

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: AB3946

<b>Project Name</b>	CM-Energy Sector Development SIL (FY08)
<b>Region</b>	AFRICA
<b>Sector</b>	Power (80%); General energy sector (20%)
<b>Project ID</b>	P104456
<b>Borrower(s)</b>	REPUBLIC OF CAMEROON
	Republic of Cameroon Cameroon
<b>Implementing Agency</b>	
	Ministry of Energy and Water (MINEE) Cameroon
	The Electricity Regulatory Commission (ARSEL) Cameroon
	The Rural Electrification Agency (AER) Cameroon
	The Electricity Development Corporation (EDC) Cameroon
<b>Environment Category</b>	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	June 4, 2008
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<b>Date of Board Approval</b>	June 24, 2008

1. Country and Sector Background

*I. The Economy*

**Improving growth and governance are key focus areas of Cameroon's growth and poverty reduction strategy.** Cameroon's economic performance has been below its potential given its rich natural resource endowment, relatively well trained labor force, bilingual population, and access to the sea. Real GDP growth rates of 2.3% in 2005, 3.2% in 2006 and 2.9% in 2007 have remained significantly below growth targets set in the government's first PRSP which aimed for 5.2% growth p.a. over the 2003-2006 period. Oil revenues only partially compensated for the poor performance of the non-oil sector which is, among others, due to a poor investment climate and delays in implementing the public investment program. Stronger and more diversified growth including the development of agriculture, services and manufacturing sectors will require tackling the constraints to private investment. These constraints include corruption, inefficient tax administration, limited access to and high costs of financing, and unreliable power supply.

While income per capital of \$1,080 (2006 data) compares favorably to other African countries, poverty in Cameroon remains widespread with about 40 percent of the country's more than 16 million people living

under the poverty threshold of about US\$1 per day. The country is off track for meeting most of the Millennium Development Goals (MDGs) and will have difficulty in reaching them.

Improvement in governance including anticorruption measures is necessary if the country hopes to improve the business climate and enhance growth prospects. In this respect, Cameroon has made progress in this area in the past few years<sup>1</sup> and recently undertook a number of measures to improve public financial management and reduce corruption.

**Debt relief has created additional fiscal space for growth investments.** Cameroon received debt relief under two major international initiatives<sup>2</sup>, clearing the way for a write-down of its external debt from about 40 percent of GDP in 2005 to 5 percent of GDP in 2006. Cameroon is now poised to make faster progress toward improving living conditions and reducing poverty. Cameroon is using the freed-up resources to increase priority spending, including on health, education, agriculture, infrastructure development, and institution building. Higher current spending, however, could undermine fiscal sustainability if the debt relief is not managed properly. The quality of public expenditures needs to be improved and the reduction of subsidies to public enterprises need to be a priority.

## *II. The Energy sector*

**Improving access to electricity and reliability of power supply is a top priority for accelerating growth in Cameroon.** Electricity access rates are estimated at about 46% overall but only about 11% for rural households. The vertically integrated power utility, AES Sonel, had 536,974 total connections at the end of 2006. According to the World Bank's investment climate assessment, limited access to reliable electricity is among the top 5 obstacles to doing business in Cameroon. It is estimated that the lack of reliable energy services is costing Cameroon close to 2% of GDP growth. Reliable electricity supply is the basis for Cameroon's growth strategy which is centered on exploiting the country's substantial mineral reserves (bauxite, iron, gold et al.) and developing agriculture. In rural areas, only about 14% of Cameroon's 15,000 villages have access to electricity. 80% of the rural population uses woodfuel or charcoal to meet its energy needs.

**Consolidation of electricity sector reforms and scaling up rural electrification requires amendments to the institutional and regulatory framework.** GOC initiated in 1998 a series of policy and structural reforms to promote the efficient operations of the power sector and increased private sector participation. GOC adopted an Electricity Law in 1998, a complementary Electricity Decree in 2000 and established a sector regulator (ARSEL) and a rural electrification agency (AER). The state-owned power utility was privatized through a 20-year concession in 2001 to AES Sonel<sup>3</sup> and was granted a monopoly over transmission and distribution throughout its concession area and the right to own up to 1,000 MW of installed generation capacity. A Presidential Decree of November 29, 2006 created the Electricity Development Corporation (EDC) which, among others, is responsible for the management of public sector assets in the power sector. EDC has recently become operational with the appointment of its general manager and chairman of the board and is in the process of establishing itself. While legal and regulatory texts are relatively clear with regards to the mandate of each entity (MINEE, ARSEL, AER, and EDC), poor coordination between them weakens governance in the sector and institutional responsibilities require a review. ARSEL has limited capacity for concession monitoring and service

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<sup>1</sup> Although Transparency International corruption rating rose from last place in the late 1990s to 138<sup>th</sup> of 163 countries surveyed in 2006, corruption remains a major problem.

<sup>2</sup> Cameroon's debt declined under the enhanced Heavily Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI). HIPC debt relief cut Cameroon's debt by about US\$1.3 billion in net present value terms. Debt relief under the MDRI amounts to a further US\$1.1 billion in nominal terms.

<sup>3</sup> 54% AES, 46% GOC.

quality has remained poor. In rural electrification, a number of agencies (MINEE, AER, FEICOM et al.) are intervening under competing mandates, without a strategic plan and without adequate coordination, thereby reducing the impact of investments. An institutional review is required to improve efficiency sector coordination and interventions.

**Investments in Cameroon's hydro dominated power system have not kept up with demand growth,** creating the risk of significant power shortages from 2009 onwards. 77% (721 MW) of AES Sonel's installed capacity of 933 MW is hydro capacity, while thermal capacity (diesel and heavy fuel oil) accounts for the balance (212 MW). Available capacity is significantly lower as necessary rehabilitation of the two largest hydro power plants at Song Loulou and Edea has not yet taken place. Historical growth rates of electricity supply of 2.3% in 2005 (4,003 GWh) and 3.6% in 2006 (4,147 GWh) are below the projected average demand growth of 6%. To avoid potentially significant power shortages from 2009 onwards, AES Sonel through its subsidiary Kribi Power Development Company (KPDC) is in the process of installing an 86 MW HFO emergency power plant near Douala (Dibamba). KPDC is also developing the Kribi gas to power project with a minimum capacity of 150 MW which will be a trigger to start exploiting Cameroon's gas resources. The World Bank plans to assist the financing of the Kribi transaction with a Partial Risk Guarantee (PRG) for a local currency loan from local banks.

**The Lom Pangar Hydropower Project (LPHP) is the anchor project to realize Cameroon's significant hydro power potential.** Cameroon's three existing water reservoirs do not have sufficient storage capacity (total of 7.5 km<sup>3</sup>) to maintain reliable power supply during the dry season. Constructing the Lom Pangar dam at the confluence of the Lom and Pangar rivers will establish a reservoir of up to 7.25 km<sup>3</sup> with a useful capacity of about 6 km<sup>3</sup> allowing for improved regulation of the water flow of the Sanaga river. Economic benefits of the LPHP include (i) increasing generation capacity at existing Song Loulou and Edea hydro power plants by at least 120 MW, (ii) setting the basis for a number of downstream hydro power projects including Nachtigall (330 MW), Songmbengue (900 MW), Song Ndong (280 MW) or Kikot (500 MW), and (iii) creating 30 MW of additional generation capacity for the electrification of neighboring towns and villages. Economic analysis shows that the planned LPHP is very efficient in terms of storage cost, at about half the cost of water per m<sup>3</sup> stored of the closest alternative, a combination of several smaller regulating dams.

**Technical assistance is required to manage the technical, environmental and social risks of the future LPHP.** Before the creation of the Electricity Development Corporation (EDC), LPHP preparations were led by MINEE which had limited capacity to keep the project on track. With EDC taking over as project company, it will have to build the required capacity quickly to further avoid delays in project preparation and manage the project's technical and safeguard risks in accordance with international standards. The project's associated risks include (i) partial flooding of the Chad-Cameroon pipeline at two intercepts of about 5 km lengths in total, (ii) a number of environmental and social safeguard risks, amongst others related to the partial flooding of the Deng Deng forest and the threat that increased access to the forest and the dam site will pose to the natural habitat of large primates, and (iii) the need to ensure that benefits of LPHP are shared widely and do not disproportionately accrue to Cameroon's largest electricity customer, Alucam. Project preparations have encountered significant delays and several important environmental, social and technical studies have not yet been completed. The proposed project will therefore provide assistance to EDC with the technical, environmental and social dimensions of project preparations. This will equally ensure that project preparations are in line with best practice international standards and World Bank safeguard policies. The parallel Environmental and Social Capacity Building Project for the Energy Sector will provide complementary technical assistance with a focus on establishing the legal and institutional framework for managing environmental and social impacts of energy investment projects.

## **Sector planning needs to be improved to ensure the long-term sustainability of the electricity sector.**

Cameroon's energy sector development has suffered from weaknesses in sector planning. Strategic planning documents are outdated and the least cost sector development plan prepared for the HIPC Completion Point has never been adopted by GOC. In particular, least cost investments in hydro power generation capacity following LPHP have to be studied in more detail. An energy action plan for poverty reduction (PANERP) led to strong ownership of its outcome but has not been implemented to date. Further consolidation of the reform requires the development of a coherent long-term least cost energy sector investment plan and capacity building for MINEE, ARSEL, AER and EDC.

**Least cost investment planning is complicated by the dominance of one single customer, the aluminum smelter Alucam.**<sup>4</sup> Alucam accounts for more than 40% of total power consumption, is currently buying power at very low rates and is planning to increase its plant capacity in the near future. Alucam's medium-term strategy to meet its additional power needs for the existing plant is built around the construction by the Alcan/Rio Tinto Group of the Nachtigal hydro power project, a large run-of-river generation project (330 MW), subject to the construction of the LPHP on which it would depend. Alucam is also conducting a feasibility study for a potential 900-1,000 MW hydro power plant at Songmbengue in connection with its plans for a greenfield alumina plant based on the exploitation of Cameroon's bauxite reserves. Negotiations on future electricity prices for Alucam after the end of its historic 30-year contract in 2009 are ongoing and will need to reflect actual costs to avoid subsidies to the aluminum industry. At the request of the World Bank, the GOC has conducted an economic analysis of the aluminum industry and the proposed project will provide further technical assistance to ensure fair electricity prices for all electricity consumers, including Alucam.

## **2. Objectives**

The overall project development objective is to increase access to modern energy in targeted rural areas and improve the planning and management of sector resources by all energy sector institutions. Through its intervention, the project is expected to contribute to improved reliability of electricity supply. Increased access to and reliability of electricity are key factors in the realization of GOC's growth and poverty reduction strategy.

The Project Development Objective will be achieved through:

- (i) Setting up a financing and planning mechanism for rural energy (Rural Energy Fund);
- (ii) Improving the legal and regulatory framework and strengthening the capacity of sector institutions to better execute their mandates (MINEE, ARSEL, AER, EDC); and
- (iii) Improving the preparation of energy projects, including LPHP and rural energy projects.

## **3. Rationale for Bank Involvement**

Promoting sustainable growth for employment creation and poverty reduction is a focus area of GOC's revised growth and poverty reduction strategy which is in the process of being elaborated. The World Bank Group's Interim Strategy Note (ISN) identifies the support to the development and quality improvement of infrastructure as a focus for Bank assistance. The proposed Energy Sector Development Project is specifically mentioned in the ISN as an instrument for furthering this objective.

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<sup>4</sup> The aluminum smelter is jointly owned by Canadian Alcan (46.7%) and GOC (46.7%) and AFD (6.6%).

The GOC has shown commitment and expressed a keen interest in working with the World Bank Group as a strategic partner in the development of Cameroon's energy sector, a key sector in GOC's growth and poverty alleviation strategy. Sustained economic growth requires (i) the sustainable development of Cameroon's considerable hydropower potential, (ii) adequate capacity to plan, regulate and execute investments in power generation, (iii) access to availability of reliable and affordable energy, especially in peri-urban and rural areas, and (iv) consolidation of the reform achievements to further improve efficiency in the sector. The proposed project will therefore support preparatory activities for the GOC's planned Lom Pangar Hydropower Project (LPHP) and rural energy projects, capacity building for all sector stakeholders and sustainable development of grid and off-grid electrification in Cameroon.

The World Bank participation in preparatory activities of the LPHP, a key high priority and economic least cost investment in the electricity sector, will ensure that project preparation adhere to international best practices and complies with the World Bank safeguard policies. This will help mitigate and manage the substantial to high project risks which include , in particular: (i) the partial flooding of a section of the Chad-Cameroon pipeline, (ii) high environmental and social safeguards risk, including the partial flooding and increased access to the Deng Deng forest, a critical natural habitat for large primates, and (iii) reputation risks arising from the fact that a significant share of the benefits of LPHP will accrue to Cameroon's largest electricity consumer, the aluminum smelter Alucam. Consequently, areas of particular focus for the World Bank Group engagement include ensuring the sustainability of the Deng Deng forest and the transparent developments of Cameroon's and mineral resources to manage the wider impacts on the development of natural resources, the environment and the population at large. The World Bank participation in preparatory activities for the planned LPHP does not provide a commitment that it will finance the construction of the project itself.

The proposed project also marks the strategic re-engagement of the World Bank in Cameroon's energy sector. The GOC and the World Bank are engaged in an intensive policy dialogue in this key sector, and a comprehensive program of financial and technical support is being developed through this project and the parallel Environmental and Social Capacity Building Project for the Energy Sector. IDA is also preparing a Partial Risk Guarantee for a local currency financing of the Kribi Gas Power Project. IFC acted as transaction advisor to GOC in the privatization of AES Sonel, was the lead arranger for a EUR250 mm syndicated loan signed in December 2006 for AES Sonel's EUR380 mm five-year investment program, providing EUR70 mm, and is in the process of arranging a syndicated loan for the foreign currency financing of the Kribi gas power project.

#### **4. Description**

The project includes the following three components:

**Component I (\$45 million): Rural Energy Fund (REF).** This component will help set up a rural energy fund as foreseen under PANERP and the decree establishing AER. A financing mechanism based on best practice examples from countries such as Mali and Burkina Faso will streamline interventions and increase the effectiveness of investments in rural energy. The fund will be managed by AER as executing agency based on transparent operational and fiduciary procedures. Other donors have expressed an interest in contributing to the fund once it is established. Over time, GOC intends to ensure the sustainability of the REF through a levy on electricity sold and other energy products. The World Bank will contribute US\$40 million to the REF while the GOC will provide at least US\$5 million to the REF through budget contributions over the life of the project.

**Component II (\$15.6 million): Capacity Building.** The project will provide technical assistance to MINEE (US\$6 m.) to (i) improve the planning of least cost investments; (ii) finalize the legal and

institutional framework of the energy sector; (iii) communication; and (iv) complementary studies and provide necessary training and equipment. EDC (\$3.6 m.) will benefit from technical assistance for: (i) developing tools for water basin management, (ii) pre-feasibility and feasibility studies for future hydroelectric projects, (iii) communication; and (iv) associated training and equipment. ARSEL (US\$4 m.) will benefit from technical assistance and training to improve regulatory governance, concession oversight and consumer protection. Capacity building for AER (US\$2 m.) will focus on implementing the REF, rural energy expansion and energy efficiency.

**Component III (\$9.4 million): *Project Preparation including LPHP preparation.*** The project will assist EDC with the preparation of LPHP and AER with the preparation of rural energy projects.

The IDA credit will support the team of technical experts being put in place by EDC by financing an independent engineering firm which will provide an owner's engineer and other technical staff required to facilitate and oversee preparatory activities of LPHP. The credit will equally finance outstanding technical, environmental and social studies and the preparation of bidding documents. In addition, the IDA credit will ensure the ongoing financing of the independent panels of environmental and social and dam safety experts.

To implement the REF based on the updated Rural Electrification Masterplan and the National Energy Plan for the Reduction of Poverty (PANERP), the project will provide technical assistance to AER to identify, prepare and appraise rural energy projects in view of their financing by private operators or local communities. The project will finance the development of standard bidding documents, standard technical specifications and other project preparation documents. In addition, the project will finance consultants which will work with AER to provide technical assistance to private operators and in the supervision of project execution.

## 5. Financing

Source:	(\$m.)
BORROWER/RECIPIENT	5
International Development Association (IDA)	65
Total	70

## 6. Implementation

AER will be the executing agency of the rural energy fund which will execute an annual investment program based on an updated Rural Electrification Masterplan and approved by a Rural Electrification Planning and Programming Committee (REPPC) to be chaired by MINEE and including representatives of all concerned institutions (ARSEL, FEICOM, respective line ministries, representatives of communities). In conformity with the electricity law, ARSEL will be in charge of selecting rural energy operators through a competitive bidding process. MINEE, ARSEL, AER and EDC will each implement their respective capacity building component. The LPHP preparations component will be implemented by EDC and rural energy project preparation by AER. MINEE will have the responsibility for overall project coordination and will ensure the technical, financial and administrative management of the project. It will work in close collaboration with ARSEL, AER and EDC for controls and oversight. Consultants to be financed under the project can assist MINEE, ARSEL, AER and EDC in the preparation of bidding documents and, if necessary, in the evaluation of proposals.

The World Bank will supervise and monitor the implementation of the activities through headquarter and field based staff. Monitoring of LPHP preparations will be done on a continuous basis. Other project components will be supervised at least twice a year to learn from its operation and ensure that the sub-projects are optimally operated.

The implementation period will be five (5) years and is expected to take place between October 2008 and December 2013.

## 7. Sustainability

### ***Component I: Rural Energy Fund***

The effort to extend rural energy access, through this project and others in the future, rests on several fundamental elements learned from past successful and not so successful rural electrification programs in Cameroon and elsewhere. The most important elements built in the design of this project are: (i) competitive award of concessions/licenses/authorizations; (ii) community participation and privately managed projects; (iii) suitable low-cost technology; (iv) building capacity of stakeholders and communication; (v) cost recovery from customers, and (vi) decreasing level of investment subsidies, to be replaced overtime as the rural electrification program matures assisted by loans from commercial banks. To create a level playing field with other competing sources of energy and to encourage electrification of the country's rural areas, the higher capital cost of rural energy schemes will be initially offset, in the vast majority of cases, by grants and other forms of assistance extended by the Rural Energy Fund (REF) to energy service operators (ESO). Investment subsidies will be capped at 70% of total investments to ensure co-financing from operators which would also ensure adequate maintenance funding.

### ***Component II: Capacity Building***

Regarding capacity building, the activities for each institution (MINEE, ARSEL, AER, and EDC) have been demand-driven and are therefore the result of a high degree of ownership by the benefiting institution. In order to ensure a maximum transfer of competences, the approach adopted includes a mix of in-house and external training and consultancy services for key technical studies. A number of these

studies are required for the future development and further reforms in the electricity sector which government plans to undertake.

### ***Component III: Project Preparation***

Regarding the preparation of LPHP, GOC is committed to timely and successful project preparation. For this purpose, GOC has already conducted a number of environmental and social studies, recruited panels of independent experts (financed by AFD) and is finalizing the appropriate institutional structure for LPHP preparation, including setting up a project unit within EDC. Timely and sustainable project preparation and implementation will depend, inter alia, on (i) the availability of funding for complementing the project unit with independent expert consultants, (ii) the realization of outstanding environmental and social studies and the drafting of the ESMP before launching the formal procurement process of the EPC contractor, (iii) adequate capacity to manage the environmental and social risks associated with the project. This project will provide financing of preparatory studies and capacity building for project preparations. The parallel Environmental and Social Capacity Building Project for the Energy Sector will provide capacity building for all stakeholders to improve their management of environmental and social risks associated with large scale energy projects. IDA participation in preparatory activities of the LPHP will enhance the sustainability of project preparation and implementation in line with best practice international standards for hydropower projects. Access to expert World Bank staff will also allow GOC to obtain a second opinion before taking key technical, environmental and financial decisions related to the project.

## **8. Lessons Learned from Past Operations in the Country/Sector**

### ***Component I: Rural Energy Fund***

There are a number of lessons learned from rural energy projects funded by the Bank worldwide.

- (i) Necessity of developing a rural energy strategy in line with the national energy strategy and preparing a rural electrification master plan to help in the planning of rural electrification projects to be undertaken nationwide over a medium to long-term horizon. The proposed project supports the preparation of the national energy strategy as well as a rural energy strategy, including the updating of the rural electrification master plan developed in 2001;
- (ii) The need for a suitable legal and regulatory framework to ensure a credible and stable contractual framework. The existing legal and regulatory framework will be reviewed and made clearer and more explicit in preparation of the REF;
- (iii) For rural energy projects to be sustainable, it is crucial that consumers bear at least the operating and maintenance costs of the system supplying them. The evidence is overwhelming that rural energy projects that did not rely on cost recovery from consumers generally failed. To avoid repeating this experience under the proposed project, cost recovery from consumers is a requirement for gaining support from the proposed Rural Energy Fund (REF);
- (iv) To promote rural electrification and to buy down the high cost of investment in rural electrification to make the cost of service affordable to the rural population, the setting up of a rural energy fund is necessary. Since extending access to modern sources of energy to the rural areas is a long-term endeavor, this fund should be funded in a sustainable way through budget allocations, donors' contributions and possibly a levy on sales of electricity in the interconnected networks. Subsidies from the REF will be given on the basis of output effectively delivered (e.g. number of households connected, etc.);

- (v) Capacity building of all stakeholders in rural electrification) and communication (MINEE, ARSEL, AER and EDC, Private Energy Operators - PEOs), is critical to current and future operations and to the sustainability of the rural energy program. The proposed project provides a substantial capacity building component to address identified weaknesses and to lay down the conditions under which projects and programs could be sustained;
- (vi) The management of funds should be separate and will be done through a designated account opened at the central bank. Disbursements will be made at the instruction of the treasury agent assigned to AER who will closely cooperate with the financial specialist of the REF Directorate within AER. Furthermore, the REF will be audited regularly to make sure that the funds are used for the purpose for which they are meant. The call for bids for rural energy operators is done by ARSEL, the regulator, in close collaboration with AER;
- (vii) The involvement of commercial banks to provide debt and to replace grant funding over time is vital to the success of the rural electrification strategy. In a second phase, to encourage banks to lend to PEOs and to get involved in the financing of rural electrification schemes, the REF may, under certain conditions, extend guarantees to cover part of the loan extended by commercial banks;
- (viii) Spreading the cost of house connection over a certain period (e.g. several months) has been shown to be quite effective in increasing the rate of connection to the new rural electrification scheme. The FER would encourage PEOs to adopt this policy in order to increase their consumer base;
- (ix) A number of skills and tools are necessary for effective project implementation. The project provides funding for staff training, consultancy services and information technology (IT) equipment under the capacity building and project preparation components. AER will also provide assistance to PES in designing their projects either directly or through consultants recruited for that purpose;
- (x) Community participation and regional equity. Community participation in the design of the rural electrification project insures that it corresponds to the community's needs. The community would therefore be more willing to participate in its sustainability by paying its bills regularly. Regional equity is also an important dimension that the project takes into account in project selection to ensure that poorer regions of the county are not excluded from benefiting from the rural energy program; and
- (xi) The choice of technology is dictated by economics (i.e. prices and market with regards to the source of technology) and should not be imposed exogenously. The proposed project is therefore technology neutral and subsidies will be awarded in line with applicable technology standards, taking the specificities of each region into account.

### ***Component II: Capacity Building***

The challenge with capacity building activities is to ensure a sustainable transfer of knowledge. The project aims to meet this challenge by providing a mix of in-country and outside training activities as well as teaming up outside consultants for key technical activities with staff of MINEE, AER, ARSEL and EDC. With a view towards improving coordination among all sector agencies and ensure synergies between activities, capacity building activities under the project have been demand-driven and have been developed in a participatory style with all sector agencies.

### ***Component III: Project Preparation, including LPHP***

Experience shows that the skills required for the preparation of large energy sector generation investments are not readily available in governments in developing countries. This can be the reason for poor project preparation and significant delays with potentially high cost to the economy. For preparatory activities of the planned LPHP, the project therefore proposes a pragmatic solution of assisting the project unit which EDC will put in place with a team of independent technical, environmental and social consultants, which are fully dedicated to project preparation and bring international best practice experience. Private sector participation could be envisaged to improve access to required skills and create incentives for a reliable project execution schedule.

#### **9. Safeguard Policies (including public consultation)**

For the rural energy fund, exact locations of rural energy projects are not yet known. Nevertheless, the Government has prepared prior to appraisal an Environmental and Social Management Framework (ESMF) and a resettlement Policy Framework (RPF) that describes how compliance of subprojects supported by the fund with World Bank policies will be ensured during project implementation. The ESMF describes procedures for the environmental and social screening and reviewing of subprojects, define precautionary principles and measures that must be incorporated in subprojects to ensure compliance, identify the institutions accountable for ensuring and monitoring compliance, and define capacity building measures required for these institutions to fulfill their assigned tasks. Specific safeguards issues and impacts will be determined as sub-projects are identified for financing by the Rural Energy Fund (REF). Affected communities will be represented in the Rural Electrification Planning and Programming Committee (REPPC) and will be consulted during the design and implementation of rural energy projects.

The capacity building component does not directly involve any safeguard issue. It will also benefit from the preparation of a strategic environmental and social assessment for the energy sector that will be prepared under the parallel Environmental and Social Capacity Building Project for the Energy Sector Project (PRECESSE).

Regarding the LPHP, this project only finances preparatory activities for the LPHP. These activities do not trigger any safeguard policies. No commitment by the World Bank is being made at this stage to fund construction of LPHP. However, the potential construction would trigger 7 out of the Bank's 10 safeguard policies (Environmental Assessment, Natural Habitat, Cultural Property, Involuntary Resettlement, Indigenous People, Forests, Safety of Dams). The Government of Cameroon has requested IDA funding of technical assistance in LPHP preparatory activities, specifically among other issues to ensure that the environmental and social assessment be done in accordance with World Bank safeguard guidelines. The project will provide funding for outstanding studies including the ESMP and RAP and can also provide ongoing financing for the panel of experts. The project will equally provide technical assistance to government on a communication strategy and on setting up a regular consultation platform between government, civil society, NGOs, local communities and project affected people and donors. With financing from AFD, the Government has already completed a draft environmental assessment, which was submitted to public consultations and, at GOC's request, was reviewed by the World Bank. Comments have been taken into account and a number of supplementary studies have been carried out. The Government also appointed an Environmental and Social, as well as a Dam Safety Panel, in accordance with Bank guidelines and both panels have started their work. All reports and studies completed so far have been publicly disclosed at the website of the Electricity Development Corporation ([www.edc-cameroon.com](http://www.edc-cameroon.com)) and through the IUCN web site ([http://www.iucn.org/en/projects/cameroon\\_lom\\_pangar.htm](http://www.iucn.org/en/projects/cameroon_lom_pangar.htm)).

<b>Safeguard Policies Triggered by the Project</b>	Yes	No
<a href="#">Environmental Assessment (OP/BP/GP 4.01)</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats ( <a href="#">OP/BP 4.04</a> )	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pest Management ( <a href="#">OP 4.09</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cultural Property ( <a href="#">OPN 11.03</a> , being revised as <a href="#">OP 4.11</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement ( <a href="#">OP/BP 4.12</a> )	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Indigenous Peoples ( <a href="#">OD 4.20</a> , being revised as <a href="#">OP 4.10</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests ( <a href="#">OP/BP 4.36</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams ( <a href="#">OP/BP 4.37</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas ( <a href="#">OP/BP/GP 7.60</a> )*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways ( <a href="#">OP/BP/GP 7.50</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## 10. List of Factual Technical Documents

### **Component 1 : Rural Energy Fund**

1. Cameroun : *Etude de Plan Directeur Electrification Rurale – Synthèse*, Lahmeyer International, 2001
2. République du Cameroun : *Plan National Energie pour la Réduction de la Pauvreté (PANERP)*, Décembre 2005, ESMAP/UNDP/The World Bank
3. *Mise en Place d'un Fonds d'Energie Rurale*, Rapport Provisoire, Marge consultants, Février 2008
4. République du Cameroun, *Projet de Développement du Secteur de l'Energie, Cadre de Gestion Environnementale et Social*, Février 2008
5. République du Cameroun, *Projet de Développement du Secteur de l'Energie, Cadre de Politique de Recasement*, Février 2008

### **Component 2 : Capacity Building**

1. Capacity building action plan and procurement plan, MINEE
2. Capacity building action plan and procurement plan, ARSEL
3. Capacity building action plan and procurement plan, AER
4. Capacity building action plan and procurement plan, EDC

### **Component 3 : Project preparation including LPHP**

1. Avant-projet Détaillé de l'Aménagement Hydroélectrique de Lom Pangar, *Lom Pangar, Etudes Economiques et Financieres*, Coyne Bellier, Janvier 2008
2. *Etude Economique du Projet de Centrale Thermique au Gaz de Kribi*, Rapport Final, SOGREA, Octobre 2007
3. *Etude d'Impact Economique et Social de la Filière Aluminium au Cameroun*, Rapport Final, Prescriptor, Avril 2008
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