and capable of recording and reporting in a timely manner the program's by geographical locations, components, activities , expenditure categories and origin of funds. The computerized financial management system will be multi-currency and will include the following modules which should be integrated : general accounting, cost accounting, assets management, preparation of withdrawal applications and tracking of disbursements by donors, reports generating, including quarterly FMR and annual financial statements. A fully functioning financial management system satisfactory to the Bank is considered as a condition of credit effectiveness.

A Project Implementation Manual and a Project Administrative, Financial and Accounting Manual are available and describes procedures. It describes : (i) the overall organization of the program including and organizational diagram and job description of the accounting and financial staff; (ii) the accounting system to be followed; (iii) the main transactions cycles; format, content, and timing of the program's financial reporting, i.e., financial statements and other financial reports including FMRs, filing system, etc.; (iv) the various operational procedures including budget management (planning, execution and

monitoring) and management of assets, procurement of goods and services, disbursement; and (v) internal control procedures.

2. Financial Management

Financial Mechanism (See Annex 12):

Two special accounts will be opened for the implementation of the Project, and they will be managed by the NCU:

- o Special Account A (SA-A) to co-finance the subprojects;
- o Special Account B (SA-B) for other activities.

Details of the financial management arrangements, including reporting, are detailed in the PIM and the Project Administrative, Financial and Accounting Manual.

Accounting and Financial Reporting. The NCU will maintain the books and accounts of Project activities at the Central level and on a consolidated basis as well. The PPU's will maintain the books and accounts of the Project activities. The NCU will ensure that the production of the annual financial statements are done in a timely manner. A financial management firm will be selected to design and install a computerized accounting and financial management system, based on internationally generally acceptable accounting principles agreed with the Bank. The consultant will also prepare the accompanying guidelines for the software operations and will ensure that the computerized guidelines match the Project Administrative, Financial and Accounting Manual. The Manual will be approved by IDA. The consultant will be responsible for the initial training of the accounting and financial management staff on the efficient operation of the computerized accounting system. They will also be responsible for the preparation of a training program in financial management with an implementation timetable and will provide NCU/PPUs with assistance. The selection of the accounting software will ensure that the system is supported by a reliable organization.

The NCU and the PPU's will maintain their accounts in accordance with International Accounting Standards, and the quality of financial management has been verified by auditors during the first phase of the Program. The NCU and the PPU's will keep all documentation related to Project expenditures, and will all at times keep financial records in accordance with sound accounting practices to reflect its operations and financial position. These records would be made available to Bank missions and independent auditors. The consolidated accounts of the Project maintained by the NCU would be audited on an annual basis. The auditors would include PPU's selected on a random basis in an annual audit.

Financial Monitoring Reports. The NCU's responsibilities for preparation of Financial Monitoring Reports (FMRs) are explained in the Project Administrative, Financial and Accounting Manual and in the PIM. The administrative and financial specialist will be responsible for preparing the FMRs, while the Coordinator of the NCU will be responsible for ensuring that they are provided to stakeholders and IDA on a quarterly timely basis. FMRs will provide information that establish (i) whether funds disbursed to projects are being used for the purpose intended; (ii) whether Project implementation is on track; and (iii) that budgeted costs will not be exceeded. Financial information will be linked explicitly with the physical progress and procurement of the Project. The annual financial statements of the Project will be prepared in accordance with generally accepted accounting principles and will include (i) discussion of Project progress, (ii) sources and uses of funds statement, (iii) uses of funds by expenditure type (iv) the output monitoring report, and (v) the procurement report. The audited financial statements will be submitted to IDA no later than six months after the end of the fiscal year. The computerized accounting system will be customized to generate the FMRs required in the forms as indicated in "*Financial Monitoring Reports for World Bank-Financed Projects: Guidelines for Borrowers*". A statement showing cash receipts by sources and expenditures by main classification, beginning and ending cash balances of the Project, and supporting schedules comparing actual and planned expenditures. Adequate financial management arrangements, including the ability to produce a timely FMR, will be in place by credit effectiveness.

Auditing. Project records and accounts will be audited in accordance with international audit standards by an experienced and internationally recognized audit firm acceptable to IDA. The audit reports will be submitted to IDA within six months after the end of Government fiscal year. The auditor will produce their standard short-form report with an opinion on the annual financial statements, the SOEs and the special accounts. In addition the auditors will be required to: (i) carry out a comprehensive review of all the SOEs as well as the internal control procedures governing their preparation for the relevant period under audit; and (ii) review the management and utilization of the special accounts and the Project account; (iii) the auditor will complete their in-depth review, started at interim (see paragraph below), of the internal control system of the Project with a view to identify the major weaknesses and shortcomings and proposing practical recommendations for improvement. Regarding the matching grants for the Financial Support to Rural Communities, the audit firm will review the performance of random beneficiaries, and provide a specific opinion on the effectiveness and efficiency of the lending and distribution procedures. The results of this review would be documented in a Management Letter to be submitted along with the audit report.

The auditors will review and audit, as a part of the Project first year audit, the use of the PPF and PHRD Grant funds covering the period prior to effectiveness. They will also perform interim audits (9 months into the fiscal year) to review the internal control system including management performance, and issue reports to that effect within one month from the end of their work. The findings and recommendations of the interim reports will be addressed by management without delay before the final audit which report is due 6 months after the closing of the fiscal year. The contracting of auditors on a renewable multi-year contract, acceptable to IDA, and certification by the financial auditors that the Project accounting system is operational, is a condition of credit effectiveness.

D. Project Rationale

1. Project alternatives considered and reasons for rejection:

A long-term lending tool. The only feature of the program for which alternative options were considered was the use of an APL. The choice of an APL recognizes that support for community-driven development requires a long-term commitment from the Bank and other donors. Many reforms, especially those related to fiscal, political, and administrative decentralization, require further study and maturation and would take 10–15 years to implement. As part of the preparation process a decision was made to promote a shared understanding with the Government of Cameroon on what the triggers should be for subsequent phases.

A second phase of the National Agricultural Extension and Research Program Support Project. The PNVRA aims to improve farmer productivity and income through an integrated, farmer-oriented agricultural extension system and a demand-driven research system. The project has launched pilot initiatives to assess the needs of village communities and prepare development plans. Lessons from these pilot operations have helped define the PANDP. While some PNVRA activities could be relevant to the PANDP, agricultural services and producer organizations would be supported by other projects under the second thematic branch of the rural development strategy. The PNVRA, originally scheduled to close in 2003, has been extended to June 2004.

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

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
Bank-financed			
Agriculture	National Agricultural Extension and Research Program Support Project (PNVRA), Cr31370, active	S	S
Infrastructure	Douala Infrastructure Project, Cr36940, active	S	S
Infrastructure	Transport Sector Project, Cr28690, active	S	S
Health	Multisectoral HIV/AIDS Project, Cr34540, active	S	S
Energy	Petroleum Development and Pipeline Project, Cr70200, active	S	S
Energy	Petroleum Environment Capacity Enhancement Project, Cr33720, active	U	U
Environment	Cameroon Forestry / Environment, planned,		
Private Sector	Public/Private Partnership, Growth, and Poverty Reduction Project, Cr33590, active	S	S
Other development agencies			
French Cooperation	Local development, Rural development		

German Cooperation	Health, Forestry, Rural development		
DFID	Forestry		
African Development Bank	Local development, Rural development		
FIDA	Local development, Rural development		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

3. Lessons learned and reflected in the project design:

Lessons in Cameroon. The Bank has developed significant community development experience in Cameroon through the PNVRA, the GEF-Biodiversity, and pilot activities during PAPNDP preparation. Lessons have been also learned from projects financed by other development agencies, especially the PDOB (French Development Agency). These operations have shown that:

- Community participation in planning and financing local investments can yield priority investments that better reflect local needs. Other donors have supported similar village- or community-based schemes.
- Working exclusively at the community level has some limitations as well. The main concerns relate to the appropriate selection of investments (some may be larger than any one community needs or can finance), financial sustainability (the need to finance recurrent costs), political accountability (Who is responsible for decisionmaking, how are they selected, to whom are they accountable?), and replicability (How can this be scaled up throughout the country?).
- Capacity-building at the community level must be addressed before transferring resources to communities. Transferring resources without adequate attention to capacity-building could exacerbate rent-seeking behavior by local elites. Participatory processes that empower vulnerable groups would mitigate this risk.
- Responsibilities assigned to local governments must not exceed their level of competence. Transferring resources to local governments without clear management procedures, mechanisms for transparency, and lines of accountability could lead to rent-capturing by local leadership or bureaucracy.
- Adequate follow-up after the establishment of community action plans is necessary. Without continuing support from qualified technicians, up to half of participating communities encounter serious problems implementing their action plans. Support is needed to reinforce the participatory process, train community leaders in financial management, and make administrative arrangements for support from local service providers. The proposed operation includes multisectoral teams to provide this support.

Lessons from other countries. The Bank has supported many community-driven development initiatives in Africa. One of the first projects in Central Africa was the Community Action Program in the Borgou region of Benin. It offers the following lessons:

- Communities must be organized with a special participatory process (village-level participatory approach) to address the development needs of their constituencies, particularly marginalized groups (herders), the underprivileged, women, and the young, and prioritize these needs at community level.
- The training process can be contracted to any operator with the required expertise (consultant firms, government services, NGOs).
- Communities attach more importance to the speed of service delivery and accountability of operators than to the level of contribution (financial or in kind) they have to provide. Bureaucracy

must thus be limited, and intermediaries must be avoided between communities and their institutional partners (project management, financial institutions, government, and services providers).

- Direct communication between communities and project staff is essential. Staff should be recruited locally, provided they have the necessary expertise, or be fluent in at least one local language. Project management must be nimble and close to the beneficiaries (geographically and culturally).
- Operational interinstitutional links must be spelled out clearly in framework contracts from the start of implementation to avoid conflicts and delays (with Government of Cameroon's local services for review and technical support, with financial institutions for the management of funds, and with other partners for technical support and training)
- Even when literacy is very low, communities can carry out procurement efficiently and transparently, often more efficiently than institutions (Government, projects, or NGOs), provided that the necessary steps have been taken to ensure ownership and understanding of the processes and that supporting institutions (project) leave the actual leadership of operations to them.
- Without specific targeting of and outreach to indigenous communities, prior patterns of marginalization are likely to continue.

4. Indications of borrower commitment and ownership:

The Government of Cameroon signed a Rural Development Policy Letter on January 14, 2004 (see Annex 11), that confirms its Rural Development Strategy and the Round Table recommendations, including that (i) local development is one axis of the strategy and (ii) the PNDP would be the framework for local development projects in Cameroon.

To show its willingness to implement a national community development operation, the *Government has earmarked HIPC funds to cofinance the PAPNDP (FCFA 16.3 billion).*

The Government of Cameroon has adopted an Arrêté to spell out the PNDP institutional arrangements (Arrêté 002/PM dated January 9, 2004, "Portant organization du cadre institutionnel d'exécution du Programme National de Développement Participatif")

The Government of Cameroon is engaged in administrative decentralization. As stipulated in Law 74/23 and the 1996 constitution, the Government of Cameroon has begun to create decentralized entities. The commune, governed by an elected mayor and council, will be the decentralized body closest to communities. Communes will have a major role in local development, collecting and depositing financial resources and selecting, implementing, and maintaining local investments.

With the adoption of its Poverty Reduction Strategy, the Government of Cameroon has made poverty reduction a core objective. The PNDP is explicitly detailed in the PRSP as an implementation tool for the second priority ("strengthening of growth through diversification of economy"), the rural sector being a key sector for economic growth. The Government of Cameroon has also earmarked FCFA 60 millions as counterpart funds to be deposited into the project account prior to effectiveness.

5. Value added of Bank support in this project:

The Bank has been active in Cameroon in the area of local development. The Bank has a comparative advantage in supporting community participation, scaling up operations to achieve national coverage, and improving governance at the national and local levels. Other donors, on the other hand, have been much more active in supporting decentralization. While the Bank could contribute to strengthening local government, it would be important to ensure that efforts do not

conflict with the work of other donors.

The Bank has strong multisectoral experience in Cameroon. With its support to forestry, infrastructure, education, health, and agriculture, the Bank has been instrumental over the past decade in helping the Government develop and implement operations enabling communities to gain control over service delivery and resource allocation. The Bank's presence in these sectors would allow it to participate in efforts to harmonize support to community action plans.

The Bank has acquired broad experience with community-driven development projects in Africa. Several community-driven development projects are under way in Africa (Benin, Burkina Faso, Ethiopia, Guinea, Madagascar, Senegal), and some have already entered their second phase. The Bank acquired solid experience in social funds based on the demand-driven development approach.

The Bank is striving for better donor coordination in rural development in Cameroon. The Bank plays a strong role in donor coordination for rural development in Africa, especially in Cameroon. The Bank led several multidonor preparation missions that ended with the financial and technical commitments of several partners. Several multidonor meetings (2001, January 2002 and December 2002) helped finalize the program design. French Cooperation and German Cooperation already declared their support of the PAPNDP. French Cooperation would finance PAPNDP activities with a contribution of US\$ 25 million provided after HIPC completion point. In case of delay of the completion point, IDA-financed activities would not be jeopardized because they do not depend on each other.

E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

1. Economic (see Annex 4):

Cost benefit NPV=US\$ million; ERR = % (see Annex 4)

Cost effectiveness

Other (specify)

The PAPNDP does not lend itself to cost-benefit analysis because:

- All investments would be demand-driven, and their nature can not be known beforehand.
- All eligible subprojects would be nonproductive.
- The economic benefits of capacity-building are difficult to quantify.

Economic criteria are included in the Project Implementation Manual to appraise the economic dimension of subprojects.

2. Financial (see Annex 4 and Annex 5):

NPV=US\$ million; FRR = % (see Annex 4)

Financial mechanism. The PNDP would dispense financial support through a matching grant system. Beneficiaries would have to make a contribution before receiving project funds.

Once a subproject is approved at the province level (by the Provincial Decision Committee), a financing contract would be signed by the relevant PPU and commune. A grant would then be transferred to a bank account especially set up by the commune.

Once a subproject is approved at the commune level (Communal Decision Committee), a financing contract would be signed by the relevant PPU, commune, and community-based organization. The grant would be transferred to a bank account set up by the commune and the community-based organization. FEICOM's mission in the financial mechanism would be determined after its audit.

Fiscal Impact:

The PAPNDP would support fiscal decentralization by assisting the Government in finalizing the legal and regulatory framework, and strengthening communes' financial management capacities. The FEICOM would be strengthened based on the recommendations of the audit report so that it can channel funds to local governments.

3. Technical:

Technical quality. Eligibility criteria in the Project Implementation Manual would be used to appraise the technical quality of subproject proposals. Technical ministries, such as the Ministries of Health, Education, and Public Works, would be involved in the process, including community planning and approval of plans and subprojects, to ensure technical quality and consistency with national standards. Technical ministry clearance would be mandatory before subprojects can be submitted to Decision Committees.

Subprojects implemented with labor-intensive methods and using local workers would receive preference.

4. Institutional:

4.1 Executing agencies:

Consistency with the decentralization agenda. The PAPNDP is designed to support the decentralization now under way. The Government has officially confirmed that the commune will be the most decentralized level in Cameroonian politics. The commune would thus be the center of the PAPNDP's institutional arrangements. Commune Decision Committees would oversee local development, determine consistency, and approve subprojects. The weak technical and financial capacities of communes mean that Decision Committees would initially be independent and part of the PAPNDP, with membership to include the mayor and communal representatives. Once the capacities of the communes have been strengthened, they would take over the responsibilities of the Decision Committees.

Communes and communities. The main actors in the PAPNDP are communes and communities. The project aims to strengthen and empower communes and communities to handle their development. The project would support strong partnerships among communes and communities. Conventions would be signed between them to delegate authority to communities (as set out in the Project Implementation Manual). For community subprojects, although the commune would own the infrastructure, the commune and the community-based organization would open a joint bank account to receive PAPNDP grants, would jointly subcontract to service providers, and would jointly monitor subproject implementation.

4.2 Project management:

Limited managerial and technical capacity is a serious constraint at the decentralized level, particularly in rural areas. The PAPNDP would (i) capitalize and build upon previous community-based initiatives and (ii) deploy considerable resources for capacity-building, especially during the first phase.

4.3 Procurement issues:

The Country Procurement Assessment Review which was carried out in Cameroun in 2000 by a national committee representing all the sectors and a team from The World Bank found that the national

procurement system needed a major reform as the procedures for procurement of works, goods, and services were weak in several areas. The Government, with the Bank's assistance, started to implement the recommended reforms of which the following actions have already been accomplished: (a) preparation of a new procurement code, (b) signature of the decree regarding the Commission des Marchés, (c) audit of public procurement for 2000 and 2001 by an international auditor, (d) establishment of specialized procurement commissions and (e) appointment of independent observers. Since most procurement would be conducted at the local level, during appraisal, a particular attention was paid to procurement rules and procedures that would apply to community-based subprojects and carried out by community participation procedures acceptable to the Bank and described in the Project Implementation Manual. While the NCU at the national level would be responsible for monitoring all procurement-related issues for project implementation, the PPUs at the regional level would be responsible for coordinating project activities at the community level.

4.4 Financial management issues:

At the commune level. Financial management capacity at the commune level varies widely, but overall it is rather weak. The Project Administrative, Financial and Accounting Manual contains current rules, regulations, and procedures to serve as training tools for capacity-building of financial management staff at the commune level and to identify areas requiring further clarification or reform for enhanced transparency and efficiency of financial management.

At the community level. Like the communes, communities need much capacity-building in financial management. Specifically, procedures and mechanisms need to be designed and agreed on to ensure full transparency and the involvement of vulnerable groups. Considerable experience has been acquired in other countries (Benin, Bolivia, Burkina Faso, Indonesia) and in Cameroon. The program preparation team would draw on those experiences in designing financial management procedures for the community level.

5. Environmental: Environmental Category: B (Partial Assessment)

5.1 Summarize the steps undertaken for environmental assessment and EMP preparation (including consultation and disclosure) and the significant issues and their treatment emerging from this analysis.

Preparation of Environmental Assessment documents. As part of the preparation, the following studies were undertaken: (i) an Environmental and Social Management Framework (ESMF), (ii) a Resettlement Policy Framework (RPF), and (iii) an Indigenous People Development Plan (IPDP). Terms of reference were drafted during the participatory pre-appraisal mission with multiple stakeholders. The ESMF and RPF studies were carried out by international and local consultants. The international consultants visited Cameroon January 27–February 13, 2003. The visit included interviews in Yaoundé, field visits to four of the five provinces selected for the program's first phase, and a final workshop held via videoconference. The IPDP was carried out separately, between March 10, 2003 and April 8, 2003, by an international consultant knowledgeable of the Baka, Kola, and Aka (pygmy) ethnic groups. The study included interviews in Yaoundé, two field visits, and two participatory workshops. The reports were issued in the country and in the Bank's Infoshop on June 19, 2003.

Significant issues. Most of the developments or subprojects planned under the PAPNDP's community financial support would be small. Their direct negative environmental and social impacts are therefore likely to be small. The project would not have any large, significant, or irreversible impacts. Because the financial support to subprojects remain very modest and because they would be distributed to many communities during the project's first phase, there is little risk of cumulative impact of combined subprojects. In some areas, though, many community subprojects may create cumulative impacts.

5.2 What are the main features of the EMP and are they adequate?

Principle. The ESMF proposes that environmental and social considerations be fully incorporated into the participatory process for identifying, implementing, and monitoring activities or subprojects, to ensure that operations are screened for potential impacts and are consistent with Bank safeguards.

Mainstreaming environmental and social considerations into the PNP design. Environmental policy formulation is being finalized but is still in an early stage of development in Cameroon. The capacity for environmental management is still weak. Qualified staff trained in impact assessment are scarce, and budgets are inadequate to carry out impact assessments at the community level.

To carry out the environmental impact assessments needed for the project:

- Key focal points in charge of coordinating and implementing the ESMF would be designated (i) in the NCU (a social and environmental specialist), (ii) in the PPU (a social and environmental specialist), and (iii) at the local level (service providers contracted to support community-based organizations and communes in planning and subproject preparation).
- Subproject impact guidelines relevant to the main types of subprojects submitted by CBOs would be developed by the end of the first year to facilitate assessment and formation of recommended measures to mitigate and address potential impacts. The guidelines would be used to train CBOs in performing their own impact studies.
- The PAPNDP would ensure that all levels of project management and service providers are given adequate preparation and sensitivity training in socioenvironmental issues, and would build capacity for implementation of the ESMF and the RPF. Training would be provided in, but not limited to: (i) the use of the project's screening and reporting system, (ii) links between natural resource management and sustainable rural livelihoods, (iii) potential localized and cumulative impacts and suitable mitigation measures, (iv) relevant environmental policies, and (v) the PAPNDP's approach to policy reform and enforcement. The PAPNDP would also provide basic outreach and awareness training for community representatives and interested members of the communities to raise the level of environmental consciousness, promote adoption of the screening checklist by literate community members, and alert communities to environmentally positive subprojects that the PAPNDP could finance. These training and sensitization activities should be incorporated into the training required for smooth functioning of the entire project management system.

Screening subprojects. Communal and Provincial Decision Committees would decide on subprojects. Each proposed subproject would be checked against a screening checklist of social and environmental issues with the assistance, especially during the first years, of the PPUs or service providers. PPUs should encourage literate members of the communities and communes (animal health workers, teachers) to perform this task themselves. The checklist is a simple yes-no checklist, culminating in whether specific advice to the community on environmental mitigation, environmental assessment, Resettlement Action Plans, mini-Waste Management Plans, and mini-Pest Management Plans are necessary. Decisions are based on likely impacts. A full Environmental Impact Assessment is not anticipated to be necessary for all subprojects. The completed screening form would need to be submitted along with the subproject application. The subproject application should have a section on "Environmental and Social Concerns" where design features to avoid negative impacts and capture benefits are described and any "yes" responses on the form are discussed and justified. Committees would then make a determination on the eligibility of subprojects, taking environmental and social factors into account according to Bank safeguards.

Resettlement Policy Framework. Resettlement issues would be identified in the environmental and

social screening. The Resettlement Policy Framework specifies when a Resettlement Action Plan (RAP) or abbreviated RAP is necessary. People affected by the subproject must be identified in the subproject application. RAPs and abbreviated RAPs would be prepared by CBOs with technical support from the social and environmental specialist of the province and a pool of commune and village-level consultants trained in land tenure policies and the Resettlement Policy Framework. Completed RAPs and abbreviated RAPs would be submitted to the decentralized decision committees for screening and approval. RAPs would be submitted to the Bank and the NCU during the first year for quality assurance (and additional training would be provided if gaps in quality are identified). Subsequent RAPs would be reviewed by decision committees and local management units under an independent annual review. Compensation, resettlement, and rehabilitation must be satisfactorily completed and verified before funds can be disbursed for civil works.

Indigenous People Development Plan (IPDP). Without specific measures, pygmy communities would not be able to share in the benefits of the PAPNDP and would face higher risk of marginalization. The project will carry out the following activities to fulfill the requirements of OD 4.20 at end and a budget has been dedicated and approved for implementing these activities :

- Establish equal legal opportunities:
 - Establish equal legal status for Baka, Kola, and Aka individuals (including ID cards) to guarantee that they have the same citizenship rights as other Cameroonians and that they are taken into account by the councils.
 - Establish equal legal conditions for indigenous people CBOs to reduce the risk of further marginalization and dependency on community leaders of other ethnic groups.
 - Establish community forests or traditional hunting zones for indigenous people CBOs to pursue their hunter-gatherer lifestyle;
- Establish equal financial opportunities:
 - Offer Financial Support to the Baka, Kola, and Aka for financing subprojects at a subsidized rate because of their very low economic capacity.
 - Offer special programs to help the Baka, Kola, and Aka benefit from job-creation opportunities (teachers, health personnel, civil servants) related to subprojects approved by the PAPNDP.
- Establish equal organizational opportunities:
 - Assist the Baka, Kola, and Aka in decisionmaking.
 - Provide training on intercultural communication to civil servants and councilors working in subdivisions with indigenous people.
 - Help the Baka, Kola, and Aka establish independent bodies at various levels to coordinate, communicate, and facilitate activities.
 - Include indigenous people representatives in PAPNDP committees.
 - Establish a participatory monitoring and evaluation system for the IPDP of the PAPNDP.
- Equal cultural opportunities:
 - Sensitize the Baka, Kola, and Aka to the risks of development.
 - Assist indigenous people with capacity-building to prevent the loss of traditional knowledge, culture, and livelihoods.
 - Create forums for communication and exchange between indigenous people and other ethnic groups and promote mutual understanding.

5.3 For Category A and B projects, timeline and status of EA:

Date of receipt of final draft: June 13, 2003

All three draft reports have been reviewed by the Bank. The final reports have been adopted by the Government of Cameroon and the Bank, and they were made available in the Bank's Infoshop and in Cameroon on June 19, 2003.

5.4 How have stakeholders been consulted at the stage of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanisms of consultation that were used and which groups were consulted?

a) ESMF and RPF

Stakeholder interviews in Yaoundé and Project Target Areas. Stakeholder consultation was key in achieving the ESMF and RPF objectives. The ESMF and RPF teams consulted stakeholders and key informants in Yaoundé. Four separate field visits to the *Provinces du Nord, du Sud, de l'Ouest et du Centre* were carried out in January and February 2003. The purpose of these visits was to meet local governments and agencies and potential participating communes and communities, and to verify the Bank's initial analysis of the project's potential environmental and social impacts. Key stakeholders consulted on the project included:

- Decentralized technical services.
- Communes.
- Community members.
- Environmental and social NGOs.
- International development agencies and the staff of agency-funded projects.

Wrap-up and completion. A briefing meeting in Yaoundé to present and discuss preliminary findings of fieldwork in the four Provinces was held on February 13, 2003. After comments from stakeholders and Africa Safeguards Policy Enhancement (ASPEN) were incorporated into a draft report, a final workshop to present and discuss the final report took place on April 28, 2003 (through videoconference).

b) IPDP

The IPDP was carried out between March 10 and April 8, 2003, in a participatory manner and in close collaboration with all stakeholders (governmental agencies, donor organization, indigenous population as defined in OD 4.20, other rural populations, NGOs). The study had three phases:

- Government agencies in charge of the PAPNDP (PAPNDP Project Coordination, MINEPAT) and responsible for ethnic minorities (Cellule des populations marginales et des sinistrés, Ministry of Social Services), donor organizations with projects affecting indigenous people (Petroleum Environment Capacity Enhancement Project, World Bank, PGPA/GTZ, Proformat/GTZ, ECOFAC, SNV), NGOs (CERAD, INADES, RACOPY, Catholic Mission) and associations of indigenous people (ASBAK, CODEBABIK) offered background information and assessed the current approaches to integrating indigenous peoples into development.
- The Baka and Kola people were directly consulted during two five-day field missions. Possible impacts and mitigation measurements were discussed with the population as a whole and in separate meetings with young people, the elderly, men, and women.
- After completion of the draft report, its findings and recommendations were discussed in a participatory workshop (including four representatives of the Baka, four representatives of the Kola, and representatives of PAPNDP, the Ministry of Social Services, and several NGOs). The participants agreed with the general findings and recommendations. In a second workshop, the IPDP was adopted by the PAPNDP as an official document of the Government of Cameroon, and an appropriate budget has been included in the project to carry out this work.

5.5 What mechanisms have been established to monitor and evaluate the impact of the project on the environment? Do the indicators reflect the objectives and results of the EMP?

Reporting. The PPU's social and environmental specialists would be responsible for the provinces' annual reports. The NCU social and environmental specialist would complete an annual synthesis of impacts, on the basis of the province's annual report.

Monitoring and evaluation

- The key issues include monitoring of water quality, biodiversity indicators, agricultural production, income generation, health, and population influx. The ESMF outlines indicators, baseline data, and targets, although monitoring indicators depend on specific project contexts.
- Monitoring for the whole project would take place at several levels and be the responsibility of communities, Communal and Provincial Decision Committees, PPUs (by the person in charge of monitoring and evaluation in the PPU in relation with the social and environmental specialists), the NCU (by the person in charge of monitoring and evaluation in the NCU in relation with the social and environmental specialist), and the consultant contracted to undertake the annual audit. It would also be important to include the decision committees in monitoring and evaluation and ensure that results and issues are reported back to them in a timely manner. Monitoring and evaluation reporting should occur monthly and be the primary responsibility of the Monitoring and Evaluation Technicians working with the social and environmental specialists.
- Annual audits of social and environmental performance would be carried out by an independent consultant who would (i) review the paper trail of screening checklists, Environmental Impact Assessments, and resettlement reports; (ii) make field visits to a selected number of community subprojects to investigate compliance with proposed mitigation measures and identify potential impacts that are not being adequately addressed; and (iii) recommend practical improvements.

6. Social:

6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes.

Key social issues. Economic reforms have brought few tangible benefits for the poor. Poverty reduction continues to be a challenge due to poor infrastructure and inadequate delivery of public services. Structural adjustment programs have decreased state spending on health, education, agricultural research, extension services, and road maintenance. Price liberalization and currency devaluation have raised the prices of basic necessities.

Social impact of the program on the population at large. The PAPNDP would make a significant positive contribution to environmental and social sustainability in rural areas, by providing the tools and training to support community-driven development. Potential positive impacts include:

- The PAPNDP would strengthen traditional systems of environmental and social governance and would incorporate community dialogue and traditional chiefdoms.
- In some cases, less poverty in communities would decrease natural resource degradation and encourage conservation, but such safeguards as community management plans need to be in place.
- Strategically placed rural roads and associated services may lead to more sustainable agricultural systems and timely transport of agricultural production.
- More strategically placed small-scale water points would more evenly distribute human and livestock pressures.
- In some areas, efficient management and reversal of natural habitat degradation would have a positive impact on habitats and biodiversity.
- Better understanding of the tools and mechanisms for assessing environmental and social impacts

and participatory approaches to community development would ensure that such tools are used over the long term in communities and villages across the provinces.

- Investments in social infrastructure, such as schools, health clinics, sport and leisure facilities, markets, and the like, would promote sustainable rural development.

The specificity of indigenous peoples (Baka, Kola, Aka). Three pygmy groups are found in Cameroon: the Baka (about 25,000 in the southern part of the Province de l'Est and the eastern part of the Province du Sud), the Kola (about 3,500 in the western part of Cameroon's Province du Sud), and the Aka (fewer than 500 along the border with the Central African Republic). The smaller groups of Aka on the southeastern border are closely related to the Baka. The status of the Baka and Kola communities in southern Cameroon is analyzed in the IPDP.

Competition for space (for logging, conservation, cash crops) and several campaigns to sedentarize them have confined these peoples, who formerly ranged over broad swaths of intact forest as full-time hunters and foragers, to areas where they have "home bases" with agriculture and outlying locales where some hunting is still practiced. The previous relationship of interdependence with sedentary farmers, in which pygmies supplied village labor during the hunting off-season and villagers relied on the pygmies' production of meat and wild forest products, has evolved into the pygmies' increased dependency on villagers for cash, work, and a few government-derived social services. Unlike other ethnic groups, however, pygmy communities are not full-fledged citizens of Cameroon. There is not a single Baka or Kola civil servant, no pygmy members belong to the 339 village councils, and only one of Cameroon's 13,000 villages is headed by a pygmy. Rough estimates of cash income indicate that pygmy households earn about a third of the average rural income. The issues they face include:

- *Most Baka and Kola do not have ID cards or birth certificates* because they cannot afford the US\$25 fee and because administrators are unfamiliar with pygmies. The pygmies cannot participate in civic life, register to vote, or interact on a legal basis with governmental services.
- *Baka and Kola settlements are usually not considered independent villages, administratively speaking*, and are therefore usually unable to articulate their needs to government institutions. The interests of the Baka and Kola are often at the mercy of elected mayors who see themselves as representing a mostly Bantu constituency.
- *Lands of ethnic minorities, hunter-gatherer societies, or settlements without legal status as independent villages do not have any form of legal protection.* Pygmies have no way to acquire rights to "community forests" or to defend the remnants of their "homelands" from outside interests.

An Indigenous People Plan is currently being implemented through FEDEC (Petroleum Environment Capacity Enhancement Project) and is assisting already Baka and Kola communities in southern Cameroon. Activities include: ID cards distribution, health assistance, school supplies delivery, agricultural inputs delivery. PAPNDP-IPDP activities will be coordinated with FEDEC in areas where the two plans overlap. A formal agreement highlighting operational modalities for coordination is under preparation.

Outcome of the IPDP process

- The PAPNDP respects the dignity, rights, and culture of the Baka, Kola, and Aka.
- The PAPNDP ensures that the Baka, Kola, and Aka receive benefits from the PAPNDP that are at least equal to, or better than, those enjoyed by other ethnic groups.
- The PAPNDP assists the Baka, Kola, and Aka to improve their legal, political, societal, economic, cultural, and psychological situation.
- The Ministry of Social Services is empowered to carry out the mandate assigned to the Department of Marginalized Populations and its underfunded divisional delegations.

- Important synergies with NGO partners are achieved by taking up the cause of these dispossessed people.

6.2 Participatory Approach: How are key stakeholders participating in the project?

Consultation and participation during preparation. All stakeholders have been involved in project preparation. The preparation group includes representatives of the Government, the private sector, NGOs, and the mayors of main cities and rural towns. Several workshops have been organized in various regions, and field missions have visited communities to seek comments and advice.

Consultation and participation during implementation. The program is participatory in its approach. The principal actors under the PAPNDP are communities within rural communes. After a participatory assessment, a base community would prepare its local development plan that reflect perceived priorities and elect a council to represent them. This whole process would be facilitated by operators hired by the project. Community-based organizations within the base community would then prepare subprojects requests and submit them.

The Communal Decision Committee which approves CBOs subprojects, would consist of representatives of decentralized technical ministries, community-based organizations, rural communes, and NGOs.

The Provincial Decision Committees which approve communal subprojects, would be comprised of representatives from public services, communes, the National Assembly, and NGOs.

The Steering Committee would include representatives from the ministries affected by program activities, representatives of beneficiaries, and representatives of civil society. Donors would also be represented (as observers).

6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

NGOs and civil society are among the key stakeholders and would participate in project implementation. The PAPNDP would rely heavily on NGOs with participatory experience to assist communities in assessing their needs, organizing themselves, and preparing and implementing subprojects. Baka and Kola organizations in particular, such as ASBAK and CODEBABIK and the NGOs working with the Baka and Kola, would have key roles in IPDP implementation. They should receive preferential financial conditions and benefit from the capacity- building and training activities of PAPNDP components.

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

See E 6.2. All institutional entities would have representatives of all stakeholders so that all interests are expressed.

6.5 How will the project monitor performance in terms of social development outcomes?

See E 5.5 for general social monitoring. (The process would be the same as for environmental monitoring.). In addition:

For the IPDP. The IPDP proposed an independent, participatory monitoring and evaluation system for the IPDP. For monitoring and evaluating the impacts of mitigation strategies, an independent supervisory body that integrates indigenous people into the PAPNDP would be more effective than leaving these tasks to the program's Bantu-only monitoring and evaluation unit. An international supervisory body should conduct biannual evaluations of the IPDP. Qualified Baka and Kola representatives should be allowed to participate in the PAPNDP's national monitoring and evaluation

meetings. Draft impact indicators have been developed, and one of the first tasks of participatory impact monitoring is to redefine them. Due to unreliable data collected during the baseline study for the monitoring and evaluation system, the size and distribution of Baka, Kola, and Aka populations in divisions and subdivisions need to be clarified.

For the RPF. RAPs would be submitted to the Bank and the NCU during the first year for quality assurance (and additional training would be provided if gaps in quality are identified). Subsequent RAPs would be reviewed by decentralized decision committees and local management units under an independent annual review.

7. Safeguard Policies:

7.1 Are any of the following safeguard policies triggered by the project?

Policy	Triggered
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Forestry (OP 4.36, GP 4.36)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Pest Management (OP 4.09)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Cultural Property (OPN 11.03)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Indigenous Peoples (OD 4.20)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Involuntary Resettlement (OP/BP 4.12)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Safety of Dams (OP 4.37, BP 4.37)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)*	<input type="radio"/> Yes <input checked="" type="radio"/> No

7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies.

Environmental assessment. OP 4.01 was triggered because of the potential for negative environmental impacts, mainly of a localized nature and associated with activities to be financed by the community investment fund. An ESMF was designed to ensure that the PAPNDP complies with the country's environmental policies and donor safeguards. Most negative impacts can be mitigated and are addressed under the ESMF by the screening and review procedures. But Cameroon's environmental management capacity is currently very weak. So a list of projects not to be financed during the first year of project implementation, until sufficient capacity for screening and mitigating subproject impacts is developed, has been made. The ESMF also identified the major environmental and social issues that could result from project interventions and proposed measures, including training and monitoring, to mitigate them. The EA has been disclosed by the Government of Cameroon on June 19, 2003.

Natural habitats. The OP 4.04 was triggered because of the potential for PAPNDP activities to affect natural habitats. The project borders or operates in several natural habitats, specifically in the North (Faro, Bénoué, and Bouba-Ndjidda) and in the South (Camp-Ma'an). Moreover, the PAPNDP aims to finance investments in natural habitats and biodiversity conservation. Cameroon possesses great biodiversity and several legally protected areas. The ESMF would identify any potential impacts that project-financed activities may have on natural habitats, reserves, or protected areas.

Forestry. The PAPNDP aims to support natural resource management through several subprojects, including soil protection and restoration, reforestation and woodlots, support for simple management plans for community forests, and management of buffer zones around protected areas, including forested zones. It is unlikely that subprojects would adversely affect the use or sustainability of forested

areas in Cameroon, but there is potential for indirect impact on forestry resources due to the demand for construction materials. To mitigate this risk, appropriate criteria have been added to the screening tools to address potential impacts on forestry resources. Moreover, training under the PAPNDP would focus on boosting awareness of community forest protection, illegal logging, and poaching.

Pest management. In some cases subprojects proposed by the program have the potential to introduce or increase pesticide use into certain areas and villages in Cameroon. The project is not expected to promote widespread pesticide use, but it has included appropriate criteria in the screening tools to address issues of pesticide use and would require a mini-Pest Management Plan for microactivities triggering this criterion. During the first year of the project, technical assistance would be provided for an Integrated Pest Management Framework to address the project's effects on pest management.

Cultural property. Cameroon has a rich and diverse cultural heritage and is home to ancient tribes and civilizations. The main concern in terms of cultural property is related to construction work required for certain small infrastructure projects. To mitigate the risk of negative impacts on cultural property, community training and technical service providers would ensure that chance find procedures are incorporated into civil works contracts and that buffer zones are created to avoid damaging cultural assets such as traditional or "sacred" forests.

Indigenous people. Because the PAPNDP is a national program focusing mainly on rural areas, it can be expected to affect ethnic minorities, and particularly those referred to as "pygmies." According to OD 4.20, an IPDP provides information supplementary to the ESMF and the RPF. An IPDP has been prepared to ensure that the PAPNDP would respect the dignity, rights, and culture of Cameroon's "pygmy" populations and that they benefit from the PAPNDP. The IPDP has been disclosed by the Government of Cameroon on June 19, 2003.

Involuntary resettlement. Community-driven development experience shows that infrastructure subprojects—primarily improvements to roads, irrigation and water control, wells and schools—sometimes cause loss of land or loss of access to other resources, particularly for new physical works or changes in the configuration of existing infrastructure. Land tenure and property rights are regulated by the national land tenure system, but traditional land tenure systems are in place at the community level. Communal land is typically volunteered or chosen by the village elders for community development. It is unlikely that microinvestments financed by the PAPNDP would result in involuntary resettlement of individuals, since communal laws and traditional practices strive to avoid this. But to mitigate any involuntary resettlement, an RPF was prepared for planning resettlements under the PAPNDP in compliance with Bank policies and principles, namely OP 4.12 for Involuntary Resettlement, and the land tenure policies and regulations of Cameroon. The RPF would ensure that all subprojects are screened for potential resettlement and that appropriate steps are taken to compensate affected persons. The screening tools provided by the ESMF have been designed to address issues of resettlement and land acquisition in parallel with the screening criteria developed by the RPF. The RPF has been disclosed by the Government of Cameroon on June 19, 2003.

Projects in international waterways. Cameroon borders six countries (Central African Republic, Chad, the Republic of Congo, Equatorial Guinea, Gabon, and Nigeria) and shares a number of waterways. This safeguard policy applies to the PAPNDP because subprojects might have an impact on waterways (small dams, water delivery infrastructure). The notification process took place in accordance with the requirements of this policy.

F. Sustainability and Risks

1. Sustainability:

Sustainability of institutional arrangements. Because of weak local institutions, efforts at local development could disappear when external donors leave. National institutions lack the capacity and resources at the local level to take responsibility for donor-sponsored development efforts and to sustain them. The project is designed to strengthen community and commune institutional frameworks so that support to local development becomes more sustainable.

The responsibilities of the Communal Decision Committees and Provincial Decision Committees would be progressively transferred to decentralized authorities. Communal Decision Committees and Provincial Decision Committees would disappear by the end of the PNDP. An ongoing study on institutional sustainability would more precisely define how these responsibilities would be transferred.

HIPC financial resources. Cameroon is expected to reach its HIPC completion point by June 2004, generating considerable savings over the next 20 years, with a cumulative net present value projected to reach US\$1.5 billion. This funding opportunity, together with donor contributions, would put rural development on a sustainable path. The Government has already approved a HIPC contribution of FCFA 16.3 billion to cofinance the first phase of the PNDP.

FEICOM. The FEICOM was established in 1974 to bring technical and financial assistance to decentralized authorities. It was designed to be a major instrument for decentralization in Cameroon. FEICOM has already approved a FCFA 2 billion to cofinance communal subprojects and capacity building activities at the commune level during the first phase of the PNDP.

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

Risk	Risk Rating	Risk Mitigation Measure
From Outputs to Objective		
Lack of coordination between PAPNDP and national sectoral policies	S	Regionalized technical ministries would be involved in decision committees.
Lack of coordination between communities and communes	M	Commune representatives will be involved in decision committees.
Lack of interest in PAPNDP activities by local populations	N	The demand for social infrastructures is very high. But strong outreach and communication campaigns on PAPNDP activities would be launched throughout targeted regions.
From Components to Outputs		
Communities lack resources to cofinance subprojects	M	The financial management capacities of communities would be strengthened. Microfinance institutions would be supported.
Lack of a safe financial system for channeling funds to beneficiaries	S	The PAPNDP would use different ways to transfer financial resources, including local microfinance institutions. The PAPNDP would support microfinance expansion in rural areas.
Lack of competent service providers	S	Technical feasibility would be considered when subprojects are approved.
Beneficiaries are unwilling to be involved in a participatory approach	N	Strong outreach campaigns on participatory techniques and strengths would be launched in targeted areas.

Local committees are not elected in a transparent and democratic way	M	Maximum involvement of communities, encouragement of discussions.
Overall Risk Rating	M	

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

3. Possible Controversial Aspects:

G. Main Loan Conditions

1. Effectiveness Condition

- The Borrower has opened a Project Account and the initial contribution of CFAF 60 million has been deposited in it.
- The Borrower has appointed independent auditors, under terms and conditions acceptable to IDA.
- The Borrower has installed a financial management, accounting, and monitoring and evaluation system acceptable to IDA.

2. Other [classify according to covenant types used in the Legal Agreements.]

- Within six months of the Effective Date, the Borrower shall have remitted to the Association the audit report on the FEICOM, and adopted an action plan, satisfactory to the Association, for the channeling of funds to communes.
- Within six months of the Effective Date, the Borrower shall ensure that representatives listed in the Project Implementation *Arrêté* (Arrêté 002/PM dated January 9, 2004 *portant organisation du cadre institutionnel d'exécution du PNDP*) are designated within the SC.

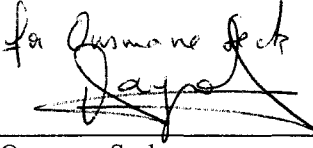
H. Readiness for Implementation

1. a) The engineering design documents for the first year's activities are complete and ready for the start of project implementation.
1. b) Not applicable.
2. The procurement documents for the first year's activities are complete and ready for the start of project implementation.
3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
4. The following items are lacking and are discussed under loan conditions (Section G):

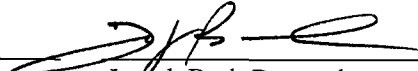
I. Compliance with Bank Policies

1. This project complies with all applicable Bank policies.

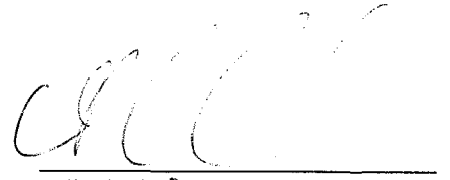
2. The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies.



Ousmane Seck
Team Leader



Joseph Baah-Dwomoh
Sector Manager/Director



Ali Khadr
Country Manager/Director

Annex 1: Project Design Summary
CAMEROON: Community Development Program Support Project

Hierarchy of Objectives	Key Performance Indicators	Data Collection Strategy	Critical Assumptions
<p>Sector-related CAS Goal:</p> <p>Strengthening the institutional framework for improved pro-poor economic management and service delivery.</p>	<p>Sector Indicators:</p> <ul style="list-style-type: none"> ● Percentage of poor per region. ● Rural GDP per capita. ● Percentage of households with access to safe water. ● Rural medical coverage. ● School enrollment rate in rural areas. 	<p>Sector/ country reports:</p> <ul style="list-style-type: none"> ● PRSP surveys. ● National statistics (INS). ● UNDP human development reports. ● National surveys. ● Rural sector monitoring system reports. 	<p>(from Goal to Bank Mission)</p> <ul style="list-style-type: none"> ● Country remains politically stable. ● HIPC funds are used to satisfy needs in sectors key to reducing poverty.
<p>Program Purpose:</p> <p>Sustainable rural development through community empowerment and strengthened local governance.</p>	<p>End-of-Program Indicators:</p> <ul style="list-style-type: none"> ● 75% of targeted communities are organized and have adopted a local development plan. ● 60% of community-based organizations have access to basic services (water, education, health, transport). ● 80% of rural communes show good governance performance (criteria in the Project Implementation Manual). ● Women and pigmies are satisfied with the PAPNDP. 	<p>Program reports:</p> <ul style="list-style-type: none"> ● Supervision missions. ● Midterm and final review. ● National surveys. ● Beneficiary assessments. ● Reports of the PRSP. 	<p>(from Purpose to Goal)</p> <ul style="list-style-type: none"> ● Participatory approach adopted by central and local stakeholders. ● Project benefits accruing to a sufficient number of communities. ● Absence of major crisis (war, drought, epidemics). ● External funding sources continue to finance the program.
<p>Project Development Objective:</p> <p>To set up and make operational a decentralized and participatory financing mechanism to ensure community development in rural areas.</p>	<p>Outcome / Impact Indicators:</p> <ul style="list-style-type: none"> ● Local development plans of at least 50% targeted CBOs within the 38 targeted communes have been approved. ● 50% of these community-based organizations have fully implemented at least one subproject. ● Communal development 	<p>Project reports:</p> <ul style="list-style-type: none"> ● Supervision missions. ● Midterm and final evaluations. ● Program monitoring and evaluation reports. ● Rural Development Sector Monitoring Unit reports. ● Sample studies and surveys. 	<p>(from Objective to Purpose)</p> <ul style="list-style-type: none"> ● Continued support from the Government. ● Absence of political or social crisis in the country or concerned regions.

	<p>plans of at least 75% targeted communes have been approved.</p> <ul style="list-style-type: none">● 50% of these communes have fully implemented at least one subproject.● 75% of targeted community-based organizations have benefited from training programs.		
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Hierarchy of Objectives	Key Performance Indicators	Data Collection Strategy	Critical Assumptions
<p>Output from each Component:</p> <p>1.Supporting local development (FADCR)</p> <ul style="list-style-type: none"> ● A matching grants facility has been set up to support rural community development. ● Rural communities have better access to basic infrastructures and services. ● Collective infrastructures are well managed and maintained. <p>2. Supporting the decentralization process</p> <ul style="list-style-type: none"> ● Capacities of communes are strengthened in human resources, financial management, basic infrastructure implementation, and maintenance. 	<p>Output Indicators:</p> <ul style="list-style-type: none"> ● 70% of subprojects approved for more than six months have been completed. ● Time elapsed between subproject approval and financing is less than 45 days. ● By midterm review 45% of subprojects approved for more than six months have been completed. ● By midterm review at least 50 classrooms, 30 water supply infrastructures, and 15 health posts have been built or rehabilitated and at least 10 rural road improvement subprojects have been completed. ● By end of the project, at least 500 subprojects have been implemented. ● At least 150 classrooms, 150 water supply infrastructures, and 50 health centers have been built or rehabilitated and at least 30 rural road improvement subprojects have been completed. <ul style="list-style-type: none"> ● By the midterm review, staff and/or elected authorities of at least 12 out of 38 Communes have benefited from training sessions or sensitization campaigns. ● By the end of the project, staff and/or elected authorities of 100% of the targeted Communes in the Project Area have benefited from training sessions or sensitization campaigns. ● By the end of the Project, decentralization legal texts have been prepared. ● At least 50% of targeted 	<p>Project reports:</p> <ul style="list-style-type: none"> ● Development plans. ● Project monitoring and evaluation reports. ● Accounting and financial reports. ● Field missions. ● External audits. <ul style="list-style-type: none"> ● Project monitoring and evaluation reports. ● Field missions. ● External audits. 	<p>(from Outputs to Objective)</p> <ul style="list-style-type: none"> ● Willingness of beneficiaries to use facilities and services financed by the project. ● Good collaboration between communes and Decision Committees. ● Good coordination between PNDP activities and sector policies. <ul style="list-style-type: none"> ● Democratic process remains functional.

3. Capacity-building at the local level

- Communities are organized and have prepared development plans on a participatory process.
- Communities implement their subprojects.
- Priority training needs have been identified and fulfilled.

4. Supporting project management and coordination, monitoring and evaluation, and communication

- Efficient staff is in place to manage the project.
- Project data are regularly

communes have a rate of fiscal covering higher than 50% as compared with the baseline.

- At least 50% of targeted communes have a rate of implementation of their budget higher than 50% as compared with the baseline.
- By the midterm review, local development plans of at least 15% of targeted community-based organizations within 38 targeted communes have been approved.
- By the midterm review, communal development plans of at least 30% of the 38 targeted communes have been approved.
- By end of the project, local development plans of at least 50% of targeted community-based organizations within 38 targeted Communes have been approved.
- Communal development plans of at least 75% of the 38 targeted communes have been approved.
- The implementation ratio of training plans established by the PPU's to the benefit of community-based organizations reaches at least 55%.
- A properly grounded decision has been rendered on at least 95% of subprojects submitted to Communal and Provincial Decision Committees.
- 70% of infrastructures carried out under the subprojects are maintained and operational.
- By the end of the Project, at least 80% of the reports to be prepared by NCU under the Project Monitoring and Evaluation Manual have been timely issued.
- 70% of reports produced by

- Project monitoring and evaluation reports.
- Field missions.
- Committees and service provider reports.

- Field missions.
- Project monitoring and evaluation reports.
- External audits.
- Investigations near recipients.

- Committees are constituted in a transparent and democratic way.

<p>disseminated to all stakeholders.</p> <ul style="list-style-type: none"> ● Beneficiaries are efficiently involved in project monitoring and evaluation. 	<p>the communities are rated satisfactory.</p> <ul style="list-style-type: none"> ● At least 80% of contracts signed by NCU have been executed on time. 		
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Hierarchy of Objectives	Key Performance Indicators	Data Collection Strategy	Critical Assumptions
<p>Project Components / Sub-components:</p> <p>1. Supporting local development (FADCR)</p> <p>2. Supporting the decentralization process</p> <p>2.1. Support to finalization of regulatory framework</p> <p>2.2. Capacity building for communes</p> <p>2.3. Sensitization on decentralization</p> <p>3. Capacity-building at the local level</p> <p>3.1. Support for preparation of LDP/CDP, subprojects</p> <p>3.2. Specific trainings and outreach campaigns for communities</p> <p>4. Supporting project management and coordination, monitoring and evaluation, and communication</p> <p>4.1. Management and coordination</p> <p>4.2. Project monitoring and evaluation</p> <p>4.3. Communication</p>	<p>Inputs: (budget for each component)</p> <p>US\$ 53.07 million IDA: US\$ 10 million</p> <p>US\$ 5.56 million IDA: US\$ 0.86 million</p> <p>US\$ 10.22 million IDA US\$ 3.59 million</p> <p>US\$ 13.97 million IDA US\$ 5.55 million</p>	<p>Project reports:</p> <ul style="list-style-type: none"> ● Disbursement reports; ● Supervision missions; ● Mid-term and final evaluations; ● Technical reviews and audits. <p>as above</p> <p>as above</p> <p>as above</p>	<p>(from Components to Outputs)</p> <ul style="list-style-type: none"> ● Communities have resources to cofinance subprojects. ● A safe financial system exists to bring funds to beneficiaries. ● Continued willingness from the Government to strengthen communes. ● Service providers are available and competent. ● Local governments are respected and elected transparently. ● Service providers are available and competent. ● Elected committees are respected and competent. ● Full collaboration of all relevant implementing agencies. ● Funding is secured. ● Willingness of beneficiaries to be involved in participatory monitoring and evaluation.

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Annex 2: Detailed Project Description
CAMEROON: Community Development Program Support Project

By Component:

Project Component 1 - US\$53.07 million
IDA Credit: US\$10 million

Supporting local development

Objective:

The Community Development Program Support Project (PAPNDP) would channel grants to rural community-based organizations (CBOs with legal status) and rural communes to cofinance their proposed subprojects to reduce poverty by addressing their priority needs.

Mechanisms:

- *Community subprojects.* Base communities are made up of people living in one or several villages, districts, hamlets, or campments sharing use of the space and natural resources around the settlements. With technical assistance provided by the project (supported by component 3), each community would conduct a participatory assessment of their needs and prepare a local development plan to spell out their priorities. Decentralized technical ministries (health, education, transport, etc) and communal authorities would be involved in the planning process to ensure that local developments are consistent with national standards and policies and with planned activities and infrastructures in the commune. The local development plans would then be sent to Communal Decision Committees (CDC), comprised of representatives from decentralized technical ministries, rural communes, community-based organizations, and non governmental organizations (NGOs). The CDC would look at the consistency of local development plans with national policies. After the CDC approves the local development plan, community-based organizations would then prepare subprojects' requests. CBOs might contract service providers to prepare all technical documents related to their requests, and these costs would be considered part of the subproject's costs. The subproject's technical documentation would be sent to the Communal Decision Committee for approval based on the eligibility criteria (see below).
- *Communal subprojects.* The project would provide technical assistance to rural communes (supported by component 3) to prepare communal development plans. Community-based organizations would be closely involved in this process. Communal development plans would address intervillage issues and specific communal needs rather than combining several local development plans. The communal development plans would then be sent for approval to a Provincial Decision Committee, comprised of representatives from decentralized technical ministries, communes, the National Assembly, and NGOs. The Provincial Decision Committee would be responsible for coordinating PAPNDP activities in the province. After the communal development plan has been approved, communes would prepare and submit subproject proposals, and the Provincial Decision Committee would be responsible for reviewing and approving them, according to specific eligibility criteria (see below). The decision committee would check the technical and financial feasibility of the subproject and its consistency with national standards and social and environmental screening.

Community-based organizations and communes may receive grants for any public subproject they deem important as long as they meet the following eligibility criteria:

- Beneficiaries are eligible and have the legal status to implement and maintain the subproject.

- The subproject is consistent with the local development plan or communal development plan.
- The subproject is not included in the negative list contained in the Project Implementation Manual.
- Beneficiaries contribute an agreed share of the value of the investment, as detailed in the Project Implementation Manual (0–15%).
- The subproject's total cost is less than FCFA 15 million for a community subproject and FCFA 75 million for a communal subproject.
- There is no other source of financing proposing to finance the same activities (excluding cofinancing).
- The subproject is consistent with national standards.
- The subproject is consistent with PAPNDP environmental and social safeguard policies.
- A specific subproject management committee has been established, and adequate arrangements are in place for financing maintenance and other incremental recurrent costs related to the subproject (human and financial resources).

Communes will have ownership of all infrastructure, whether the subproject has been requested by a community or not. When a communal subproject has been approved, the Provincial Project Unit (PPU) would transfer a grant to an account opened by the commune. For a community-based organization subproject, the commune would sign an agreement with the CBO to delegate implementation and management responsibilities. The community-based organization and the commune would open a joint account to receive the grant.

Eligible subprojects:

Subprojects may be:

- Collective social investments, including schools, classrooms, teacher training, literacy, health posts, HIV/AIDS prevention centers, health personnel training, rural roads and bridges, rural electricity, wells, latrines, and land tenure initiatives.
- Public marketing infrastructures such as markets, storage, and slaughterhouses.
- Natural resource management activities for soil erosion control, soil fertility control, and community forest management.
- Rural finance subprojects to strengthen microfinance institutions.

Resources would be allocated to beneficiaries on a first-come, first-serve basis to encourage dynamic communities and communes and to address as many basic needs as possible.

FEICOM:

The *Fonds Spécial d'Équipement et d'Intervention Intercommunale* (FEICOM) was established in 1974 to bring technical and financial assistance to decentralized authorities. It was designed to be a major instrument for decentralization in Cameroon. FEICOM will participate in the implementation of PAPNDP in several ways: (i) FEICOM would mobilize Centimes Additionnels Communaux as contributions for communes to cofinance subprojects, (ii) FEICOM would contribute to the monitoring of communal subprojects implementation, and (iii) FEICOM would cofinance the PAPNDP as a donor (FCFA 1.7 billion). FEICOM is currently being audited, and, depending on the results, its involvement in the Community Development Program (PNDP) might be more intense.

Cost and financing:

An IDA Credit (US\$10 million) would cofinance subprojects in the targeted rural communes.

Project Component 2 - US\$5.56 million

IDA Credit: US\$0.86 million

Supporting the decentralization process

Objective:

This component aims to strengthen local governance to give accountable decentralized authorities the legal authority and human and financial resources needed for local development. It includes three subcomponents.

Subcomponent 2.1 Support to the finalization of the legal and regulatory framework for local governance:

Although decentralization is well under way, its agenda is still incomplete. Neither local rights and responsibilities, nor the means to fulfill them, are fully defined. The PAPNDP would support studies and technical and advisory services to support the finalization of the preparation of legal and regulatory framework for local governance in particular regarding fiscal decentralization, including on mechanisms to transfer funds to municipalities. It may include support for a mechanism, such as the FEICOM, to channel funds to municipalities. The current audit would propose recommendations that might be implemented with the PAPNDP's support.

Subcomponent 2.2 Capacity-building for communes

Elected authorities are in place, but their capacity varies widely. Procedures for budget allocation, budget release, and financial management are not always clear or respected, human resources are lacking, elected officials and commune staff are not always aware of their roles and responsibilities, and logistical support (information technology and transportation) at the commune level is very weak in most cases. A "commune graduation program" would be developed to assess the capacity and performance of communes. Each commune would be assessed according to criteria determined in a participatory manner (involving mayors, administrative services, civil society, and donors). These criteria would assess (i) poverty in the commune and (ii) local governance. Based on this assessment, specific capacity-building activities would be designed for each commune, and regular capacity assessments would produce progress reports. Communes would gradually build up their capacity and take on more responsibilities, including the temporary Communal Decision Committee responsibilities, with the ultimate goal of handling local development with no support from the PAPNDP.

The project would finance:

- i. Studies to assess communes' capacities and develop capacity-building programs.
- ii. Training (communal accounting, decentralization, conflict resolution, local development) for elected decentralized authorities and commune staff.
- iii. Accounting agents to be progressively taken charge by communes.
- iv. Equipment, mainly information technology, to allow adequate financial management and monitoring and evaluation.

Subcomponent 2.3 Sensitization on decentralization

The project would support the MINATD outreach and communication campaigns for administrative decentralization. It would finance (i) workshops on decentralization, (ii) trainings, and (iii) field trips in Cameroon and in other countries where decentralization is more advanced.

Cost and financing:

IDA Credit would support subcomponent 2.1. The IDA would also finance capacity-building for communes (activities (i)(ii)(iii), and (v) of subcomponent 2.2.) in the targeted rural communes and

contribute to activities (i), (ii), and (iii) of subcomponent 2.3.

Project Component 3 - US\$ 10.22 million
IDA Credit: US\$3.59 million

Capacity-building at the local level

Objective:

This component aims to strengthen and empower communities to get involved in decisionmaking and have an active role in local development. It includes two subcomponents.

Subcomponent 3.1. Support for preparation of local and communal development plans, subprojects, and implementation

The approach would be as flexible as possible depending on the regional context, but the participatory approach would be systematically used.

Preparation of development plans and subprojects:

- *Community level.* NGOs or technical agents would assist communities in (i) defining their members, territory, assets, and common interests; (ii) assessing their issues and needs; (iii) perceiving their priorities; and (iv) drafting their local development plans. A local development plan would include (i) background with a map and the current situation, (ii) priority issues, (iii) solutions and their impacts, (iv) related estimated costs, (v) programming, and (vi) monitoring and evaluation arrangements. Decentralized technical services and communal authorities would always be involved in planning to ensure consistency with communal activities and national policies. The plan would have to be approved by the whole community. Underprivileged groups would be specifically targeted to involve them in the participatory process. Each community would democratically elect representatives to the Communal Decision Committee. A community-based organization would then be responsible for preparing subproject technical documents and might contract as needed. The PAPNDP would cover costs under the first component, considering them part of the subprojects' global costs.
- *Commune level.* Service providers would assist rural communes in preparing a communal development plan. Each communal development plan would be prepared in a participatory manner, involving community-based organizations, decentralized technical services, and traditional authorities. Communal development plans would address intervillage issues and specific communal needs rather than combining several local development plans. Communal development plans would include (i) background with a map and the current situation, (ii) priority issues, (iii) solutions and their impacts, (iv) related estimated costs, (v) programming, and (vi) monitoring and evaluation arrangements. The commune would then be responsible for implementing the plan and for preparing subproject technical documentation.

Support to subproject implementation:

NGOs or technical agents would be contracted to strengthen the beneficiaries' capacity to implement subprojects by providing training in community-based procurement, financial management, and project management.

The Communal Decision Committees and Provincial Decision Committees would be strengthened to enable them to appraise and approve subprojects, in accordance with PAPNDP principles. The project would support (i) part of their operating costs (including regular field missions to supervise implementation of approved subprojects) and (ii) training in such areas as local development, Cameroonian sector policies, strategic planning, safeguard policies, and participatory monitoring.

Subcomponent 3.2. Specific training and outreach campaigns to improve communities' livelihoods and reduce poverty.

While assisting communities in the participatory planning process, facilitators would be able to assess community capacities and design specific training and outreach programs to be implemented by specialists contracted by the project. After each training or outreach campaign, beneficiaries would be surveyed to determine quality and impact. Themes addressed by trainings and outreach campaigns would include literacy, HIV/AIDS prevention, hygiene, nutrition, community-based integrated environmental management, community forestry, microcredit and savings, and safeguard issues. Specific attention would be given to marginalized groups, especially indigenous people, as described in the Indigenous People Development Plan.

Cost and financing:

An IDA Credit (US\$3.59 million) would contribute to subcomponents 3.1 and 3.2 in the targeted rural communes.

**Project Component 4 - US\$13.97 million
IDA Credit: US\$5.55 million**

Supporting project management and coordination, monitoring and evaluation, and communication

Objective:

This component aims to allow all actors of the project and the rural and local development sector in general to share information and tools. This component includes three subcomponents.

Subcomponent 4.1 Management and coordination

This subcomponent would finance project implementation, project coordination, and financial management. Project implementation includes (i) operating costs of the National Coordination Unit (NCU) and the five Provincial Project Units (PPUs), (ii) equipment and vehicles, (iii) rehabilitation of office space, and (iv) trainings to strengthen PAPNDP's management entities (procurement, financial management, disbursement, monitoring and evaluation). Project coordination includes specific workshops and meetings aimed at better coordination among ministries, a better liaison with donors, and better national communication. Financial management includes consultant services for procurement, audits (financial and technical), and accounting, as needed.

Subcomponent 4.2 Project monitoring and evaluation.

The project monitoring and evaluation subcomponent is designed to (i) ensure sound management of the project through daily technical and financial monitoring of its activities; (ii) enforce strategic, technical, and operational links between the program and sector strategies, other development programs and projects, and all stakeholders involved (particularly beneficiaries); and (iii) optimize the management of information generated and used by project management units. Stakeholders at every level would be involved in gathering, processing, analyzing, storing, and disseminating the information required for transparent and efficient decisionmaking, and for sound financial and technical monitoring of activities. The subcomponent would rely on (i) a monitoring and evaluation system to follow activities in financial and technical terms and (ii) a knowledge management system for decisionmakers.

The monitoring and evaluation system:

The monitoring and evaluation system of the PAPNDP is critical for managing the program's large volume of information—the subproject cycle, the PPU, community performance—and for aggregating information used to evaluate the program's impact. The management information system would have three modules. The PPU would have a streamlined version of the system with information needed from the NCU. PPU would gather information from local beneficiaries and stakeholders and dissemination lessons and best practices to beneficiaries, thus ensuring effective participatory evaluation and program steering. The database would be synchronized each month among the provincial and central levels. As program coverage progresses, the system would be set up in the concerned province.

Accounting and financial monitoring. During preparation of the project, a consulting firm specializing in financial and accounting systems was recruited to (i) develop the software and install it in the NCU and PPU, (ii) train staff, and (iii) provide six months of technical assistance to the NCU and PPU. Reports prepared in the Financial Monitoring Report format would be issued quarterly. The project would conduct annual financial audits of the NCU and PPU.

Activity monitoring and evaluation. A system has been developed to monitor and evaluate the project's performance and impacts. This monitoring and evaluation system would provide information to (i) set clear and realistic objectives for each activity, (ii) measure gaps between targets and actual results to identify problems with implementation, (iii) propose options and arrangements to address those issues, and (iv) better inform the stakeholders through periodic reporting (stakeholders' terms of reference, status of activities and problems encountered; organizational chart of activities with responsibilities, financial status of the project, value of key impact and performance indicators, value of trigger indicators). Reports and performance charts would create an interface with the accounting and financial system so that financial disbursements and commitments could be compared to physical status. Monitoring and evaluation of activities financed under component 1 (subprojects) would benefit from specific tools and procedures. The project's impact would be evaluated (i) once a year, by a census of a statistically representative sample of beneficiaries; (ii) once a year, through an environmental assessment; and (iii) every two years, through an appraisal by beneficiaries. The PAPNDP would also continually look at participatory appraisal reports indicating levels of community satisfaction with PAPNDP and subproject implementation. Global impact information would come from the Poverty Monitoring System, with the Cameron Household Survey II (ECAM-II) providing the baseline. A rural sector monitoring and evaluation system (*Observatoire du Secteur Rural*) would also be developed through the PAPNDP.

Development operations and process monitoring. This module would be based on a Geographical Information System to monitor (i) existing or planned infrastructure, services, and development operations in affected departments; (ii) sector policies; and (iii) expansion of the program's geographic scope (as measured on a predetermined scale ranging from “nothing happened” to “community fully empowered, with strong local government involvement”). This tool would be used to update the Provincial Development Frameworks. The Geographical Information System would use maps scanned from archives or satellite photographs as background to display the following layers:

- Existing or planned infrastructure: schools, health centers, water points, markets, slaughterhouses, veterinary services, drainage facilities, socioeducational outreach centers, roads, and village stores.
- Development operations under way that specify objectives, sectors, themes, budgets, effectiveness, closing dates, financing sources, and contacts.
- Geographical scope of the program, showing progress in a given area according to a predefined process scale.

National strategies and policies for poverty reduction, rural development, water management, health,

education, transport, and urban planning would also be monitored with this module, but without geographic interface. To be successfully implemented, the system would have numerous links to other monitoring systems (sector monitoring or development program monitoring), especially monitoring systems for the rural sector.

Knowledge management in the program. The program's local dimension highlights the need for sound knowledge management procedures during implementation to ensure efficient information circulation among stakeholders. "Information" includes (i) accounting and financial reports, (ii) technical status reports and related documentation (financing request forms), (iii) contact lists, (iv) communication supports (brochures, flyers), (v) technical support documents and publications (books, studies, maps), and so forth. A simple implementation manual describing knowledge management procedures would be written and would include a website with content that would depend on the target audience:

- a. General public: an overview of Cameroon's rural sector and present the program and its achievements.
- b. Project's financial partners: technical and financial status reports, with direct links to program performance and impact indicators.
- c. Project's technical partners: experience-sharing tools, including (i) an archive of technical documents by sector (strategies, studies), (ii) a forum, and (iii) a calendar of project implementation events (commencement of studies, planning and validation workshops).

Subcomponent 4.3 Communication

This subcomponent would focus on (i) ensuring circulation of strategic information in the PAPNDP; (ii) ensuring circulation of technical and financial information to beneficiaries, partners, and experts; (iii) ensuring communication with the public; and (iv) supporting the second and the third component.

The communication plan would rely on (i) direct communication with beneficiaries (books, picture, movies), (ii) the support of administrative and local authorities, and (iii) mass communication (television, radio, Internet).

Cost and financing:

An IDA credit would partially finance subcomponent 4.1 for the NCU and three PPU's. The IDA would also support subcomponent 4.2 by financing (i) financial and technical audits, (ii) workshops and technical advisory services for census and beneficiaries assessments to monitor impacts of the project, (iii) technical advisory services to monitor implementation of the Environmental and Social Management Framework, the Resettlement Policy Framework, and the Indigenous People Development Plan. IDA Credit would then finance technical services and workshops to support the implementation of the PAPNDP communication strategy (subcomponent 4.3).

Annex 3: Estimated Project Costs
CAMEROON: Community Development Program Support Project

Project Cost By Component	Local US \$million	Foreign US \$million	Total US \$million
Financial Support to Rural Communities Development	53.07	0.00	53.07
Strengthening of Communes within Decentralization Process	5.03	0.53	5.56
Capacity Building at the Local Level	6.22	4.00	10.22
Project Management and Monitoring	8.30	4.67	12.97
Total Baseline Cost	72.62	9.20	81.82
Physical Contingencies	0.20	0.00	0.20
Price Contingencies	0.50	0.30	0.80
Total Project Costs¹	73.32	9.50	82.82
Total Financing Required	73.32	9.50	82.82

Project Cost By Category	Local US \$million	Foreign US \$million	Total US \$million
Works	0.05	0.00	0.05
Vehicles and Equipment	1.27	2.00	3.27
Consultant Services, Audit and Studies	5.63	5.00	10.63
Training	4.33	2.00	6.33
Grants for Sub-Projects	53.07	0.00	53.07
Operating Costs	7.73	0.00	7.73
PPF	1.24	0.50	1.74
Total Project Costs¹	73.32	9.50	82.82
Total Financing Required	73.32	9.50	82.82

¹ Identifiable taxes and duties are 3.88 (US\$m) and the total project cost, net of taxes, is 78.94 (US\$m). Therefore, the project cost sharing ratio is 25.33% of total project cost net of taxes.

Annex 4

CAMEROON: Community Development Program Support Project

The PAPNDP does not lend itself to cost-benefit analysis because:

- o All investments would be demand-driven, and their nature can not be known beforehand.
- o All eligible subprojects would be nonproductive.
- o The economic benefits of capacity-building are difficult to quantify.

Economic criteria are included in the Project Implementation Manual to appraise the economic dimension of subprojects.

Annex 5: Financial Summary
CAMEROON: Community Development Program Support Project

Years Ending
2008

	IMPLEMENTATION PERIOD						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Total Financing Required							
Project Costs							
Investment Costs	10.0	17.7	20.5	26.3	0.0	0.0	0.0
Recurrent Costs	1.4	2.3	2.3	2.3	0.0	0.0	0.0
Total Project Costs	11.4	20.0	22.8	28.6	0.0	0.0	0.0
Total Financing	11.4	20.0	22.8	28.6	0.0	0.0	0.0
Financing							
IBRD/IDA	4.4	3.7	5.2	6.7	0.0	0.0	0.0
Government	1.6	1.2	1.5	2.0	0.0	0.0	0.0
Central	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provincial	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Co-financiersFrench Cooperation : C2D	0.0	7.0	8.0	10.0	0.0	0.0	0.0
Beneficiaries	0.1	0.2	0.3	0.4	0.0	0.0	0.0
Government-PPTE	4.5	7.1	7.0	8.6	0.0	0.0	0.0
FEICOM	0.8	0.8	0.8	0.9	0.0	0.0	0.0
Total Project Financing	11.4	20.0	22.8	28.6	0.0	0.0	0.0

Main assumptions:

Annex 6(A): Procurement Arrangements
CAMEROON: Community Development Program Support Project

Procurement

GENERAL

1. A Country Procurement Assessment Review (CPAR) was carried out in Cameroon in 2000 by a national committee representing all the sectors and a team from The World Bank. It found that the national procurement system needed a major reform as the procedures for procurement of works, goods, and services were weak in several areas. The Government, with the Bank assistance, started to implement the recommended reforms of which the following actions have already been accomplished: (a) preparation of a new procurement code, (b) signature of the decree regarding the Commission des Marchés, (c) audit of public procurement for 2000 and 2001 by an international auditor, (d) establishment of specialized procurement commissions and (e) appointment of independent observers. Cameroon's procurement laws and regulations do not conflict with IDA Guidelines. No special exceptions, permits, or licenses need to be specified in the Credit since Cameroon's procurement practices allow IDA procedures to take precedence over any contrary provisions in local regulations.

Guidelines

2. Goods and works financed by IDA shall be procured in accordance with World Bank Guidelines under IBRD Loans and IDA Credits ("The Guidelines", January 1995, revised in January and August 1996, September 1997 and January 1999) and Bank Standard Bidding Documents (SBD), and the Standard Evaluation Report will be used for ICB. National Competitive Bidding (NCB) advertised locally would be carried out in accordance with Cameroon's procurement laws and regulations, which are acceptable to IDA provided that they assure economy, efficiency, transparency and broad consistency with the key objectives of the Bank Guidelines. In the absence of national standard bidding documents, the Bank's SBD will be used for NCB, with appropriate modifications relating to provisions for "advertising and notification", "currencies of bid and payment", "settlement of disputes", deletion of the domestic preference provision. This should ensure that: (i) methods used to evaluate bids and award contracts are known to all bidders and not applied arbitrarily; (ii) all bidders have adequate response time (four weeks) to prepare and submit bids; (iii) bid evaluation and bidder qualification are clearly specified in bidding documents; (iv) no preference margin is granted to domestic manufacturers; (v) eligible firms are not excluded from participation; (vi) awards are made to the lowest evaluated bidder in accordance with pre-determined and transparent methods; (vii) bid evaluation reports clearly state the reasons for the rejection of any non-responsive bid; (viii) prior to the issuance of first bidding invitation, draft standard bidding documents, prepared as annexes to the Project Administrative, Financial and Accounting Manual, are submitted to IDA for review.

3. Contracts for consultant services financed by IDA funds will be awarded in accordance with World Bank Guidelines for the Selection and Employment of Consultants by World Bank Borrowers (January 1997, revised in September 1997, January 1999 and May 2002). The Standard Request for Proposal (SRFP), as developed by the Bank, will be used for the appointment of consultants. Simplified contracts will be used for short-term assignments, i.e., those not exceeding six months, executed by firms or individual consultants. Models of such contracts can be found in the SRFP. For evaluation purposes, the Sample Form of Evaluation Report for the Selection of Consultants shall be used (October 1999).

4. Procurement of small works, goods and services for community-based micro-projects financed by the matching grant will be carried out in accordance with paragraph 3.15 of the Guidelines (Community Participation in Procurement) and with the Bank's Guidelines for Simplified Procurement and Disbursement for Community-Based Investments (February 1998) and the Project Implementation Manual (PIM). These will be detailed the PIM.

Advertising

5. A draft General Procurement Notice (GPN) will be prepared by the borrower and submitted to IDA for publication in the United Nations Development Business online (UNDB online) and in the Development Gateway Market (dg Market) following Board Approval, to announce major consulting assignments and any ICB. In the case of NCB, a GPN will be published in the national press or official gazette. The GPN shall be prepared prior to negotiations and published after Board Approval. It shall include all contracts under ICB and all large consulting contracts (i.e., those estimated to cost \$100,000 or more). In addition, a specific procurement notice (SPN) is required for all goods and works to be procured under ICB, and an Expression of Interest (EOI) for all consulting services valued in excess of US\$ 100,000.

Procurement Capacity Assessment

6. A procurement capacity assessment was carried out during the appraisal mission and completed in November 2003. It was found that the first project preparation procurement activities were carried out by the National Coordination Unit (NCU) (*Cellule de Coordination Nationale*) which had some experienced staff but had not yet completed the recruitment of its Procurement Specialist. Therefore, the recommendations made in the action plan to strengthen the procurement capacities and the possible risks linked to it include: (i) hiring of a Procurement Specialist at the NCU, (ii) office space and the necessary equipment to the procurement specialist, (iii) procurement trainings to the procurement specialist and the other NCU staff , (iv) preparation of a procurement plan to be discussed during negotiations, (v) establishment of a procurement planning and contract management system integrated in the computerized Financial management system to be installed at the national coordination unit and regional units (PPUs) in order to ensure the follow-up of contracts funds disbursement, (vi) technical assistance through short-term consultants as necessary, (vii) a clear development of procurement rules and methods in the Project Implementation Manual (PIM), and (viii) annual technical and financial audits specific to procurement. By December 15, 2003, the Procurement Specialist's recruitment was completed and he was already on board.

Schedule of actions to be carried out

Actions to be undertaken	Dates	Responsible Institution
1. Finalization of the recruitment of the Procurement Specialist at the NCU	December 2003	Government of Cameroun
2. Equipement and office space for the procurement specialist	December 2003	National Coordination Unit
3. Participation in procurement training workshops at the Regional procurement centers in the region (i.e. Dakar, Senegal);	As needed during project's life	National Coordination Unit
4. Preparation of a procurement plan and a regular updating of such plan to reduce the risk of the extension of project duration	December 2003	National Coordination Unit (NCU)
5. Establishment of a procurement planning and contract management system integrated in the computerized Financial management system to be installed at the National Coordination Unit and Regional Coordination Unit in order to ensure the follow-up of contracts funds disbursement and aggregate amounts	Before effectiveness	National Coordination Unit and Consultants in charge of the installation of the integrated system
6. Short-term technical assistance in procurement by consultants as necessary	As needed during project's life	National Coordination Unit (NCU)
7. Clear development of procurement rules and methods in the Project Implementation Manual (PIM)	December 2003	National Coordination Unit (NCU) and Consultants in charge of the PIM
8. Annual technical and financial audits specific to procurement	At least twice a year during project's life	World Bank teams and external Auditors

Procurement Implementation Arrangements

7. At the national level, the bulk of procurement for vehicles, equipment, construction or rehabilitation works for offices, consulting services, studies and training would be managed by the "Commission Spéciale de Passation des Marchés" created by Arrêté No. 121/CAB/PM of December 2003 of the Prime Minister, in collaboration with the National Coordination Unit (NCU) through the Procurement Specialist it will be staffed with. He will be in charge of the preparation of all the bidding documents (ICB, NCB and shopping), the requests for proposals, their submission to IDA for no objection before their publication. The "Commission Spéciale de Passation des Marchés" staffed with the Procurement Specialist will make the evaluation of the bids and the proposals and seek the no objection of IDA before making any award, when appropriate. The NCU would use consultants as necessary to carry out specific tasks in procurement. As far as the Community level is concerned, since there will only be subprojects to be financed, these activities will be carried out by the Communities which will be trained in Community-Based Procurement. The Project Implementation Manual (PIM) will develop a section entirely dedicated to Community-Based Procurement with all the necessary elements for the use of communities. The recruitment of all positions in the NCU and PPU would be acceptable to IDA prior to project implementation and during the life of the project.

8. Documents related to procurement below the prior review thresholds will be maintained by the Borrower for ex-post review by auditors and by IDA supervision missions. The NCU would be required to prepare a computer-based system to monitor the signed contracts in order not to exceed the approved amount during the life of project implementation.

Procurement Methods

Civil Works

9. The project includes no major civil works. There will only be small works for the rehabilitation of the NCU's office and the offices of the five PPU's to be financed by IDA. Each rehabilitation contract estimated to cost US\$200,000 or less in value will be procured through NCB in accordance with national procedures acceptable to IDA.

10. The remaining procurement consists of small works to be carried out under community-based micro-projects. Given the size, amount and demand-driven nature of community-based works, these contracts will be governed, when appropriate, by the Guidelines for Simplified Procurement and Disbursement for Community-Based Investments (February 1998), detailed in the Project Implementation Manual (PIM). Small works, as part of grants for community-based micro-projects, will consist mainly of small community social infrastructures such as classrooms, rural health posts, youth facilities, community meeting facilities, small dams and dikes etc. These expenditures are estimated to cost US\$ 125,000 or less per subproject for a commune and US\$50,000 for a community. They may be procured under the shopping procedure. Under this procedure, lump-sum, fixed-price contracts are awarded on the basis of quotations solicited in writing from at least three qualified domestic contractors. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to IDA, and relevant drawings where applicable. Quotations should be opened at the same time and to the extent possible in the presence of community members. The awards will be made to the contractors offering the lowest price quotes for the required work, and having the experience and resources to complete the contract successfully.

Goods

11. Computers, office equipment, materials and furniture, locally available at reasonable prices and valued at less than US\$ 500,000 per contract, will be procured in accordance with NCB procedures acceptable to IDA. Procurement of vehicles, motorcycles and equipment costing less than US\$500,000 per contract, will be carried out through NCB. Goods that cannot be grouped into bid packages of US\$50,000 or more may be procured through national or international shopping according to procedures acceptable to IDA, or through the UNDP Inter-Agency Procurement Services Office (IAPSO). Goods under the community-based sub-projects will be procured under the simplified Procurement Procedures detailed in the PIM. After soliciting bids in writing from at least three qualified suppliers, the Borrower would award the contract on the basis of an evaluation of the bids received in writing from such qualified suppliers. The award will be made to the supplier with the lowest price quote for the required goods, and with the experience and resources to execute the contract successfully.

12. **IDA Reviews.** IDA-financed contracts for amounts equivalent to the threshold value of US\$ 500,000 or more for goods and US\$ 1,000,000 for works and the first three contracts for works and the first three contracts for goods awarded under National Competitive Bidding will be subject to IDA's

prior review procedures in accordance with Appendix 1 of the Guidelines.

13. **Community-Based Procurement.** The project will finance community-based sub-projects, for an estimated total of US\$53.07 million equivalent, of which IDA will finance US\$10.0 million. The sub-projects will comprise such things as small social infrastructures, classrooms, rural health posts, IEC-related activities and materials, minor repairs or works, capacity-building etc. No subproject grant shall be in excess of US\$50,000 for a community subproject and US\$125,000 for a communal subproject. Funding for these activities will be in the form of grants. Communities will be required to contribute on agreed percentage of the total budget in labor, in kind or in cash. The methods of procurement for sub-projects, according to Section D of the Bank's Guidelines for Simplified Procurement and Disbursement for Community-Based Investments (February 1998) are :

- Local Shopping for Goods
- Local Shopping for Works
- Local Bidding for goods and works
- Direct Contracting/Off the shelf purchases

See Project Implementation Manual for more details.

14. Financing of activities will depend on applications received from communities. Due to their demand-driven nature, it is not possible to predetermine the exact mix of goods, small works, and services to be procured in connection with these activities. Therefore, the types of activities to be financed and their procurement details will depend on the needs identified by communities. A negative list of activities which can not be financed under the project have been clearly developed in the PIM. Procurement of items for the implementation of sub-projects would be carried out in accordance with simplified procurement procedures referred to the Project Implementation Manual. The Manual will describe procedures and tools in a special chapter based on the Bank's Guidelines for Simplified Procurement and Disbursement for Community-Based Investments (February 1998). The NCU and the PPU's will be responsible for ensuring compliance with these guidelines, and ex-post reviews of random sub-projects will be conducted periodically by the Bank and independent technical auditors.

15. The NCU and the PPU's will maintain a tracking system to follow-up disbursement against the contracts signed under the project in order to ensure that there is no overpayment.

Consultants Services, Audits and Studies

16. IDA financing for consulting services, audits, studies, and training would apply to (i) specialized studies, supervision, project implementation and monitoring, Management Information System, financial management support, financial audits; and (ii) consultancies on technical matters and training, and skills development (participatory approaches), capacity-building for community development, empowerment and organization, and IEC campaigns. Consultants financed by IDA, totaling US\$ 3.29 million, would be hired in accordance with the Bank's Guidelines for the Selection and Employment of Consultants by World Bank Borrowers (January 1997, revised in September 1997, January 1999 and May 2002).

17. **Quality- and Cost-Based Selection (QCBS).** All consulting service contracts costing US\$100,000 equivalent or more for firms would be awarded through the Quality- and Cost-Based Selection (QCBS) method. To ensure that priority is given to the identification of suitable and qualified national consultants, short lists for contracts under US\$100,000 equivalent may be comprised entirely of

national consultants (in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines), provided that a sufficient number of qualified individuals or firms (at least three) are available. However, if foreign firms have expressed interest, they shall not be excluded from consideration. The NCU will ensure wide dissemination of expressions of interest in order to gather proposals from consultants. Based on agreed upon criteria, the NCU will maintain and update regularly a list of consultants to be used to establish short lists.

18. ***Least Cost Selection (LCS)*** will be the most appropriate method used for financial and technical audits estimated to cost less than US\$100,000.

19. ***Selection Based on Consultant Qualifications (CQ)***. Consultants for small studies, engineering designs and supervision, monitoring and evaluation, and short term assignments, costing less than US\$100,000, will be selected using the Selection Based on Consultant Qualifications method.

20. ***Individual Consultants***. Consultants for project implementation and assignments in such sectors as agriculture, economics, sociology, land tenure and other types of short-term appointment that can be delivered by individuals selected in accordance with paragraphs 3.8 to 3.11 and 5.4 of the Guidelines.

21. ***Trainings, Workshops, Seminars and Conferences***. The total cost of these activities is estimated at US\$6.33 million of which IDA will finance US\$2.26 million equivalent. Training, workshops, seminars and conferences attendance and study tours will be carried out on the basis of approved annual programs that will identify the general framework of training and similar activities for the year, including the nature of training/study tours/workshops, the number of participants, and cost estimates.

22. ***IDA Reviews***. In accordance with Appendix 1 of the Guidelines for Consultants, Bank staff will review the Borrower's proposed selection process for the hiring of consultants. All consulting contracts costing US\$200,000 equivalent or more for firms and all contracts for audits regardless their estimated cost, and all contracts for the employment of individual consultants costing more than US\$100,000 and all contracts for individual consultants selected on sole source basis, the report on the comparison of the qualifications and experience of candidates, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to IDA for its prior review. All other contracts would be subject to post review in accordance with paragraph 4 Appendix 1 of the Guidelines. Any amendments to existing contracts that increase their values to levels equivalent to or exceeding the prior review thresholds are subject to IDA review.

23. All consultants' terms of reference would be subject to IDA prior review. Other procurement subject to IDA review would include: annual training plans for local and overseas training and workshops, including terms of reference and estimated budgets. All out-of-country training will be subject to IDA approval.

24. ***Modification or waiver of the scope and conditions of contracts***. Before agreeing to any material extension, to substitution of key staff or to any modification or waiver of the conditions of contracts that would increase their aggregate cost by more than 15 percent of the original price, the Borrower shall specify the reasons thereof and seek IDA's prior non-objection for the proposed modification. A copy of all amendments to the contracts shall be furnished to the Bank.

25. ***Project Implementation Manual (PIM)***. The PIM has already been produced and is being revised to incorporate various comments. It will define the project's internal organization and implementation procedures and would include: (i) procedures for issuing bidding invitations, selecting consultants, and awarding contracts; (ii) procedures and sample contracts for community-based procurement; (iii) the

internal organization for supervision and control, including operational guidelines defining the role of the executing agency and reporting requirements; and (iv) disbursement procedures. The Implementation Manual has been adopted prior to negotiations.

26. During negotiations, the Government has submitted to IDA for review: (a) a draft procurement plan for the first year of the project ; (b) the Project Implementation Manual; (c) the standard bidding documents to be used for NCB procedures for goods and works; and (d) a training program for the NCU and the PPU's. The Government has also provided assurances that the NCU will: (a) use the Project Implementation Manual; (b) use the Bank's Standard Bidding Documents for ICB, the Standard Request for Proposals for the selection of consultants, and the Standard Bid Evaluation Reports; (c) apply the procurement procedures and arrangements outlined above; (d) update the procurement plan on a regular basis during annual reviews with IDA and other donors, to compare targeted and actual completion times, and transmit it to IDA, during implementation, with all procurement-related documents; and (e) carry out, during annual reviews, an assessment of the effectiveness of bidding procedures and performance, as they relate to the program's procurement experience, and propose for IDA and other donors' consideration any modifications to the current procedures that would accelerate procurement, while still maintaining compliance with the Bank's Procurement Guidelines and adequate control over contract awards and payments.

27. The Government has also provided assurances at negotiations that it will take the necessary measure to ensure that procurement phases do not exceed the following target time periods:

Procurement methods (Table A)

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

Expenditure Category	Procurement Method¹				Total Cost
	ICB	NCB	Other²	N.B.F.	
1. Works	0.00 (0.00)	0.05 (0.04)	0.00 (0.00)	0.00 (0.00)	0.05 (0.04)
2. Goods	0.00 (0.00)	0.87 (0.68)	0.40 (0.30)	2.00 (0.00)	3.27 (0.98)
3. Services	0.00 (0.00)	0.00 (0.00)	5.23 (3.29)	5.40 (0.00)	10.63 (3.29)
4. Training	0.00 (0.00)	0.00 (0.00)	2.33 (2.26)	4.00 (0.00)	6.33 (2.26)
5. Matching Grants for micro-projects	0.00 (0.00)	0.00 (0.00)	12.94 (10.00)	40.13 (0.00)	53.07 (10.00)

6. Operating Costs	0.00 (0.00)	0.00 (0.00)	5.47 (3.43)	4.00 (0.00)	9.47 (3.43)
Total	0.00 (0.00)	0.92 (0.72)	26.37 (19.28)	55.53 (0.00)	82.82 (20.00)

^{1/} Figures in parentheses are the amounts to be financed by the IDA Credit. All costs include contingencies.

^{2/} Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) re-lending project funds to local government units.

Table A1: Consultant Selection Arrangements (optional)
(US\$ million equivalent)

Consultant Services Expenditure Category	Selection Method							Total Cost
	QCBS	QBS	SFB	LCS	CQ	Other	N.B.F.	
A. Firms	2.50 (1.59)	0.00 (0.00)	0.00 (0.00)	0.40 (0.30)	0.50 (0.40)	0.00 (0.00)	4.00 (0.00)	7.40 (2.29)
B. Individuals	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.46 (1.00)	1.77 (0.00)	3.23 (1.00)
Total	2.50 (1.59)	0.00 (0.00)	0.00 (0.00)	0.40 (0.30)	0.50 (0.40)	1.46 (1.00)	5.77 (0.00)	10.63 (3.29)

^{iv} Including contingencies

Note: QCBS = Quality- and Cost-Based Selection
 QBS = Quality-based Selection
 SFB = Selection under a Fixed Budget
 LCS = Least-Cost Selection
 CQ = Selection Based on Consultants' Qualifications
 Other = Selection of individual consultants (per Section V of Consultants Guidelines),
 Commercial Practices, etc.
 N.B.F. = Not Bank-financed
 Figures in parentheses are the amounts to be financed by the Bank Credit.

Prior review thresholds (Table B)

Table B: Thresholds for Procurement Methods and Prior Review¹
Table B: Thresholds for Procurement Methods and Prior Review¹

Expenditure Category	Contract Value Threshold (US\$ thousands)	Procurement Method	Contracts Subject to Prior Review (US\$ millions)
1. Works Rehabilitation or construction	less than \$200,000	NCB	Post Review (except first 3 contracts), amount: US\$0.05 million
	Small works for micro-projects \$125,000 or less	Local Shopping for works	Post Review (except first 3 contracts), amount: US\$0.15 million
2. Goods	\$500,000 or more	ICB	Prior review
	Below \$500,000	NCB	Post Review (except first 3 contracts), amount: US\$0.87 million
	Less than \$50,000	Shopping	Post Review
3. Services Consulting firms	\$200,000 or more	QCBS	Prior Review (amount: US\$2.50 million)
	Below \$100,000	CQ	Post Review (TORs prior review)
4. Financial and Technical Audits	Less than \$100,000	LCS	Prior Review
5. Individual Consultants	\$100,000 or more and sole source		(Prior Review of the report on the comparison of the qualifications and experience of candidates, the qualifications, experience, terms of reference and terms of employment of the consultants)
6. Miscellaneous			

Total value of contracts subject to prior review: US\$3.57 million

Overall Procurement Risk Assessment: Average

Frequency of procurement supervision missions proposed: One every 6 months
(includes special procurement supervision for post-review/audits)

^{iv} Thresholds generally differ by country and project. Consult "Assessment of Agency's Capacity to Implement Procurement" and contact the Regional Procurement Adviser for guidance.

Annex 6(B): Financial Management and Disbursement Arrangements CAMEROON: Community Development Program Support Project

Financial Management

1. Summary of the Financial Management Assessment

Scope of the assessment

Based on program implementation arrangement, the overall responsibility for financial management will remain with the NCU and carried out by the Coordinator, the Assistant coordinator and the Financial Management Specialist. Accordingly, the scope of the assessment will be limited to the NCU. However, given the decentralized nature of the program, the coordination and reporting mechanisms between the entities involved in the program and the NCU will be looked at to ensure the arrangements in place will allow for smooth implementation of program's activities as well as to ensure that loan proceeds are used only for the purposes for which the loan is granted, with due regard to economy, efficiency, and the sustainable achievement of the program's development objectives.

CNC financial management capacity

The capacity of NCU is acceptable and the preparation activities are in progress. The objective is to have a fully established and functional NCU to declare the program effective so that at the outset of the implementation of the activities, the NCU has the appropriate accounting, internal control, and the relevant financial reporting systems in place. This will allow the NCU to (i) reliably record and report the financial transactions of the program in a timely manner, including those transactions involving the use of Bank funds and other donors ; and (ii) provide sufficient and relevant financial information for managing and monitoring program activities. All these considerations have been taken into account to define the financial management proposed below.

Financial Management

The NCU through its financial management and accounting unit will have the overall responsibility of the project financial management. It will have to maintain project's consolidated budget and accounts. To that end, the financial management and accounting unit will be equipped with a computerized and integrated financial management appropriate to the scale and nature of the different phases of the program and capable of recording and reporting in a timely manner the program's by geographical locations, components, activities, expenditure categories and origin of funds. The computerized financial management system will be multi-currency and will include the following modules which should be integrated : general accounting, cost accounting, assets management, preparation of withdrawal applications and tracking of disbursements by donors, reports generating, including quarterly FMR and annual financial statements. A fully functioning financial management system satisfactory to the Bank is considered as a condition of credit effectiveness.

A Project Administrative, Financial and Accounting Manual has been finalized which includes a description of and procedures. It describes : (i) the overall organization of the program including and organizational diagram and job description of the accounting and financial staff; (ii) the accounting system which will be on an accrual basis; (iii) the main transactions cycles; format, content, and timing of the program's financial reporting, i.e., financial statements and other financial reports including FMRs, filing system, etc.; (iv) the various operational procedures including budget management (

planning, execution and monitoring) and management of assets, procurement of goods and services, disbursement; and (v) internal control procedures.

Financial Management risk

The financial management risk are related to : (i) the weak implication of the technical staff on the internal control issue who are particularly involved in the core activities; (ii) availability of timely regular budget for the operations of PAPNDP; (iii) The planning of the activities for the different phases of the program (initiation, expansion and consolidation) and the assessment of the progress and the related costs; (iv) the ability of local governments to be given the responsibility for managing PAPNDP resources; (v) the impact of the variety of donors in the program and the combination of the different natures of their contribution in the program ; (vi) the setting up of different mechanisms to channel funds to communes and communities.

To mitigate these risks, the following has to be observed: (a) care must be exercised in ensuring the timely availability and release of Counterpart Funds; (b) regular Bank supervision missions, including SOEs reviews and timely follow-up of management letter issues, will be essential; (c) the planning and budgeting activity should be properly organized in consultation with different donors; (d) timely information on monitoring and evaluation must be provided.

Staffing

At the national level, the most important part of the staff have been recruited based on a competitive selection acceptable to the Bank. The key persons of the project have relevant academic background and professional experience and are familiar with Bank procedures and requirements.

The PAPNDP Financial Management Specialist will work closely with the Bank Financial Management Specialist (FMS) during the preparation to finalize the terms of reference of the project's staff and that of the auditor to agree the format and the content of FMRs.

A Procurement specialist and an environmental and social coordinator will be identified and recruited.

The key staff at the provincial level will be recruited . The recruitment plan will be set in accordance with the project's implementation progress.

Reporting

At least two sets of financial reports will be prepared by the NCU: the quarterly Financial monitoring Reports (FMRs, as required by the Bank) and the annual program's financial statements. The quarterly FMRs agreed upon at appraisal will be prepared and submitted to the Bank 45 days after the closing of the quarter following the date of effectiveness. The FMRs will be based on the formats developed in the Bank's Guidelines on Financial Monitoring Reports, agreed to with the Administrator and the Accountant, with some adjustments. For example, besides the two financial tables (Sources and Uses of Funds, Uses of Funds by Project Activity), the NCU will prepare a third table pertaining to Uses of Funds by Category of Expenditure. The FMRs focus on the financial aspects of the project and their purpose is project monitoring, not management. The FMRs are not the same as the audited financial statements required annually for each project. However, they may form the basis of these statements. It was also agreed that the FMRs will include financial, physical progress and procurement information to provide information that is useful to the borrower while also providing the Bank with

sufficient information to establish whether: (i) funds disbursed to the project are being used for the purpose intended; (ii) project implementation is on track; and (iii) budgeted costs will not be exceeded. The annual financial statements will comprise and will not be limited to: (i) the Statement of Source and Application of Funds for the program during the current financial year, and cumulatively since the start of the program; (ii) the statement of expenditures (SOEs); (iii) the Special Account Statement/Reconciliation; (iv) the Project Account Statement/Reconciliation and any other financial report the Accountant deems necessary and relevant.

Program Financial Management Capacity Strengthening Action Plan

To ensure that the above mentioned financial management system requirements will be met in due time to declare project effectiveness, an action plan is proposed hereafter with tasks to be performed as well as target completion date.

Action	Tasks	Target completion date
1. Recruitment of the Procurement Specialist	Preparation of TORs and signature of contract	12/31/03
2. Finalization of the Project Administrative, Financial and Accounting Manual	Update information of the Manual based on the Bank review	02/18/04
3. Selection of an external auditor for annual accounts including the PPF in the first year audit	Preparation of TORs, launching of the the recruitment process and signature of contract	04/29/04
4. Installation of the integrated financial management and Monitoring and Evaluation systems	Design, installation, configuration, testing, and training of staff.	04/15/04

2. Audit Arrangements

Financial Audit

The project's consolidated financial statements will be audited for each fiscal year by an independent auditor acceptable to IDA in accordance with auditing standards also acceptable to IDA. Audit reports of reasonable scope and detail will be submitted to IDA within six months of the end of the audited period. The auditor will provide an opinion on: (i) the project financial statements (Statement of Source and Application of Funds and Balance Sheet); (ii) the statement of expenditures (SOE); (iii) the Special Account (SA); and (iv) the project account.

The auditor will also issue a separate management report on internal and operational procedures, outlining any recommendations for improvements to internal accounting controls and operational procedures identified as a result of the financial statement audit at the levels of NCU, PPU and CBOs.

Detailed terms of reference for the selection of the project's auditor were prepared, discussed and agreed on during preparation. The Audit Scope will be tailored the program's specific risks in accordance with Bank requirements and agreed with the Borrower.

The selection of an auditor acceptable to the Bank is a condition of effectiveness.

Technical Audit

Contracts with beneficiaries, for which templates are appended to the PIM, will be subject to micro-project technical audits. These may be ordered and managed, either systematically or randomly, by the NCU or the PPU's. For this purpose, the Program may hire outside firms.

3. Disbursement Arrangements

Allocation of credit proceeds (Table C)

A computerized accounting and integrated financial management system will be set up and assessed by IDA as a condition of effectiveness. The system will allow inputs at different levels to capture all disbursements to be effected under the project.

Statement of Expenditures. Disbursements for all expenditures should be against full documentation except for expenditure items under contracts valued at less than: (a) US\$500,000 for goods; (b) US\$200,000 for consulting contracts awarded to firms; (c) \$100,000 for consulting contracts awarded to individuals; and (d) civil works, all training and operating costs, which will be reimbursed on the basis of Statements of Expenditure (SOEs). All supporting documentation for SOEs will be retained at the Caisse Autonome d'Amortissement (CAA) and will be readily accessible for review by periodic Bank supervision missions and external auditors.

In the case of the funds for grants to be made to communities, there will be pre-financing of expenditures, as communities are unlikely to start contracting without the assurance of funds. All disbursements against expenditures under the Financial Support to Rural Communities Development will be subject to *ex post* financial and physical audits, on a sample basis, to be carried out by auditors employed by the project.

Special Accounts, Second Generation Special Accounts and 90-Day Advance. To facilitate the project implementation and reduce the volume of withdrawal applications, the Caisse Autonome d'Amortissement on behalf of the Government, will open two Special Accounts (SA) in FCFA in a commercial bank on terms and conditions acceptable to IDA. The first Special Account (SA-A) will be used exclusively to finance all the micro-projects in form of Grants and the second Special Account (SA-B) will be used to finance all other activities such as monitoring & evaluation and project management costs (NCU/PPUs expenses). The authorized allocation for SA-A will be FCFA 600 million and will cover about four months of eligible expenditures. The authorized allocation for SA-B will be FCFA 480 million and will cover about four months of eligible expenditures. Upon credit effectiveness, IDA will deposit the amount of FCFA 600 million in SA-A, representing the total allocation for that account, and FCFA 240 million in SA-B representing approximately 50 percent of the authorized allocation of this Special Account. The remaining balance will be made available when the total commitments issued amount to the equivalent of USD 4 million. The Special Accounts will be used for all payments in an amount below 20% of the initial deposit to the Special Accounts.

Replenishment applications will be submitted monthly. Further deposits by IDA into the Special Accounts will be made against withdrawal applications supported by appropriate documents.

In addition to the Special Account A (SA-A), with the authorization of the National Coordinator of the project, the Provincial Coordinators will open five (5) Second Generation Special Accounts in the *Province du Sud, Province du Centre, Province de l'Adamaoua, Province de l'Ouest and Province du Nord* on terms and conditions satisfactory to the Association. The NCU shall withdraw from the main Special Account and deposit an amount not to exceed FCFA 100 million into each Second Generation Special Account. These funds will be used exclusively to finance the sub-projects proposed by the communities.

The Government will also open five (5) 90-Day Advance Accounts related to Special Account B (SA-B) in the same provinces, on terms and conditions satisfactory to the Association. The NCU shall withdraw from the main Special Account and deposit an amount not to exceed FCFA 30 million into each 90-Day Advance Account. These funds will be used to finance activities such as project implementation and management, monitoring & evaluation, consulting services and operating costs at the PCUs' level.

Flow of funds

Resources needed for the financing of program activities will flow from (i) the Credit Account for Direct Payments to be made by IDA to suppliers, (ii) the Special Accounts A and B, the Second Generation Special Accounts and the 90-Day Advance Accounts (all maintained in commercial banks acceptable to IDA) for the activities to be financed by IDA and (iii) the Project Account for the counterpart funds. The project Financial Management Specialist (FMS) and the Accountants will be in charge of the financial management of the project. The Managing Director of the Caisse Autonome d'Amortissement (Directeur Général de la CAA) or his Authorized Representative will sign all the checks for the payments to be made under the Special Accounts A and B. The Provincial Coordinators of the project in the PPU's and the Regional Accountants will countersign the checks for the payments to be made under the Second Generation Special Accounts and the 90-Day Advance Accounts. Under the supervision of the project Financial Management Specialist, the project Accountants (one in Yaoundé and 5 in the Provinces) will prepare all the required supporting documents and the withdrawal applications for the replenishment of the Special Accounts to be submitted to IDA at least once a month through the *Caisse Autonome d'Amortissement (CAA)*. The Project Account will receive counterpart funds in compliance with the terms of the DCA.

Table C: Allocation of Development Financing Proceeds

Allocation of credit proceeds (Table C)

Table C: Allocation of Credit Proceeds

Expenditure Category	Amount in US\$million	Financing Percentage
1. Civil works	0.04	100% of foreign expenditures 80% of local expenditures
2. Vehicles and Equipments	0.98	100% of foreign expenditures 70% of local expenditures
3. Consultant Services, Audits and Studies	3.20	72% of foreign expenditures 70% of local expenditures
4. Trainings	0.97	100%
5. Grants for Sub-Projects	10.00	100% of amount disbursed
6. Operating Costs	2.50	70%
7. PPF	1.31	Amount due
8. Unallocated	1.00	
Total Project Costs	20.00	
Total	20.00	

Annex 7: Project Processing Schedule
CAMEROON: Community Development Program Support Project

Project Schedule	Planned	Actual
Time taken to prepare the project (months)	24	
First Bank mission (Identification)		
Appraisal mission departure	06/23/2003	06/23/2003
Negotiations	01/12/2004	01/21/2004
Planned Date of Effectiveness	06/01/2004	

Prepared by:

Ministry of Economic Affairs, Programming and Regional Development

Preparation assistance:

Japanese Grants for project preparation (TF050810 for US\$ 82,500 & TF026786 for US\$ 630,560)

Bank staff who worked on the projec included:

Name	Speciality
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François Rantrua	SFRSI, Corporate Strategy Officer
Noël Chabeuf	AFTS4, Livestock Specialist
Soulemane Fofana	AFTS3, Operations Analyst
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Mohammed A. Bekhechi	LEGEN, Legal
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Consultant, Implementation Assistant
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AFD Sector Manager Environment and Natural Resources
Management

Caroline Piquet

AFD Project Manager

Luc Mogenet

AFD Rural Development Specialist

Annex 8: Documents in the Project File*
CAMEROON: Community Development Program Support Project

A. Project Implementation Plan

- "Manuel d'exécution du PNDP" (January 2004) ;
- "Manuel de procédures comptables, administratives et financières" (January 2004) ;
- "Manuel de suivi et évaluation" (January 2004).

B. Bank Staff Assessments

- "Aide-mémoire de la mission de pré-évaluation du PNDP" (July 2002);
- "Aide-mémoire de la mission d'appui technique du PNDP" (November 2002);
- "Aide-mémoire de la mission de cadrage du PNDP" (April 2003) ;
- "Aide-mémoire de la mission d'évaluation du PNDP" (July 2003) ;
- "Aide-mémoire de la mission d'appui du PNDP" (November 2003);
- Procurement capacity assessment (AFTQK, November 2003);
- Financial management capacity assessment (AFTFM, November 2003).

C. Other

- "Décentralisation communale et développement local au Cameroun" (July 2002);
- Environmental and Social Management Framework (June 2003);
- Resettlement Policy Framework (June 2003);
- Indigenous People Development Plan (June 2003).

*Including electronic files

Annex 9: Statement of Loans and Credits
CAMEROON: Community Development Program Support Project
11-Fev-2004

Project ID	FY	Purpose	Original Amount in US\$ Millions		Cancel.	Undisb.	Difference between expected and actual disbursements*	
			IBRD	IDA			Orig	Frm Rev'd
P074490	2003	DOUALA INFRASTRUCTURE	0.00	56.40	0.00	63.60	2.80	0.00
P054786	2003	CAMEROON RAILWAY CONCESSION PROJECT	0.00	21.40	0.00	17.00	2.50	0.00
P073065	2001	CAM:Multi-sectoral HIV/AIDS Project	0.00	50.00	0.00	35.90	-20.80	0.00
P065927	2000	Public/Private Partnership, Growth	0.00	20.90	0.00	14.40	13.00	0.00
P051059	2000	CHAD/CAM PIPE (CAM)	53.40	0.00	0.00	4.90	-2.90	0.00
P048204	2000	ENVIRONMENT OIL T.A.	0.00	5.80	0.00	5.00	2.80	0.00
P045348	1999	CAM:AG.EXT.&RES. SUPPORT	0.00	15.10	0.00	3.80	2.90	0.00
P054443	1998	Cameroon - SAC III	0.00	220.70	0.00	66.30	29.10	44.50
Total:			53.40	390.20	0.00	211.00	29.60	44.50

CAMEROON
STATEMENT OF IFC's
Held and Disbursed Portfolio
Jan 31 - 2004
In Millions US Dollars

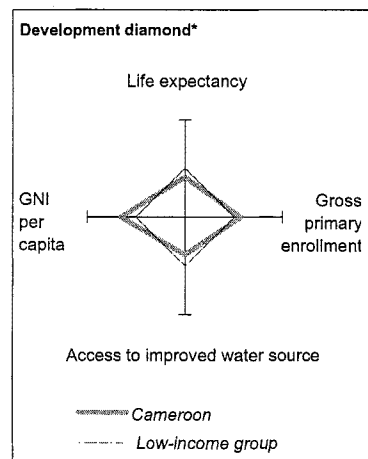
FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1995	AEF Comp Avicole	0.34	0.00	0.00	0.00	0.34	0.00	0.00	0.00
2002	AEF FME-GAZ	0.00	0.00	0.34	0.00	0.00	0.00	0.34	0.00
2000	AEF Hobec	0.46	0.00	0.00	0.00	0.19	0.00	0.00	0.00
1996	AEF Notacam	0.87	0.00	0.00	0.00	0.87	0.00	0.00	0.00
2003	AEF SODETRAN-C	0.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1999	AEF Saicam	0.00	0.00	0.30	0.00	0.00	0.00	0.30	0.00
2000	BICEC	0.00	0.94	0.00	0.00	0.00	0.00	0.00	0.00
1986	CICAM	2.19	0.00	0.00	0.00	2.41	0.00	0.00	0.00
2000	COTCO	86.10	0.00	0.00	86.10	86.10	0.00	0.00	86.10
2002	Orange Cameroon	1.74	0.00	3.78	0.00	0.00	0.00	3.78	0.00
1992/94/97/98	Pecten Cameroon	44.00	0.00	0.00	65.85	13.04	0.00	0.00	32.96
	Total Portfolio:	136.57	0.94	4.42	151.95	102.95	0.00	4.42	119.06

FY Approval	Company	Approvals Pending Commitment			
		Loan	Equity	Quasi	Partic
2000	AEF Complexe II	0.00	0.17	0.00	0.00
2004	AEF NOSA II	0.42	0.00	0.00	0.00
	Total Pending Commitment:	0.42	0.17	0.00	0.00

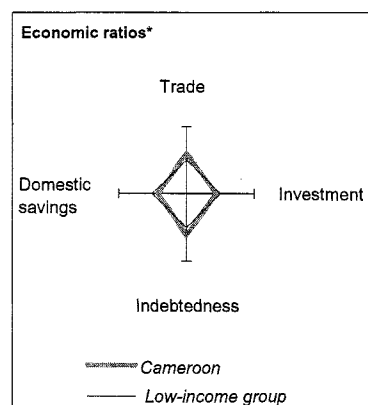
Annex 10: Country at a Glance

CAMEROON: Community Development Program Support Project

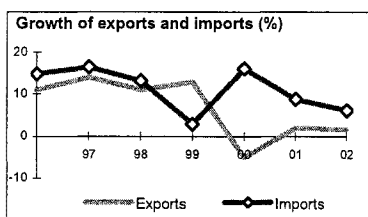
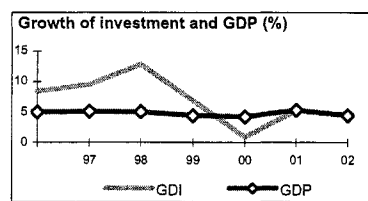
POVERTY and SOCIAL	Cameroon	Sub-Saharan Africa	Low-income
2002			
Population, mid-year (millions)	15.5	688	2,495
GNI per capita (Atlas method, US\$)	560	450	430
GNI (Atlas method, US\$ billions)	8.7	306	1,072
Average annual growth, 1996-02			
Population (%)	2.2	2.4	1.9
Labor force (%)	2.4	2.5	2.3
Most recent estimate (latest year available, 1996-02)			
Poverty (% of population below national poverty line)	..	..	..
Urban population (% of total population)	50	33	30
Life expectancy at birth (years)	48	46	59
Infant mortality (per 1,000 live births)	97	105	81
Child malnutrition (% of children under 5)	22	..	..
Access to an improved water source (% of population)	58	58	76
Illiteracy (% of population age 15+)	26	37	37
Gross primary enrollment (% of school-age population)	108	86	95
Male	115	92	103
Female	100	80	87



KEY ECONOMIC RATIOS and LONG-TERM TRENDS	1982	1992	2001	2002
GDP (US\$ billions)	7.3	11.4	8.7	9.4
Gross domestic investment/GDP	24.8	14.3	18.1	18.1
Exports of goods and services/GDP	36.8	20.5	29.5	28.0
Gross domestic savings/GDP	29.6	16.5	19.0	16.6
Gross national savings/GDP	27.2	12.4	14.7	13.7
Current account balance/GDP	2.0	-1.9	-1.7	-6.9
Interest payments/GDP	2.1	1.3	2.9	2.4
Total debt/GDP	37.1	74.9	96.1	90.6
Total debt service/exports	15.7	16.3	12.3	16.1
Present value of debt/GDP	..	..	56.6	..
Present value of debt/exports	..	..	180.7	..
	1982-92	1992-02	2001	2002
<i>(average annual growth)</i>				
GDP	-0.2	3.6	5.3	4.4
GDP per capita	-3.0	1.2	3.1	2.2
	2002	2002	2002-06	2002
GDP	4.4	5.2	5.2	5.2
GDP per capita	2.2	3.0	3.0	3.0

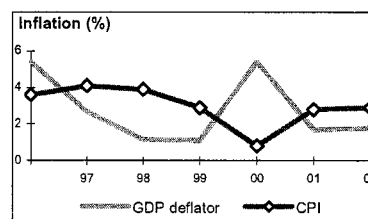


STRUCTURE of the ECONOMY	1982	1992	2001	2002
<i>(% of GDP)</i>				
Agriculture	28.7	27.3	42.4	45.5
Industry	32.1	25.8	17.7	17.9
Manufacturing	12.1	14.3	9.3	9.1
Services	39.2	47.0	39.9	36.6
Private consumption	61.6	70.7	69.7	71.7
General government consumption	8.8	12.8	11.3	11.8
Imports of goods and services	32.0	18.3	28.6	29.5
	1982-92	1992-02	2001	2002
<i>(average annual growth)</i>				
Agriculture	0.9	6.2	4.3	2.2
Industry	-0.2	3.0	5.0	2.9
Manufacturing	0.5	4.3	5.6	3.7
Services	-6.5	1.6	5.3	6.7
Private consumption	-0.4	4.6	6.0	6.1
General government consumption	4.4	5.4	12.9	7.0
Gross domestic investment	-8.2	4.7	5.2	4.5
Imports of goods and services	-0.6	9.3	8.8	6.2



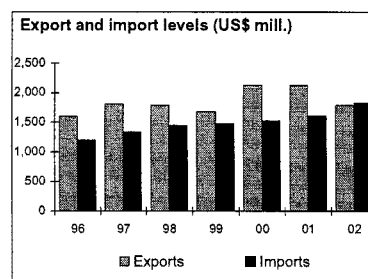
PRICES and GOVERNMENT FINANCE

	1982	1992	2001	2002
Domestic prices				
(% change)				
Consumer prices	13.4	-0.1	2.8	2.9
Implicit GDP deflator	12.5	-1.3	1.7	1.8
Government finance				
(% of GDP, includes current grants)				
Current revenue	24.6	15.7	19.8	20.1
Current budget balance	11.6	-2.9	5.0	5.5
Overall surplus/deficit	0.8	-6.3	-0.7	-3.2



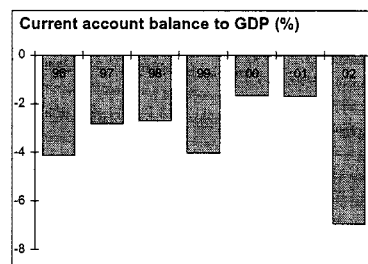
TRADE

	1982	1992	2001	2002
(US\$ millions)				
Total exports (fob)	2,227	1,937	2,129	1,794
Fuel	882	868	1,048	812
Cocoa	134	132	103	130
Logs	77	241	158	140
Total imports (cif)	1,285	1,023	1,617	1,833
Food	59	189	181	203
Fuel and energy	57	8	63	58
Capital goods	328	319	416	421
Export price index (1990=100)	165	95	245	219
Import price index (1990=100)	87	99	212	207
Terms of trade (1990=100)	190	96	116	106



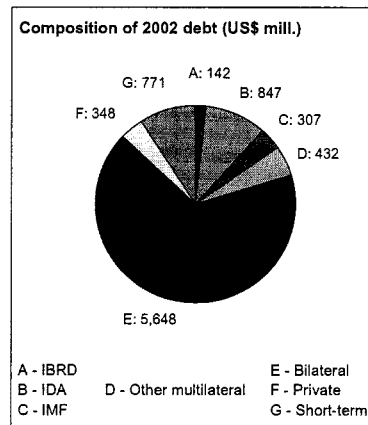
BALANCE of PAYMENTS

	1982	1992	2001	2002
(US\$ millions)				
Exports of goods and services	2,432	2,342	2,708	2,377
Imports of goods and services	2,117	2,087	2,479	2,757
Resource balance	315	254	229	-380
Net income	-228	-646	-494	-396
Net current transfers	57	176	119	127
Current account balance	144	-216	-147	-650
Financing items (net)	-192	327	316	848
Changes in net reserves	48	-112	-169	-198
Memo:				
Reserves including gold (US\$ millions)	81	30	340	640
Conversion rate (DEC, local/US\$)	296.7	280.4	743.5	732.7



EXTERNAL DEBT and RESOURCE FLOWS

	1982	1992	2001	2002
(US\$ millions)				
Total debt outstanding and disbursed	2,715	8,531	8,369	8,495
IBRD	182	723	179	142
IDA	205	232	758	847
Total debt service	387	394	335	386
IBRD	17	63	39	56
IDA	2	3	13	14
Composition of net resource flows				
Official grants	..	..	26	..
Official creditors	107	447	43	-78
Private creditors	56	73	-91	-49
Foreign direct investment	..	..	102	..
Portfolio equity	..	..	0	..
World Bank program				
Commitments	0	0	58	83
Disbursements	52	54	32	51
Principal repayments	5	32	28	50
Net flows	46	22	4	1
Interest payments	14	34	24	20
Net transfers	33	-12	-20	-19



**Additional Annex 11:Letter of Rural Development Policy
CAMEROON: Community Development Program Support Project**

UNOFFICIAL TRANSLATION

CONTEXT

1. Since 1990, the Government of Cameroon has undertaken a restructuring of the Rural Sector within the framework of the revival of the Cameroon economy. Modernization of the agricultural sector, which experienced a sharp decline in export income since 1987, is one of the expected results of this restructuring.
2. The impacts of the country's first-generation agricultural policy reforms were not all foreseen. In light of this, the Government has altered its strategy in preparing for a new phase of agricultural sector growth, taking into consideration the favorable evolution of the macro-economic environment of the late 90's. The Government likewise intends to simultaneously address the social deficit following years of economic crisis, which is particularly visible in the considerable deterioration of human development indicators.
3. Cognizant that a deterioration of social capital could negatively impact growth and social cohesion, the Government has chosen to launch a new generation of socio-economic policies that promise to: (i) consolidate the gains of previous programs to increase the pace of growth; and (ii) to reinforce social policy issues such that sound economic performance can translate into the amelioration of living conditions amongst the population. With these aims in mind, the Government has elaborated a Poverty Reduction Strategy Paper (PRSP).

SECTORAL STRATEGIC CHOICES

4. Parallel to the elaboration of the PRSP, a number of framework policies have been devised, including sector-based strategies and programs and projects to be implemented in short- and long-term time horizons. These policies, in turn, have been articulated along seven strategic axes:
 - o The promotion of a stable macro-economic framework;
 - o The reinforcement of economic growth through diversification;
 - o Invigoration of the private sector as an engine of economic growth and partner for social services delivery;
 - o Development of basic infrastructure, natural resources management and environmental protection;
 - o Acceleration of regional integration within the framework of the CEMAC;
 - o The reinforcement of human and social capital and the integration of marginalized groups in the economic system;
 - o Improvement in the institutional framework, administrative management and governance.
5. Without further diversification, economic growth would remain dependent on export income from traditional commodities, compelling the public sector to make frequent adjustments at the risk of aggravating the situation of vulnerable population groups. The Government is therefore determined to accelerate economic diversification through reforms that can raise the growth rate at an average rate of 6% in the period 2005 to 2015. The Rural Sector Development Strategy (RSDS) constitutes one of the pillars of these reforms.

6. The improvement of the living conditions of the rural populace through participatory approaches lies at the core of the RSDS. Socio-economic studies carried out in the region in 2000 have revealed that 86% of the poor live in rural areas and 84% of the rural population is poor. Among the determinants of poverty include:

- o Lack of organization of the agricultural sector prior to liberalization;
- o The isolation of rural areas;
- o Weak governance;
- o The existence of numerous dysfunctions at the social level;
- o Poor access to basic social services;
- o Poor access of economic actors to natural resources.

7. For each of these above articulated poverty factors, a new frame of reference has been outlined, whose objective is to ensure strong, sustainable, and equitable rural sector growth. The Government intends to address several challenges in meeting this objective:

- o Ensuring access to social basic services;
- o Satisfying the increasing food needs of the population;
- o Successfully integrating international and sub-regional markets;
- o Ensuring for the long-term sustainability of sector performance.

OPERATIONAL STRATEGY

8. Participatory PRSP consultations with stakeholders helped to identify five priority domains:

- o *Local Development* in the most decentralized manner possible to respond to questions linked to the determination of living conditions, effective participation in decision making and the appropriation of new infrastructure.
- o *The development of vegetable, animal and fish production* to (i) increase producer income, (ii) ensure the food security of the rural and urban populations and (iii) create appropriate conditions for the effective integration of producers in national, sub-regional or international markets.
- o *Institutional support* to producers, building essential capacities to adapt to the evolving environment.
- o *Sustainable management of natural resources* to improve long-term productivity and performance, using environmentally friendly technical and economical innovations.
- o *Rural sector finance* to encourage savings and income redistribution under concessional grants or credits guaranteeing access to credit for all producers, including the peasantry.

9. These priorities have been translated into a structured operational framework and programs with an operational budget. Four managing principles will guide their implementation:

- o Coherence of the interventions;
- o Contracting of service providers;
- o Promotion of subsidiary bodies;
- o Empowerment of civil society.

SECTORAL ADJUSTMENT MEASURES

10. The sound recommendations from the rural sector partners roundtable in Cameroon, which took place April 29-30, 2003, constituted an important step for adopting sectoral adjustment measures, and achieving consensus on the subsequent action plan and concrete mechanisms to ensure harmonious development of the rural space.

11. In accordance with the roundtable recommendations in Cameroon, The Government undertakes to:
- o Establish coherent programs for each of the intervention axes identified by the rural sector development strategy;
 - o Promote dialogue and planning platforms, at both centralized and decentralized levels;
 - o Promote an adapted coordination mechanism for implementation of the sectoral strategy, taking into account the specificities of each sub-sector;
 - o Promote the set up of harmonized sectoral intervention and monitoring and evaluation mechanisms, and in particular through the set up of coordination and follow up committees, both at central and decentralized level;
 - o Reinforce the financial and technical capacities of concerned ministries for efficient realization of their assigned missions;
 - o Deepen sub-sectoral and thematic policies that can contribute to the optimal implementation of the rural sector development strategy, such as local governance, local hydrology and electrification, transportation, land tenure, community forests, the environment, etc.
12. The Government also intends to take a number of measures in order to create a favorable environment for the realization of the objectives of the rural development strategy:
- a) Regarding *local development*, the Government
 - o Will continue to strongly reinforce the capacities of local decentralized authorities and communities;
 - o Designates the Community Development Program (PNDP) as the global dialogue, synergy and implementation framework for the local development axis of the rural development strategy.
 - b) Regarding the *development of vegetable, animal and fish production*, the Government will
 - o Establish a framework for positive incentives, through, *inter alia*, a re-engineering of the fiscal system, protecting sectoral economic agents and operators, and the development of a targeted subsidy policy;
 - o Urgently establish a multi-disciplinary body to coordinate the preparation of the development of vegetable, animal and fish productions programs.
 - c) Regarding institutional support, the Government will in particular
 - o Ensure proper coordination of all technical ministries charged with the rural sector, at both centralized and decentralized levels to guarantee the coherent implementation of programs and projects that conform well to sectoral policies and strategies.
 - d) Regarding sustainable natural resources management, the Government will
 - o Clarify and protect access to and use of natural resources;
 - o Harmonize several ongoing or planned programs regarding the management of community forestry along a community-based approach.
 - e) Regarding rural sector finance, the Government will
 - o Improve access to micro-credit, particularly through reinforcing the development of a micro-finance network and an improvement of the tax system in the rural sector;
 - o Harmonize modalities to support the financing of communal and community needs.
13. Concerned about the sustainability of development interventions, the Government has already committed to mobilize its own funds, in particular HIPC funds, to finance the priority needs of decentralized collectivities, rural communities, and professional agricultural and pastoral organizations

that have been identified in participatory processes and that will be included in future programs and projects under the rural development strategy. This resource mobilization will be explicitly reflected in the budget allocation process.

ADVANCING THE RURAL DEVELOPMENT STRATEGY

14. The rural sector development strategy declaration (RSDSD) will be advanced by sectoral ministries charged with rural development. They will be supported by a Steering Committee, through the rural sector monitoring mechanism to be developed by the Government. This mechanism would improve with the evolution of different programs and projects. It will be equipped with monitoring and evaluation tools, including performance and impact indicators. The scheduling of regular RSDSD reviews shall fall under the responsibility of the Steering Committee.

15. Given these commitments, the Government now seeks contributions, collaborations, and technical assistance from the donor community and other development partners to implement all of the components of the rural sector development strategy.

REPUBLIQUE DU CAMEROUN

Paix - Travail - Patrie

MINISTRE DES AFFAIRES ECONOMIQUES, DE LA
PROGRAMMATION ET DE L'AMENAGEMENT DU TERRITOIRE

SECRETARIAT GENERAL

REPUBLIC OF CAMEROON

Peace - Work - Fatherland

MINISTRY OF ECONOMIC AFFAIRS,
PROGRAMMING AND REGIONAL DEVELOPMENT

SECRETARY GENERAL

041cf/MINEPAT/SG

Yaoundé, le 14 JAN 2004

LE MINISTRE,

**A La communauté des bailleurs de fonds
et des partenaires au développement.**

Objet : *Déclaration de stratégie de développement rural*

CONTEXTE

1. Dans le cadre de la relance économique, le Gouvernement a entrepris la restructuration du secteur rural dès 1990. Celle-ci s'est traduite notamment par la volonté de moderniser le secteur agricole confronté depuis 1987 à une chute brutale des produits d'exportation.
2. Les réformes de première génération contenues dans la nouvelle politique agricole n'ont pas eu tous les effets attendus. Cette situation a contribué à envisager des adaptations en vue de préparer une nouvelle phase de relance du secteur agricole en tenant compte de l'évolution favorable du contexte macro-économique à partir de la fin des années 90. Ces adaptations interviennent au moment où le Gouvernement se propose de combler le déficit social inhérent à une altération considérable des indicateurs de développement humain, consécutive aux années de crise économique.
3. Conscient de l'incidence que constitue la fragilisation du capital social sur les fondements de la croissance et de la cohésion sociale, le Gouvernement a opté pour une nouvelle génération de politiques socio-économiques, susceptible de consolider les acquis des programmes antérieurs afin de relever le rythme de croissance d'une part, et de renforcer la dimension sociale d'autre part, pour que les bonnes performances économiques se traduisent par une amélioration des conditions de vie des populations. C'est à cet effet que le Gouvernement a élaboré un document de stratégie de réduction de la pauvreté (DSRP).

OPTIONS STRATEGIQUES DU SECTEUR

4. L'élaboration du DSRP s'est accompagnée d'un ensemble de politiques cadres, sous tendues par des stratégies sectorielles, des programmes et projets à mettre en œuvre à moyen et long terme. L'ensemble de ces politiques s'articule ainsi autour de sept principaux axes stratégiques :
 - la promotion d'un cadre macro-économique stable ;
 - le renforcement de la croissance par la diversification de l'économie ;
 - la dynamisation du secteur privé comme moteur de la croissance et partenaire dans l'offre des services sociaux ;
 - le développement des infrastructures de base, des ressources naturelles et la protection de l'environnement ;
 - l'accélération de l'intégration régionale dans le cadre de la CEMAC ;

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- le renforcement des ressources humaines du secteur social et l'insertion des groupes défavorisés dans le circuit économique ;
- l'amélioration du cadre institutionnel, de la gestion administrative et de la gouvernance.

5. Etant donné qu'en l'absence d'une diversification accrue, la croissance de l'économie camerounaise continuera d'être tributaire des produits traditionnels d'exportation, forçant les pouvoirs publics à des réajustements fréquents, au risque d'aggraver la situation des populations vulnérables, le Gouvernement est déterminé à accélérer au moyen des réformes, la diversification de l'économie en vue de relever la croissance aux environs de 6% en moyenne sur la période 2005 à 2015. L'un des piliers de cette réforme constitue la stratégie de développement du secteur rural (SDSR).

6. Au cœur de la SDSR se trouve l'amélioration des conditions et du niveau de vie des populations rurales à travers une démarche participative. En effet, environ 86% des pauvres vivent en milieu rural et 84% de la population rurale est pauvre, selon des études socio-économiques régionales menées en l'an 2000. Parmi les déterminants majeurs de cette pauvreté se trouvent :

- l'absence d'une organisation préalable à la libéralisation des filières agricoles ;
- l'enclavement des zones rurales ;
- la mauvaise gouvernance ;
- l'existence de nombreux dysfonctionnement au plan social ;
- l'accès difficile aux services de base ;
- l'accès difficile des opérateurs économiques nationaux aux ressources naturelles ;

7. Pour chacun de ces aspects, il a été défini un nouveau cadre de référence dont l'objectif global est d'assurer une croissance soutenue, durable et équitable du secteur rural. Cet objectif est assorti d'un certain nombre de défis que le Gouvernement compte relever à savoir :

- assurer l'accès aux services sociaux de base ;
- satisfaire à la demande alimentaire en pleine expansion ;
- réussir l'intégration au marché international et sous-régional ;
- assurer la durabilité des performances du secteur sur le long terme.

STRATEGIE OPERATIONNELLE

8. Cinq domaines prioritaires ont été retenus au terme des consultations participatives qui ont ponctué la rédaction du document de stratégie de développement du secteur rural :

- le développement local pour traiter de la manière la plus décentralisée possible des questions qui déterminent dans une certaine mesure les conditions de vie des populations et leur participation effective aux processus de prise de décision et leur appropriation des infrastructures qui seront mises en place.
- le développement des productions végétales, animales et halieutiques pour accroître les revenus des paysans et assurer la sécurité alimentaire des populations rurales et urbaines, tout en créant les conditions d'une bonne insertion des producteurs sur le marché national, sous-régional ou international.
- l'appui institutionnel dont le but est d'assurer le renforcement des capacités indispensables pour que les différents acteurs du secteur rural soient capables de s'adapter aux exigences d'un environnement en mutation.
- la gestion durable des ressources naturelles dans l'optique d'améliorer à long terme les performances et la capacité des systèmes de production au moyen des innovations techniques et économiques respectueuses de l'environnement.
- le financement du secteur rural pour assurer la collecte de l'épargne et sa redistribution sous forme de crédits octroyés à des conditions préférentielles ou de subventions, garantissant l'accès à tous les producteurs y compris aux petits paysans.

9. Ces priorités ont été déclinées en un cadre opérationnel structuré et en programmes qui ont fait l'objet d'un cadrage budgétaire. Les principes directeurs qui en présideront la mise en œuvre sont de quatre ordres, à savoir :

- la cohérence des interventions ;
- la contractualisation des prestations ;
- la promotion des institutions subsidiaires ;
- la responsabilisation de la société civile.

MESURES D'AJUSTEMENT SECTORIEL

10. La table ronde des partenaires du secteur rural au Cameroun, organisée du 29 au 30 avril 2003, constituée par la qualité de ses recommandations, une étape importante permettant la prise de mesures d'ajustement sectoriel sous-tendu par un plan d'action consensuel et des mécanismes concrets devant assurer une mise en valeur harmonieuse de l'espace rural.

11. En conformité avec les recommandations de la table ronde des partenaires du secteur rural au Cameroun, le Gouvernement s'emploiera à :

- mettre en place des programmes cohérents pour les différents axes d'interventions identifiés dans la stratégie de développement du secteur rural ;
- promouvoir des espaces de concertation et de planification au niveau central et décentralisé ;
- promouvoir un mécanisme de coordination adapté autour de la stratégie du secteur prenant en compte les spécificités de chaque sous secteur ;
- promouvoir la mise en place de mécanismes harmonisés d'intervention et de suivi et d'évaluation du secteur notamment par la mise en place de comités de coordination et de suivi au niveau central et décentralisé ;
- renforcer les capacités financières et techniques des ministères concernés pour les rendre efficaces dans la réalisation de leurs missions ;
- approfondir les politiques sous-sectorielles et thématiques contribuant à la mise en œuvre optimale de la stratégie de développement du secteur rural tels que la gouvernance locale, l'hydraulique et l'électrification rurales, le transport, le régime foncier, les forêts communautaires, l'environnement, etc.

12. Le Gouvernement entend également prendre une série de mesures visant à créer un environnement favorable à la réalisation des objectifs de la stratégie de développement du secteur rural :

- a. Dans le domaine du développement local, le Gouvernement :
 - s'attellera tout particulièrement à poursuivre le renforcement des capacités des collectivités territoriales décentralisées et des communautés.
 - a retenu, face aux incohérences perceptibles dans la mise en œuvre de la stratégie de développement du secteur rural, le Programme National de Développement Participatif (PNDP) pour servir de cadre général de concertation, de synergie et de mise en œuvre de l'axe développement local de la stratégie de développement du secteur rural.
- b. Dans le domaine du développement des productions végétales, animales et halieutiques, le Gouvernement :
 - s'engage à mettre en place un cadre incitatif incluant le remodelage du système de fiscalité, la protection des agents et opérateurs économiques du secteur et une politique de subvention ciblée.
 - s'engage en outre à mettre en place de façon urgente un organe pluridisciplinaire chargé de coordonner la préparation des programmes de développement de productions agricoles, animales et halieutiques.

- c. Dans le domaine de l'appui institutionnel, le Gouvernement :
 - s'engage notamment à assurer une bonne coordination de l'ensemble des ministères sectoriels intervenant en milieu rural au niveau central et décentralisé. Ceci permettra d'assurer la mise en œuvre de programmes et projets cohérents et bien articulés avec les politiques et stratégies sectorielles.
- d. Dans le domaine de la gestion durable des ressources, le Gouvernement :
 - s'engage à préciser et sécuriser les modalités d'accès et d'usage des ressources naturelles.
 - s'engage, sur la gestion de la foresterie communautaire, à harmoniser l'approche communautaire entre les différents programmes en cours ou prévus.
- e. Dans le domaine du financement du secteur rural, le Gouvernement :
 - s'efforcera d'améliorer l'accès au crédit par le renforcement et le développement notamment du réseau de micro-finance ainsi que par l'amélioration de la fiscalité dans le secteur.
 - s'engage également à harmoniser les modalités d'appui au financement des besoins des communes et communautés.

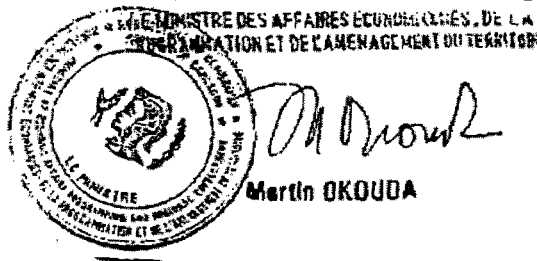
13. Par ailleurs, dans le souci de pérenniser les actions de développement, le Gouvernement s'est d'ores et déjà engagé pour que les ressources propres, et en particulier les ressources PPTE, soient mobilisées pour le financement des besoins prioritaires des collectivités territoriales décentralisées, des communautés rurales et des organisations professionnelles agricoles et pastorales telles qu'identifiées par les processus participatifs prévus dans le cadre des programmes et projets relevant de la stratégie de développement du secteur rural et en particulier, que cela soit reflété explicitement dans le processus budgétaire.

SUIVI DE LA STRATEGIE DE DEVELOPPEMENT RURAL

14. La Déclaration de Stratégie de Développement du Secteur Rural (DSDSR) sera suivie par les ministères sectoriels en charge du développement rural, appuyés par un Comité de Pilotage, à travers le mécanisme de suivi du secteur rural que le Gouvernement s'engage à développer. Ce mécanisme se perfectionnera progressivement avec l'évolution des programmes et projets. Il sera doté d'outils de suivi-évaluation comportant des indicateurs de performance et d'impact. La périodicité de la revue de la DSDSR sera placée sous la responsabilité du Comité de Pilotage.

15. En conséquence, le Gouvernement sollicite la contribution, la collaboration ainsi que l'appui technique et financier de la communauté des bailleurs de fonds et des partenaires au développement pour que soit mise en œuvre la stratégie de développement du secteur rural dans toutes ses composantes.

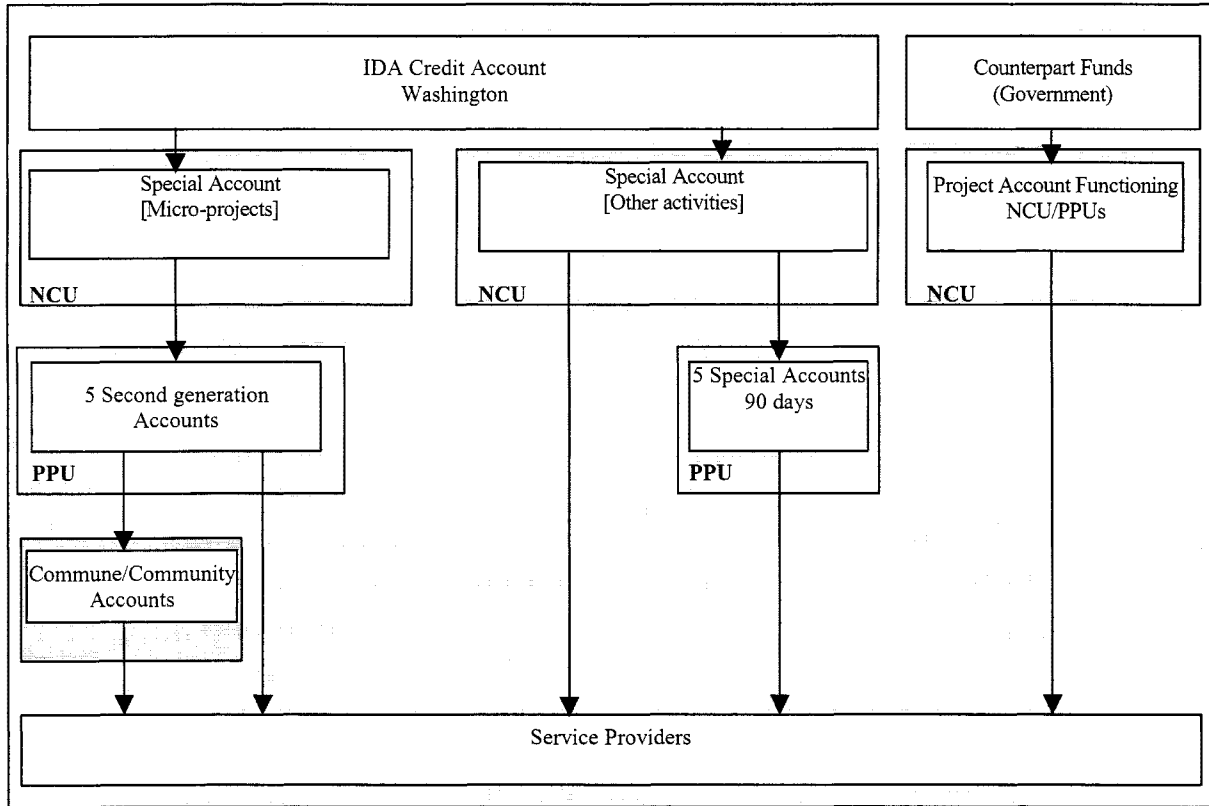
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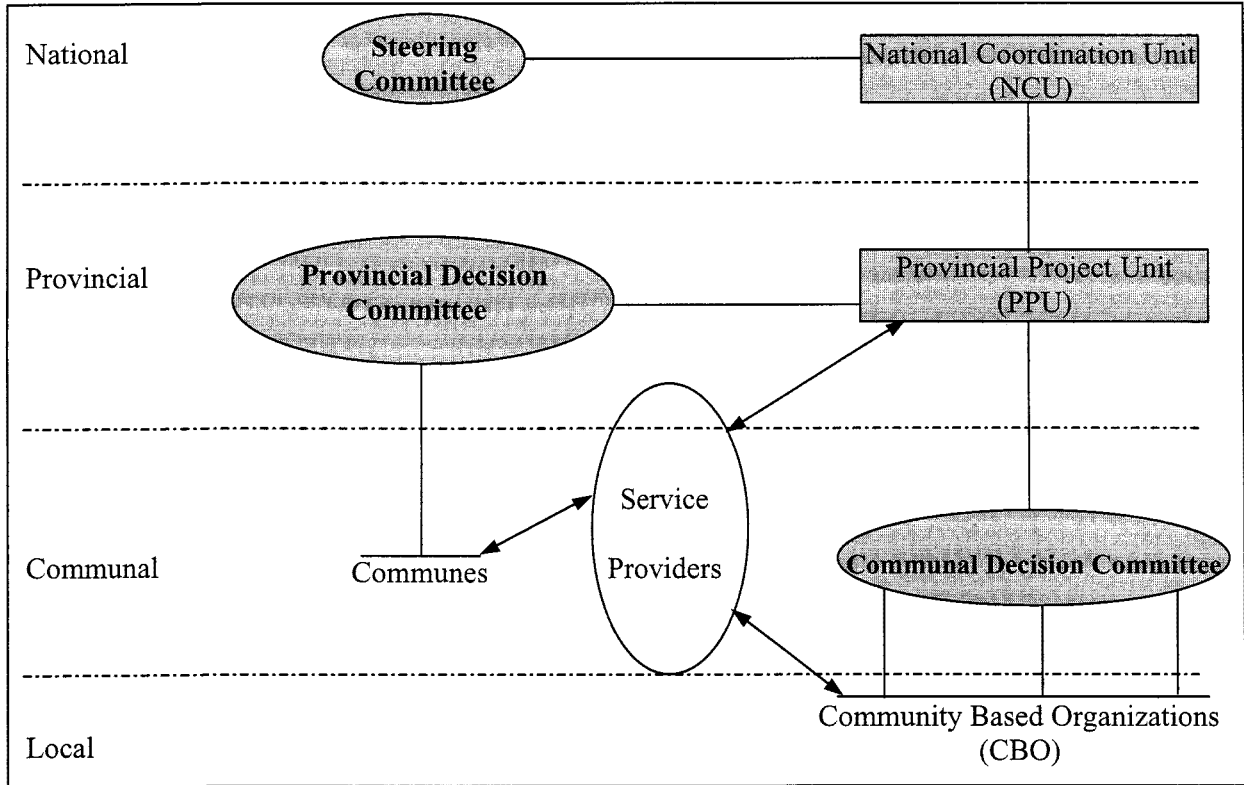
Martin OKOUDA



**Additional Annex 12: Financial and Institutional arrangements
CAMEROON: Community Development Program Support Project**

1. Financial arrangements



2. Institutional arrangements



-  Project Implementation Units
-  Deliberation entities set up by the PNDP to approve Development Plans and Subprojects

MAP SECTION

