I. Project Context

A. Country Context

1. Cameroon is a medium-sized (475,000 square kilometers (km²)) country with a population of 22.3 million inhabitants, which is increasing by 2.5 percent per year. The country is located in Central Africa, and is a member of both the Economic Community of Central African States (ECCAS) and the Central African Economic and Monetary Community (Communauté Économique et Monétaire des États de l'Afrique Centrale - CEMAC), sharing borders with Nigeria, Chad, the Central African Republic, the Republic of Congo, Gabon, and Equatorial Guinea. Cameroon is a low middle-income country with high levels of poverty, weak social indicators, and a Human Development Index ranking of 153 out of 188 in 2014. GDP per capita was estimated at US$1,429 in 2014, while the Gross National Income (GNI) per capita was US$1,290 (Atlas method) for the same. The country's economic performance has been relatively robust over the last decade, with an average annual GDP growth rate of about 5 percent per year during the period.

B. Sectoral and institutional Context

B.1. Sector Context

2. Cameroon's transport sector faces a multitude of challenges such as: (a) maintaining and expanding the road network; (b) developing intermodal/multimodal interfaces to improve logistics
performance; (c) completing the rehabilitation of the existing rail network and expanding it to better serve growth poles such as major ports, agricultural production areas, and mining areas; (d) reducing transport costs and prices through more effective service delivery and competition in the transport sector to enhance Cameroon's role as a regional transport hub; (e) improving the planning, prioritization, operation and maintenance of transport infrastructure; (f) ensuring Cameroon's compliance with international standards in civil aviation safety and security; and (g) improving the professionalization and efficiency of the transport services industry.

3. Given Cameroon's favorable geographic location at the crossroads of major regional and continental routes serving several landlocked countries including parts of Nigeria, it remains one of the key regional transport hubs for Central Africa. Through the Port of Douala, Cameroon provides the only viable sea access to Chad and the Central African Republic, via the Douala - N'Djamena/ Bangui road corridors. However, despite the fact that Cameroon shares a long common border with CAR, Chad and Nigeria, trade flows are limited. For example trade flows between Cameroon and Nigeria, which is now the largest economy in Africa, account for just 1.4% of Cameroon's exports and 11% of its imports. This is principally because of poor transport infrastructure in the border area and persistent Non-Tariff Barriers (NTBs).

4. The overall poor state of the transport infrastructure stock, combined with high transport/logistics costs, have reduced the economic benefits that Cameroon should derive from being the key transport hub for Central Africa. While progress has recently been observed as a result of both the on-going road improvement works and trade facilitation activities financed by IDA and other development partners on key intra/inter regional corridors, more efforts are needed to substantially reduce transport costs. Transport costs on intra/inter regional corridors in Cameroon, are among the highest in Sub-Saharan Africa: US$ 0.112 to 0.141/ton-km as against US$0.062 to 0.080/ton-km in West Africa (Lome-Ougadougou-Cotonou-Niamey corridor); US$0.062 to 0.079/ton-km on the Northern Corridor in East Africa; and US$0.048 to 0.56/ton-km in Southern Africa (Durban-Lusaka and Durban-Ndola corridors).

5. Furthermore, lack of political will to implement reforms of road asset management, high construction costs, and mounting payment arrears to local contractors constitute serious threats to transport infrastructure development in Cameroon. Inadequate and poorly targeted investments in updating and maintaining its port, rail and airport infrastructure, means that Cameroon's transport system is increasingly inefficient and unsuited for multimodal transport, which is key to efficient logistics.

6. What follows is a short description of key issues that affect the transport sub-sectors.

7. Road sub-sector. The road infrastructure asset base remains limited and cannot adequately meet the growing traffic demand, which is growing by about 7 percent per year. More specifically, out of a total national road network of about 100,000 km, only 5,634 km are paved and about half of the paved network is in poor condition, due to inadequate road maintenance funding and weak road asset management. Approximately 85 percent of the unpaved network is also in poor condition, posing a problem of local access in a country where agriculture is a major source of income and accounts for about 70 percent of employment. Road density in Cameroon is estimated at 9 km/1000 km² and 0.280 km/1000 inhabitants, significantly below that of countries with similar levels of economic development and area such as Cote d'Ivoire (16; 0.384) and Ghana (25; 0.354).
8. To improve road asset management, a second generation Road Fund (RF) was created in 1998. However, this was abolished by an Act of 2007, which reverted to the pre-1998 situation when road maintenance resources were determined in an arbitrary fashion. Thus, under the current funds flow arrangement, the resources collected for the RF first go to the State Treasury, which then provides an annual budgetary allocation for road maintenance. As a result of the budget controls imposed by the Ministry of Finance, only about 43% of the maintenance needs for the 27,000 km classified road network are currently being met. This is despite the fact that fuel levies for road maintenance and rehabilitation have increased substantially over the last decade to about FCFA100 billion (about US$213 million) per year of which only about 50% goes for road maintenance. Chronic road maintenance underfunding and weak implementation capacity are negatively impacting the quality and sustainability of the road network.

9. Port sub-sector. Traffic at the Port of Douala (POD) has reached about 9 million tons and 350,000 twenty-foot equivalent unit (TEU) per year. Since 2007, freight transit times once transit goods leave the POD to N’Djamena and Bangui have reduced from about 8.6 to about 5 days, and from about 6.4 to about 4 days respectively. While these figures are well below the 12 and 8 days targets respectively in the World Bank's 2010-2013 Country Assistance Strategy (CAS), the current total dwell time of 17 days inside the POD remains high by international standards reflecting its low productivity. In 2014, the new deep water port in Kribi was opened, but it is still not fully operational due to inadequate transport infrastructure connecting it to the rest of Cameroon and the sub-region.

10. Railway sub-sector. The provision of railway services was concessioned out in 1999, and CAMRAIL operates the 1,000 km meter gauge railway line from Douala to Ngaoundere, as well as another 245 km of secondary lines. In 2014, CAMRAIL carried about 1.7 million tons of freight and about 1.6 million passengers, and plays a critical role in serving northern Cameroon, Chad, and Central African Republic (CAR). On the Douala - Ngaoundere transport corridor it currently has a 30 percent market share of goods transported by land. The CAMRAIL concession is performing well and the initially obsolete rolling stock and deteriorated rail track infrastructure are gradually being modernized and replaced. CAMRAIL and the GoC have agreed to invest US$479 million between 2009 and 2020 to improve the competitiveness of rail transport as a transport mode, and to ensure its long term sustainability.

11. Airport sub-sector. In 2014, the Cameroon Airports Management Agency (ADC) handled 1,223,191 passengers and 16,543 tons of freight, which was an 8 percent increase over the previous year. Cameroon has an active commercial aviation sector with several private carriers engaged in charter type operations. The national carrier, Cameroon Airlines Corporation (CAMAIR-CO) operates a limited fleet of one B767, two B737-700 and two recently acquired Xian MA-60 to serve several domestic/regional/intercontinental routes.

12. A host of issues affect the aviation sector in Cameroon. Among the most critical ones are: (a) inadequate airport safety and security; (b) inadequate airport infrastructure and low service standards; (c) limited capacity of the Cameroon Civil Aviation Authority (CCAA) to fulfill its mandate as a regulatory agency; and (d) poor productivity and lack of competitiveness of the loss making national flag carrier (CAMAIR-CO).

13. Security and safety at the two key international airports of Douala and Yaounde was
improved thanks to the IDA-financed Regional Air Transport Safety and Security Project (P083751). However, both airports, as well as the international airports in Garoua and Maroua still require significant investments before they can fully meet the safety standards of the International Civil Aviation Authority (ICAO). A valuation mission (VM) conducted in 2013 under the ICAO's coordination showed that Cameroon's civil aviation still has work to do to fully meet the safety standards required by the Chicago Convention. These findings are consistent with those of an audit of "Threats and Vulnerabilities" at Cameroon's three major airports of Douala, Yaounde and Garoua, conducted in 2010 under the sponsorship of the United States Department of Trade.

14. The GoC is fully cognizant of the developmental challenges that the transport sector faces and plans to address them through its Strategy for Growth and Employment (Document de Strategie pour la Croissance et l'Emploi-DSCE) and 'Vision 2035'. More specifically, the transport sector vision of the GoC focuses on major reforms of the transport sector that are able to generate: (a) significant investments for the transport sector over the next decade; (b) substantial reduction in the maintenance backlog on existing transport infrastructure over the same period; (c) improved institutional capacity and governance standards to improve efficiency in road asset management; (d) adequate transport planning capacity based on an inclusive policy dialogue among key stakeholders involved in the transport sector; and (e) greater professionalization and efficiency in the provision of transport sector services.

15. Consequently, the implementation of the GoC's transport sector vision should lead to improved selectivity of future transport sector investments which are expected to generate significant socio-economic impacts to help meet the sector's growth and employment objectives as laid out in the DSCE. Priority will be placed on improved governance and efficiency of the sector backed by appropriate planning, effective management and a strong regulatory framework. In addition, to leverage much needed additional sectoral funding through Public Private Partnerships (PPPs), it will be essential to improve efficiency in transport infrastructure contracting and financing while at the same time strengthening the capacity of sector ministries, the regulatory agencies and the PPP promotion Agency.

16. The proposed project is expected to support the GoC reform and modernization agenda in the transport sector by focusing on strengthening: (a) transport planning; (b) road asset management; (c) road safety; and (d) air transport safety and security. More specifically, it will support the design and implementation of the Transport Priority Investment Program (TPIP), which is a key output of the integrated intermodal transport strategy currently being prepared under the World Bank-financed Cameroon Multimodal Transport Project (CMTP). The TPIP is expected to help the GoC move from its current ad-hoc approach to transport investment financing by providing a holistic platform on which to base investment and financing decisions. The proposed project will also strengthen the capacity of the line ministries responsible for transport planning and development in specific areas such as traffic monitoring and demand forecasting to facilitate the planning process and the efficient use of resources.

B.2. Institutional Context

17. Cameroon carried out major transport sector institutional reforms in the 1990s with the objective of: (a) attracting private investments through PPP/concessions; (b) improving the efficiency of road asset management through the establishment of a second generation road fund and through more stringent axle load control; and (c) liberalize service delivery on most transport modes (air, land and maritime). These reforms have generally led to improved sectoral performance
and have also attracted significant amounts (about US$ 2 billion over the last decade) of funding from development partners, including from the World Bank.

18. Under the current GoC organization, the Ministry of Economy, Planning and Regional Development (Ministère de l'Economie, de la Planification et de l'Amenagement du Territoire - MINEPAT) is in charge of GoC's investment planning and prioritization for all sectors including transport. The newly created Ministry of Public Procurement is in charge of all government procurement, as well as the approval of all payments. For the transport sector, the Ministry of Transport (MINT) is in charge of sector policy, regulation, and planning while the Ministry of Public Works (Ministere des Travaux Publics - MINTP) is in charge of the design, implementation, and operation & maintenance of sector investments, and is now the Engineer of the Government for all infrastructure projects.

II. Proposed Development Objectives
The PDO is to: (a) strengthen transport planning; (b) improve transport efficiency and safety on the Babadjou-Bamenda section of the Yaounde - Bamenda transport corridor; and (c) enhance safety and security at selected airports.

III. Project Description

Component Name
Transport planning and capacity building
Comments (optional)
1.1. Training in transport planning, including data collection and management of modeling tools
1.2. Institutional strengthening studies
1.3: Preparation of the Transport Priority Investment Program (TPIP)
1.4: Identification and preparation of pilot transport infrastructure PPP projects
1.5: Development of a resilience and climate adaptation strategy for land transport
1.6: Strengthening of planning capacity in air transport

Component Name
Transport efficiency improvement
Comments (optional)
Subcomponent 2.1: Rehabilitation and reconstruction of the Babadjou - Bamenda road section, including the Bamenda urban sections
Subcomponent 2.2: Provision of complementary infrastructure along the Babadjou-Bamenda Road section
Subcomponent 2.3: Road safety oversight strengthening
Subcomponent 2.4: Road asset management

Component Name
Air transport safety and security improvement
Comments (optional)
Subcomponent 3.1: Airport Security and safety strengthening
Subcomponent 3.2: Air transport Security and safety oversight strengthening

Component Name
Support to project implementation, management and monitoring
Comments (optional)
This subcomponent would finance technical assistance, equipment, training and operating costs for:

a. Project management and implementation oversight;

b. Project monitoring and evaluation;

c. Operating costs; and

d. Technical and financial audits.

IV. Financing (in USD Million)

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V. Implementation

C. Institutional and Implementation Arrangements

A. Institutional and Implementation Arrangements

19. The Ministry of Public Works (Ministere des Travaux Publics (MINTP) will be responsible for the road transport aspects of the project, while the Ministry of Transport will be responsible for the air transport aspects. The CCAA, which is an autonomous body under the technical supervision of the Ministry of Transport, will be the implementing agency of the air transport aspects. A project agreement and a retrocession agreement will be concluded between the CCAA and the World Bank and between the CCAA and the government, respectively.

20. The implementation of the road transport elements of the proposed project will be carried out by MINTP's existing Cellule BAD-BM. This unit, which now handles a lending program of some US$1.4 billion, has grown in staffing proportionately to the increase in its portfolio. Home to two key World Bank-financed projects, including the multifaceted CEMAC TTFP, and other projects supported by the AfDB and other multilateral and bilateral donors, the unit has competent staff and is supported by consultants. The air transport elements of the proposed project will be implemented by CCAA's UGP PRSSAC, a unit established under the Bank-funded Regional Air Transport Safety and Security project. Both units have competent staff, supported by external consultants and will be reinforced with some additional staff as identified, for the implementation of this project. Although a cross-section of Cellule BAD-BM's staff is young with limited experience, a performance assessment mechanism is being enforced under a new dynamic manager together with a hands-on training agenda, both of which are expected to drive up results and trigger staff changes to the benefit of the project.

21. Implementation coordination and oversight responsibility over the project would be exercised by a joint coordination and steering committee chaired either by the Minister of Public Works or the Minister of Transport. The Steering Committee will be supported by a technical Secretariat in charge of monitoring project activities and monitoring the implementation of decisions of the steering committee. The technical secretariat will be staffed by competent subject specialists chosen from the line ministries and CCAA and supervised by a seasoned technical expert.
B. Results Monitoring and Evaluation

22. The project's monitoring and evaluation (M&E) indicators are presented in Section VII. The overall responsibility for M&E will formally lie with the two implementation units - MINTP and CCAA. They would prepare bi-annual progress reports on the various components under their responsibilities, with contributions from other stakeholders, which they would make available to IBRD within 45 days from the end of each reporting period. These reports would detail physical progress in respect of the indicators in the results framework. The reports would also contain a summary of the status of the implementation of the Environmental Management Plans (EMPs) and Resettlement Action Plans (RAPs) associated with the improvement of road and airport infrastructure as described in this document.

C. Sustainability

23. For the main physical investment proposed under the proposed project (reconstruction of the Bamenda - Babadjou road section), the contractor would be in charge of routine maintenance within the one-year defect liability period after the improvement works are completed. To ensure the long term sustainability of the reconstruction works, together with the sustainability of other investments on the same corridor, GoC plans to put in place an eight-year OPBC for routine and periodic maintenance of the Yaounde-Bamenda-Enugu corridor. The OPBC would be prepared as part of the proposed project so as to make it effective as soon as the liability periods of the completed road works contracts are over.

24. The proposed project also includes feasibility studies and the design of legal and operational instruments to be put in place in order to improve road asset management and transport regulations, as part of measures to promote sustainability and efficient use of investments, as is the case in other infrastructure sectors in Cameroon (telecommunication, energy, water).

25. With regard to air transport, a key lesson from the completed regional air transport safety and security improvement project is the lack of a mechanism to sustainably maintain infrastructure and equipment provided for airport operations. The proposed project would enforce maintenance and management contracts of current and planned airport infrastructure and equipment.

26. In order to ensure the sustainability of the transport planning program, training will be anchored within a public university and eventually mainstreamed into its curriculum before the end of the project. In this respect, it will be implemented in two key steps: The first step will focus on the training of trainers while the second step will help the local university design and implement a curriculum in transport planning, to be offered as a paid course at graduate level.

D. Role of Partners

27. The proposed project is part of a planned larger investment program for the transport sector. More specifically, the development partners' engagement in the transport sector will be articulated through an integrated intermodal transport program that will support the government's development strategy over the medium term up to 2025. To support the Government's development strategy (DSCE), the proposed program will have the twin objective of: (a) improving planning and implementation of a multimodal transport investment strategy; and (b) transforming transport assets management.

28. Under this program, urgently needed works and reforms will benefit from parallel financing
of other IFIs such as AfDB. In the specific case of this proposed project, the AfDB and the Development Bank of Central African States (BDEAC) are funding the rehabilitation of a complementary road section of 241.20 km (at US$ 220 million) of the Yaounde - Bafoussam - Bamenda corridor. Furthermore, it is funding institutional strengthening activities in the transport sector and an effectiveness audit of the common PIU that implements all development funded project in the transport sector.

VI. Safeguard Policies (including public consultation)

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Comments (optional)

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