

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC31372

Project Name	Livestock Development Project (P154908)
Region	AFRICA
Country	Cameroon
Sector(s)	Animal production (100%)
Theme(s)	Rural services and infrastructure (50%), Rural policies and institutions (20%), Rural markets (15%), Other rural development (15%)
Lending Instrument	Investment Project Financing
Project ID	P154908
Borrower(s)	REPUBLIC OF CAMEROON
Implementing Agency	Ministry of Livestock (MINEPIA)
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	15-Aug-2015
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Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Cameroon has shown relatively strong macroeconomic performance over the last years. Recent growth has been more encouraging at 4.6 per cent in 2012 and 6 per cent in 2014, primarily driven by the service sector. Nevertheless, economic growth over the last decade has been too slow to lead to sustainable development and poverty reduction. The 2007 Household Survey data, revealed a poverty incidence of 39.9 per cent and the estimated incidence of poverty for 2011 revealed a decrease to 38.7 per cent. The poor are unevenly distributed across the country and 45 percent of the poor can be found in the North and Far North regions. Poor households are almost exclusively engaged in informal activities, especially in agriculture. The high level of poverty in the northern part of the country is aggravated by prevailing high levels of insecurity. Cameroon is not on track to achieve the Millennium Development Goals. Cameroon ranked 150th out of the 187 countries tracked in the 2012 Human Development Index and has been stagnant over the past two decades.

Cameroon performs poorly in most governance indicators, ranking 144th out of 177 countries in the 2013 Transparency International Corruption Perceptions Index, and the country has always been in the bottom group. The Government has undertaken significant measures to fight against corruption and weak governance, however those have not yet translated in less corruption nor improved service delivery.

In recent years, Cameroon experienced severe food insecurity. About 10.5 per cent of rural households in Cameroon (30.3 per cent of the rural population) and 6.7 per cent of urban households are food insecure. The highest prevalence of food insecure and vulnerable households is in the Far North, North, and Northwest regions. To reverse the food and nutrition situation of the people, programs will have to be devised that are able to increase agropastoral productivity, lower post-harvest losses, improve storage and market infrastructure, implement standards and quality control, improve connectivity of production areas with markets, and promote nutritional education and the health safety of food.

Sectoral and Institutional Context

The agricultural sector (crop, livestock, fisheries and forestry), which currently employs about 60 per cent of the active population in Cameroon, could be regarded as a major engine for economic growth and job creation if it could be transformed from traditional farming to diversified and commercially viable farming. In 2012, agriculture accounted for 18.4 per cent of the nominal Gross Domestic Product (GDP). Livestock accounts for 2.4 per cent of total GDP and employs 30 per cent of the rural population. However, the potential for rapid economic transformation in agriculture and livestock has not been realized to date: total factor productivity does not contribute to growth and employment remains confined to the informal sector (see Annex 3).

According to statistics from the Ministry in charge of livestock in 2014, the livestock sector includes diverse animal herds (see Maps in Annex 4) estimated at 5,805,297 heads of cattle; 2,952,624 sheep, 6,298,059 goats, 3,112,973 pigs, over 70 million chickens. The overall annual meat production is 265,816 tons (poultry: 45 per cent, cattle: 35 per cent, small ruminants: 7 per cent, pigs: 13 per cent). Milk production was estimated at 235,779 tons in 2013. Egg and honey production in 2013 was estimated at 65,116 tons and 2,815,800 liters respectively.

The 2011 pastoral survey reported that the main players in livestock production are smallholder livestock farms (pastoral households), small livestock operators and enterprises, all of which mainly headed by men (80, 60 and 90.6 per cent respectively) whose education level does not exceed primary or secondary education. The West region has the highest proportion of households headed by women (34.4 per cent). Pastoral households (PHs) account for 21.6 per cent of the total household population and practice extensive farming (including transhumance). They are mainly located in the Far North (22.5 per cent of PHs). Livestock operators (LOs) are mainly located in the Far North region (27.9 per cent) and 70 per cent of them own poultry farms that are the main source of revenue for about 39.7 per cent of them. Pastoral enterprise promoters (1/3 of which are Limited Liability Companies) are mainly headed by men (90.6 per cent) whose education does not exceed the secondary level. There are more than 120,000 grassroots producer organizations (POs) which include the producers that operate in a particular value chain (pork, milk, poultry, small and large ruminants, etc.) or on a territorial basis. The ongoing sub-sector and value chain analysis will provide a clearer characterization of PHs, LOs, Pastoral enterprise and POs.

In spite of the large size of its herds, apart from eggs, livestock sub-sector's production does not

meet the needs, and the domestic demand gap has increased from 2008 to 2015: milk and dairy products (42,252-83,380 tons), poultry (38,063-64,867 tons); beef (26,396-56,697 tons); pork (7,286-15,547 tons). The discrepancy between national production and the demand for key animal industry products (see Annex 5) shows that besides eggs whose production is able to meet domestic needs, all the other animal industry sectors experience shortages. Gaps may continue increasing due to population growth, urbanization trends, and rapid growth of the middle class.

The structured demand from Agri-Businesses (ABs) for animal products is significant. The annual demand for meat and eggs from the main super markets (6) is estimated at 1,200 tons and 95 tons respectively. Butchers' demand registered at slaughterhouses in cities including Yaounde and Douala, is estimated at 19,000 tons of meat per year. Small and medium processing enterprises are locally resourcing about 2,320 tons of milk per year, while the annual imports of milk and dairy products from small and large animal industries reached 28,000 tons (equivalent FCFA41 billion). There is a potential for productive partnerships between ABs and POs that may enable development of livestock value chains, which could contribute to improving livestock production/productivity, increasing value added at PO level, and addressing market linkage issues around POs.

Despite the country's clear potential to develop the livestock sector, a series of constraints have led to low productivity and low production among livestock subsistence producers in Cameroon. Current production is unable to meet all the needs of the domestic market due to a certain number of constraints that burden specifically the main livestock sub-sectors:

- beef-meat industry: pathologies are widespread and there are issues with the livestock production systems in the North and East regions.
- beef-dairy industry: low herd productivity, poor pasture, feed and water management.
- small ruminants (sheep and goats): infectious, parasitic and reproductive diseases, feeding difficulties during the dry season, lack of organization and limited management of livestock production (low productivity and the death rate of young animals is up to 20 percent).
- poultry farming: infectious diseases (Newcastle Disease), supply of feed, limited processing capacity and sales systems.
- swine farming: African swine fever outbreaks, the high cost of inputs, lack of sire production farms, mismanagement of herds, poor PO, insufficient processing and sales systems and lack of suitable financing.
- Cross-cutting: poor linkage or access to market and lack of functional value chains.

In addition, the livestock sector is inherently complex, with challenging characteristics that cannot be easily simplified, especially in a country like Cameroon where the diversity of agro-ecological zones enables a wide range of production systems (see Maps in Annex 4). This very complexity of these animal production systems also offers some of the greatest opportunities for economic development and poverty alleviation. In order to exploit these opportunities, a comprehensive and integrated approach would be required, as proposed through this project. This approach combines both technical and institutional interventions tailored towards these different livestock production systems across their respective value chains. This multi-faceted nature of the livestock sector is reflected in the dual dimension of the Project Development Objectives.

The sector is subject to Climate Change related threats in terms of gradual depletion of water sources and water points (reduction of water resources to about 33 per cent in the Far North region over the last two decades); infestation of animals and pastures by vectors causing diseases such as trypanosomosis, African swine fever; and natural disasters such as floods and drought, more likely

in the North region. In addition, intensive livestock farming may contribute to pollution and greenhouse gas emissions.

The sector is also affected by on-going violence in Northern Cameroon due to the active presence of Boko Haram there since 2013 and the spill-over from the Central African Republic crisis, adding to the usual agro-pastoral conflicts (2 to 3 people killed yearly in conflicts among herders in the North where over 40 per cent of the rangeland is wildlife reserves, MINEPIA, 2014). The inflow of refugees (see Annex 6) puts pressure on natural resources and basic social service delivery and coupled with the ongoing insecurity, poses a serious obstacle to the implementation of development initiatives in the north. The Government has responded with a reinforced military presence, and has built closer coordination of security with the governments of Nigeria, Chad and France.

The Government of Cameroon's 2009–2019 “Growth and Employment Strategy” recognizes the need for agricultural diversification, increased productivity, and large-scale public investment projects in order for agriculture to contribute more than 20 per cent of the GDP and to become a major source of decent and secure jobs. The specific goals of the 2015-2020 Rural Sector Development Strategy validated in February 2015 include increased agriculture contribution to growth and employment, increased agricultural production, improved food security and livelihoods of population, sustained natural resources and environment, etc. The Livestock Strategy 2010-2020 of which the mid-term evaluation is planned in 2016, seeks to: (i) modernize production systems and develop key value chains by upgrading short-cycle species and cattle systems, as well as producing and processing infrastructure; and (ii) increase the national consumption of animal proteins towards global averages.

The 2014-2020 National Agricultural Investment Program targets a rural growth standing over 10 per cent in 2020 and a livestock growth of 9.3 per cent between 2010 and 2020 while the growth of the sector has increased from 2.6 per cent in 2010 to 5.7 per cent in 2014 (National Institute of Statistics 2013 and 2015). However, the portion of state expenditures on agriculture remains low behind the Maputo goal which was to devote 10% of the state budget to the agricultural sector, and represented only 4.5 percent of total planned expenditures in 2012 and 2013.

Over the next years, the livestock sector in Cameroon will need to: (i) increase productivity and production; (ii) contribute to alleviate food insecurity and malnutrition; and (iii) create value added at PO level and jobs. In addition, the sector needs to develop adaptation and mitigation measures towards climate change concerns as well as potential increase in greenhouse gas (GHG) emissions from a more productive livestock sector.

To contribute to the above-mentioned objectives, the proposed Livestock Development Project will coordinate closely with the livestock development projects as well as ongoing environmental and social programs to benefit from its experiences in terms of development of promising technologies, demand-driven approaches/mechanisms and support to communities and POs' priority investments, and pastoral management and bio-energy. The project will learn lessons and build from: (i) the IDA-financed Agricultural Competitiveness Project - P112635 (PACA) and the Vietnam Livestock Competitiveness and Food Safety project (P090723) have both demonstrated how matching grants can contribute to improving productivity of poultry and pigs farms, while giving incentives to producers and processors to invest in environmental impact mitigation and food safety technologies. But these two projects have also pointed out the bottlenecks of gathering producers into groups or cooperatives, including the lack of understanding of POs' added-value, and the difficulty of

establishing reliable “Productive Alliances” (contractual agreements) between stakeholders all along the value-chains; (ii) the World Bank’s Livestock Working Group visit to Costa Rica in 2012 has shown how climate change-mitigation technologies (such as bio-digesters) can not only contribute to the climate change agenda, but also be profitable to producers and that Payment for Environmental Services can also be applied to livestock production; and (iii) the past and ongoing World Bank pastoral portfolio has allowed to confirm two important assumptions: (a) that enhancing resilience of communities is more cost-effective than providing late humanitarian response, and (b) that the pastoralists’ mobility is a key factor for efficient use and protection of rangelands, and a key strategy for the pastoralists to adapt to climate change and conflicts.

The project will also promote commercial agriculture to better integrate smallholders within competitive value chains. Key enablers exist, including: the Government’s commitment to support market-oriented commercial agriculture; the development of commercial agriculture - leading to not only increased productivity and production, improved access to markets, and greater value added at PO and producer levels, employment and revenues, but also alleviating poverty and promoting shared prosperity within the project- while leveraging local ABs; and a structured demand from buyer ABs to develop a sustainable Locally Resourced Materials supply chain that will provide a commercial and strategic benefit to ABs’ business while contributing to improving the livelihood of producers.

Interventions will be demand-driven and will address (i) weaknesses of the animal health system and key needs of beneficiary livestock communities and herders to increase productivity; and (ii) buyers’ demands of animal products. For the latter, the project will follow the approach developed by the Agriculture Investment and Market Development Project (AIMDP) in linking POs directly to buyers through a sustainable public-private-partnership (PPP) using contractual arrangements, making value chains inclusive to smallholders and expanding investments in production, processing, and marketing of products. The project will scale-up PACA’s support to pig and poultry farming.

Ultimately, the proposed operation will contribute to the World Bank Group’s twin goals. The support to beneficiary livestock communities and herders will contribute to improved food security and livelihoods, as well as reduced poverty for extremely poor beneficiaries. Poverty reduction could be measured by production and income gains. By making value chains inclusive to smallholders through a PPP the new operation will create/increase value added at both POs and ABs levels, and promote shared prosperity to be measured by monitoring employment within the project.

Relationship to CAS

The Country Partnership Framework is not yet prepared. However, the project is well aligned with the priority themes of the 2010-2014 Cameroon Country Assistance Strategy (CAS) approved on March 30, 2010 by the Board: (i) Increasing Competitiveness; and (ii) Improving Service Delivery. It will support increased productivity and production, improved quality, and greater competitiveness of the livestock sector and animal value chains.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The Project Development Objective (PDO) is to improve productivity, competitiveness and efficiency of smallholder short cycle livestock producers and the livelihoods’ resilience of pastoral and agro-pastoral producers in target areas.

For the purpose of this project, efficiency is defined as the capacity to turn natural resources into animal products. It is measured in terms of feed conversion ratio (kg feed per kg product), GHG emissions per unit of product and synthetic N and P used per unit of animal product

Key Results (From PCN)

The key results indicators are : (i) reduction of losses due to the most prevalent parasitic and infectious animal diseases (number) including Foot and Mouth Disease and Contagious Bovine Pleuropneumonia in cattle (percentage), Peste des Petits Ruminants (percentage), Newcastle Disease in backyard poultry (percentage) and African Swine Fever (percentage); (ii) increased areas (ha) of rangelands under sustainable lands and water management practices, (iii) increased yield and efficiency of targeted animal production systems by direct beneficiaries (kg/head or ha), including cattle (percentage), small ruminants (percentage), pig (percentage), poultry (percentage), and bee (percentage) production systems; (iv) increased value of selected marketed/traded products by direct beneficiaries; and (v) increased output of target animal production (value) by direct project beneficiaries of which cattle (percentage), small ruminants (percentage), pig (percentage), poultry (percentage), and bee farming (percentage).

III. Preliminary Description

Concept Description

The project will be structured as an Investment Project Financing (IPF), funded by an IDA credit in the amount of US\$100 million over six years.

Component 1: Strengthening animal health system (US\$10 million IDA) to more rapidly detect and better control prevalence of parasites and infectious diseases that are among the main constraints to pastoralism, and prevent from natural disasters that might affect the livelihood of pastoral and agro-pastoral communities. It will include three sub-components: (i) Strengthening the Veterinary services, especially epidemio-surveillance and early detection systems to enhance the early detection and rapid response of major animal diseases such as avian influenza, Contagious Bovine Pleuropneumonia (CBPP), Foot and Mouth Disease (FMD), Peste des Petits Ruminants (PPR), African Swine Fever (ASF) and Newcastle Disease (NCD) in the long term. It will contribute to the control of “productivity” - affecting diseases, such as parasitic, vector-born or bacteriological ones, through strengthening the private veterinary practices and services, and reinforcing its links with the veterinary public authorities, through the sanitary mandate, using experience gained during the PACA. It will also support Lanavet to increase vaccine production by 10 per cent yearly, collaboration between Lanavet and ILRI in diagnosis and disease control, and capacity building; (ii) Implementation of surveillance and control plans of priority animal diseases which will contribute to reduce losses from the most prevalent parasitic and infectious animal diseases (ASF, CBPP, FMD, NCD and PPR), etc.; and (iii) Contingency emergency response. All expenditures under this sub-component, should it be triggered, would be in accordance with paragraph 11 of OP 10.00 of the IPF and will be appraised, reviewed and found to be acceptable to the World Bank before any disbursement is made.

Component 2: Support to natural resources management, transhumance and security of herders (pastoral households) (US\$25 million IDA) – will increase productivity and resilience of pastoral production systems to the negative effects of poor pastures, and will improve transhumance and security by financing Sub-Projects (SPs) that will be presented and managed by local communities.

The component will include the following sub-components: (i) Support to pastoral land development and resilience of the pastoral communities to improve rangelands productivity and resilience to drought, and contribute to a secured access of herders to rangelands and complementary feed resources in target areas. It will finance collective natural resources management approaches and infrastructure to upgrade/protect vulnerable pastures against degradation (erosion and bush encroachment) and enhance their resilience to climate change; and (ii) Improving transhumance and the security for herders that will support transhumance planning and rehabilitation/establishment and demarcation of corridors for herders to avoid related conflicts mainly in the North, Far North, East and Center regions. It will build capacity of customary conflicts prevention and peace-building institutions and establish such platform where they are not existent.

Component 3: Intensification of selected cattle, goat, sheep, pig, poultry and bee farming systems and value chain development (US\$50 million IDA) – will support development of pig, poultry, beef, goat, sheep, milk and honey productions and value chains in target areas. The component will establish “Productive Partnerships” (PPs) between POs and buyer ABs: (agro-industries, small and medium enterprises, etc.). The component will include three sub-components: (i) Establishment of PPs and Support to improved access to rural financing will establish sustainable business relations between targeted POs and Financial Institutions (FIs). PO Sub-Projects (SPs) will be financed by Matching Grant (XX per cent), FI credits (YY per cent) and POs’ contribution (ZZ per cent). To facilitate the involvement of FIs and the provision of adapted financial services, it will support capacity building of POs in the area of preparation of viable business plans for financing including training in Business Edge. As developed within AIMDP, FI credit extended to targeted POs will be financed from own resources as a result of the mobilization of adapted financial instruments developed by IFC for FIs (including risk sharing, credit line, etc.); (ii) Financing of SPs for POs (business plans) which have been established by PPs with buyers. Based on a PO’s business plan, investment will cover collective investments (feed production and processing, improved animal husbandry techniques, small-scale processing units/equipment, waste management systems to minimize greenhouse gas emissions, pollution and dissemination of pathogens, energy supply, technical assistance) through a matching grant aimed at increasing production and productivity, improving post-harvest (including processing) facilities, and quality; and (iii) Improve productivity of breeds to increase provision of improved breeds to farmers.

Component 4: Strengthening livestock institutions, policy capacity and Project coordination and monitoring (US\$15 million IDA) – will support establishment of a Project Coordination Unit (PCU) at national and regional levels. The PCU will be responsible for the day-to-day project management, implementation, fiduciary management, and overall communication, monitoring and evaluation (M&E). This component will identify and finance long-term training and education needs to increase the pool of specialized experts in the country. The PCU will be under the ministry in charge of livestock.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	✘		
Natural Habitats OP/BP 4.04	✘		
Forests OP/BP 4.36	✘		

Pest Management OP 4.09	x		
Physical Cultural Resources OP/BP 4.11			x
Indigenous Peoples OP/BP 4.10	x		
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50			x
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	100.00	Total Bank Financing:	100.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			100.00
Total			100.00

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