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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 64.6 MILLION
(US\$100 MILLION EQUIVALENT)

TO THE

REPUBLIC OF CAMEROON

FOR AN

AGRICULTURE INVESTMENT AND MARKET DEVELOPMENT PROJECT

August 29, 2014

Agriculture Global Practice
Country Department AFCC1
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2014)

Currency Unit = CFA Francs
SDR 0.64529035 = US\$1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AAACP	All ACP Agricultural Commodities Program
AB	Agri-business
AIMDP	Agricultural Investment and Market Development Project
ANEMCAM	National Association of Microfinance Institutions
APECCAM	Association of Commercial Banks
ARMP	<i>Agence de Régulation des Marchés Publics</i> (Public Procurement Agency)
AWPB	Annual Work Plan and Budget
BCC	Behavioral Change Communications
BEAC	<i>Banque des Etats de l'Afrique Centrale</i> (Central of Central African States)
BICEC	<i>Banque Internationale du Cameroun pour l'Epargne et le Crédit</i> (International Bank of Cameroon for Savings and Credit)
BP	Business Plan
CAA	<i>Caisse Autonome d'Amortissement</i> (National Debt Management Agency)
CAADP	Comprehensive Africa Agricultural Development Program
CAMLEASE	National Association of Leasing Companies
CAS	Country Assistance Strategy
CEMAC	<i>Communauté Economique et Monétaire de l'Afrique Centrale</i> (Economic and Monetary Community of Central Africa)
CIG	Common Initiative Group
CMA	Collateral Management Agreement
CNOPCAM	<i>Conseil National des Organisations de Producteurs du Cameroun</i> (Producer Organizations National Council)
COOP-CIGUs	Cooperatives/ Common Interest Group Unions
COOPEC	Savings and Loan Cooperatives
CQS	Consultants' Qualifications
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
CTA	Cassava Transformation Agenda
DA	Designated Account
DSCE	<i>Document de Stratégie pour la Croissance et l'Emploi</i> (Growth and Employment Strategy)
DSDSR	<i>Document de Stratégie de Développement du Secteur Rural</i> (Rural Development Strategy)
EA	Environmental Assessment
EIA	Environmental Impact Assessment
EIRR	Economic Internal Rate of Return
EMP	Environmental Management Plan
EOI	Expression of Interest
ESA	Environmental and Social Assessment

ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FCFA	<i>Franc de la Coopération Financière en Afrique Centrale</i> (Franc of the Financial Cooperation in Central Africa)
FI	Financial Institution
FM	Financial Management
GAC	Governance and Anti-Corruption
GDP	Gross Domestic Product
GICAM	<i>Groupement Inter-patronal du Cameroun</i> (Cameroon Corporations Network)
GIIF	Global Index Insurance Program
GOC	Government of Cameroon
GPN	General Procurement Notice
GRM	Grievance Redress Mechanism
GWFP	Global Warehouse Finance Program
Ha	Hectare
IAP	Independent Appraisal Panel
ICB	International Competitive Bidding
IDA	International Development Association
IEG	Independent Evaluation Group
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFR	Interim Financial Report
IITA	International Institute for Tropical Agriculture
IMF	International Monetary Fund
IPAP	Indigenous People Action Plan
IPF	Investment Project Financing
IPPF	Indigenous People Policy Framework
IRAD	<i>Institut de Recherche Agricole pour le Développement</i> (Agricultural Development and Research Institute)
LCS	Least-Cost Selection
LIB	Limited International Bidding
LRM	Locally Resourced Material
LSP	Local Service Providers
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MECAM	<i>Mouvement des Entrepreneurs du Cameroun</i> (Movement of Entrepreneurs of Cameroon)
MFI	Micro-Finance Institution
MG	Matching Grant
MINADER	<i>Ministère de l'Agriculture et du Développement Rural</i> (Ministry of Agriculture and Rural Development)
MINAS	<i>Ministère des Affaires Sociales</i> (Ministry of Social Affairs)
MINEPAT	<i>Ministère de l'Economie, de la Planification et de l'Aménagement du Territoire</i> (Ministry of Economy and Planning)
MINEPDED	<i>Ministère de l'Environnement, de la Protection de la Nature et du Développement Durable</i> (Ministry of Environment, Protection of Nature and Sustainable Development)
MINMAP	<i>Ministère des Marchés Publics</i> (Ministry of Public Contracts)
MINTP	Ministry of Public Works
MIS	Management Information System
MoU	Memorandum of Understanding
NCB	National Competitive Bidding

NCU	National Coordination Unit
NGO	Non-Governmental Organization
NPV	Net Present Value
OHADA	Organization for the Harmonization of Business Law in Africa
ORAF	Operational Risk Assessment Framework
PA	Partnership Agreement
PACA	<i>Projet d'Amélioration de la Compétitivité Agricole</i> (Agricultural Competitiveness Project)
PADMIR	<i>Projet d'Appui au Développement de la Micro-finance Rurale</i> (Project for the Development of Rural Microfinance)
PAP	Project-Affected People
PARI	<i>Projet d'Appui à la Réforme Institutionnelle</i> (Institutional Reform Support Project)
PCD	<i>Plan Commune Development</i> (Communal Development Plan)
PCT	Project Coordination Team
PDO	Project Development Objective
PFI	Participating Financial Institution
PFM	Public Financial Management
PHRD	Policy and Human Resource Development
PIM	Project Implementation Manual
PLANOPAC	<i>Plateforme Nationale des Organisation des Producteurs du Cameroun</i> (Cameroon National Platform of Agricultural Producer Organizations)
PMFP	Public Financial Management Modernization Plan
PMP	Pest Management Plan
PNDP	<i>Programme National de Développement Participatif</i> (Community Development Program Support Project)
PNDRT	<i>Programme National de Développement des Racines et Tubercules</i> (National Program for Development of Roots and Tubers)
PNIA	<i>Plan National d'Investissement Agricole</i> (National Agriculture Investment Plan)
PO	Producer Organization
PP	Productive Partnership
PPA	Project Preparation Advance
PPP	Public-Private Partnership
PSC	Project Steering Committee
QBS	Quality-Based Selection
QCBS	Quality-and Cost-Based Selection
R&D	Research and Development
RAP	Resettlement Action Plan
RCU	Regional Coordination Unit
REER	Real Effective Exchange Rate
RER	Real Exchange Rate
RPF	Resettlement Policy Framework
RRC	Regional Road Committee
RSC	Regional Selection Committee
SBD	Standard Bidding Documents
SFB	Selection Under a Fixed Budget
SGBC	<i>Société Générale des Banques du Cameroun</i>
SMAE	Small and Medium Agricultural Enterprise/ Industry
SP	Sub-Project
SPC	Special Procurement Committee
SSS	Single Source Selection
TA	Technical Assistance
TMT	Technical Monitoring Team
ToR	Terms of Reference

TOT	Training of Trainers
UN	United Nations
US\$	United States Dollar
WA	Withdrawal Application
WHR	Warehouse Receipts
WPB&PM	Work Plan and Budget and Procurement Plan
YR	Year

Regional Vice President:	Makhtar Diop
Country Director:	Gregor Binkert
Senior Global Practice Director	Juergen Voegelé
Practice Manager:	Severin Kodderitzsch
Task Team Leader:	Maniével Sène

REPUBLIC OF CAMEROON
Agriculture Investment and Market Development Project

TABLE OF CONTENTS

I.	STRATEGIC CONTEXT	1
	A. Country Context.....	2
	B. Sectoral and Institutional Context.....	3
	C. Higher Level Objectives to which the Project Contributes	7
II.	PROJECT DEVELOPMENT OBJECTIVE	8
	A. PDO.....	8
	B. Project Beneficiaries	8
	C. PDO Level Results Indicators.....	8
III.	PROJECT DESCRIPTION	9
	A. Project Components	9
	B. Project Financing	10
	C. Lessons Learned and Reflected in the Project Design.....	11
IV.	IMPLEMENTATION	13
	A. Institutional and Implementation Arrangements	13
	B. Results Monitoring and Evaluation	15
	C. Sustainability.....	16
V.	KEY RISKS AND MITIGATION MEASURES	17
	A. Risk Ratings Summary Table	17
	B. Overall Risk Rating Explanation	17
VI.	APPRAISAL SUMMARY	18
	A. Economic and Financial Analysis.....	18
	B. Technical.....	20
	C. Financial Management.....	20
	D. Procurement	21
	E. Social (including Safeguards).....	22
	Annex 1: Results Framework and Monitoring	25
	Annex 2: Detailed Project Description.....	30

Annex 3: Implementation Arrangements	45
Annex 4: Operational Risk Assessment Framework (ORAF)	84
Annex 5: Implementation Support Plan	88
Annex 6: Proposed Grievance Redress Mechanism	93
Annex 7: Cooperatives Law	97
Annex 8: MAP	99

LIST OF BOXES

Box 1: Six Core Principles of GRMs.....	96
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LIST OF FIGURES

Figure 1: From Project Concept to Project Support.....	30
Figure 2: Productive Partnerships’ Scheme	31
Figure 3: IDA and IFC Involvement in AIMDP.....	32
Figure 4: AIMDP Implementation Chart.....	46
Figure 5: AIMDP Sub-Project Cycle.....	53
Figure 6: AIMDP’s Financial Organization	59
Figure 7: IDA Funds Flow Arrangements	65
Figure 8: Grievance Redress Mechanism Value Chain	93
Figure 9: The AIMDP Grievance Redress Mechanism	94
Figure 10: The AIMDP’s GRM Steps	95

LIST OF TABLES

Table 1: Project Costs Summary (in US\$’000)	11
Table 2: IFC’s Key Roles in AIMDP	32
Table 3: Value Chains’ Strengths, Main Risks/Constraints, and Key Players	34
Table 4: Risk and Mitigating Measures	61
Table 5: Action Plan to Reinforce Control Environment for AIMDP	63
Table 6: Financial Management Action Plan.....	66
Table 7: Eligible Expenditures.....	67
Table 8: AIMDP Procurement Action Plan	73
Table 9: List of Works, Goods, and Non-Consulting Services Contract Packages to be Procured in the AIMDP.....	75
Table 10: List of Consulting Assignments with Selection Methods and Time Schedule.....	76
Table 11: Road Network Estimates in Target Production Basins.....	89
Table 12: Comparison of 1992 Law on Cooperatives and CIGs and Current Draft Law	98

PAD DATA SHEET

Cameroon

Agriculture Investment and Market Development Project (P143417)

PROJECT APPRAISAL DOCUMENT

AFRICA

0000009056

Report No.: PAD655

Basic Information			
Project ID P143417	EA Category B - Partial Assessment	Team Leader Manievel Sene	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 25-Sep-2014	Project Implementation End Date 31-Mar-2019		
Expected Effectiveness Date 30-Dec-2014	Expected Closing Date 30-Sep-2019		
Joint IFC Yes	Joint Level Joint Project - involving co financing with IFC (loan, equity, budget, other) or staffing		
Practice Manager/Manager Severin L. Kodderitzsch	Senior Global Practice Director Juergen Voegele	Country Director Gregor Binkert	Regional Vice President Makhtar Diop
Borrower: Ministry of Economy, Planning and Regional Development			
Responsible Agency: MINADER			
Contact: Telephone No.: 23722231190	Essimi Menye	Title: Email: mnemenye@yahoo.com	Minister
Project Financing Data(in USD Million)			
[] Loan	[] IDA Grant	[] Guarantee	
[X] Credit	[] Grant	[] Other	
Total Project Cost:	166.90	Total Bank Financing:	100.00
Financing Gap:	0.00		
Financing Source		Amount	
BORROWER/RECIPIENT		12.40	

International Development Association (IDA)	100.00
JAPAN Ministry of Finance - PHRD Grants	3.00
LOCAL BENEFICIARIES	10.90
Foreign Private Commercial Sources (identified)	40.60
Total	166.90

Expected Disbursements (in USD Million)

Fiscal Year	2015	2016	2017	2018	2019	2020			
Annual	10.00	20.00	20.00	20.00	25.00	5.00			
Cumulative	10.00	30.00	50.00	70.00	95.00	100.00			

Proposed Development Objective(s)

To support the transformation of low productivity, subsistence-oriented cassava, maize and sorghum sub-sectors into commercially-oriented and competitive value chains in four agro-ecological areas.

Components

Component Name	Cost (USD Millions)
Component A: Support to Agricultural Production, Processing and Marketing	76.00
Component B: Support to Seed Production and Distribution System, Relevant Public Services and Technology Transfer	11.807
Component C: Project Coordination and Management	12.193

Institutional Data

Practice Area / Cross Cutting Solution Area

Agriculture

Cross Cutting Areas

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Agriculture, fishing, and forestry	Crops	60		
Agriculture, fishing, and forestry	Agricultural extension and research	20		

Agriculture, fishing, and forestry	General agriculture, fishing and forestry sector	10		
Agriculture, fishing, and forestry	Animal production	5		
Agriculture, fishing, and forestry	Irrigation and drainage	5		
Total		100		
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Rural development	Rural services and infrastructure	40		
Rural development	Rural markets	35		
Rural development	Rural policies and institutions	25		
Total		100		
Compliance				
Policy				
Does the project depart from the CAS in content or in other significant respects?			Yes []	No [X]
Does the project require any waivers of Bank policies?			Yes []	No [X]
Have these been approved by Bank management?			Yes []	No []
Is approval for any policy waiver sought from the Board?			Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?			Yes [X]	No []
Safeguard Policies Triggered by the Project			Yes	No
Environmental Assessment OP/BP 4.01			X	
Natural Habitats OP/BP 4.04				X
Forests OP/BP 4.36			X	
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
Legal Covenants				

Name	Recurrent	Due Date	Frequency
Recruitment of NCU Staff		31-Mar-2015	
Description of Covenant			
The Recipient shall recruit not later than three (3) months after the Effective Date, an agribusiness specialist, an infrastructure and industrial engineering specialist, a food technology and quality specialist, a socio-environmental specialist and a monitoring and evaluations specialist; all with qualifications and terms of reference acceptable to the Association			
Name	Recurrent	Due Date	Frequency
Recruitment of RCU Staff		31-Mar-2015	
Description of Covenant			
The Recipient shall recruit not later than three (3) months after the Effective Date, a procurement assistant, a financial management assistant, an agribusiness specialist and a monitoring and evaluations specialist; all with qualifications and terms of reference acceptable to the Association.			
Name	Recurrent	Due Date	Frequency
Agreements with IITA and IRAD		31-Mar-2015	
Description of Covenant			
The Recipient shall, through the National Coordination Unit, not later than three (3) months after the Effective Date, enter into agreements with IITA and IRAD, respectively, in form and substance acceptable to the Association, for the implementation of specified activities, as further detailed in the Project Implementation Manual, to be carried out under Parts A.1, A.2 and B of the Project.			
Name	Recurrent	Due Date	Frequency
Recruitment of Third-party Verification Agents		30-Apr-2015	
Description of Covenant			
The Recipient shall, in accordance with Section III of Schedule 2 of the Financing Agreement, recruit, no later than four (4) months after the Effective Date and thereafter maintain, throughout Project implementation, third-party verification agents, with qualifications, experience, and terms of reference satisfactory to the Association, for purposes of the technical third-party verification of the Sub-projects to be carried out under Part A.2 of the Project.			
Name	Recurrent	Due Date	Frequency
Computerized Financial and Accounting System		31-Mar-2015	
Description of Covenant			
In furtherance of the provisions of Section II.B of Schedule 2 of the Financing Agreement, not later than three (3) months after the Effective Date, the Recipient shall install for the purposes of the project, a computerized financial and accounting system with consolidation and decentralized modules within the National Coordination Unit and the RCUs, in a manner satisfactory to the Association.			
Name	Recurrent	Due Date	Frequency
Training of Procurement Staff		28-Feb-2014	
Description of Covenant			
The Recipient shall, no later than two (2) months after the Effective Date, train the procurement staff of the Project Coordination Team in the use of the Association's procurement procedures in a manner satisfactory to the Association.			

Name	Recurrent	Due Date	Frequency
Counterpart Funds Account	X		Yearly
Description of Covenant			
Without limitation upon the provisions of Section 4.03 of the General Conditions, deposit into the Counterpart Funds Account, on a schedule and in installments agreed with the Association as reflected in the Annual Work Plan and Budget, a total amount equivalent to twelve million four hundred thousand Dollars (\$12,400,000) for Parts A.3(b), B.1 and C.1 of the Project, all in the Recipient's currency ("Counterpart Funds").			
Name	Recurrent	Due Date	Frequency
Co-financing deadline		31-Jan-2015	
Description of Covenant			
To facilitate the financing of Parts A.2(b), B.1(d) and B.3(b) of the Project, the Co-financing Deadline is January 31, 2015.			
Conditions			
Source Of Fund	Name	Type	
IDA	Effectiveness - Article 4.01 (a)	Effectiveness	
Description of Condition			
The Recipient has (i) recruited a financial management specialist and an internal auditor to the National Coordination Unit and (ii) recruited to each Regional Coordination Unit, a Regional coordinator and an accountant in accordance with the provisions of Section I.A.4 of Schedule 2 to the Financing Agreement.			
Source Of Fund	Name	Type	
IDA	Effectiveness - Article 4.01 (b)	Effectiveness	
Description of Condition			
The Recipient has established the Tender Board in accordance with the provisions of Section I.A.6 of Schedule 2 to the Financing Agreement.			
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Enagnon Ernest Eric Adda	Financial Management Specialist	Financial Management Specialist	GGODR
Marie Roger Augustin	Legal Analyst	Legal Analyst	LEGAM
Florence P. Boupda	Senior Investment Officer	Senior Investment Officer	CFGS6
Edward William Bresnyan	Senior Rural Development Specialist	Senior Rural Development Specialist	GAGDR
Aissatou Diallo	Senior Finance Officer	Senior Finance Officer	CTRLA
Jeanne d'Arc Edima	Team Assistant	Team Assistant	AFCC1
Marie-Claudine Fundi	Language Program Assistant	Language Program Assistant	GAGDR
Hiroshi Hiraoka	Senior Agriculture Economist	Senior Agriculture Economist	GAGDR

Nora Kaoues	Senior Operations Officer	Senior Operations Officer	GAGDR
Guo Li	Senior Agriculture Economist	Senior Agriculture Economist	GAGDR
Lucienne M. M'Baipor	Senior Social Development Specialist	Senior Social Development Specialist	GURDR
Emeran Serge M. Menang Evouna	Senior Environmental Specialist	Senior Environmental Specialist	GENDR
Kouami Hounsinou Messan	Senior Procurement Specialist	Senior Procurement Specialist	GGODR
Meena M. Munshi	Senior Economist	Senior Economist	GAGDR
Amadou Nchare	Agric. Economist	Agric. Economist	GAGDR
Ferdinand Ngobounan	Operations Officer	Operations Officer	CAFSB
Nneoma Veronica Nwogu	Counsel	Counsel	LEGAM
Henri E. Rabarijohn	Country Manager	Country Manager	CAFW4
Manievel Sene	Senior Rural Development Specialist	Team Lead	GAGDR
Peter Ngwa Taniform	Sr Transport. Spec.	Sr Transport. Spec.	GTIDR

Non Bank Staff

Name	Title	City
Marc Fantinet	Sr. Agricultural Economist	Rome
Lazare Hoton	Credit and Rural Finance Officer	Rome
Rym zid	Agri-business Specialist	Rome

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
CAMEROON	CENTRE, SUD et EST	LEKIE, MBAM et INOUBOU, MBAM et KIM, MEFOU et AFAMBA, NYONG et MFOUMOU, Haute SANAGA ; NYONG et KELLE, NYONG et SO, DJA et LOBO, MVILA, Vallée du NTEM ; Haut NYONG, KADEY et LOM et	X		Cassava, maize

		DJEREM			
CAMEROON	LITTORAL et SUD-OUEST	SANAGA MARITIME, MOUNGO /NKAM FAKO, MEME	X		Cassava
CAMEROON	CENTRE et EST	LEKIE, Haute-SANAGA, MBAM et INOUBOU, MBAM et KIM, MEFOU et AFAMBA, KADEY, Haut NYONG et LOM et DJEREM	X		Maize
CAMEROON	LITTORAL et SUD-OUEST	MOUNGO, FAKO, MEME	X		Maize
CAMEROON	OUEST et NORD-OUEST	MENOUA, NOUN, BAMBOUTOS, NDE, NGO-KETOUNDJA, MEZAM, BUI	X		Maize
CAMEROON	ADAMAOUA	VINA, MBERE, DJEREM, MAYO-BANYO	X		Maize
CAMEROON	EXTREME-NORD	MAYO-TSANAGA, LOGONE et CHARI	X		Maize
CAMEROON	NORD	BENOUE	X		Maize, sorghum
CAMEROON	EXTREME-NORD et NORD	DIAMARE, MAYO-TSANAGA BENOUE	X		Sorghum

I. STRATEGIC CONTEXT

1. Without economic and social policies aimed at achieving full and decent employment, the first Millennium Development Goal (MDG 1) of reducing poverty by half by 2015 cannot be met in Cameroon. For developing countries as a whole and Cameroon in particular, the most critical question is how to quickly create a significant number of jobs, including in the formal sector for the poor, who have limited purchasing power and limited capital for investment. The idea that most of these jobs could be created in the corporate sector or by government-sponsored activities has been put to rest. In Cameroon, about half of the population is under 18 years of age and the creation of employment opportunities for youth, especially in rural areas, is a huge challenge for the Government. The Government of Cameroon's (GOC's) 2009–2019 “Growth and Employment Strategy” (DSCE) identifies inadequate infrastructure and an unfavorable business environment as the main factors impeding economic growth and employment creation. The agriculture sector, which currently employs about 60 percent of the active population in Cameroon (primarily in the informal sector), is regarded as the engine for economic growth and job creation if it can be transformed from traditional farming to diversified and commercially viable farming. The DSCE recognizes the need for agricultural diversification, increased productivity, and large-scale public investment projects in the sector.

2. In recent years, Cameroon has experienced food shortages and severe food insecurity in rural areas. About 10.5 percent of rural households in Cameroon (30.3 percent of the rural population) and 6.7 percent of urban households are affected by food insecurity; about 25 percent of the population is affected by malnutrition; and in seven out of Cameroon's 10 regions, the prevalence of severe malnutrition exceeds 30 percent.¹ The highest prevalence of food insecure and vulnerable households is in the Far North, North, and Northwest regions. Increased agricultural growth will play a key role in addressing food insecurity and will contribute to improving the livelihood of vulnerable rural population groups in Cameroon.

3. The fundamental needs of Cameroon to enhance productivity (especially of smallholders), increase access to markets, reduce risks, boost rural employment, and provide environmental services come in a context where agriculture is challenged by accelerating climate change, increased market risk, tightening resource constraints, a growing need for private sector engagement in delivering agricultural public goods, too-slow progress on raising rural incomes in some regions, and too-slow progress on improving nutrition, especially for women and infants.

4. The proposed Project aims at contributing to unlocking the potential of agriculture production in Cameroon through promotion of sustainable partnerships between agri-businesses (ABs) and producer organizations (POs), thereby contributing to economic development and job creation on one hand and to the enhancement of the food security and livelihood of the rural farming population on the other.

5. The proposed Project is part of a joint IDA/IFC initiative. IFC's financing which will be submitted for Board approval, will help unlock the potential for agricultural lending to the Project's direct beneficiaries by providing advisory services, risk-sharing of lending by local

¹ World Food Programme and Government Assessment Report on Food Security and Vulnerability, 2011.

financial institutions through the provision of a guarantee fund, and a crop insurance mechanism which will respond to the need of the producer organizations involved in the Project.

A. Country Context

6. Cameroon has shown relatively strong macroeconomic performance—also compared to its neighboring countries—over the last years. After a period of relatively strong economic growth in the late 1990s, growth dropped to a disappointing annual average of 3.3% from 2003 to 2007 and a low of 1.9% in 2009. Recent growth has been more encouraging at 4.6% in 2012 and 5.5% 2013, 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. Under a Poverty Reduction and Growth Facility with the International Monetary Fund (IMF) completed in 2009, Cameroon used windfall oil revenues to accelerate domestic debt payments, strengthen tax and customs revenue administration, raise investment, and normalize relations with creditors. Debt relief under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative (2006) helped firm up debt sustainability and together with the rise in international oil prices allowed the authorities to accumulate some deposits at the regional central bank (“*Banque des Etats de l’Afrique Centrale*” – BEAC). The GOC issued its first sovereign bonds in December 2010, raising a total amount of FCFA 200 billion (US\$420 million equivalent, or 1.8 percent of Gross Domestic Product (GDP). Based on a 2013 – 2014 creditworthiness assessment undertaken by the International Bank for Reconstruction and Development (IBRD) Credit Risk Department within the World Bank, the Republic of Cameroon regained eligibility to borrowing from the IBRD as of July 1, 2014. During a transition period, Cameroon will have access to resources from both the International Development Association (IDA) and IBRD, and the country is thus categorized as a ‘blend country’.

7. Despite the progress made to consolidate macroeconomic stability, poor infrastructure, an unfavorable business environment, and weak governance continue to hamper economic activity, frustrating efforts to reach the growth rates needed to reduce poverty on a sustainable basis. As a result, there has been little or no change in poverty and human development indicators in Cameroon over the last decade. At the current growth pattern, population growth alone (at 2.7 percent) brings per capita growth down to a modest level of around 2-3 percent. Furthermore, Cameroon’s poverty levels remain stubbornly high at around 40 percent and show significant regional disparities—in terms of the absolute and the chronic poor. Some human development indicators, including life expectancy, have also declined over the last 10 years.

8. A 2012 IMF assessment suggests a modest overvaluation of the FCFA for Cameroon of about 8 percent in the early years of this decade, despite significant improvement over the prior 15 years. In the context of the analysis of the main constraints that limit the performance of Cameroon’s agriculture sector, an analysis of distortions to agricultural prices carried out in July 2013² showed a positive trend of price distortions, revealing that price distortions are no longer a constraint to the production of tradable goods. Therefore, a possible misalignment of the real effective exchange rate (REER) relative to its equilibrium level caused by the overvaluation of the FCFA has not caused significant distortions in the agriculture sector. However, to maintain Cameroon’s agricultural value chains’ competitiveness, additional effort is needed to compensate for this currency value effect.

² Gourdon, J. and E. Douya. 2013. “Analysis of distortions to agricultural prices in Cameroon, Yaoundé.”

9. Despite the many challenges it faces, the GOC continues to increase investment in the agriculture sector, which is forecasted to contribute more than 20 percent of the country's GDP and to become a major source of job creation. In 2012, the agriculture sector accounted for 18.4 percent of nominal GDP. Over the next decade, the agriculture sector in Cameroon will need to: (i) increase productivity and production; (ii) alleviate food insecurity and malnutrition; and (iii) create employment. Key enablers to upgrade the development of the agriculture sector exist, including: the GOC's commitment to support market-oriented commercial agriculture; the development of commercial agriculture (leading to increased productivity and production, improved access to markets, and greater employment and revenues) while leveraging local ABs (agro-industries, small and medium enterprises, out-growers, etc.); and a commitment to develop a sustainable Locally Resourced Materials (LRM) supply chain that will provide a commercial and strategic benefit to business while contributing to improving the livelihood of local communities.

B. Sectoral and Institutional Context

10. Cameroon's agriculture sector has diverse production and great potential within the main farming systems.³ Food crops contribute 64 percent to agricultural GDP, followed by livestock (13 percent), forestry (9 percent), industrial and export crops (8 percent), and fisheries (6 percent). About 54 percent of all households have at least one member who owns a crop field of about 2.4 hectares (ha) as documented in the DSCE. An increasing share of food commodities (such as maize, rice, sorghum, and wheat) is being sourced from imports⁴ that cover 20 percent of consumption.⁵ In 2011, the cereal deficit was about 640,000 tons.⁶ Nonetheless, for other staple foods such as cassava, plantains, bananas, and yams, Cameroon meets its domestic needs and produces surplus for export.

11. Significant investments from both the public and private sectors are required to achieve agricultural transformation. The GOC envisages supporting the conversion of traditional family farms into micro-enterprises, modernizing the production system, promoting Small and Medium Agriculture Enterprises/Industries (SMAEs), increasing the sector's productivity and production, and meeting the demand of agro-industries. The country context is conducive to doing so, as a number of local agro-industrial companies and SMAEs have already expressed interest in local sourcing of raw materials and processed products. In this regard, the GOC and the private sector have identified promising value chains, including staple foods (cassava, maize, and sorghum, etc.). Cassava, maize, and sorghum, three of the main pillars of Cameroon's food security, grown

³Features of the main farming systems are : (i) Cotton production combined with groundnuts, millet, sorghum, irrigated rice, and livestock in the northern semi-arid plain; (ii) cocoa production combined with cassava, plantain, and cocoyam in the southern part of the rainforest area and the western and coastal lowlands; (iii) Arabica coffee production combined with maize, cocoyam, plantain, beans, yams, Irish potatoes, and livestock in the western highlands; (iv) Robusta coffee production combined with cassava, plantain, and cocoyam in the northern part of the rainforest area and the western and coastal lowlands; and (v) ruminant production combined with maize, cassava, and beans in the Adamaoua plateau, a central savannah with tree savannah and grassland.

⁴ The value of agricultural imports in 2011 was US\$624 million, an increase from the 2005 value of US\$459 million. The average growth rate of imports from 2005-2011 was 16 percent. The main agricultural imports in terms of value including wheat, milled rice, food preparations, malt, maize, cassava starch, and whole dried milk have expanded by more than 200 percent, partly as a result of lack of local production and many other constraints.

⁵ Cameroon's imports of food products reached 18 percent of total imports in 2010 versus 12 percent in 1980: *Agence Française de Développement, les enjeux de la croissance: macroéconomie et développement, Novembre 2012/N.6.*

⁶ Cereals are a key staple food in Cameroon and provide 40 percent of the proteins, versus 30.1 percent for roots, tubers, and banana plantain: *Document de Stratégie de Développement du Secteur Rural*, updated version 2013.

by over 1.5 million agricultural households (i.e. more than 75 percent of farms), could form the backbone of a thriving agro-industry given their multiple market applications. The agricultural value chain analysis conducted by the World Bank in 2008 highlighted the competitiveness of the cassava and maize value chains, and the findings of the value chain analysis conducted by the GOC in March 2014 within the Project preparation confirmed this.⁷

12. While Cameroon benefits from the presence of dynamic private agro-industries, these are limited to only 0.4 percent of the existing 1,700 formal enterprises in the country; however, they are among the main providers of formal employment.⁸ The private sector in Cameroon is dominated by SMAEs, with about 120,000 such companies registered, of which 6,000 operate directly in agricultural value chains. Among the enterprises operating in the primary sector, 35 percent are involved in agricultural food production and 32 percent in agricultural industry and export. There is potential for partnerships between agricultural enterprises and POs, which could contribute to improving the performance of agriculture sector production/productivity and to limiting market linkage issues around POs. The LRM project strategy prepared by Guinness in 2013 and the value chain analysis prepared by the GOC in 2014 raised the specific challenges to developing the different value chains of key crops in Cameroon (see Table 3 in Annex 2: Detailed Project Description).

13. A series of constraints have led Cameroon's agriculture sector to be characterized by low productivity and low-production subsistence farming. The main constraints are:

- *Limited access to inputs* (less than 7 kg/ha of fertilizers are used; the use of improved seeds is lower than 30 percent). The seed and cuttings value chain was disrupted after the food crisis in 2008. Because of the economic crisis, the setup for foundation and improved seeds production collapsed. In addition, the seed control and certification services of the Ministry of Agriculture and Rural Development (MINADER) are weak. This situation hinders the transparency of the seed system and marketing.
- *Very limited mechanization*: Cameroon has a ratio of 0.1 tractor/1,000 ha and a mechanization ratio of only 0.1.
- *Weak institutional capacity of POs associated with limited storage/processing capacity and marketing infrastructure*. Lack of storage and marketing infrastructure is aggravated by the isolation of agricultural production areas because of the poor quality of rural roads, which comprise 80 percent of the national network; only 5.2 percent (4,200 out of 81,000 km) are in good condition.
- *Limited access to credit/rural finance*. POs and SMAEs have limited access to credit/rural finance because of: (a) their inability to present viable projects for financing; (b) the (perceived) high cost of financing; and (c) the absence of specific financial services/instruments for their segment.
- *The predominantly poor performance of traditional family farm enterprises*, of which 63 percent are small (less than 2 ha). Smallholders' household farms (about 2 million)

⁷ Maize produced by smallholders is competitive with imported maize (the economic conversion factor ranges from 1.3 to 3.1 according to production area) while there is a high and growing demand for both human and animal consumption and agro-industry (beer production). The models developed as part of the Project preparation show that maize grits can be produced in Cameroon at a slightly lower price than imported grits. Cassava processed products (fufu, water fufu, cassava flour, gari, and couscous) are in high demand in both national and regional markets and a huge productivity increase at the producers' level can be realized. Guinness has already started sourcing sorghum from the North and Far North regions.

⁸ *Document de Stratégie de Développement du Secteur Rural*, updated version 2013.

operate in the informal sector and contribute to 60 percent of food production. These are mostly headed by women, who represent 75 percent of the agricultural labor force.

14. Since late 2012, the cooperative is the only lawful form of professional agricultural organization recognized by the Organization for the Harmonization of Business Law in Africa (OHADA), of which Cameroon is a member (see Annex 7: Cooperatives Law). Until recently, farming populations were organized into POs that could be grouped into about 3,000 cooperatives and 100,000 Common Initiative Groups (CIGs). To strengthen the organizational and managerial capabilities of POs and to comply with OHADA rules, the GOC has decided that POs should be restructured into cooperatives. The proposed Project is timely and will provide much needed support to the government and POs to ensure that the ongoing reform doesn't become another hindrance to agricultural productivity.

15. There is an important gender dimension to agricultural production in Cameroon. The role of women in consolidating and ensuring food security in rural households as an important aspect to socioeconomic development and beyond is crucial. According to the GOC's 2011-2020 Document of National Gender Policy ("*Document de Politique Nationale Genre*"), women-headed households are increasing in rural areas (from 21 percent in 2004 to 25 percent in 2010). Women farmers are mainly involved in the production of food crops (maize, cassava, and sorghum, etc.) and in the processing and marketing of food products. Despite the fact that women do 75 percent of the agricultural work in Cameroon, they own less than 10 percent of the land and are often not even recognized as farmers. They face widespread restrictions on decision making about the basic resources for production (i.e., land; access to productivity-enhancing inputs such as credit, fertilizer, improved seeds, and extension; and control over the produce harvested from their labor and other investment). Women have limited access to inputs, techniques, technologies, and equipment because of difficulties such as low education, lack of information and training, and low economic power. The exclusion of women from possession of land by succession is explained by sociocultural foundations resulting from the patriarchal system that governs Cameroonian society. It presents one of the major obstacles to the mortgage and guarantee necessary for the expansion of women's agricultural activities. Women's ability to produce enough food is exacerbated by the physically exhausting labor and drudgery associated with farming practices that have remained unchanged for generations. Therefore, supporting technologies that promote time-saving tasks as well as nutrition-sensitive activities performed by women is crucial for increasing agricultural production and improving maternal and child nutrition. The Project will support activities geared towards women (see details under the beneficiaries section).

16. The GOC's agriculture strategy is expressed in three key national strategy and planning documents: «Vision 2035» envisages agricultural growth beyond 5 percent by 2020⁹; the DSCE foresees significant productivity increases in agriculture and livestock farming; and the 2005 - 2009 Rural Development Strategy and its 2013 update¹⁰ ("*Document de Stratégie de Développement du Secteur Rural*," - DSDSR) commit to a modernization of rural infrastructure and agricultural production and sustainable management of natural resources. Furthermore,

⁹ By 2010, the average growth rate of the primary sector was 4.6 percent. *Institut National de la Statistique*, 2012.

¹⁰ Four pillars: (i) institutional development and capacity building of public and private actors; (ii) improving the productivity and competitiveness of sectors; (iii) modernization of rural infrastructure and agricultural production; and (iv) sustainable management of natural resources.

Cameroon has engaged in the African Union’s Comprehensive Africa Agriculture Development Program (CAADP), and with CAADP support, Cameroon is currently finalizing its 2014-2020 National Agriculture Investment Program (“*Plan National d’Investissement Agricole*,” - PNIA¹¹). Cameroon aims to articulate and implement a more robust public expenditure program to improve sector performance. This would necessitate an examination of the national budget level benefiting the sector, which currently remains below 5 percent of the total budget (compared with the CAADP target of 10 percent), as well as a review of the quality of expenditure planning, allocation, and implementation. To this effect, the agriculture sector ministries (MINADER and the Ministry of Livestock, Fisheries, and Animal Production) are currently finalizing an agriculture sector public expenditure review.

17. The World Bank response and rationale for the proposed Agriculture Investment and Market Development Project (AIMDP) is to support the establishment of Productive Partnerships (PPs) between POs, buyers (private ABs), and FIs to upgrade the cassava, maize, and sorghum subsectors as per the Bank’s experience in Latin America¹² and the ongoing IDA-financed Cameroon Agricultural Competitiveness Project – P112635 (PACA).

18. The proposed Project will generate long-term value for POs, which will supply locally in a sustainable manner quality cassava, maize, and sorghum for industrial production. The proposed Project will lead to transformational and sustainable change in Cameroon’s agriculture sector by promoting a demand-driven approach to developing POs, and establishing linkages between agricultural production, infrastructure, and markets. The proposed Project will also enable the establishment of productive Public-Private-Partnerships (PPP) between (improved) public services, private farmer cooperatives, private SMAEs, and FIs.

19. The main activities of the Project will be to support POs to access advisory services and technical assistance (TA), improved technologies and inputs, basic/key agricultural infrastructure, processing, rural financial products and services, and marketing as well as to provide the platform for effective dialogue among key stakeholders in the value chain. In doing so, the proposed Project will pay particular attention to the following set of challenges: (i) specific value chain quality-related challenges like: low mechanized processing capability in Cameroon; sourcing barriers; poor agricultural productivity; food security concerns; the need for important investments in value chains; and pricing concerns; and (ii) key constraints/risks that may delay or hinder partnerships, despite real potential, such as: pricing risks, governance issues associated with POs, capacity associated with the use of appropriate technologies, credit access, and other risks.

20. As a joint IDA/IFC initiative, IFC’s interventions will focus on providing much needed investment (in the form of a guarantee fund) and advisory services to FIs in Cameroon to support development of a more market-oriented and commercial agriculture sector. The sustainability of the proposed Project is directly dependent on a well-functioning financial sector (close to US\$48

¹¹ The objective is to improve the performance of the rural sector and make it capable of ensuring sustainable food sovereignty of the people and contributing to the economic and social development of Cameroon.

¹² The World’s Bank experience with the financing (by way of grants) of rural productive partnerships (defined as agreements between formally organized POs and a commercial buyer) started in 2003 and has since been implemented in Colombia, Bolivia, Panama, Guatemala, Honduras, Brazil, Peru, Mexico, and Jamaica. However, Honduras is the only country where accessing formal credit through a Bank/FI loan was a requirement (30 percent of the cost of the business plan). Because the Honduras project is still somewhat recent, it is too early to draw lessons learned from it.

million is expected to be contributed by FIs to match the grants provided by the proposed Project to POs). IFC will also provide SMAEs and POs with advisory services for sound financial and organizational management.

21. The proposed Project will also benefit from the Policy and Human Resource Development (PHRD) fund provided by the Government of Japan. As a partial co-financing contribution, PHRD will complement the IDA funding by giving emphasis to the Bank's other agenda, which is to eliminate extreme poverty. Specifically, it will support women's groups in the POs in achieving food and nutrition security at the household level and necessary institutional capacity building and generation of relevant knowledge. The Project will coordinate closely with the IDA-financed Cameroon Social Safety Nets Project -P128534 to ensure effective synergy on nutrition activities on the ground.

C. Higher Level Objectives to which the Project Contributes

22. This joint IDA/IFC initiative is well aligned with the priority themes of the 2010-2014 Cameroon Country Assistance Strategy (CAS) considered 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 various agriculture value chains by: (i) improving farmers' access to technology, inputs, credit, and markets and to basic/key infrastructure; and (ii) strengthening the institutional capacity of POs and agricultural services in Cameroon.

23. AIMDP is also aligned with IFC's Agri-business (AB) strategy in Sub-Saharan Africa, which seeks to provide financing and advice to address critical constraints to sector growth, and will contribute to IFC's key areas of engagement, including: (i) Infrastructure (storage, logistics, and distribution facilities) to reduce post-harvest waste and increase access to markets; (ii) Access to fertilizers and pesticides; (iii) Link small farmers into supply chains of large food processors and food retailers; (iv) Finance small farmers through FIs; (v) Weather insurance; and (vi) Transfer technology and know-how from other markets.

24. Ultimately, the Project will contribute to the World Bank Group's ambitious twin goals of ending extreme poverty and promoting shared prosperity. By supporting the provision of key collective infrastructures, access to credit, and productive assets to POs, the Project will intensify production systems and contribute to increased production, food security, and competitiveness as well as to improved livelihoods and reduced poverty for extremely poor beneficiaries. The shares of the population below the national poverty line in the target regions (up to 0.659) are amongst the highest in the country. The direct and indirect effects of the Project could reach the poor and hence contribute to reducing poverty that could be measured by production and sales increases. Through increased access to finance, growth, and job creation with POs, ABs and FIs, the new operation will also promote shared prosperity, measured by monitoring employment within the Project.

II. PROJECT DEVELOPMENT OBJECTIVE

A. PDO

25. The Project Development Objective (PDO) is to support the transformation of low-productivity, subsistence-oriented cassava, maize, and sorghum subsectors into commercially-oriented and competitive value chains in four agro-ecological zones.

B. Project Beneficiaries

26. The Project will cover production basins in four agro-ecological zones: (i) Sudano sahelian (Benoue and Diamare et Mayo-Tsanaga) for sorghum, (Vina, Mbere, Djerem, Mayo-Banyo) for maize; (ii) bi-modal humid forest (Lekie, Mbam et Inoubou, Mbam et Kim, Mefou et Afamba, Nyong et Mfoumou, Dja et Lobo, Mvila, Ntem Valley, Haute Sanaga, Nyong et Kelle, Nyong et So, Haut Nyong, Kadey, and Lom et Djerem) for maize and cassava; (iii) mono-modal humid forest (Moungo, Sanaga-Maritime, Fako, Meme, and Nkam) for cassava and maize; and (iv) highlands (Menoua, Noun, Bamboutos et Ngoketunjia, Nde, and Bui) for maize.

27. The Project's direct beneficiaries will be members of eligible cooperatives and/or cooperatives working on targeted value chains in the identified production basins. The Project's indirect beneficiaries are private ABs (agro-industries, SMAEs, wholesalers, etc.), and FIs (banks, leasing companies, and microfinance institutions – MFIs) as well as public and private service providers supporting POs. The Project will impact other indirect beneficiaries, including: (i) populations living in production basins benefiting from the rehabilitation of market access infrastructure and collective production infrastructures; (ii) other actors along the selected value chains, such as traders, transporters, processors, and consumers, who benefit from the increased quality and quantity of products as well as from rehabilitation/construction of roads; and (iii) smallholders in the targeted zones, who benefit from strengthened POs and input supply and output market networks. Overall, the Project will directly benefit about 300 POs and 30,000 households (or assuming an average of four persons per household, about 120,000 beneficiaries).

28. The value chain analysis conducted by the GOC in March 2014 showed that women represent about 70 percent of cooperatives' members in Project-targeted zones. In addition to financing women's investments in cassava, maize, and sorghum value chains for production, processing, and marketing, the Project will also support specific activities geared towards women's groups, such as investment in nutrition-sensitive agricultural interventions like fortified food and labor-saving devices to reduce women's workload. Communication will include behavioral change communications (BCC) strategies to target wide audiences, especially women, on issues related to access to land, new technologies, maternal care, and child feeding practices. The PHRD grant associated with the Project will support nutrition-sensitive agriculture activities, thus contributing to improving the livelihood of rural women in Cameroon.

C. PDO Level Results Indicators

29. The PDO indicators for the proposed Project include:

- Increased yield of targeted crops of cassava (tons/ha), maize (tons/ha), and sorghum (tons/ha) by beneficiary farmers; and

- Increased quality, as measured by the price premium (FCFA) of produce sold by beneficiary farmers in the targeted value chains of cassava (percentage), maize (percentage), and sorghum (percentage).

III. PROJECT DESCRIPTION

A. Project Components

30. The Project has three components: (i) Support to Agricultural Production, Processing and Marketing; (ii) Support to Seed Production and Distribution System, Relevant Public Services and Technology Transfer; and (iii) Project coordination and management. The second component is designed to support implementation of the first component, especially with regard to PO investment in seed production, reform of cooperatives, training, and consultation between key stakeholders (government, POs, ABs, FIs) to prevent/address value chain issues, conduct market studies, test and disseminate technology, and hold study tours.

31. **Component A: Support to agricultural production, processing and marketing (US\$135.350 million of which: US\$76.000 million IDA; US\$1.500 million PHRD; US\$6.350 million Government; US\$10.900 million Beneficiaries; US\$40.600 million PFIs).** The objective of the component is to establish “*Productive Partnerships*” (PPs) between POs and ABs that will lead to increased productivity, production, and quality of the identified value chains. These PPs will be implemented through the provision of matching grants and will facilitate access to rural financing for investing in various PO Sub-Projects (SPs). Component A will also support certain nutrition activities through women-oriented SPs and finance basic transport infrastructure SPs (rural and feeder roads) at the level of production basins to improve internal connectivity and to connect these production basins to main roads and markets. The component is organized under four subcomponents: (i) Establishment of PPs; (ii) Financing of SPs for POs; (iii) Financing of basic public infrastructure; and (iv) Support for improved access to rural financing. In this component, the PHRD grant will support SPs targeted to women’s organizations and designed to enhance households’ nutrition situation through diversification of household food production, income generation, improved maternal and child feeding practices, and introduction of labor-saving technologies adapted to women’s needs.

32. **Component B: Support to Seed production and distribution system, Relevant public services and Technology transfer (US\$15.308 million of which: US\$11.807 million IDA; US\$1.101 million PHRD; US\$2.400 million Government).** Component B will support the implementation of Component A by: (a) strengthening the seed system and the capacity of public services key to the Project; (b) creating a framework for cooperation between the GOC, POs, ABs, FIs, and other actors that will play an important role in the Project; and (c) enhancing agricultural technology transfers. It comprises three subcomponents: (i) Enhancement of the seed production and distribution systems’ relevant public services; (ii) Building a commodity-based public-private consultation and partnership framework; and (iii) Enhancement of agricultural technology transfers and promotion of healthy food and nutrition practices. The budget will cover goods and equipment, consulting services, workshops, training, and study tours necessary for the Project, as well as operating costs. The GOC’s counterpart funding will contribute to financing the component (especially the operating costs). In this component, the PHRD fund will support activities to promote sustainable access to fruit and vegetable seeds – including

nutritious indigenous species – and will provide institutional and technical support to MINADER and other ministries involved in the CAADP to mainstream nutrition in agricultural policies and programs. It will also support the implementation of nutrition education activities in areas covered by the Project.

33. **Component C: Project Coordination and Management (US\$13.488 million of which: US\$9.439 million IDA, US\$0.399 million PHRD, US\$3.650 million Government) and PPA (US\$2.754 million).** The objective of Component C is to: (a) ensure effective strategic and operational planning, monitoring, and implementation of the Project and efficient coordination between Components A and B and the various sources of funding and Project implementation partners; (b) evaluate the Project's final results and impact on smallholders/POs; and (c) communicate efficiently to various public entities on Project activities, outcomes, and lessons learnt. The National Coordination Unit (NCU) will benefit from specialized TA from industrial equipment suppliers, ABs, etc. The component will support the establishment and operationalization of a comprehensive monitoring and evaluation (M&E) system, as well as communication. The GOC's counterpart funding will contribute to financing the operating costs of the component. This component will support the costs of the activities and operation of the NCU at the national and regional levels, which will be in charge of coordinating the Project. The component has two subcomponents: (i) Strategic planning, coordination, management, and implementation support; and (ii) Monitoring and evaluation, communication, and knowledge production and sharing. In this component, the PHRD fund will support the integration of nutrition considerations in the AIMDP M&E system as well as the collection and dissemination of information on local feeding practices and their relation to local food systems, as well as good practices to improve nutrition through agricultural interventions.

B. Project Financing

34. Total Project costs are estimated at US\$166.90 million, which will be financed through: (i) an IDA17 Credit of US\$100.0 million; (ii) participating POs for a total estimated at US\$10.9 million (minimum contribution corresponding to 10 percent of the SPs' investment costs); (iii) participating financial institutions (PFIs) for a maximum total of US\$40.6 million (co-financing of SPs up to 40 percent of investment costs); (iv) a government contribution (equivalent to US\$12.40 million including from the Road Fund); and (v) a PHRD grant of US\$3 million to support women's, POs', and communities' nutrition activities. In addition, IFC's contribution is expected to be up to US\$13 million in the form of direct support to those FIs financing SPs/POs with the support received from IFC.

35. The IDA Project will be structured as an Investment Project Financing (IPF) in the amount of US\$100 million over five years. The Japanese-funded PRHD will contribute an additional US\$3 million to support mainstreaming nutrition in the AIMDP.

36. The Project's cost summary is presented in Table 1.

Table 1: Project Costs Summary (in US\$'000)

Project Components	Project cost	Financing					Percentage Financing (IDA)
		IDA	PHRD	Beneficiaries	PFI	Government	
A. Support to Agricultural Production, Processing and Marketing							
A.1 Establishment of Productive Partnerships	1,207	1,207	-	-	-	-	100.00
A.2 Financing of Sub-Projects for Producer Organizations	108,490	55,960	1,500	10,900	40,130	-	51.58
A.3 Financing of Basic Public infrastructure	24,133	17,783	-	-	-	6,350	73.69
A.4 Support for Improved Access to Rural Financing	1,520	1,050	-	-	470	-	69.08
Sub-total	135,350	76,000	1,500	10,900	40,600	6,350	56.15
B. Support to Seed Production and Distribution System, Relevant Public Services and to Technology Transfer							
B.1 Enhancement of the Seed production and distribution system, Relevant public services	3,890	1,140	350	-	-	2,400	29.31
B.2 Building Commodity-based public-private consultation & partnership frameworks	1,000	1,000	-	-	-	-	100.00
B.3 Enhancement of agricultural technology transfer and Promotion of Healthy Food and Nutrition Practices	10,418	9,667	751	-	-	-	92.79
Sub-total	15,308	11,807	1,101	-	-	2,400	77.13
C. Project Coordination and Management (Including PPA)							
C.1 Strategic Planning, Coordination, Management and Implementation Support	10,093	6,443	-	-	-	3,650	63.84
C.2 Monitoring and Evaluation, Communication, Knowledge Production and Sharing	3,395	2,996	399	-	-	-	88.25
Sub-total	13,488	9,439	399	-	-	3,650	69.98
Project Preparation Advance	2,754	2,754	-	-	-	-	100.00
Sub-total	2,754	2,754	-	-	-	-	-
Total Costs	166,900	100,000	3,000	10,900	40,600	12,400	59.91

C. Lessons Learned and Reflected in the Project Design

37. AIMDP was developed based on past and ongoing experience from IDA-financed operations in agriculture and AB. An Independent Evaluation Group (IEG) review of the Bank's experience in the agriculture and AB sectors identified certain critical activities/measures for improving supply chain competitiveness, including: (i) the importance of supporting production; (ii) the need for strong marketing and market infrastructure; (iii) the need for access to land/land tenure; (iv) the importance of TA; and (v) the need to support production in quantity and quality while improving access to markets and credit to consolidate the investments provided. Experience with PPs in Latin America to overcome producer market barriers has highlighted that PP projects should: (i) involve FIs such as commercial banks from the beginning of the project and work with buyers to sustain and scale up activities when project funding comes to an end; and (ii) emphasize the value chains in which the producer/buyer partnerships operate to remove constraints, promote opportunities for promising subsectors, and help roll out the partnership model on a national scale. Cameroon's ongoing PACA shows that the creation of consultation forums between POs and buyers, sellers, agro-dealers, and FIs can establish "Productive Partnerships" and improve commercialization of products and the supply of inputs, leverage credit, and ultimately contribute to strengthening supply chains.

38. Support to the cassava value chain will benefit from successful experience in the region (e.g., in Nigeria and Ghana¹³) and from lessons learned from previous operations in Cameroon (e.g., the “*Programme National de Développement des Racines et Tubercules*” – PNDRT) supported by IFAD; and the cassava processing pilot jointly financed by the IDA-financed PACA and the Bank-executed Trust Fund (TF) - the All ACP Agricultural Commodities Program (AAACP), implemented by PACA from 2011-2012. The joint collaboration of PNDRT with IRAD and IITA led to: (i) the development of five new varieties of cassava for each agro-ecological zone; (ii) a significant increase in yields, from 8-10 tons/ha up to 25-30 tons/ha at farm level; and (iii) the development of post-harvest equipment and processing methods for cassava for smallholder producers. The evaluation of the cassava processing pilot has recommended: (i) a cost analysis study of cassava production to better understand the competitiveness of a model processing enterprise; (ii) the promotion of cassava processing; and (iii) the promotion of private entrepreneurs for cassava processing.

39. Nutrition activities supported by PHRD are designed, and will be implemented, based on lessons learnt on how to maximize the nutritional impact of agriculture programs. For example, maximizing the nutritional impact of agriculture interventions entails: (i) incorporating explicit nutrition objectives in program design; (ii) supporting women through equitable access to productive resources, income opportunities, extension services and information, credit, and labor- and time-saving technologies; (iii) improving processing, storage, and preservation; and (iv) expanding markets and market access for vulnerable groups, particularly for marketing nutritious foods.

40. A review of prior Bank-financed projects in Cameroon, Brazil, Bolivia, Ghana, Honduras, Peru, Senegal, and Vietnam yielded a number of operational lessons, such as:

- *For agricultural business, effective links between POs (suppliers), ABs (buyers/market demand), and participating FIs (credit) are necessary conditions for competitiveness while targeted TA is essential for successful PPs. PPs should be signed between POs, ABs, and FIs.*
- *Technical, financial, organizational, and management capacities of beneficiaries are the keys to project performance. Selection criteria should include capacity and should be clearly defined and publicly disseminated prior to project implementation.*
- *Availability of sufficient funds in the Designated Account (DA) is a key factor to meeting SPs’ funding needs, which are highly dependent on the agricultural cycle. The DA ceiling should be flexible and based on SPs’ cyclical cash flow forecasts.*
- *Support to PO-based market demand is a driving factor of success. POs’ SPs should be designed to meet the existing demand of buyers, not based on market perspectives or expectations of needs.*

¹³ The Nigerian Cassava Transformation Agenda (CTA) was launched in 2011 to create a new generation of cassava farmers, oriented toward commercial production and treating farming as a business. The CTA inclusive agri-business model includes promoting partnerships with research institutions (IITA), agro-industries (Nestle), and smallholder farmers. The agri-business model introduced all aspects of the value chain including inputs (seeds and fertilizer), farming, processing, marketing, distribution, and sales. In Ghana, Guinness has established a partnership with the Ministry of Agriculture to launch an inclusive agri-business model with smallholder farmers. Small farmers pooled together their land resources to enable them to mechanize their farm plots. They received high starch cassava stem varieties from the agricultural research institute and appropriate training in farm production, including fertilization. Farmers’ production (cassava roots) is purchased by Guinness’s procurement unit. Guinness invests in a cassava processing plant and is now producing a cassava-based beer called “Ruut Lager.”

- *SPs must be comprehensive enough to cover all critical activities and expenses.* Weak formulation, cost estimates, and financial analysis of SPs will delay and hinder implementation.
- *Disbursement plans as well as procurement for SPs must be consistent with the value chain cycle.* To avoid delays or discontinuity in the implementation of SPs: (i) disbursement tranches must be evaluated to cover the critical needs of each value chain; and (ii) procurement must be simplified and related activities anticipated.
- *Standard guidelines for SPs must be prepared and disseminated before implementation.* Guidelines will harmonize and facilitate the preparation and evaluation not only of SPs but also of procurement activities, while limiting the risks related to compliance with the project's procedures.
- *Results frameworks and M&E plans must be realistic given capacity constraints.* The M&E manual should focus on information critical for project implementation and supervision. Performance indicators should not be limited to quantitative outputs but should also include quality indicators related to ownership of the development process. Beneficiaries' capacity should be strengthened to enable them to participate actively in data collection.
- *Support for core decentralized public services is critical to the project at operational levels.* Generally, private Local Service Providers (LSPs) in Cameroon are lacking and too weak to meet the urgent support needed by POs and their members. The AIMDP should support capacity building for public and private service providers.
- *Strong government ownership is essential for the release of counterpart funding, the support of public services, and project performance.* The AIMDP benefits from strong support and engagement from the MINADER.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

41. Project Oversight. The Borrower is represented by the Ministry of Economy and Planning (MINEPAT). The “*Caisse Autonome d’Amortissement*” (CAA) will manage the DA and will submit withdrawal applications to IDA on behalf of the Project. Overall responsibility for Project implementation will be delegated to the MINADER. Implementation is envisaged to take place over five years in the four agro-ecological zones.

42. Implementation. The Project implementation mechanism will comprise: (i) a Project Steering Committee (PSC); (ii) a Project Coordination Team (PCT) consisting of a National Coordination Unit (NCU) at the national level and a Regional Coordination Unit (RCU) in each covered agro-ecological zone; and (iii) Regional Selection Committees (RSCs) for the approval of SPs and PP agreements in each covered agro-ecological zone. Specific implementation arrangements are developed for the various components/subcomponents under the overall oversight of the NCU. The implementation mechanisms are described in Annex 3: Implementation Arrangements and in more detail in the Project Implementation Manual (PIM).

43. The PSC has been established by the MINADER. The PSC will ensure overall performance oversight and strategic policy guidance and will mainly be responsible for: (a) approving the Project's Annual Work Plan and Budget (AWPB), prepared by the PCT; (b)

overseeing overall performance of the Project and providing policy guidance; and (c) suggesting necessary Project adjustments based on M&E results, with the technical support of a Technical Monitoring Team (“*Groupe de Suivi Technique*”). The PSC will comprise representatives of, *inter alia* (as set forth in the PIM): (i) Ministries in charge of agriculture, finance, trade, and industry, small and medium scale enterprises, public works, scientific research, and natural resources and environment; (ii) POs’ national platforms (CNOPCAM, PLANOPAC); (iii) apex AB organizations; (iv) private FIs; and (v) the Chamber of Commerce and Industry and the Chamber of Agriculture.

44. The institutional structure of the PCT has been established. The PCT will be formulated through competitive selection of technical staff agreeable to IDA and validated by the MINADER, which will contract said staff on behalf of the PSC. The PCT will consist of the NCU at the national level (mainly in charge of all elements of Project implementation and coordination) and the RCUs in the four Project zones (responsible for implementing relevant Project components in their respective zones). Their respective roles and composition are elaborated in Annex 3: Implementation Arrangements.

45. The RSCs will undertake the screening of initial proposals and the selection of business plans, with the TA of the *ad hoc* Independent Appraisal Panel (IAP). Each RSC will include representatives of ABs, FIs, and apex POs as voting members, and LSPs, relevant technical staff of sector ministries (MINADER; Ministry of Public Works – MINTP; MINEPAT; Ministry of Environment, Protection of Nature and Sustainable Development – MINEPDED, etc.), and corresponding RCUs as observers. It is worth noting that under Subcomponent A.3, delegates from the relevant communal governments will be added as voting members, since the SPs under said subcomponent will support the development of public infrastructure, which falls under the mandate of communal governments.

46. The PIM details the organizational and technical procedures that govern the Project, including financial management, procurement, and the Grievance Redress Mechanism (GRM). The GRM will allow the NCU to address issues in a timely manner. A separate administrative and financial management manual has been prepared. The PIM spells out the provisions governing specific aspects of the Project. Particularly, Component A of the PIM includes the following items: (i) Detailed fiduciary and technical procedures regarding co-financing of SPs, including control mechanisms and remedies for SP implementation; (ii) Process for the establishment of PPs and the implementation of their business plans; (iii) Clear eligibility criteria for SPs and beneficiaries (including safeguards and land issues), processing cycle and timing, as well as complaint-handling mechanisms for SPs; (iv) Remedies for non-compliance and abuse of funds in SPs; (v) Training of POs and other stakeholders prior to SP implementation; and (vi) Templates for SP agreements, incorporating good governance and transparency clauses as well as complaint-handling mechanisms for SP candidates.

47. Key implementation arrangements of SPs. The Project will provide support to SPs through two subcomponents representing about 74 percent of the available IDA funding, namely: Subcomponent A.2, to enhance productivity and product quality (US\$60 million) and support improvements in nutrition (US\$1.5 million of PHRD fund); and Subcomponent A.3, to improve basic public infrastructure (US\$17.7 million). For these two subcomponents, the design and arrangements of the SP cycle, as elaborated in Annex 3: Implementation Arrangements, will

ensure that the preparation, approval, implementation, and M&E of each SP is efficient, effective, fair, transparent, and technically sound. Such arrangements will include, *inter alia*, appropriate sequencing of events, the application of rigorous eligibility criteria, adequate and timely actions of key stakeholders, and establishment of a grievance system as well as Citizen Engagement Mechanisms.

48. Financing of IFC. This IDA funding will be complemented by IFC, which will provide indispensable ingredients for the success of this Project. First and most important, IFC will unlock POs' access to loans by providing the lending capital to participating FIs as well as the guarantee fund to share 50 percent of the lending risk. Second, IFC will provide advisory services so that said FIs are able to better manage their portfolios. Third, IFC will provide the necessary business skill capacity development to POs through the "Business Edge" training package, with a view to improving their repayment performance. Finally, IFC will provide advisory services to a local insurance company under the Global Index Insurance Program (GIIF) to facilitate said company to offer crop index insurance.

49. Partnership arrangements for Project implementation. The NCU will benefit from coordinated TA from industrial equipment suppliers, ABs, relevant research institutions in Cameroon, and local consultants. More details on the type of TA that will be provided can be found in Annex 3: Implementation Arrangements. The MINADER will sign a Partnership Agreement (PA) with each AB involved in the Project and, if necessary, a Framework Partnership Agreement with each of the umbrella AB organizations (GICAM, SYNDUSTICAM, Bakers Association, Association of Feed Producers, etc.) to guide PPs between POs and ABs. The NCU will also have agreements with research institutions in Cameroon (IITA and IRAD) for TA on trainings and with relevant nutrition partners.

B. Results Monitoring and Evaluation

50. The results framework in Annex 1: Results Framework and Monitoring defines the performance indicators for each component and subcomponent. A robust M&E system will be implemented to provide high-quality information and allow the Bank to react immediately in the event of any issues that arise. For more details on the Project's M&E system, see Annex 3. The NCU will be responsible for overall M&E and for meeting the agreed reporting requirements. The M&E system will be designed to link technical and financial data on Project progress and impact. It will serve as a tool to assess Project results and as a day-to-day management tool, and will support Project supervision by ensuring that baseline and follow-up surveys and data collection for the key performance indicators are available and regularly updated.

51. The M&E system will include indicators to monitor environmental and social issues and nutrition and gender aspects. M&E reports, including environmental and nutrition-related monitoring results, will be produced quarterly at the regional level and every six months at the national level. Semi-annual and annual reports will be circulated to sectoral ministries and to concerned development partners. Before Project-supported activities get underway, baseline data needed for impact evaluation purposes will be collected in treatment and comparison POs¹⁴ by a third party specialized in data collection and processing. Impact evaluation using the difference-

¹⁴ Treatment POs are POs that benefit from the support of the Project. Comparison POs are POs that do not benefit from support of the Project.

in-difference method (or other relevant methods) will be conducted at mid-term and not later than six months before Project completion. Impact studies will assess poverty reduction and job creation within the Project areas.

52. A Project Management Information System (MIS) will be put in place, hosted and maintained by the NCU. The NCU's M&E specialist will be responsible for providing training to the Regional Coordinators of the RCUs, LSPs, and M&E staff of other relevant government units and ABs to ensure that required information is made available and prescribed in a uniform reporting process.

53. Semi-annual joint supervision missions with representatives from the World Bank, the GOC, and apex POs will assess the status of key Project outcomes and ensure compliance with legal covenants. A Mid-Term Review will be conducted no later than three years after the first disbursement. A final independent evaluation will be conducted in the last semester of Project implementation to assess overall achievement of expected Project results.

54. The M&E manual provides details with regard to the definition of the results framework, the methodology and the instruments to be used for data collection, the institutional arrangements for M&E functions (identification of actors and definition of their respective responsibilities), the GRM, and the mechanism to be used for disseminating information. It will inform a communications strategy that will be developed and implemented by the NCU.

C. Sustainability

55. Project sustainability relies on a number of key considerations. First, the Project will support the establishment of direct and sustainable PPs between POs and buyers (ABs) to meet AB demand. Second, the Project will: (i) contribute to increased competitiveness by improving productivity and quality through the provision of TA, access to improved agricultural technologies and varieties, seeds, and fertilizers, improved key collective infrastructures, and enhanced nutrition by promoting fortified varieties and food; and (ii) support PO access to rural finance by establishing partnerships with FIs to complement and consolidate investments. Third, the Project will provide investments to develop basic public infrastructure in transport that will improve connectivity between production basins and markets. Fourth, some ABs (agro-industries), in line with their Corporate Social Responsibility (CSR) strategies, will provide additional investments for community development, including farmers' capacity building, the construction of water points, improved access to inputs, and skills for life initiatives aimed at promoting rural socioeconomic development, further strengthening food security and sustainability. Fifth, the Project will exploit advantages to be offered by the already existing cassava processing plant in Sangmelima to benefit POs working on cassava value chains. Sixth, nutrition activities supported by the Project will maximize the use of local knowledge and resources and will include capacity development of local stakeholders, thereby maximizing their sustainability. Last, the Project is situated within the comprehensive political framework offered by CAADP and the related National Agricultural Investment Program (NAIP), the updated 2013 Rural Development Strategy Paper, the 2009 DSCE, and the country's long-term «*Vision 2035*» document planning.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Risk Category	Rating
Stakeholder Risk	Substantial
Implementing Agency Risk	Substantial
- Capacity	Substantial
- Governance	High
Project Risk	Substantial
- Design	Substantial
- Social and Environmental	Substantial
- Program and Donor	Moderate
- Delivery Monitoring and Sustainability	Substantial
- Other: Market Uncertainty	Substantial
- Other: Natural Disasters and Climate Change	Substantial
Overall Implementation Risk	High

B. Overall Risk Rating Explanation

56. The GOC is strongly committed to moving the sector into commercial agriculture. However, while the institutional framework for the agriculture sector seems to be comprehensive, it may not function effectively due to a lack of coherent coordination in the programming of activities and weak capacity. Risk during implementation is therefore assessed as **High**.

57. Specific risks for POs. The LRM supply chain will expose POs to four major risks that may lead to shortages in the supply of raw materials/processed products of cassava, maize, and sorghum: (i) climate change effects (e.g., flooding and drought); (ii) competition with food security; (iii) pricing transparency and price instability; and (iv) lack of pathways/feeder roads. To mitigate this risk, the Project will: (i) focus on production basins that have the highest potential for the selected crops and limited connectivity constraints; (ii) use improved technologies and high-yield varieties; and (iii) increase agricultural productivity and revenues. IFC will develop crop index insurance for farmers. Interventions of ABs will strengthen food security by providing investment for community development including farmers' capacity building, construction of water points, and enhanced access to inputs and skills for life initiatives aimed at promoting rural socioeconomic development. The Project will also reinforce connectivity between and in the production basins.

58. Possible capacity problems (technical, organizational, enterprise management, financial capacity) of POs, FIs, ABs, and LSPs, as well as possible difficulties in monitoring these institutions, could hinder Project implementation. The AIMDP's sustainability is directly dependent on synergies with planned IFC interventions in the financial sector. Lack of coordination between actors such as the IFC involved in the Project as well as a financing gap

from POs and the private sector may compromise the Project. The Bank and IFC teams are coordinating and working closely together with POs, ABs, and FIs on both projects in preparation.

59. Weak governance of POs may lead to a halt in the implementation of key activities; it may also demobilize PO members, ABs, and FIs. Various governance risks may occur at various stages of the cycles (see Annex 6: Proposed Grievance Redress Mechanism), such as conflict between key stakeholders in the selection process or in the PP, appeal by POs on the outcome of the selection, or internal conflict between PO leaders and members. To mitigate these PO capacity risks and while strengthening collective action, the Project will: (i) create Citizen Engagement Mechanisms; and (ii) include TA in cooperative management to the MINADER and POs to enhance POs' internal accountability. The Project M&E system will integrate data collection on the implementation of POs' cooperative management good practices.

60. In addition, various other potential management failures exist due to such factors as non-compliance with the PP, conflict among parties, or bankruptcy of ABs. To mitigate this, the Project will address these issues first by mitigation arrangements such as establishment of a GRM (see Annex 6), careful process monitoring to detect such problems, and sufficient clauses in the agreement documents (e.g., on handling of assets in case of AB bankruptcy). Second, the Project will install an efficient feedback system that allows revision of the above-mentioned arrangements in a timely manner.

61. The above-mentioned risk-mitigation arrangements, together with interactions with diverse Project stakeholders at different stages, make the delivery management complicated and could cause delays in Project implementation. To mitigate this risk, the Project's internal auditor will take charge of delivery monitoring, particularly in terms of updating the status of each SP and facilitating the appropriate actions of relevant actors in a timely manner.

62. Corruption and elite capture are another serious source of risk in different activities: Project implementation overall, SP selection and implementation, and public infrastructure implementation. To mitigate those risks, the Project plans a variety of measures related to: procurement; financial control (internal audit and control, external audit, spot technical audit); external monitoring and control (public reporting on Project implementation, the GRM); and co-monitoring (better monitoring of cooperatives' management by PO members through capacity building and control; and monitoring of Local Council-requested public infrastructure by POs and Local Councils' Investment Budget Participative Monitoring Committee).

63. Overall, the country context represents substantial risks. To mitigate these risks, a Project Preparation Advance has been designed to finance basic studies, prepare Project manuals, select required Project staff, and commence procurement activities that will have an impact on Project readiness.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

64. Financial Analysis. A financial analysis was carried out to assess: (i) whether the targeted producers will get sufficient cash income to justify their adherence to and participation

in the Project and thus contribute to raising the capital, creditworthiness, and business record of the POs to which they belong; (ii) whether the proposed financial arrangements for supporting SPs (mix of promoters' contribution, matching grant, and short- and medium-term credit or leasing arrangement) would be worth the risk to FIs and producers; and (iii) the attractiveness of the proposed processing activity models and investments for POs and other potential private partners, particularly medium-size maize grit and cassava processing plants. Several typical crop and processing models were estimated using detailed technical input and output prices and investment/running cost assumptions. Processing models integrate multiannual cash flow projections (before and after financing through grants and short- and medium-term credit) that would be used to negotiate FIs' co-financing as well as profit and loss account forecasts. All models show good profitability prospects that should attract smallholders, ABs, and FIs. Financial internal rates of return and incremental incomes appear attractive in all modelled situations.

65. The Project would generate direct and indirect economic benefits such as: (i) increased income for participating smallholders/producers, and therefore improved food security at the household level and a reduction in vulnerability to external shocks, notably climate change and rising food prices; (ii) reduced transaction costs and post-harvest losses; (iii) increased value added retained at the producer (and PO) level within the maize, cassava, and sorghum value chains; (iv) enhanced market/business opportunities and economies of scale benefiting all actors of the supply chains; (v) enhanced bargaining power, understanding of markets, and management capacity among smallholders/POs; (vi) incremental on- and off-farm employment; (vii) foreign exchange savings through reduced importation of raw maize (mainly for animal feed use), barley/malt (substituted by sorghum for beer production), and maize starch (substituted by cassava starch), and increased processed cassava products exports; and (viii) improved social stability in Project zones. The Project would have a positive impact on participating women, youth, and households headed by women. A cost-benefit analysis was conducted for a 25-year period, transforming financial prices, costs, and benefit streams into economic values by calculating economic import/export parity prices at farm and/or factory gate, applying conversion factors for each category of costs, eliminating taxes and transfers (credit), and taking into account incremental costs after the Project implementation period (infrastructure maintenance). Economic benefits considered in the analysis are those derived from: (i) increased cassava, maize, and sorghum value added at the producers' level (combined effect of increases in productivity, cropped area, and prices paid to producers and reductions in post-harvest losses); (ii) processing activities (particularly maize grits and various cassava sub-products); and (iii) rehabilitated rural roads.

66. Considering all Project costs (including capacity building and Project coordination and management), the Project would yield an Economic Internal Rate of Return (EIRR) of 33 percent and a Net Present Value (NPV) of US\$165 million (at a 10 percent discount rate). The Project is therefore highly profitable from an economic standpoint. Considering only costs and benefits generated by agricultural production, marketing, processing, and rural roads (Subcomponents 1.1, 1.2, and 1.3), the EIRR would be 46 percent. The sensitivity analyses indicate a very strong resilience to increases in costs and a reduction in benefits. The EIRR would yield 25 percent and 22 percent, respectively, if benefits were reduced by 30 percent or lagged by two years. The EIRR would still be 18 percent under the extreme (and unlikely) case of SPs' failure, a scenario in which it was assumed that 50 percent of SPs do not generate additional economic benefits and

sales are reduced by 30 percent in processing models while keeping the same investment and operating costs.

B. Technical

67. The Project design was informed by lessons and knowledge produced under prior Bank-financed projects in Cameroon and in other countries in Africa, Latin America, and Asia. Learning from these experiences, the Project will address all parts of the value chains by expanding investments in production, processing, and marketing of the targeted value chains and improving service delivery in parallel. The Project will use a market demand-driven approach implemented through different PP models between POs and ABs identified based on a participatory analysis of the structure of demand for the various types of ABs and their requirements. The Project will involve FIs such as commercial banks that will participate in the selection of SPs. The Project will also benefit from new knowledge to be produced under an ongoing Agricultural Sector Strategy Analysis TA and from direct TA provided by key stakeholders/partners (IITA and IRAD for technology transfer, ABs, FIs, industrial equipment suppliers, local consultants, and public services). As the impact of agriculture projects is greatly enhanced if nutrition considerations are more directly addressed, the Project will also support women to implement nutrition-sensitive activities.

68. The Project will build the capacity of involved actors and beneficiaries, provide institutional support, and promote participatory approaches. A mixed support strategy will provide support to POs involved in small- or medium-to-large-scale farming and in processing to fulfill the demand of animal feed producers, bakeries, and beer producers (breweries). The objectives are to increase agricultural productivity and to improve quality to respond to demand from competing buyers. Partnerships will be set up with MFIs and banks to ensure that the impacts from SPs are sustainable. A strategy will be adopted to diversify processed products to manage the risks related to marketing and to facilitate access to local and foreign markets less demanding in terms of product quality. The Project will develop rural finance mechanisms suitable for target beneficiaries, thereby enabling them to invest in production, processing, and marketing along the targeted value chains.

C. Financial Management

69. The proposed financial management and disbursement arrangements comply with the Financial Management Manual for World Bank-financed Investment Operations, dated March 1, 2011. The MINADER Public Financial Management (PFM) system, like the national PFM system, presents some weaknesses in its budget preparation, execution, and reporting and control cycle. It is therefore not yet compliant with World Bank requirements and international standards. As result, the use of the country PFM system is not envisaged and the Project will rely on the services of a parallel NCU. The NCU financial management system was assessed to determine if: (i) adequate financial management arrangements are in place to ensure that Project funds will be used for their intended purposes in an efficient and economical way; (ii) financial reports will be prepared in an accurate, reliable, and timely manner; and (iii) the Project's assets will be adequately safeguarded. The assessment concluded that if mitigating measures are properly implemented, the design of the NCU's financial management system is adequate and the system's arrangements comply with the Bank's requirements under OP/BP10.00.

70. The overall residual risk rating is **Substantial** due to the fact that the Project is decentralized and involves beneficiaries who may have limited fiduciary capacities, since funds will flow directly to POs' accounts. The assessment undertaken during preparation recommends the following mitigation measures: (i) recruitment of qualified financial staff both at the national level (a financial management specialist, a principal accountant, an accountant assistant, and an internal auditor) and the regional level (one accountant); (ii) recruitment of an independent external auditor to audit annual financial statements; (iii) implementation of an information system with a decentralized and consolidation module; (iv) adoption of an administrative and financial manual of procedures as part of the PIM; (v) design of a specific implementation manual for SPs (that will include Citizen Engagement Mechanisms); (vi) the use of an Interim Financial Report-based (IFR) disbursement method and opening of transaction accounts at the RCU level to ensure that funds are available on a need basis and sufficiently timely; (vii) insertion of a beneficiaries' feedback mechanism during Project implementation; and (viii) technical verification or audit for components related to SPs.

71. The detailed financial management arrangements are described in Annex 3: Implementation Arrangements.

72. FM conditions and covenants are as follows:

- (i) Recruitment of an external auditor no later than six months after Project effectiveness;
- (ii) Installation of a computerized information system with consolidation and decentralized modules no later than three months after Project effectiveness;
- (iii) Recruitment of a financial specialist and an internal auditor, as a Project effectiveness condition; and
- (iv) Recruitment of a third-party firm or agent to perform verifications related to SPs' implementation no later than four months after Project effectiveness.

D. Procurement

73. The procurement risk assessment focused on the procurement capacity assessment of the NCU, RCUs, and the Ministry of Public Procurement (MINMAP), and on POs' implementation arrangements for the Project. The capacity assessment found that: (i) there is no specific implementation manual for POs for the management of SPs; (ii) the NCU, RCUs, POs, and MINMAP have to develop a comprehensive recordkeeping system; and (iii) while the motivation behind the December 2011 procurement reform is understood, certain aspects of the new institutional arrangements raise concerns. These relate to technical and legal responsibility and related regulatory issues as described in Annex 3: Implementation Arrangements. Corresponding mitigation action plans are also outlined in the same annex.

74. The overall Project procurement risk is deemed **High**. This is due to, among other factors, the risk of corruption in procurement as well as weak capacity.

75. The procurement plan for the first 18 months of the Project was reviewed during the appraisal mission, and was subject to discussions during negotiations. During implementation, the procurement plan will be updated in agreement with the Project team at least annually or as required to reflect the actual Project implementation needs and improvements in institutional

capacity. It will be available in the Project's database and a summary will be disclosed on the Bank's external website once the Project is approved.

E. Social (including Safeguards)

76. Populations in the areas of influence of the Project were studied during the Environmental and Social Management Framework (ESMF) process and existing literature was also considered. The Project has triggered two policies.

77. OP 4.10- Indigenous People: Even though the location of SPs could not be determined prior to implementation, the location of indigenous people in Cameroon is known. For this reason, the Borrower prepared an Indigenous People Policy Framework (IPPF). The IPPF was discussed with the main stakeholders in the country and disclosed in Cameroon on February 8, 2014, and in InfoShop on May 7, 2014.

78. OP 4.12- Involuntary Resettlement: Since the locations and scope of SPs are not determined yet and the potential negative social impacts due to land acquisition could not be assessed, the Borrower prepared a Resettlement Policy Framework (RPF). The RPF outlines the principles and procedures to be followed in the event that an SP involves land acquisition. The RPF document was approved and disclosed in Cameroon on February 8, 2014, and in InfoShop on May 7, 2014.

F. Environment (including Safeguards)

79. The Project is designated Category B per the Bank's policy on Environmental Assessment (OP/BP 4.01). This suggests that the environmental and social impacts of the Project, for the most part, will be minimal, site-specific, and manageable to an acceptable level. The Project has triggered several policies.

80. OP 4.01: Since the exact nature and location of the activities could not be identified prior to implementation, the Borrower prepared an ESMF to ensure that the potential negative environmental and social impacts of future SPs are identified and appropriately mitigated. The ESMF document was disclosed in Cameroon on February 8, 2014, and in InfoShop on May 7, 2014.

81. The ESMF outlines the environmental and social screening process for SPs. It describes in detail the steps required to: (i) screen SPs for potential negative social and environmental impacts; (ii) assign the appropriate environmental category to SPs; (iii) carry out the appropriate environmental work based on the screening results; (iv) review and approve the screening results, and, as required, Environmental Impact Assessments (EIAs); (v) carry out public consultations; (vi) carry out environmental M&E; and (vii) establish and follow up on environmental monitoring indicators. Since Cameroon's environmental procedures do not include a screening process for SPs, the ESMF prepared a screening form in compliance with OP 4.01 Environmental Assessment, which requires that all investments proposed for Bank financing are screened to determine the level of environmental work needed.

82. The ESMF proposes institutional arrangements, including cost estimates, for the implementation of the above institutional and technical measures as well as for environmental

training and public awareness-raising. The Environmental and Social Management Plan (ESMP) is included in the ESMF and in the PIM.

83. To ensure satisfactory implementation of the ESMF, the Project will support the cost of Environmental and Social Assessments' (ESAs) administrative fees as required by Cameroon's regulation on Environmental Assessments (EAs). Furthermore, to make sure that SP investment-specific Environmental and Social Impact Assessments (ESIA), when needed, are taken seriously, the approved EA report will be an important condition for processing the SP.

84. OP 4.09- Pest Management: To ensure safe pest management under future SPs involving an increase in agricultural production, a pest management plan (PMP) was prepared as a separate document. The PMP discusses, among other things, the current pesticide management practices in Cameroon (storage facilities; protective gear for pesticide application; safe handling and disposal of packaging materials; level of knowledge in this regard among POs), the country's efforts to move towards integrated pest management, and ongoing programs designed to develop biological measures (for example, to protect cassava against aphids). It also describes various pests affecting crops such as aphids, caterpillars, and nematodes. The PMP's recommendations are incorporated in the PIM.

85. OP 4.11- Physical Cultural Resources: The proposed operation will involve excavations and movement of earth for the planned rural roads construction and rehabilitation. Although the ongoing ESMF has not yet anticipated any threat against physical cultural resources, the ESMF will include clear procedures required for identification and protection of cultural property from theft and treatment of discovered artifacts; these will be included in standard bidding documents (SBD). Each SP's ESIA/ESMP will provide specific procedures for handling "chance finds" during implementation.

86. OP 4.36- Forests: This policy was triggered as the Project expects to finance some SPs related to afforestation in the North and Far North. Mainly local species will be reforested. In fact, in compliance with the Cameroonian zoning plan developed under Forestry Law 1994, the Project will not fund activities in the Permanent Forest (e.g., establishment of forest concessions, designation of protected areas as national parks, or establishment of fragile ecology zones). Marshland areas will also be excluded from funding by the Project.

87. Public Consultations. Extensive public consultations were carried out during the preparation of the ESMF, the RPF, the IPPF, and the PMP. A national validation workshop was organized prior to appraisal with participation of the main stakeholders (agro-industries, small and medium enterprises/industries, wholesalers, FIs such as banks, leasing companies, and MFIs, and service providers supporting POs, as well as relevant public services, civil society, and Project-Affected People (PAP). The consultation process will continue throughout Project implementation. The Bank team and the NCU will ensure that the same consultation process will be maintained for the specific safeguards instruments as needed (ESIAs, ESMPs, Resettlement Action Plans (RAPs), and Indigenous People Action Plans (IPAPs). Safeguards documents were disclosed on February 8, 2014, and in InfoShop on May 7, 2014.

88. Project safeguards instruments management and capacity building. The implementation arrangements for the relevant safeguards instruments are fully integrated with the overall

implementation arrangements of the Project. An environmental and social specialist will be recruited as part of the NCU staff and if needed, regional environmental and social specialists will be also recruited. The MINADER, through the NCU, has the ultimate responsibility for the Project's compliance with Cameroonian legislation and Bank safeguards guidelines. The NCU coordinates closely with the ministries involved in the Project, notably MINEPDED, MINEPAT, and the Ministry in Charge of Compensation. In addition the Bank team will systematically include a social safeguards member during supervision missions.

ANNEX 1: RESULTS FRAMEWORK AND MONITORING

CAMEROON: Agriculture Investment and Market Development Project (P143417)

Results Framework

Project Development Objectives											
PDO Statement: To support the transformation of low-productivity, subsistence-oriented cassava, maize, and sorghum subsectors into commercially-oriented and competitive value chains in four agro-ecological areas.											
These results are at		Project Level									
Project Development Objective Indicators											
Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	YR5			
Increase yield of targeted crops by direct beneficiaries	<input type="checkbox"/>	Metric ton per hectare									
Of which cassava	<input type="checkbox"/>	Metric ton Sub-type Breakdown	8	16	20	20	24	24	Yearly	M&E system	RCUs, POs
Of which maize	<input type="checkbox"/>	Metric ton Sub-type Breakdown	1.5	3	3	4	4	4	Yearly	M&E system	RCUs, POs
Of which sorghum	<input type="checkbox"/>	Metric ton Sub-type Breakdown	1	1	2	3	3	3	Yearly	M&E system	RCUs, POs
Increased quality as measured by price premium of produce sold by beneficiary farmers in the targeted value chains	<input type="checkbox"/>	Percentage									

Of which cassava tubers	<input type="checkbox"/>	Percentage Sub-type Breakdown	0	0	10	10	10	10	Yearly	M&E system, surveys	RCUs, POs
Of which maize	<input type="checkbox"/>	Percentage Sub-type Breakdown	0	15	15	15	15	15	Yearly	M&E system, surveys	RCUs, POs
Of which sorghum	<input type="checkbox"/>	Percentage Sub-type Breakdown	0	20	20	20	20	20	Yearly	M&E system, surveys	RCUs, POs
Intermediate Results Indicators											
Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Component A: Support to agricultural production, processing, and marketing											
PPs established and functioning	<input type="checkbox"/>	Number	0	8	8	16	35	35	Semi-annually	Semi-annual reports	RCUs, POs, ABs
SPs implemented	<input type="checkbox"/>	Number	0	50	180	180	200	300	Semi-annually	Semi-annual reports	RCUs
Post-harvest or processing facilities constructed or rehabilitated	<input type="checkbox"/>	Number	0	0	30	100	100	160	Yearly	Annual reports	RCUs, Communes
Rural roads constructed/rehabilitated	<input checked="" type="checkbox"/>	Kilometers	0	0	500	500	500	500	Yearly	Annual reports	RCUs, Communes
Direct Project beneficiaries	<input checked="" type="checkbox"/>	Number	0	30,000	100,000	100,000	120,000	120,000	Yearly	M&E system	NCU, RCUs, POs
Of which female	<input checked="" type="checkbox"/>	Percentage Sub-type Breakdown	0	50	50	70	70	70	Yearly	M&E system	NCU, POs, ABs
Component B: Support to seed production and distribution system, relevant public services, and technology transfer											

Commodity platform established	<input type="checkbox"/>	Number	0	0	1	1	1	1	Yearly	Annual reports	NCU
Clients who have adopted an improved agricultural technology promoted by the Project	<input checked="" type="checkbox"/>	Number	0	0	0	100,000	120,000	120,000	MTR and closing	Surveys, impact studies	NCU, RCUs
Foundation seeds produced and distributed	<input type="checkbox"/>	Metric ton									
Of which maize	<input type="checkbox"/>	Metric tons Sub-type Breakdown	0	20	25	30	40	130	Yearly	Annual reports	IRAD, IITA, MINADER
Of which cassava	<input type="checkbox"/>	Number of cuttings Sub-type Breakdown	0	2 million	3 million	6 million	8 million	9 million	Yearly	Annual reports	IRAD, IITA, MINADER
Of which sorghum	<input type="checkbox"/>	Metric tons Sub-type Breakdown	0	20	25	30	40	130	Yearly	Annual reports	IRAD, IITA, MINADER
Of which bio-fortified cassava varieties	<input type="checkbox"/>	Number of cuttings Sub-type Breakdown	0	0	0	0	735,000	735,000	Yearly	Annual reports	IRAD, IITA, MINADER
Certified seeds produced and distributed	<input type="checkbox"/>	Metric ton									
Of which maize	<input type="checkbox"/>	Metric tons Sub-type Breakdown	0	1,300	1,800	2,600	3,200	3,700	Yearly	Annual reports	IRAD, IITA, MINADER
Of which cassava	<input type="checkbox"/>	Number of cuttings	0	65 million	70 million	70 million	80 million	80 million	Yearly	Annual reports	IRAD, IITA, MINADER

		Sub-type Breakdown									
Of which sorghum	<input type="checkbox"/>	Metric tons Sub-type Breakdown	0	1,300	1,800	2,600	3,200	3,800	Yearly	Annual reports	IRAD, IITA, MINADER
Of which bio-fortified cassava varieties	<input type="checkbox"/>	Number of cuttings Sub-type Breakdown	0	0	0	0	0	5 million	Yearly	Annual reports	IRAD, IITA, MINADER
Women who benefited from labor-saving technologies and equipment	<input type="checkbox"/>	Number	0	0	0	50,000	84,000	84,000	MTR and closing	Surveys, impact studies	NCU, RCUs
Farms that have adopted bio-fortified varieties	<input type="checkbox"/>	Number	0	0	0	0	3,000	6,000	MTR and closing	Surveys, impact studies	NCU, RCUs

Description of Indicators

Indicator	Definition	Primary Responsibility for Data Collection
PDO Indicators		
Increase yield of targeted crops by direct beneficiaries	Measures the enhancement of productivity	RCUs
Increased quality as measured by price premium of produce sold by beneficiary farmers in the targeted value chains	Measures the value added at PO level which contributes to the enhanced income of participating farmers and is a proxy for competitiveness and effectiveness of commercial agriculture	RCUs
Intermediate Results Indicators		
Component A: Support to agricultural production, processing, and marketing		
PPs established and functioning	Gauges Project effectiveness in linking POs to buyers by number of SPs financed	POs, ABs
SPs financed and implemented	Measures effectiveness against lack of access to finance and investment: material and products supplied to ABs	POs, ABs
Post-harvest or processing facilities constructed or rehabilitated	Measures effectiveness against lack of access to processing and capacity: amount of products processed	POs, ABs
Rural roads constructed/rehabilitated	Measures effectiveness against lack of connectivity and physical access to markets	Communes, POs
Direct Project beneficiaries	Gauges the Project's direct impact and scope	RCUs, POs, ABs

- Of which female beneficiaries	Gauges Project effectiveness in addressing gender dimension	RCUs, POs, ABs
Component B: Support to seed production and distribution system, relevant public services, and technology transfer		
Commodity platform established and functioning	Measures effectiveness of the institutionalization of value chain approach and commercial agriculture: number of meetings held, information system on market established, conflict cases discussed/resolved	NCU
Clients who have adopted an improved agricultural technology promoted by the Project	Gauges efficiency of Project support to technology transfer	NCU, RCUs
Foundation seeds produced and distributed	Measures effectiveness and efficiency of Project arrangements for seed production	IRAD, IITA
Certified seeds produced and distributed	Measures effectiveness and efficiency of Project arrangements for seed multiplication and distribution	MINADER
Women who benefited from labor-saving technologies and equipment	Gauges efficiency of Project support for technology transfer and nutrition	RCUs
Farms that have adopted bio-fortified varieties	Gauges efficiency of Project support for technology transfer and nutrition	RCUs

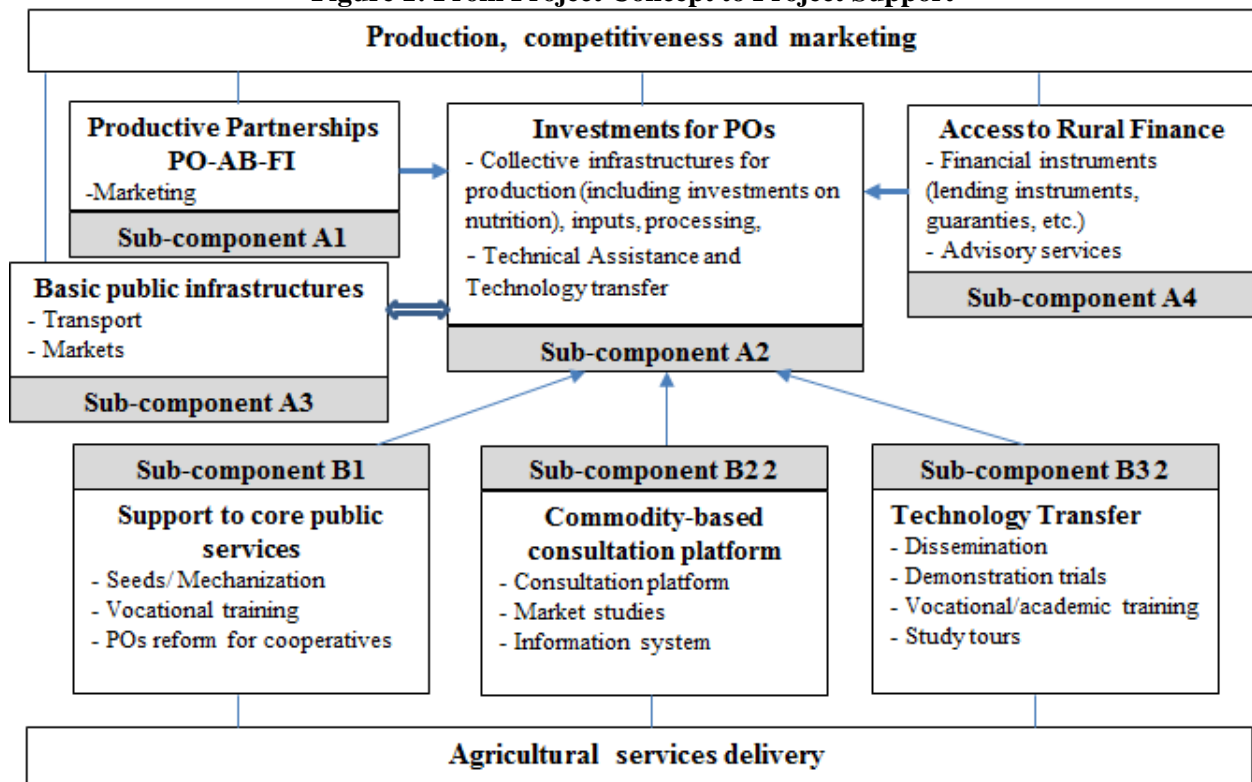
ANNEX 2: DETAILED PROJECT DESCRIPTION

CAMEROON: Agriculture Investment and Market Development Project

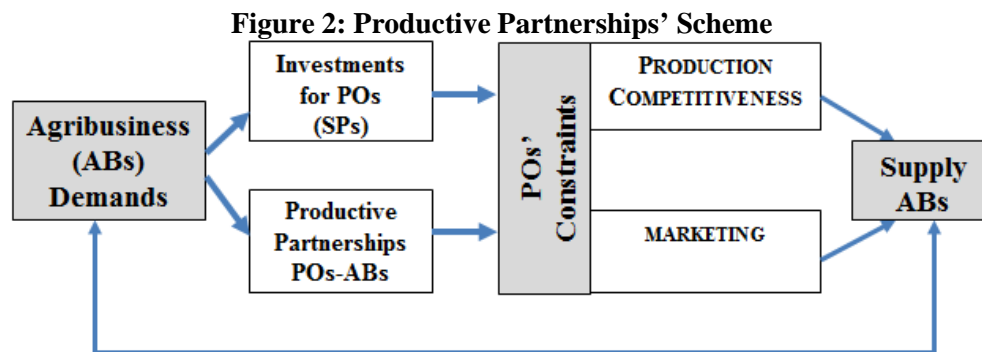
Strategic Orientation

1. The proposed Project (AIMDP) will follow a number of key strategic orientations: (i) build on ABs' demand to provide the support needed by farmers and POs to supply products; (ii) promote a mechanism of direct and sustainable PPs between POs and ABs to improve marketing; and (iii) provide investments to POs for better access to key collective infrastructure including: processing and labor-saving equipment that can also contribute to reducing women's workload; improved inputs; agricultural technologies (bio-fortified varieties, food fortification technology, good agricultural and quality practices); TA and rural finance to create value-added, competitiveness, and quality (aflatoxin control, standards and norms) of products; and then finally meet ABs' demands. As such, the AIMDP will expand investments in production, processing, and marketing while improving service delivery (see Figure 1).

Figure 1: From Project Concept to Project Support



Productive Partnership Approach



2. The partnership framework will support/establish linkages between agricultural production, institutions, infrastructure (including communication systems), and markets to better integrate value chains, limit their fragmentation, and minimize market barriers. The framework will promote competitiveness by improving the productivity and production of target crops and the quality of their products. The partnership is expected to provide significant benefits to the different categories of stakeholders involved in value chain development: (a) Farmers will benefit from important support (soft and hard investments); improve their entrepreneurship skills; increase yields and production; enjoy a more credible market and minimized marketing constraints; improve revenues, food security, and living conditions; and create employment; (b) ABs (buyers) will develop a cost-effective supply chain of locally produced agricultural raw materials, improve on-time deliveries, provide tax break opportunities, improve the cost-benefit ratio, pay in local currency, gain credibility by supporting local farmers and contributing to socioeconomic development, and create employment; (c) Some ABs will provide additional investment for community development, including farmers' capacity building, water points, and access to inputs and skills for life initiatives aimed at promoting rural socioeconomic development, further strengthening food security; (d) Consumers will benefit from improved locally produced raw materials and processed products; and (e) By transforming cassava, maize, and sorghum value chains into commercial value chains, the GOC will achieve one of its key strategic orientations for agriculture, while improving productivity, production, and food security as well as growth and employment.

IFC Interface

3. As a joint IDA-IFC-financed operation, the IDA credit will finance matching grants to POs (to partly finance their investments), support the development of relevant public services (control, seed certification, bio-fortification, etc.), and provide technology transfer to POs and public services through a comprehensive TA program. It will also finance some basic infrastructure works (building/rehabilitating feeder roads) to facilitate the transportation of goods (Figure 3). IFC support will include a combination of medium-term financing, risk mitigation, and advisory services as described in Table 2 and Figure 3. The proposed operation will leverage additional, non-World Bank Group financing, including from the GOC (counterpart funding), contributions from beneficiary cooperatives (10 percent of their business plans), resources from a Japanese Policy and Human Resource Development (PHRD) grant that will support nutrition activities, credits to POs from IFC and other private FIs (40 percent of POs' business plans), and probably parallel financing from EXIM Bank/Chinese Development Bank.

Figure 3: IDA and IFC Involvement in AIMDP

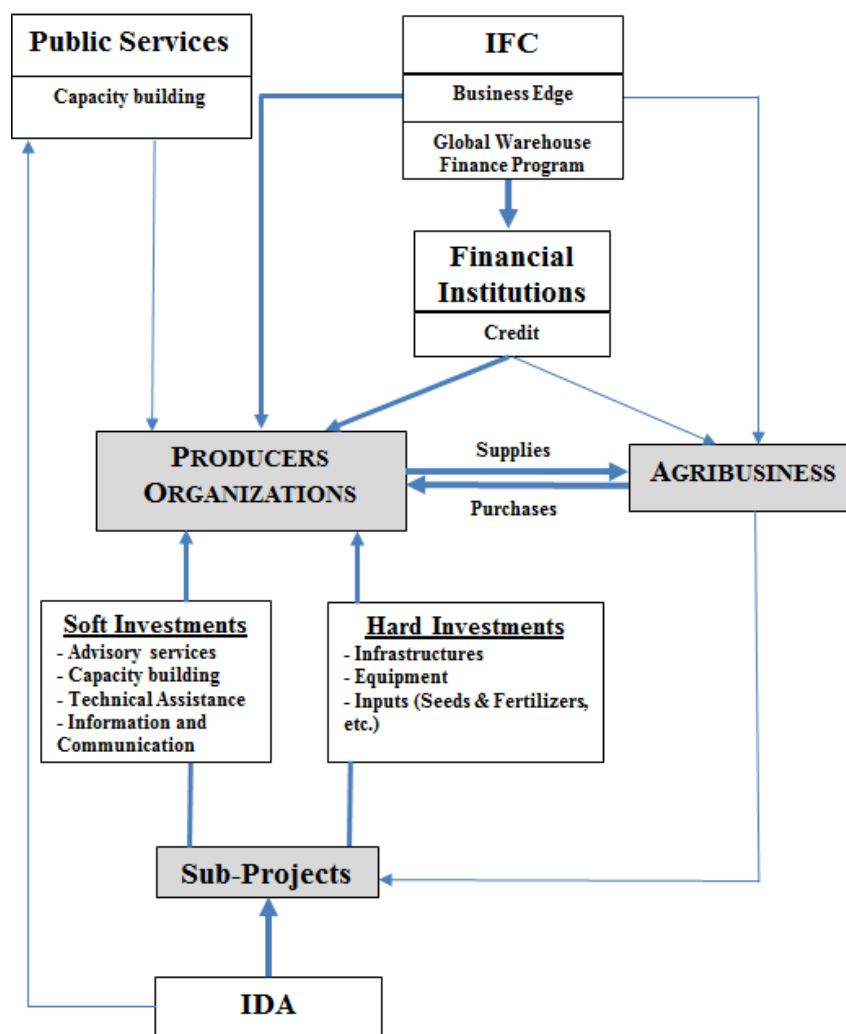


Table 2: IFC's Key Roles in AIMDP

Supporting banks' lending to cooperatives and SMAEs	Work with partner banks that have expressed an interest in developing agricultural finance. Provide lending, guarantees, or other forms of financing support.
Advisory services to banks	Provide advisory services to selected partner banks through IFC's Agricultural Finance Program, which provides capacity building for FIs in agricultural financing (product development, risk management, etc.).
Advisory services to cooperatives and SMAEs	In addition to financing, IFC could support the provision of advisory services to cooperatives/SMAEs to build their capacity in terms of basic skills to help maximize productivity and efficiency.
Crop/index insurance	Under an index-insurance approach, policyholders qualify for payouts as soon as index is triggered without the need for claims to be settled in the traditional way. IFC involvement will focus on developing local FI capacity in this area.

4. The AIMDP will provide a unique opportunity for establishing and implementing various partnerships, including with IFC. The Project will benefit from knowledge acquired under the ongoing Bank-financed Agricultural Sector Strategy Analysis TA and the TA of research services in Cameroon for *Technology Transfer*.

5. A participatory analysis of the structure of demand for various types of ABs, the related value chains, and their requirements enabled identification of the following PPs between POs and ABs to be established and supported by the Project:

- POs-ABs' partnership within the LRM value chain of raw maize and sorghum grains between the feed-mill factories (POs-Nkam Enterprise, POs-Socochair Animal Feed Enterprise, etc.) and Guinness. This model is relatively simple but requires investment to increase production and productivity and improve post-harvest (harvesting, drying, threshing and cleaning, grading, packing) and marketing: collection of products and warehouse receipt or the equivalent. This model could be implemented during the first year of the Project.
- POs-ABs' partnership with bakers for the LRM value chain of cassava flour will need small investments in the production and intermediate processing of cassava flour in baking. This PP requires small investments (including training of bakers) in the production and drying of cassava and can begin in the second year of Project implementation.
- Partnership with agro-industries (Nestle and breweries) for the LRM value chain of cassava starch, maize, and sorghum grits. These agro-industries have strong requirements in terms of quality audits and industrial processes, price competitiveness, and fairness in the supply of materials. In addition to investments in production, this partnership implies significant efforts for the tracking of production (use of certain varieties), the organization and financing of collection and storage, and the processing of byproducts that respond to the quality standards of agro-industries. Effective implementation of this model may not take place until the beginning of the third year of the Project, after the prerequisite conditions are fulfilled (strengthening POs, establishing key infrastructures, increasing marketable production).
- During Project implementation, other PPs will also be explored and considered.

Value Chains' Selection, Strengths, and Constraints

6. The selection criteria for deciding in which production basins to invest include: (i) availability of land reserves where cultivated areas can be extended; (ii) presence of structured and functional POs; (iii) real agricultural production potential; (iv) availability of basic infrastructure, especially main roads; (v) readily available market opportunities (traders, units processing, etc.); and (vi) real production potential for the development of cassava, maize, or sorghum crops.

Table 3: Value Chains' Strengths, Main Risks/Constraints, and Key Players

Value Chain Strengths for LRM	POs	ABs/FIs
Cassava: - Seed system is improving and four improved varieties approved by the agro-industry - Strategic initiatives have been launched by MINADER on processing - There is a possibility to break through and secure processing capacity through real and reliable capacity - Important needs from agro-industries, bakers, and neighboring countries - Some firms are processing cassava starch and flour in the country	- Low productivity (yield gap) and poor logistics - Low capacity in cassava processing - Quality and standards - Limited access to credit, market, improved seeds, fertilizer and machinery	- Consumer perception versus price positioning - Processing standards is an area of concern - Food cassava starch is mostly produced by small- to medium-scale processors. - Cassava flour is mostly produced by small- to medium-scale processors - FIs have limited experience in AB
Maize: - Improved varieties with high yields - Seed system supported by the maize national program - Urgent needs from animal feed processors and breweries	- Low productivity and poor logistics - Competition with food security - Limited access to credit, market, improved seeds, fertilizer, and machinery - Lack of storage and processing capacity	- Consumer perception versus price positioning - Maize flour mostly produced by small- to medium-scale processors - FIs have limited experience in AB
Sorghum: - Improving annual production volumes - Two growing seasons - Two varieties approved by the agro-industry - Significant needs from breweries - Sorghum already tested and confirmed ability to brew Guinness at 13 percent sorghum – with sorghum as adjunct - Price is attractive - Experienced federations ready to supply	- Low productivity and poor logistics - Strong support is needed to develop improved agronomic technologies - Competition with food security - Limited access to credit, market, improved seeds, fertilizer, and machinery - Lack of storage and processing capacity	- Consumer perception versus price positioning - New investment required - FIs have limited experience in AB

Project Components

7. **Component A: Support to agricultural production, processing and marketing (US\$76.000 million IDA, US\$1.500 million PHRD, US\$6.350 million Government, US\$10.900 million Beneficiaries, US\$40.600 million PFIs).** The objective of Component A is to establish a mechanism of *Productive Partnerships* between POs and ABs that will lead to increased productivity, production, and quality of beneficiary POs. It will be achieved through: the establishment of formal PPs between beneficiary POs and ABs; technical support and co-financing of Sub-Projects (SPs – business plans) promoted by POs; support to collective productive and market access infrastructure within targeted production basins in support of PO-promoted SPs, such as rural roads/markets and facilitated access to value chain finance services provided by FIs. The component is organized under four subcomponents: Establishment of PPs; Financing of SPs for POs; Financing of basic public infrastructure; and Support for improved access to rural financing.

8. **Subcomponent A.1: Establishment of Productive Partnerships (US\$1.207 million IDA)** will finance the establishment of about 35 PPs to promote and enhance direct and sustainable partnerships between POs and buyers (ABs) of corn, cassava, and sorghum to match PO supply to AB demand. FIs will be included in the PPs; they will co-finance SPs by providing credit to POs. A PP specifies: (a) product quality and characteristics, such as size and varieties to be produced; (b) quantity to be produced and bought; (c) delivery modalities: how the product will be delivered, when, and in what condition; (d) payment modalities and price determination criteria; and (e) the buyer's contribution, such as TA, specific inputs, and arrangements for input reimbursement.

9. The success and sustainability of PPs will require the enhanced capacity of POs in various aspects, particularly in facilitating the interaction and coordination of actors along targeted value chains through good governance and strong leadership. To this end, the subcomponent will support POs to negotiate with ABs and will finance the promotion of PPs through local workshops and seminars for POs, information and sensitization campaigns, training, TA, etc. Meanwhile, ABs will also contribute TA to POs that is more directly related to production and processing techniques to meet the quality requirements. Sample PPs detailing technical specifications and cost will be provided to POs and ABs.

10. **Subcomponent A.2: Financing of Sub-Projects for Producer Organizations (US\$55.960 million IDA, US\$1.500 million PHRD, US\$10.900 million Beneficiaries, US\$40.130 million PFIs).** The objective of this subcomponent is to finance around 300 PO SPs (business plans) which have established about 35 PPs with ABs to: (i) strengthen the capacity of beneficiary POs (cooperatives); (ii) increase the productivity and production of cassava, maize, and sorghum; and (iii) increase the processed amount of cassava, maize, and sorghum products. Based on a PO's business plan, Subcomponent A.2 will provide the PO with collective investments (agricultural implements, small-scale processing units/equipment, and TA and training) through a *Matching Grant* (MG) aimed to increase production and productivity, improve post-harvest (including processing) facilities, improve quality, and ultimately increase the competitiveness of the three identified value chains to better meet the demand of ABs. PHRD will fund additional SPs, primarily targeted to women's groups, that will cover investments in nutrition-sensitive agricultural interventions, such as diversification of food production (e.g., home gardening, including micro-gardens, and small livestock rearing), home-based food processing and storage, introduction of labor-saving devices to reduce women's workload, and nutrition education (through a link to nutrition-related BCC activities as described in Subcomponent B.3). Capacity-building activities in the area of business management will be conducted in partnership with IFC through its Business Edge partners.

11. SPs will cover a wide range of activities as needed by POs to overcome constraints in their respective production basin/business relationships with ABs, including: access to improved seeds/planting material and fertilizers/chemicals to adopt improved production technologies; construction or rehabilitation of storage facilities at the PO level, raising their equity and facilitating their access to value chain finance tools (collateral management) to allow target POs to bulk production from their members; access to mechanization services or equipment to upgrade production and increase cropped area; access to equipment and technologies increasing product quality during primary processing (notably drying, grading, and grinding equipment); and access to modern processing equipment to add value to produce at the PO level.

12. To enhance agricultural productivity and production of maize, cassava, and sorghum in target production basins, eligible SPs will support: (i) multiplication of improved sorghum and maize seeds and cassava cuttings; (ii) diffusion of varieties required by agro-industries and/or those easier to process; (iii) access to improved seeds/cuttings, fertilizers, and chemicals; (iv) promotion and access to mechanization services for land preparation, planting, fertilizers/chemicals application, harvest, and transport; (v) adoption and scaling up of sustainable agricultural practices; and (vi) adoption of good food handling and post-harvest practices to ensure food safety and maintain ABs' quality standards.

13. To increase value added in target value chains and meet the diversified demand of ABs and other markets for processed products (cassava starch to be used by agro-industries –notably Nestle; cassava flour for pastries and bakeries; gari, water fufu, and couscous for national and

regional markets; maize grits for breweries, etc.), SPs will also support the building and operation of processing units, in particular modern cassava processing units of various capacity and semi-industrial units producing maize grits.

14. SPs will also support activities to enhance the nutritional situation of communities where AIMDP will be implemented. Some of the activities implemented to enhance the productivity and competitiveness of maize, cassava, and sorghum are also likely to have positive impacts on nutrition, such as the introduction of labor-saving technology for women (e.g., mechanized mills to replace hand pounding or grating, lighter farming tools, mechanized weeding) and improvements in food safety (e.g., aflatoxin control). Furthermore, additional interventions targeted to producer communities will be supported by PHRD and primarily implemented with women's groups. They will include the promotion of fruit and vegetable and/or small livestock production, promotion of improved complementary foods for young children, and improved home-based processing and storage. The selection of interventions will be based on a review of existing good practices in Cameroon that can be scaled up, as well as identification of innovative approaches. These SPs will be strengthened by the association of nutrition education activities targeted to all AIMDP beneficiaries and their communities in collaboration with other nutrition partners (namely the Ministry of Public Health) (c.f. Subcomponent B.3 for a description of the nutrition education strategy).

15. This component will also provide funding for a specialized service provider or NGO to develop training materials and undertake activities that will help build trust and strengthen producers' and POs' capabilities for collective action and interaction with ABs and other actors along targeted value chains. The Project's TA will be holistic and address all aspects related to successful production and sales of goods, both on- and off-farm. Such TA will be provided by both the public and private sectors. For example, capacity-building activities related to POs' business and administrative skills will be conducted in partnership with IFC through its Business Edge partners. TA for the nutrition-related activities will be provided either by the same service providers or other institutions (consultants, CSOs, UN, NGOs) with the relevant technical expertise, building on existing structures (e.g., MINADER's "*Centre d'Education et de Formation Communautaire*," and women centers developed by the Ministry of Vocational Training) and materials (e.g., nutrition education materials developed by the Ministry of Public Health and nutrition partners).

16. The following specific activities will be supported under Subcomponent A.2: (a) training of LSPs that will support eligible POs in preparing their SP proposal (including a detailed business plan) and in supporting SPs' implementation. Training might cover: environmental and social analysis and screening; integrated pest management; adapted processing technologies for targeted value chains; hygiene, quality control, and norms; detailed financial analysis; and elaboration of harmonized costing and reference standards, etc.; (b) training of RSC members; (c) support for SPs' formulation, financial analysis, and detailed business plan elaboration by the above-mentioned trained national service providers; (d) *ex-ante* appraisal of SPs by a technical committee, including environmental screening and use of specialized expertise when needed (particularly for more complicated/costly SPs); (e) support for RSC operations (meetings); (f) co-financing of approved SPs through a combination of an IDA-supported MG, POs' own resources, and medium-/short-term credit (and/or leasing finance) extended by FIs, including capacity-building activities and TA implementation directed to PO members (and possibly staff) during the investment and then operational phase of each SP. Such capacity building will cover technological, organizational, simple accounting, and financial management issues; (g) funding

and TA provided by PHRD for nutrition SPs and activities, and (h) *ex-post* evaluation of achieved SPs by local consultants.

17. PPs'/SPs' cycles are developed in Annex 3: Implementation Arrangements. Selection of SPs will be entrusted to RSCs. Eligibility criteria will notably include a sound SP proposal and detailed business plan with: the investment costs and financing; the operational and general costs; technologies envisaged; targeted markets and input/output price assumptions; organizational and capacity-building needs and proposed activities; operational, environmental, and social risks and mitigation measures; a multiannual cash projection (before and after financing through the grant, POs' own resources, and loans); a profitability analysis (comparing the "with Project" and "without Project" situations); and key indicators such as FIRR, NPV, return on capital, and the profitability ratio (benefits before and after tax on sales).

18. Eligible SPs will be financed through a combination of an IDA-financed Matching Grant (MG) facility (50 percent of the SP's cost), a contribution from the promoting PO (a minimum of 10 percent of the SP's cost), and medium-term credit/leasing arrangements provided by participating FIs (up to a maximum of 40 percent of the SP's cost). IDA resources will finance key collective agricultural infrastructure investments, equipment, and TA. POs' own resources, including credit obtained, will finance complementary collective agricultural infrastructure and equipment, inputs, and operating costs (transport for members, administrative tasks, transport, office supply, and local workshops/seminars for members, etc.). POs' contributions could be in cash, in kind, or in work. Several SP models have been developed to forecast the likely interventions in targeted value chains. Estimated investment costs range from US\$150,000 to US\$14 million per SP model. The cost of nutrition activities will be considered as supplemental to the budget of women SPs' business plans and will be financed by the PHRD grant.

19. Nutrition activities will be supported by PHRD with the aim of adding value to SPs supported by AIMDP to maximize the contribution of AIMDP to the nutritional situation of producer communities. The choice of activities and implementation modalities of the nutrition SPs will be adjusted according to local needs, institutional structures, and opportunities. These will build on existing good practices on household food security and nutrition in the Project areas, and will also be based on an analysis of the most appropriate institutional arrangements to design and implement nutrition activities (e.g., women's POs; women's groups that are members of POs participating in AIMDP PPs; women's groups not directly associated with the POs but living in the same communities). CSOs and/or service providers who can provide TA to relevant women's groups on the design and implementation of nutrition activities will be identified prior to Project inception. All nutrition activities will be conducted in close collaboration with MINADER, "*Ministère de la Santé* (MINSANTE)," and other nutrition partners (UN, NGOs, CSOs).

Subcomponent A.3: Financing of basic public infrastructure investments (US\$17.783 million IDA, US\$6.350 million Government). Within the covered production basins (with SPs), the Project will finance the rehabilitation of about 10 market platforms and 500 km out of 1,550 km (see rural roads estimates in target production basins in Annex 5: Implementation Support Plan) of key feeder roads, rural roads, and ponds that have been identified as critical in the baseline study prepared by the GOC in 2014, to ensure connectivity of covered production basins, internally and to markets. The Project will support the following activities: (i) conduct of technical and environmental studies of feeder/rural roads proposed for rehabilitation; (ii) review of the terms of reference (ToRs) of the environmental screening studies by the concerned ministry (MINEPDEP), as a contribution from the GOC; (iii) feeder/rural roads rehabilitation

works (about 300 km) in targeted production basins by specialized civil works enterprises; and (iv) contributions to annual and periodic maintenance of feeder/rural roads rehabilitated with Project support to complement the Road Maintenance Fund “*Fonds Routier*.”

20. IDA will cover the full cost of these investments, meaning IDA support will cover works, equipment, consultant services, and TA for the preparation and implementation of the investments. The Project will coordinate and build synergy with other projects (such as the Bank-financed PACA, PNDP-2, the “*Programme de Développement Rural des Régions du Nord-Ouest, de l’Est et de l’Extrême-Nord*” financed by the European Union, the African Development Bank’s operation on rural roads to improve connectivity of production basins, etc.) that support such infrastructure in the covered zones.

21. ***Subcomponent A.4: Support for improved access to Rural Financing (US\$1.050 million IDA, US\$0.470 million PFIs)*** aims at facilitating the establishment of sustainable business relations between targeted POs and FIs, including commercial banks, MFIs, and leasing companies. The total cost of SPs is estimated at about US\$120 million, of which US\$42.0 million will be in the form of FI credits and US\$12 million as beneficiary POs’ contribution. To facilitate the involvement of FIs and the provision of adapted financial services, the Project will support: (i) capacity building of FI staff in the area of agricultural and value chain lending; (ii) knowledge sharing and strengthening of the supervision role of the National Association of Microfinance Institutions (ANEMCAM); (iii) strengthening of the business awareness and promotion function of the National Association of Leasing Companies (CAMLEASE); and (iv) strengthening of FIs’ operational capacities at the production basin level. 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 in favor of FIs (including risk sharing, credit line, risk capital, and equity coverage arrangements).

22. *Development of medium-term financial products.* Facing the lack of sufficient medium-term financial products, the Project will support the development of medium-term financial products through: the review and adaptation of FIs’ credit policies and procedures, the review and adjustment of their portfolio management system, and the design of specific reporting tools. These activities will be implemented in close partnership with ANEMCAM, the Association of Commercial Banks (APECCAM), and CAMLEASE.

23. *Strengthening the knowledge sharing and supervision role of ANEMCAM.* Complementary to other ongoing support benefiting ANEMCAM (in particular the IFAD-financed PADMIR), the Project will support the following activities: (i) Train-the-Trainers; (ii) performance monitoring of participating MFIs’ agricultural portfolios; (iii) dissemination of best practices in agricultural and value chain lending; (iv) establishment of a customer information exchange system; and (v) development of a financial education training agenda for microfinance service users, especially eligible POs, in close coordination with the two PO national platforms (PLANOPAC and CNOPCAM).

24. *Support to CAMLEASE.* The Project will facilitate the promotion of agricultural leasing through a partnership with CAMLEASE. It will support: training sessions on agricultural leasing performance monitoring; and dissemination of best practices in agricultural leasing.

25. *Strengthening FIs’ lending skills and operational capacities.* The Project will contribute to developing the skills of FIs’ staff in agricultural and value chain financing through specialized training including risk assessment tools.

26. *Collaboration with IFC.* Credit extended by FIs to targeted POs will be financed from their own resources, thanks to the mobilization of adapted financial instruments developed by IFC in favor of FIs (including risk sharing, credit line, risk capital, and equity coverage arrangements). IFC is expected to provide guarantees and/or direct loans to local FIs to help them become more comfortable with the POs' risk (as they agree to partly finance investments). Because POs need to learn the essentials of how to run a commercially viable entity, IFC will provide them with advisory services as well as agricultural finance advice to participating FIs. Finally, IFC is supporting an existing IFC client in Cameroon (Activa) to develop a crop insurance product to respond to the needs of the POs involved in the Project.

27. **Component B: Support to Seed Production and Distribution system, Relevant public services and to Technology transfer (US\$11.807 million IDA, US\$1.101 million PHRD, US\$2.400 million Government).** Component B will support the implementation of Component A by: (i) enhancing the seed system and capacity of relevant public services that are key for the Project; (ii) creating a framework for cooperation between the GOC, POs, ABs, FIs, and other actors able to play an important role in the Project; and (iii) enhancing agricultural technology transfer required under Subcomponent A.2. The budget will cover goods and equipment, consulting services, workshops, training, and study tours necessary for the Project and operating costs. The GOC's counterpart funding will contribute to the financing of the subcomponent.

28. *Subcomponent B.1: Enhancement of Seed production and distribution system and Relevant public services (US\$1.140 million IDA, US\$0.350 million PHRD, US\$2.400 million Government).* This subcomponent will: (i) support the strengthening of seed control, seed certification, seed bio-fortification,¹⁵ and seed multiplication and distribution of maize, cassava, and sorghum by the MINADER. As such, it will strengthen the capacity of the Directorates of Seed Development and Regulation and Control with the assistance of IITA and IRAD; (ii) strengthen the capacity of IRAD to increase the production of breeder/foundation cuttings of cassava and seeds of maize and sorghum, including bio-fortified crops; (iii) strengthen the MINADER's capacity to support implementation of reforms aimed at transforming POs into cooperatives by strengthening the capacity of regional directorates for registration and M&E of new cooperatives, including the creation of a database of POs and cooperatives; and (iv) strengthen the MINADER's capacity to mainstream nutrition considerations in its policies and programs (through PHRD grant). The Project will also promote and develop the use of bio-fortified crop varieties (e.g., Vitamin A-fortified cassava developed by IITA) in collaboration with relevant ABs and government institutions, particularly in relation to crops used for flour production.

29. *Support for improved seed multiplication.* The Project will support activities aimed at increasing the production of foundation seeds of cassava, maize, and sorghum, including bio-fortified crops as relevant. Main activities include: (i) subcontracting foundation seed multiplication to: (a) some government seed stations ("*Fermes semencières*") attached to the MINADER Seed Promotion Division ("*Direction de Développement des Semences*"); and/or (b) private seed producers (SMAEs, individuals, or POs experienced in foundation seed multiplication); (ii) training contracted seed multiplication providers' staff in the production of foundation seeds/cuttings and in sustainable agricultural techniques and practices; and (iii) building partnerships with POs likely to multiply improved seeds/cuttings. IITA and IRAD will

¹⁵ Exact activities on bio-fortification are to be determined on the basis of an assessment to be carried out in the first year of the Project, including consultations with relevant ABs.

provide the contracted multipliers with breeder seeds of maize/sorghum or breeder cuttings of cassava.

30. *Support for seed certification and quality control.* The seed (and cuttings) value chain was disrupted after the food crisis in 2008. Because of the economic crisis, the setup for foundation and improved seeds production collapsed. Seed multipliers were not operating anymore and equipment and infrastructure degraded tremendously. In addition, the seed control and certification services of the MINADER are still weak, hindering the transparency of the seed system and marketing. The origin and traceability of basic seeds/cuttings of maize, cassava, and sorghum are currently an issue, as are the inadequate control and certification of commercial seeds/cuttings. This is partly due to the lack of qualified staff and equipped laboratories and the inadequate budget of the concerned MINADER Directorate (“*Direction de la Réglementation*”) at headquarters and at region/county levels. To overcome these issues, the Project will subcontract the Directorate to strengthen its seed certification operational capacity at the production basin level and to conduct control and inspection visits in the field to certify seeds/cuttings geared for use by beneficiary POs/SPs under Subcomponent A.2. The Project will also enforce seed production regulatory frameworks and cross-cutting activities, notably by: (i) reviewing the regulatory framework¹⁶ on improved seed production to make it consistent with an emphasis on the definition of responsibilities and roles in production of basic/foundation and improved seeds/cuttings; (ii) creating/updating a catalog of existing and approved varieties of cassava, maize, and sorghum; (iii) establishing/upgrading seed testing laboratories at the regional level to carry out major tests on seed germination and quality, including training laboratory staff; and (iv) training inspectors and controllers in seed/cutting certification.

31. *Support the transformation of CIGs (and CIG unions) into cooperatives.* Within targeted production basins, numerous CIGs have been established under the 1992 law but many fewer CIG unions or federations of CIG unions exist, and even fewer formal cooperatives. The GOC recently decided that all CIGs should be transformed into “simple” cooperatives to comply with regional trends and the norms of OHADA law (see Annex 7: Cooperatives Law). Although the Project-targeted POs are only the existing and functioning cooperatives (see PP/SP cycle in Annex 3), the Project should support this important evolution as a priority for the GOC. Therefore, the Project will support the responsible MINADER Divisions (national and regional PO registries under the Directorate of Local and Community Development; and the PO Promotion Division under the Directorate for Support to Agricultural POs) in implementing the reforms aimed at transforming CIGs into cooperatives and complying with the OHADA law. Main activities will include: (i) supporting cooperative registration by developing and disseminating registration forms; (ii) establishing an interactive and web-accessible database on cooperatives (building on work already started under the “*Projet d’Appui au Développement de la Micro-finance Rurale*” (PADMIR) and the “*Projet d’Appui à la Réforme Institutionnelle*” (PARI)); and (iii) strengthening the operational capacity of MINADER agents for cooperatives’ registration, TA on cooperative management for new cooperatives, and M&E.

32. *Institutional capacity building on agriculture-nutrition linkages.* The GOC is committed to the fight against malnutrition, as indicated by the fact it has joined the “Scaling Up Nutrition Movement”; further, Cameroon’s National Agriculture Investment Plan emphasizes the key role of agriculture in supporting sustainable improvements in nutrition. Through PHRD, the Project will support the MINADER in mainstreaming nutrition in relevant policies and programs. It will work in close collaboration with the relevant MINADER departments at national and regional

¹⁶ Seed law, Regulatory framework for seed policies and homologation of varieties.

levels when implementing nutrition activities so as to strengthen the MINADER's institutional and technical capacities. In particular, the Project will work with the MINADER on the provision of TA to, and support the coordination of, household food security and nutrition activities (A.2), nutrition education activities (B.3), and assessment and M&E of nutrition-related issues. These activities can provide models and methodologies that can be taken up in other agriculture programs supporting the implementation of PNIA. The Project will also support coordination between agriculture partners and other institutions working on nutrition, in particular the Ministry of Public Health and development partners working in nutrition, to ensure synergies between sectoral interventions at the field level and maximize agriculture's contribution to Cameroon's "Roadmap for Reducing Chronic Malnutrition," which is under development.

33. **Subcomponent B.2:** *Building Commodity-based public-private consultation and partnership framework (US\$1.000 million IDA).* The subcomponent will finance the creation of a national dialogue platform for consultation between the government and key stakeholders (POs, ABs, FIs, etc.). The dialogue platform will provide a mechanism for identifying key issues, setting priorities, and coordinating actions along targeted value chains as well as for promoting the AB investment climate and/or investment promotion. The dialogue platform will be under the supervision of the MINADER and will support access to markets and information technology by funding: (i) market studies to identify opportunities at the national, regional, and international level; and (ii) the creation of an online-based information system on markets, prices, services, and financial products, agricultural technology, POs, etc. that will be open to all actors. The consultations will focus on pricing, norms, and regulations, conflict resolution, access to land, and other strategic issues that can influence the Project, sustainability of investments and activities, and communication. Within the national dialogue platform, the Project will support a dialogue with the GOC to encourage it to rehabilitate meteorological stations and climatology and rainfall posts in the main targeted production basins to provide weather information services to smallholder farmers. The Project will not intervene on land reforms and regulations.

34. **Subcomponent B.3:** *Enhancement of agricultural technology transfers and promotion of healthy food and nutrition practices (US\$9.667 million IDA, US\$0.751 million PHRD)* will support R&D and dissemination of improved technologies (related to varieties, agricultural techniques, technical itineraries, aflatoxin control,¹⁷ cropping systems, soil fertility management practices, labor-saving agricultural technologies for women, etc.) to be implemented under Subcomponent A.2. The support will ensure the upgrading of technologies used by producers within the Project. Subcomponent B.3 will be jointly implemented by IITA¹⁸ and IRAD, though each institution will prepare and submit a proposal including a catalogue of improved technologies for transfer or final agronomic evaluation. Subcomponent B.3 will finance visits, study tours, workshops, vocational and academic training, and preparation of technical advice, experimentation trials, and goods.

35. The Project will support R&D and dissemination of improved technologies (such as varieties including bio-fortified ones, agricultural techniques, technical itineraries, aflatoxin

¹⁷ Bio-control of aflatoxin was evaluated as one of the most cost-effective aflatoxin control methods, with the potential to offer a long-term solution to aflatoxin problems in Africa. Adoption of aflasafe™ with other management practices will reduce aflatoxin contamination by more than 70 percent in maize and groundnut, increase crop value by at least 25 percent, and improve the health of children and women.

¹⁸ IITA and IRAD will provide small-scale farmers with the tools, technologies, and solutions that could help transform crops into food security crops, foreign exchange earners, and vehicles for economic development. Crop emphasis presently is manifold and includes cassava, maize, and sorghum. Research for development programs covers the entire value chain of these food crops, starting with the introduction and evaluation of high-yielding varieties with resistance to targeted pests and diseases, as well as adaptations to various agro-ecologies and utilizations and market and impact studies.

control, cropping systems, soil fertility management practices, etc.) that are suitable for the implementation of SPs. The subcomponent will support R&D to replace old technologies used by producers with new, improved ones. A special focus will be placed on promotion of technologies that improve productivity and labor savings for tasks performed by women to maximize the impact on nutrition objectives. For successful dissemination and adoption of labor-saving agricultural technologies, the Project will need to: (i) ensure that the new technology is more efficient than the traditional one to justify the extra investment; (ii) incorporate the ideas and needs of women as key users by involving them during the design and adaptation process; (iii) address sociocultural aspects such as cultural taboos and other restrictive social norms when designing and disseminating the new technologies; and (iv) ensure adequate women's access to information, finance, training, and technical skills. Once the technologies are disseminated and adopted, it is important to trace how women make use of the time saved from labor-saving technologies to confirm that the strategic objectives of increased agriculture productivity and contribution to improved nutrition are achieved. Various incentives on financing and training related to income-generating activities can be introduced to influence the choices of time use. The inclusion of a well-designed BCC component is essential. The BCC can use multiple channels (mass media, interpersonal) and target multiple audiences (communities, spouses).

36. As part of the Project's BCC activities, PHRD will support the development of nutrition education activities in the Project areas. These will address issues of maternal care and child feeding and caregiving practices, food hygiene, water, and sanitation, as well as sensitization on gender issues related to nutrition. The output would contribute to the information system as per Subcomponent B.2. The nutrition education will include counseling and demonstration sessions with the POs and women's groups involved in AIMDP as well as dissemination of key messages through local media and community development services. These activities will be done in collaboration with the MINADER's Directorate for Local and Community Development, as well as other nutrition partners, in particular the Ministry of Public Health.

37. *Support to the documentation and preservation of local varieties.* Cameroon is home to a very rich flora and biodiversity, and indigenous vegetables are a fundamental part of the local diet. However, it is important to ensure that the growing urbanization and commercialization of agriculture (focused on a smaller number of varieties) goes hand-in-hand with the preservation of this important environmental and nutritional capital. This can be done, for example, through the establishment of community or school gardens used as repositories and demonstration sites of local biodiversity. As part of nutrition activities – namely the promotion of fruit and vegetable production – PHRD will support the documentation and preservation of nutrient-rich indigenous crops in collaboration with producers, CSOs, IITA, and IRAD.

38. **Component C: Project Coordination and Management (US\$13.488million of which: US\$9.439 million IDA, US\$0.399 million PHRD, US\$3.650 million Government) and PPA (US\$2.754 million).** The objectives of Component C are to: (i) ensure effective strategic and operational planning and monitoring and implementation of the Project; (ii) ensure efficient coordination amongst the two “technical” components and the various sources of funding and public or private implementation partners within and outside the MINADER; and (iii) adequately monitor Project implementation progress, evaluate its final results and impacts on smallholders, and communicate efficiently to various stakeholders on Project activities, outcomes, and lessons learnt. This component has two main subcomponents: (a) Strategic planning, coordination, management, and implementation support; and (b) Monitoring and evaluation (M&E), communication, and knowledge production and sharing.

39. **Subcomponent C.1: Strategic Planning, Coordination, Management and Implementation Support** (US\$6.443 million IDA, US\$3.650 million Government). It will support: (i) establishment and operation of the *Project Coordination Team* composed of a national NCU and RCUs covering the four agro-ecological zones targeted by the Project; (ii) establishment and operation of the PSC; and (iii) coordinated implementation support and TA services provided by industrial equipment suppliers, ABs, and national consultants. The GOC's counterpart funding will contribute to the operational costs of the NCU/RCUs.

40. *Strategic planning and support to steering bodies* will include: (a) the organization of Project launching workshops at the national level; (b) support for regular coordination meetings at the regional and national levels, assembling representatives from line departments, NGOs, POs, research institutions, and the private sector (ABs, FIs, LSPs) involved in the agriculture sector and particularly in Project implementation; and (c) operational support to the PSC, which will comprise relevant ministries and stakeholders.

41. The Project will finance the following items: (a) long-term NCU/RCU consultants' salaries and allowances for field visits; (b) procurement of transport means (four 4x4 vehicles and one sedan car at the NCU level; eight 4x4 vehicles at the RCU level) and computer/office equipment; (c) associated office operating costs of the NCU/RCUs; (d) staff training activities, including exchange visits in neighboring countries/similar value chain development projects, capacity building in the field of environmental impact evaluation/safeguards, social assessment, participatory approaches, nutrition and gender mainstreaming, etc.; (e) installation of a Project accounting and management software and management control tools; and (f) short-term national and international assistance in key areas relevant to Project implementation, notably to develop and strengthen business skills and environmental and social capacity within the NCU/RCUs. The GOC's counterpart funding will contribute to the financing of operating costs of both the NCU and RCUs. In addition to the tax element, it will support the costs of procurement commissions, which need to be set at the Project level per Cameroon's law, as well as the costs of PSC meetings. PHRD will fund TA required for the design, implementation, and M&E of the nutrition components of the Project.

42. Given the risks related to governance, fraud, and corruption, especially in selection of beneficiaries' procurement of goods and works within the implementation of PPs and SPs, the subcomponent will support the implementation of a Governance and Anti-Corruption (GAC) Plan, including a GRM and a conflict resolution mechanism. Supported costs will include goods and equipment, consulting services, training and study tours, and operating costs.

43. **Subcomponent C.2: Monitoring and Evaluation (M&E), Communication, Knowledge production and Sharing** (US\$2.996 million IDA, US\$0.399 million PHRD). This subcomponent will involve Project managers and M&E staff and will engage Project stakeholders to better understand Project performance, learn from achievements and challenges, and agree on how to use results to make corrective actions to improve Project strategy and operations. Financing will be provided for: (i) setting up the M&E system and putting in place the necessary capacity; and (ii) elaboration of a communication and knowledge-sharing strategy (after the core NCU/RCU staff have been hired), followed by development and broadcast of various communication and knowledge-sharing tools using a variety of media and targeting different audiences.

44. *Monitoring and Evaluation (M&E)*. The MINADER's M&E system is not effective enough to handle the Project's M&E. The MINADER's team involved in the Project M&E on the ground will be trained to participate in data collection and preliminary analyses. An efficient

M&E system that will contribute to adequate strategic planning and monitoring of the achievement of the PDO and the various intermediary results indicators will be supported. M&E activities will involve all NCU/RCU managers and specialists and will engage Project stakeholders to better understand Project performance, learn from its achievements and challenges, and agree on how to use results to make corrective actions to improve Project strategy and operations. This will begin with establishment of the Project's M&E system. A baseline study including an extensive field survey was funded through the Project Preparation Advance and prepared by the GOC. Further baseline studies, including surveys by targeted production basins and/or thematic areas, will be a priority activity in the first two years of implementation and will require careful design and involvement of a range of actors and stakeholders. PHRD will support the inclusion of nutrition-related data collection and analysis as part of the baseline surveys. Annual participatory planning and evaluation workshops with beneficiaries and other stakeholders at the production basin, national, and regional levels will be undertaken as will annual producer and value chain surveys. Results from these will feed into the results framework and planning activities for the following year. It is also expected these will produce important results for better understanding the dynamics of local, national, and regional markets for maize, sorghum, and cassava (and processed products from these crops) and the opportunities and threats for their further development. Thematic impact evaluations will also be carried out at mid-term and Project closing by specialized consultants and will contribute to assessing the overall success of the Project and to learning, accountability, and transparency. PHRD will support studies designed to track and document progress on factors related to nutrition, including improved nutrition knowledge and practices, food consumption and feeding practices, household income allocation, and women's workload and time allocations. These studies will not only be of use for AIMDP but will help inform other agriculture programs in the Project areas, and the methodologies used can provide models and tools that can be replicated by the MINADER and other stakeholders. The Project will also fund the Mid-Term Review (in Project-year 3) and the final evaluation (in Project-year 5) to make sure lessons learned are integrated in any future larger scale and long-term maize, cassava, and sorghum value chain development programs.

45. *Communication and knowledge production and sharing.* During implementation, the Project will support the development and broadcast of various communication and knowledge-sharing tools using various media (newspapers, radio, television, internet, etc.) and targeting different audiences (smallholders, private sector, donors, and the general public). Good practices in terms of integrating nutrition in value chains supported by AIMDP, community nutrition, and nutrition education will be documented (through "fact sheets," policy briefs, and audio-visual materials) and shared with policy makers and program planners (including NGOs and CSOs) in Cameroon, as well as in regional and international forums (with PHRD grant).

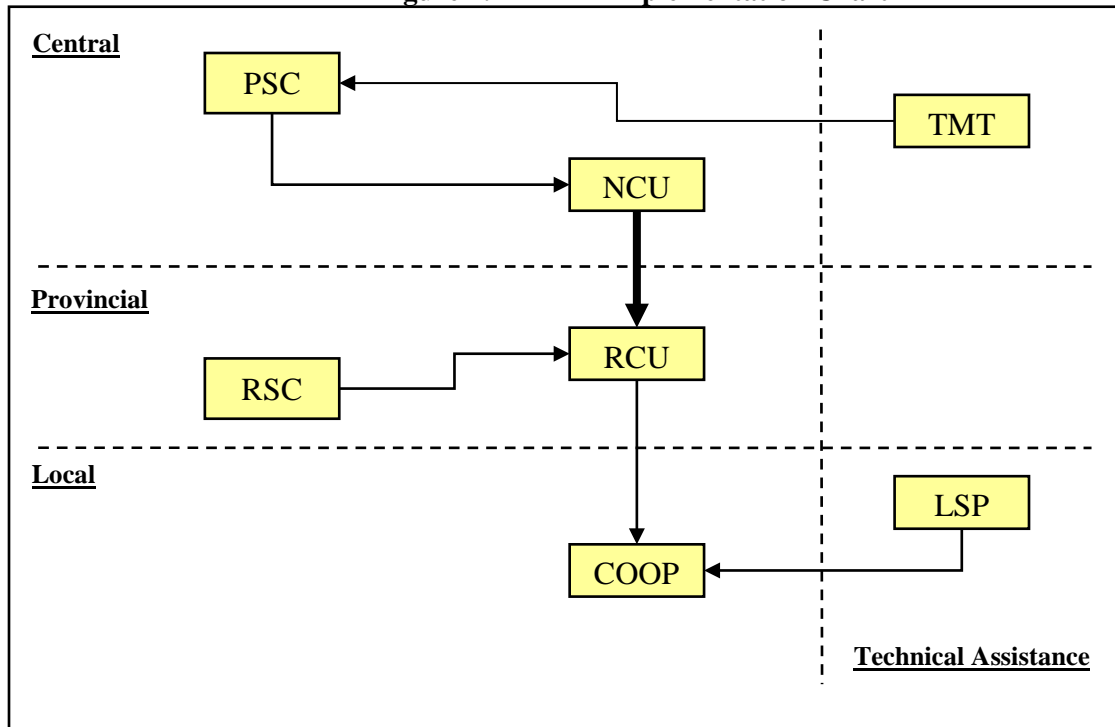
ANNEX 3: IMPLEMENTATION ARRANGEMENTS

CAMEROON: Agriculture Investment and Market Development Project

Project Institutional and Implementation Arrangements

1. Project implementation is based on complementarities and integration of components and subcomponents at the local level in target zones. A demand-driven approach will be adopted during Project implementation and SPs and activities will be implemented upon requests from POs with the support of the National Coordination Unit, Regional Coordination Units, and service providers.
2. **Project Oversight.** The Borrower is represented by its Ministry of Economy and Planning (MINEPAT). The “*Caisse Autonome d’Amortissement*” (CAA) will manage the Designated Account (DA) and will submit the withdrawal applications to IDA on behalf of the Project. Overall responsibility for Project implementation will be delegated to the Ministry of Agriculture and Rural Development (MINADER). Implementation is envisaged to take place over five years in the four agro-ecological zones.
3. **Implementation.** The Project implementation mechanism (Figure 4) will comprise: (i) a Project Steering Committee (PSC); (ii) a Project Coordination Team (PCT), consisting of a National Coordination Unit (NCU) at the national level and four Regional Coordination Units (RCUs) at the regional level; and (iii) four Regional Selection Committees (RSCs) for the approval of Sub-Projects (SPs) and Partnership Agreements (PAs). Specific implementation arrangements will also be in place for specific components, under the overall oversight of the NCU. Details are provided by the Project Implementation Manual (PIM).
4. **The PSC** has been established by the Cabinet of the MINADER. The PSC will ensure overall performance oversight and policy guidance. It will comprise representatives of *inter alia* (as set forth in the PIM): (i) Ministries in charge of agriculture, economy, finance, trade and industry, public works, scientific research, natural resources and environment; (ii) apex POs; (iii) apex AB organizations; (iv) private FIs; and (v) the Chamber of Agriculture.
5. The PSC will meet twice per year and will be chaired by the Minister of MINADER, with the President of the Chamber of Agriculture acting as vice chair and the Project Coordinator as Secretary.
6. The PSC will be responsible for: (i) approving the Project’s Annual Work Plan and Budget (AWPB) prepared by the PCT; (ii) overseeing overall performance of the Project and providing policy guidance; (iii) suggesting necessary Project adjustments based on M&E results; and (iv) coordinating with other government ministries and donors in Project implementation, with the support of the “*Direction de Développement de l’Agriculture*” in the MINADER.

Figure 4: AIMDP Implementation Chart



7. The PSC will be supported by a Technical Monitoring Team (TMT), which has already been established, comprising: the senior representatives (or presidents, when specified) of the main involved entities of the MINADER and MINEPAT; two representatives of national apex POs; and representatives of private ABs. On behalf of the PSC, the TMT will monitor Project activities through quarterly meetings with the NCU.

8. The institutional structure of the PCT, comprising the NCU and the four RCUs, has been established. The PCT will be formulated through competitive selection of technical staff agreeable to IDA and validated by the MINADER. The MINADER will contract said staff on behalf of the PSC. NCU/RCU staff contracts will initially have a duration of one year, renewable based on positive performance evaluation. The duration of positions will be based on the Project's work plans. The PCT will be deployed as follows:

- a. **At the national level, the NCU will comprise:** (i) a national coordinator; (ii) an AB specialist; (iii) an infrastructure and industrial engineering specialist; (iv) a food technology and quality specialist; (v) a socio-environmental specialist; (vi) an M&E specialist; (vii) an administrative and financial management specialist; (viii) a procurement specialist; (ix) a procurement assistant; and (x) an accountant and support staff.
- b. **In each of the four Project zones, the RCU will comprise:** (i) a regional coordinator; (ii) an AB specialist; (iii) an M&E specialist; (iv) an accountant; and (v) support staff. Attention will be given to ensure that the selected staffs complement those in other sectoral projects to avoid duplication. The deployment of regional staff will be done progressively, to accompany the establishment and development of the Project in each zone.

9. The NCU will be in charge of day-to-day overall Project coordination and supervision. More specifically, the NCU will be responsible for:

- a. Implementing all Project components and subcomponents and activities at the central level and across provinces; undertaking procurement and financial management; supervising Project activities; and conducting results M&E – which will be carried out in accordance with the agreements between the GOC and IDA and under the guidance of the MINADER.
- b. Developing and implementing mechanisms to ensure coordination with other concerned agencies on policies, programs, and projects funded both by the GOC and other donors.
- c. Consolidating AWPBs in collaboration with the RCUs, including realistic and feasible targets.
- d. Ensuring/guiding the RCUs to be responsible for implementation of safeguard policies in all Project components.
- e. Preparing, issuing, and communicating internal PIMs supervising operations.
- f. Developing and maintaining sound Project accounting systems, in accordance with the procedures required by the GOC and IDA, including financial management of the DAs.
- g. Handling all procurement packages and selecting international consultants, as well as all other procurement matters.
- h. Establishing and implementing the Project Management Information System (MIS), including M&E at all Project levels.
- i. Undertaking M&E.

10. At the regional level, the RCUs will be responsible for:

- a. Under the guidance of the NCU and the regional department, implementing relevant Project components in the respective region; ensuring implementation of safeguards policies in their respective components.
- b. Preparing AWPBs as well as implementing and monitoring reports for submission to the NCU for consolidation; ensuring that realistic targets are set and met.
- c. For Subcomponent A.2, screening SPs submitted by prospective POs and acting as secretariat for the Ag-Value-chain RSCs for the business plan cycle.
- d. For Subcomponent A.3, acting as secretariat for the Ag-Road RSCs for the business plan cycle.
- e. Guiding, supporting, and supervising relevant actors of the Project in carrying out Project activities.
- f. Managing and carrying out procurement activities decentralized to the region; preparing and submitting procurement decisions to the NCU for approval.
- g. Implementing and maintaining the Project accounting system developed by the NCU.
- h. Implementing the Project MIS, including M&E as set forth by the NCU.
- i. Executing M&E as set forth by the NCU.

11. **A Special Procurement Committee (SPC)** will be established in the NCU with a view to handling in an efficient and effective manner the large number of procurement processes envisaged during Project implementation. The members of the Committee will be dispatched by the Ministry of Public Contracts (MINMAP).

12. **The Regional Selection Committees (RSCs) will be established in each region of the Project.** Each RSC will comprise six (6) voting members and other observers selected as follows:

- a. Two representatives from private AB as voting members;
- b. Two representatives from the FI as voting members;
- c. One representative from each of the two apex POs (PLANOPAC and CNOPCAM), who will not be involved by any means in the SP, as voting members;
- d. One representative from the LSPs, acting as an observer;
- e. One representative from each of the technical services of the relevant sectoral ministries (MINADER, MINEPAT, MINTP, MINEPDED), acting as observers, and;
- f. One representative from the corresponding RCU, who will act as an observer and as the secretary.

13. The RSCs will be responsible for screening the initial proposals (which include business plans) submitted by the POs. They will avail themselves of the *ad hoc* Independent Appraisal Panel (IAP) consisting of technical specialists pre-selected and recruited by the Project for the technical analysis of SPs. The IAP will be established by the NCU under authorization of the PSC for appraisal of the draft partnership agreements and will inform the PSC for decision making. Likewise, the business plans will undergo the rigorous financial appraisal of a potential financier prior to their submission. The RSCs also will handle the selection of nutrition-related SPs for women's groups.

14. **A Regional Road Committee (RRC) will also be established in each region of the Project.** Each RRC will comprise five (5) voting members and other observers selected as follows:

- a. Two representatives of the commune as voting members;
- b. Two representatives of POs as voting members;
- c. One representative of a farmer apex organization as a voting member;
- d. One local representative of the MINADER as a technical advisor/observer;
- e. One representative of MINTP as a technical advisor/observer; and
- f. One representative of MINEPDED as an environmental advisor/observer.

15. The main duty of the RRC will be to hold Road Authorization Meetings to give clearance to the studies for Agricultural Road SPs. The RCU will provide secretarial services to the RRC's activities.

16. The **Project Implementation Manual (PIM)** details the organizational and technical procedures that govern the Project, including for financial management, procurement, the GRM, and implementation modalities by component. A separate administrative and financial management manual is prepared. The PIM also spells out in detail the provisions governing specific aspects of the Project. Specifically, Component A of the PIM includes the following items:

- a. Detailed fiduciary and technical procedures regarding co-financing of SPs, including control mechanisms and remedies for SP implementation.
- b. Process for the establishment of PPs and the selection and crucial elements of implementation of SPs (with further details of the implementation to be finalized in the SP's manual).

- c. Clear eligibility criteria for SPs and beneficiaries (including safeguard and land issues), processing cycle and timing, as well as complaint-handling mechanisms for SPs.
- d. Remedies for noncompliance and abuse of funds in SPs.
- e. Training of POs and other stakeholders prior to SP implementation.
- f. Templates for SP agreements incorporating good governance and transparency clauses as well as complaint-handling mechanisms for SP candidates.

17. **Role of IFC.** This IDA funding will be complemented by IFC funding which will be submitted for Board approval. IFC's funding will support the achievement of the Project Development Objectives. IFC's financing which will be submitted for Board approval on an IFC document shortly, will help unlock the potential for agricultural lending to the Project's direct beneficiaries by providing advisory services, risk-sharing of lending by local financial institutions through the provision of a guarantee fund, and a crop insurance mechanism which will respond to the need of the producer organizations involved in the Project.

18. **Other partnerships for Project implementation.** The NCU will benefit from coordinated and complementary specialized TA from industrial equipment suppliers, ABs, the research institutions in Cameroon for technical advice and trainings (IITA and IRAD), and local consultants. The TA of industrial equipment suppliers to the Project will be part of their offerings and will be specified in the tender and will include industrial mechanical engineering and food technology processing. This TA will cover the training of the relevant Project specialists and technicians of POs for upkeep, maintenance, industrial processes, quality evaluation and monitoring, etc. ABs will provide specialized TA to the Project team and POs that will be set in their agreements with the NCU as well as in the PPs and contracts with POs. Three specialized local consultants in value chains, food technology, and rural finance will be recruited by the Project to support the NCU in enforcing activities during the first two years of implementation. These specialists will work closely with the Project specialists, ABs, FIs, and industrial equipment suppliers. Specifically, their roles will cover: (i) training the Project specialists and POs; (ii) evaluating the operation of processing facilities; (iii) monitoring and quality control of facilities and products; (iv) diagnosing problems and servicing and maintaining equipment; (v) coordinating with equipment suppliers and ABs to better understand and manage their requirements; and (vi) supporting the preparation, financing, implementation, and evaluation of PPs and SPs.

19. These three specialized local consultants, in collaboration with supplemental short-term consultants hired with the PHRD funding, will also support the NCU to ensure the activities of the nutrition agenda. Their specific roles are: (i) training the Project specialists and POs; (ii) evaluating the operation of nutrition-related activities; (iii) addressing operational and technical problems, and (iv) supporting the preparation, financing, implementation, and evaluation of their activities.

Implementation Arrangements for Subcomponents A.1 and A.2

20. **Promotion of the PPs.** The NCU will prepare for the facilitation of the establishment of the PPs for two purposes. First, MINADER will sign a PA with each AB involved in the Project and if necessary, a Framework Partnership Agreement with each of the umbrella organizations of ABs (GICAM, SYNDUSTICAM, MECAM, Bakers Association, Association of Feed Producers, etc.) to guide PPs to be established between POs and ABs. Second, the NCU with support from the MINADER and key players will implement extensive information campaigns at the national, regional, and local levels to inform the public about the Project and the PPs' cycle covering eligibility, objectives, rules and procedures for selection, and funding criteria. Information campaigns will be followed by calls for expressions of interest through the media (national and community radio, television, newspapers, websites of the MINADER and other public organizations, etc.).

21. Implementation of SPs will keep pace with the establishment of PPs of Subcomponent A.1, thus contributing to consolidating and sustaining PPs between POs, ABs, and FIs. In preparation for the identification of specific SP interventions, the NCU and RCUs will organize AB forums at the national and regional levels. These forums will bring together POs, ABs (agro-industries, processors, out-growers, and traders), research institutes, and relevant government agencies to discuss agricultural market opportunities of the target crop value chain in the respective region. In preparation for the forums, ABs will be asked to put forward some proposals explaining these opportunities while participating POs will provide basic data for ABs' reference as an essential step towards formulation of the PPs. Meanwhile, these forums at the regional level will identify the research and development (R&D) needs, infrastructure needs, and capacity development needs of the target crop value chains.

22. A first portfolio of PPs/SPs has already been prepared by POs and ABs (Guinness: 3 PPs; Socochair: 2 PPs) and will therefore not be subject to a selection process. Implementation of the Project will follow a learning-by-doing approach to address key issues and make the necessary adjustments for performance improvement.

23. **The PP/SP Cycle.** After appraisal, the MINADER and the NCU launched information campaigns/calls for proposals on the objectives, process, and rules for PPs'/SPs' selection and funding. These are being published as official announcements at national, regional, and local levels via assorted media (radios, television, newspapers, etc.) so that all POs wishing to access Project funding can present a proposal. The Project will mobilize the support of service providers (consultants, NGOs, public services) to help POs prepare PPs and SPs along with the selection process. The cycle of PPs and SPs includes the following key steps and principles (Figure 5):

- a. *First step: pre-selection of PP/SP.* An eligible PO will express its interest by submitting a draft PP agreement with an AB including a general outline of the SP with a draft overall business plan. The RSC of the corresponding region will screen the preliminary proposal. The key selection criteria are: (i) for the PP: deliverables, delivery quantity and delivery terms, payment terms and prices, and contribution of the AB; and (ii) for the SP: a clear business plan with reasonable financial and technical designs. Purchase of land is excluded. The criteria for selection of POs will include: (i) registration as cooperatives; (ii) legal access to land; (iii) at least three years of experience in doing business on at least one of the value chains targeted by the Project; (iv) financial and institutional capacity; (v) existence of accounting and financial documents; (vi) effective functioning of the management bodies; (vii) coordination/management of at least one collective

activity in the interest of farmer group members; and (viii) input supply, marketing, tillage, and transformation.

- b. *Second step: full proposal and approval.* Once the above is accepted, a PA will be signed by the NCU and the AB to serve as a framework for the preparation of the tripartite PP between the cooperative, AB, and FI. The cooperative will prepare a detailed SP proposal describing its organization, including members, activities (including on nutrition if applicable), and investment to be financed, the AB stakeholder in the PP, funding sources (IDA, own resources, credit, AB contribution), an economic analysis, and financial safeguards against environmental and social risks (the PIM provides more details of the content). The manual for SP proposal preparation will clarify the eligibility for use of the grant. The criteria for approval of SPs are: a complete business plan, clear economic and financial viability with inclusion of realistic contingencies, and availability of the required resources as own contribution and credit. The business plan will first undergo a rigorous financial feasibility analysis of the FI with the support of the *ad hoc* IAP (appointed by the RCU), which will appraise the proposal before its results are submitted to the RSC for approval. If satisfactory, the SP will be submitted to the RSC for approval. After RSC approval, the FI, AB, and cooperative enter into final negotiations for signing a PP and contract. The contract will include a disbursement plan, a procurement plan, a simplified results framework, and an implementation and monitoring plan for the SP.
- c. *Third step: implementation, M&E, and assessment.* Once the SP is approved and a contract is concluded, an account will be opened by the cooperative holder with the support of the FI stakeholder in the partnership funding. IDA's contribution to the financing of the SP will be released after the cooperative's credit request has been approved. Implementation of the SP will be supported by the selected LSPs and other providers. An evaluation by the beneficiaries (members of the cooperative) will be held at the end of the execution of each SP.

24. **Local Service Providers (LSPs).** The LSPs are public organizations or private businesses with the capacity to: (i) facilitate the establishment of partnerships; (ii) assist in the preparation of PP proposals and business plans, including for nutrition-related activities; and (iii) provide TA to POs for implementing the approved business plan as well as to women's groups for implementing nutrition-related activities. They are also capable of giving specific advice, coaching, and training to POs to improve their management skills and performance. Training programs will be conducted to further improve the skills and capabilities of LSPs.

25. **The IAP** will consist of the following members, who will be recruited by the Project: (i) a rural finance financial specialist to be proposed by a FI partner; (ii) an AB specialist; (iii) an agro-economist; (iv) an infrastructure/industrial engineer; and (v) a food technology specialist.

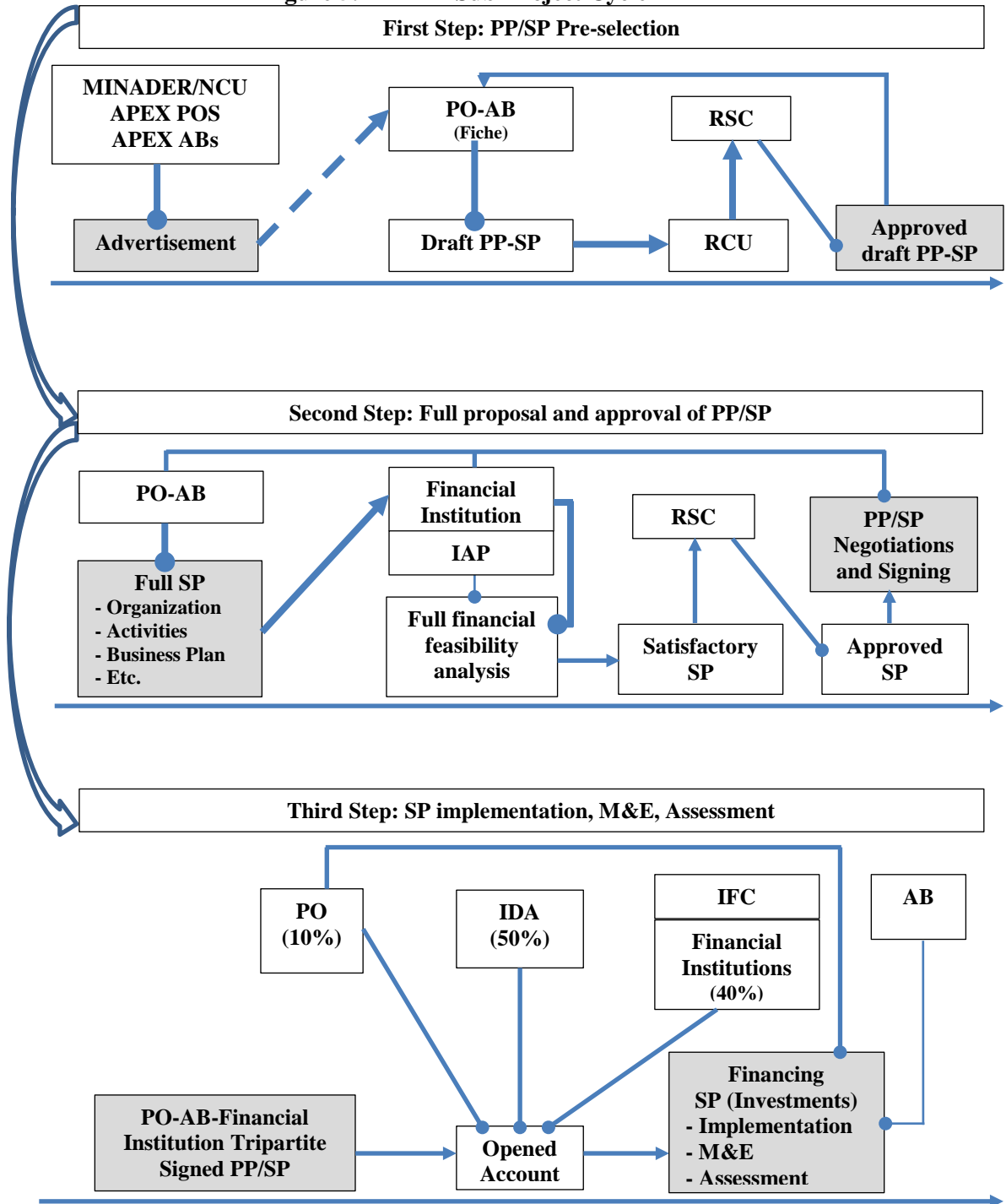
26. **Governance.** Various governance issues may occur at various stages of the cycles, such as conflicts between key stakeholders in the selection process or in PPs, risk of elite capture or corruption during the selection process, appeal by POs on the outcome of the selection, and internal conflict between PO leaders and members. To capture those conflicts as early as possible, a GRM will be elaborated and implemented to channel and solve issues case by case (Annex 6: Proposed Grievance Redress Mechanism). The details of the GRM are provided by the PIM. Also, to mitigate internal PO governance risk, the PO will benefit from training on business management from IFC as well as cooperative management principles (transparency, collective decision making, etc.). The GRM will be closely linked to the M&E system to ensure

that it informs the Project for facilitation of immediate remedial arrangements as well as contributes to the impact evaluation.

27. Governance – land issues. Land tenure is a very sensitive issue in Cameroon. However, activities of the Project are not expected to trigger major land issues, as: (i) clear land ownership is a selection criteria for productive SPs; and (ii) basic infrastructure SPs target maintenance and rehabilitation of access to markets with little expected land conflict. If a land-related issue arises, the GRM or the regular M&E system should capture and deal with it early on. In addition, the consultation framework (Subcomponent B.2) provides space for dialogue on access to land. In addition the Bank team will systematically include a social safeguards member during supervision missions.

28. Although this framework is not in a position to directly support the ongoing land reform process of the GOC, the Project is expected to generate case evidence through the Project, thus contributing to the reform.

Figure 5: AIMDP Sub-Project Cycle



29. **Regional Coordination Units (RCUs).** The RCUs will play key logistic roles in the smooth execution of the SP cycles. Their functions and responsibilities are as follows:

- a. Implementation of activities to promote the PPs. This consists of: (i) an information and communication campaign at the regional level; (ii) local workshops and seminars for POs; (iii) TA for negotiation with ABs; and (iv) networking, matchmaking, and facilitation of potential PPs.
- b. Initial screening of SP cycle. The RCU is responsible for: (i) launching calls for submission of the initial proposals; (ii) forwarding the initial proposals to the RSC for

- initial screening; and (iii) requesting the successful POs to submit a fully-fledged business plan.
- c. Approval process of the business plan. The RCU will be responsible for: (i) forwarding the business plan to the *ad hoc* IAP and to the RSC; and (ii) providing secretarial services for the *ad hoc* IAP and the RSC.
 - d. Implementation of the SPs and partnerships. The RCU will: (i) arrange contracts among relevant stakeholders; and (ii) request disbursement of the funds.
 - e. Monitoring. The RCU will be responsible for: (i) arranging monitoring activities in collaboration with relevant LSPs; (ii) participating in monitoring activities; (iii) consolidating POs' monitoring reports and submitting them to the NCU; (iv) managing and reporting on submitted grievances; and (v) providing advice to the LSPs according to lessons learned in the monitoring exercises.
30. Roles of other core Project implementation units concerning the SP cycle are as follows.
- a. **The PSC** will delegate selection of the initial proposals and approval of the business plan to the RSC established by the RCU. The PSC will delegate the NCU responsibility for: (i) allocating the budget for each round of partnership cycles; and (ii) appointing the *ad hoc* IAP.
 - b. **The Technical Monitoring Team (TMT)** will provide technical advice for the PSC's decision making as necessary and appropriate and will monitor the work of the NCU and RCUs on behalf of the PSC.
 - c. **The NCU** will be authorized by the PSC to: (i) allocate the budget for each round of partnership cycles; (ii) establish the *ad hoc* IAP; and (iii) implement procurement activities.
 - d. **The SPC** will approve all procurement matters and procedures.
31. **Model contracts.** Timely creation and modification of appropriate model contracts which reflect ever-changing circumstances is the key for sustained success of the PPs. With this in mind, the Project will provide following arrangements.
32. The NCU has prepared model contracts that form a part of the PIM. As necessary and appropriate, the NCU will propose modifications to the model contracts. Initially, the proposals will be considered by the PSC, but this authority will be handed over to the public-private consultation platform (as per Subcomponent B.2) when it is established. Once approved, the PIM will be modified accordingly. Under the technical guidance of said platform and other key stakeholders, the NCU will collaborate with agro-industry enterprises designated by the platform in preparing the model contracts for approval by the platform.
33. **Partnership for Enhancement of LSPs.** The quality of LSPs is a key for the success of POs' capacity development, which in turn is a key for sustainability of the Project's impact. Facing a shortage of such LSPs both in quality and quantity, the Project will exploit existing assets to enhance their quality by partnering with key institutions. First, the Project will work with IFC in providing training related to business skill development such as: human resource management; finance and accounting; general and operations management; marketing management; and personal productivity skills. Through the "Business EdgeTM," training system, IFC has developed a pool of local trainers and training firms. The Project will contract them for development of the above-mentioned capacities. It is noted that the role of IFC will be limited only to the supervision and evaluation of the trainers, covered by its own cost, and there will be no direct financial transactions between the Project and IFC. The Project will undertake a

capacity needs assessment, the organization of training, and an impact assessment. Second, as elaborated in Subcomponent B.1, the Project will strengthen the capacity of public service providers, particularly in the area of vocational training.

34. The project cycle for the nutrition-related SPs for women's groups will follow almost the same procedures as above, with some modification of beneficiary group formation and provision of TA. The PIM elaborates the details.

Implementation Arrangements for Subcomponent A.3

35. **Alignment with the Communal Development Plan.** In Cameroon, each commune has an official plan of development ("*Plan commune development*" – PCD) and any project of a public good nature (e.g., roads, water supply, public health, schools) shall be incorporated into the PCD. Since the rural investments provided by the AIMDP as an integral part of the support to POs in this subcomponent are of such nature, the Project will establish a mechanism to facilitate the investments as described below.

36. **Eligible infrastructures.** This component will support rehabilitation of key feeder roads, rural roads, and ponds identified as critical in the baseline study prepared by the GOC in 2014 to ensure connectivity of covered production basins, internally and to markets (see Annex 5: Implementation Support Plan).

37. **Financing arrangements.** The Project will cover the full cost of SPs of basic public infrastructure.

38. **Institutional arrangements of the procurement process.** The NCU is the delegated contracting authority on behalf of the MINADER, which has a general mandate of enhancing farmers' access to market roads. The NCU is responsible for the procurement of the roads. The nature of the eligible SPs as per above would necessitate the following arrangements of the external institutions:

- a. *Ministry of Public Works (MINTP)* will ensure the quality control of the works executed by the contractors through their supervision. MINTP will also provide samples of ToRs of the technical studies to the NCU.
- b. *Ministry of Environment, Nature Protection and Sustainable Development (MINEPDED)* will approve the socio-environmental studies of the rural roads SPs and will also monitor the implementation of approved safeguard measures. MINEPDED will also provide samples of ToRs of the socio-environmental studies to the NCU.
- c. *Farmers' platforms*, such as CNOPCAM, PLANOCAM and the Chamber of Agriculture, will participate in the sensitization campaign in the Project zones and provide necessary assistance to establish the RRC and to verify potential Agriculture Road SPs.
- d. *Communes*, as the primary beneficiaries of the SPs, will ensure their involvement in all phases of the SP cycles. Particularly, this implies inclusion of AIMDP SPs of basic public infrastructure in their communal development plan and annual investment plans on one hand, and their full responsibility for the maintenance of roads on the other.

39. **Project cycle.** The key procedures are as follows. The PIM elaborates the details of the implementation of this subcomponent.

- a. *First step: Verification of the Agricultural Road SPs by beneficiaries.* According to the list of agricultural roads identified as critical for each region in the baseline study prepared by the GOC in 2014, the NCU in collaboration with farmer platforms (e.g.,

CNOPCAM, PLANOCAM, Chamber of Agriculture) will conduct a sensitization campaign with a view to obtaining an official verification of the list by relevant POs and communes, with the participation of: (a) executive members of communes; (b) representatives from POs; (c) representatives from the relevant sectoral ministries including MINADER, MINTP, MINEPDED; and (d) the Project.

- b. *Second step: Technical feasibility and socio-environmental studies.* The SPC in the NCU will formulate the ToRs of the technical and socio-environmental studies with the assistance of MINTP and MINEPDED. Service providers will be identified and tender notices will be published accordingly to recruit the best qualified consultants. The result of the studies will be cleared at the Road Authorization Meetings.
- c. *Third step: Procurement of works.* The NCU will procure the works as per the approval of the SPC. It is noted that payments are made directly from the Project to the contractor, for the sake of execution efficiency. The NCU will monitor the works of the contractors in collaboration with MINTP, MINEPDED, and the beneficiary communes.

40. **Governance.** To mitigate governance risks related to public infrastructure SPs, accountability of the Local Councils will be ensured by: (i) signing-off of the submitted SP by the PO; (ii) ensuring the participation of the MINEPAT representative as a mandatory observer during the RSC meeting; and (iii) informing the relevant members of the local Public Investment Budget Monitoring Committee (at communal, district, and regional levels) during their trimestral meetings. The GRM will be another means by which to collect potential issues and solve conflicts.

Implementation Arrangements for Subcomponent A.4

41. A stocktaking of current financing services and organizational and financial strengths/weaknesses of existing FIs involved in agricultural financing was conducted during Project preparation, in close collaboration with IFC. It led to the identification of several potential FIs: three commercial banks (BICEC, Ecobank, and SGBC), two MFIs (Advans and ACEP), and two leasing companies (Africa Leasing and Alios Finance). An agreement in principle with some of these institutions has been acquired. A PA was signed with Ecobank and MINADER to ensure the commitment of this commercial bank to participate in the Project financing via credit to POs. BICEC, SGBC, Advans, and ACEP have expressed interest in financing POs with the financing support of IFC.

42. FIs would be selected along the following criteria: (i) interest and experience in agricultural and value chain financing; (ii) existing market development strategy to increase agricultural lending; (iii) loan portfolio diversity, volume, and quality; (iv) compliance with BEAC regulation and norms; (v) availability of own financial resources to extend medium- and short-term credit to co-finance SPs at adapted conditions; and (vi) willingness to share risk. These criteria are more detailed in the PIM.

43. Implementation of the agreements with FIs will be regularly discussed at the meetings of the public-private consultation platform (see Subcomponent B.2) and at the various participatory planning and evaluation workshops with stakeholders organized by the Project to identify constraints and successes and propose improvements. Potential issues may also be captured by the GRM, which will in turn feed the consultation platform.

44. The Project will provide necessary capacity development arrangements to selected FIs and relevant associations (i.e., ANEMCAM, APECCAM, and CAMLEASE). To this end, the

Project will work with IFC in providing training in such areas as agricultural lending skills, knowledge sharing and supervision, portfolio management, and operational capacities. It is noted that the role of IFC is limited only to the supervision and evaluation of the trainers, covered by its own cost, and there will be no direct financial transactions between the Project and IFC. The Project will undertake a capacity needs assessment, the organization of training, and an impact assessment.

45. IFC will also play an extremely significant role in facilitating the agricultural lending by providing guarantee funds and lending capital to selected FIs. This intervention of IFC will be conducted in parallel with the Bank's investment. In addition, the Bank and IFC teams are coordinating and working closely together on both projects in preparation.

Implementation Arrangements for Subcomponent B.1

46. Quality seed distribution including bio-fortified varieties. This work will be addressed by three institutions, namely IITA, IRAD, and the MINADER. IITA will act as the lead agency for the cassava seed system and IRAD for maize and sorghum, while the MINADER will handle certification of seeds. With a view to ensuring effectiveness in a short period, the Project will initially adopt an approach in which the participating POs will receive the foundation seeds of relevant crops from the above-mentioned agencies and produce certified seeds for their own production. Having seed producers-cum-users will avoid troubles arising with the handing over of seeds from one party to another (e.g., claims on quality, credit), while better motivating users to produce high-quality seeds. Some successful POs might acquire enough capacity during the Project period to start up seed businesses by themselves. However, the Project will support the existing seed enterprises for their capacity enhancement, particularly the network of seed multipliers already identified by IRAD/IITA.

47. Establishment of field seed multiplication bases and training on seed multiplication will be taken care of by IITA and IRAD, as per the choice of crops of POs, while the MINADER will provide seed certification services. Meanwhile, IITA and IRAD will enhance their research functions for variety maintenance, foundation seed production, and introduction/development of new varieties to address the medium- and long-term needs of the seed supply chain. Serious consideration should be given to bio-fortified varieties (e.g., cassava with enriched Vitamin A) to address the nutrition agenda.

48. Thanks to NCU/RCU staff intermediation, the seed stations will work in close collaboration with end clients; e.g., the networks of seeds/cuttings producers (some of them POs receiving financial support under Subcomponent A.2 to multiply and diffuse certified seeds/cuttings through their membership).

49. **Institutional capacity building on agriculture-nutrition linkages.** The specialists in the NCU will take initiative in this activity with the *ad hoc* assistance of nutrition specialists. They will identify the appropriate sections in the MINADER with their capacity needs based on PNIA and provide capacity-building activities. Meanwhile, the specialists will also facilitate enhanced communication with other relevant ministries and institutions so that the MINADER is well mainstreamed into the institutional framework of the nutrition agenda at the national cross-sector level.

50. **Cooperative reforms.** The Directorate of Producer Organizations will execute this activity. The NCU will support the Directorate by: (i) processing the disbursement of funds as

necessary and appropriate; and (ii) availing staff as necessary to provide technical and administrative support. The Directorate will monitor and report progress to the NCU as per the PIM.

51. Accordingly, the NCU will recruit consultant services to provide Training of Trainers (TOTs) to the above-mentioned ministries (as well as eligible private service providers). These public and private service entities will in turn provide training services to the POs. The NCU and RCUs will manage implementation of training activities and supervise their performance.

Implementation Arrangements for Subcomponent B.2

52. **Commodity-based public-private consultation platform.** The public-private consultation platform will be established as a permanent institution to promote value chain development of target commodities. The ways in which these two entities will form the platform are elaborated in the PIM. The platform will cover key food crops such as cassava, maize, sorghum, and rice. Though rice is not a target crop in the Project, the inclusion of rice will strengthen PACA, which does not provide such a platform.

53. The membership of the platform is as follows: (i) the Minister of MINADER; (ii) MINEPAT; (iii) Ministry of Science and Technology; (iv) Ministry of Commerce, Industry and Trade; (v) Ministry in Charge of SMAEs; (vi) Ministry of Land Affairs; (vii) Ministry of Finance; (viii) apex POs; (ix) umbrella organizations of ABs (GICAM, SYNDUSTICAM, MECAM, Bakers Association, Association of Feed Producers, etc.); and (x) umbrella organizations of FIs.

54. With a view to the above-mentioned objective, the responsibilities of the platform are as follows:

- a. Identify and discuss key issues in the commodity subsector development and facilitate public-private dialogue.
- b. Conduct periodic market and value chain studies at the regional, national, and international levels, including access to large-scale market segments such as wholesalers and agro-industries.
- c. Organize and participate in events (e.g., trade fairs) for promotion of target commodities.
- d. Establish and maintain an “Agricultural Knowledge Center” that provides information on markets, prices, financial services products, and relevant technologies.
- e. Create, modify, and abolish model contracts.
- f. Decide and provide guidance on issues related to agricultural financing, particularly the development of medium-term financial products.

55. Due to the strategic importance of the crops, the platform will be chaired by the MINADER. The Cabinet Office will provide secretarial services for the platform. The Project will ensure the sustainability of the platform in two areas: (i) with respect to human capacity, a sufficient number of Cabinet staff will be appointed and will collaborate with the NCU to provide secretarial services for the PSC and the platform. Additionally, the Project will gradually reduce its financial allocation for the PSC and the platform so that their management costs are fully covered by the MINADER by the completion of the Project; and (ii) with respect to conducting periodic market value chain studies, a consultancy service will be hired. Likewise, a consultancy service will be hired for design and installment of the “Agricultural Knowledge Center.” Other modes of operations will be developed before the establishment of the platform.

Implementation Arrangements for Subcomponent B.3

56. This activity will be executed in collaboration with agricultural research institutions in Cameroon (IRAD, IITA) for training, technical advice, and technical documentation, and R&D. A PA will be made between the NCU and IITA and IRAD. The PA will stipulate such operational aspects as working modalities, as well as the general scope of contributions from each party. With regard to the nutrition agenda, documentation, preservation, and promotion of nutrient-rich indigenous varieties will also be undertaken by IITA/IRAD in partnership with the selected local communities while nutrition education/sensitization will be conducted by the NCU with key partners in the nutrition agenda.

Project administration mechanisms

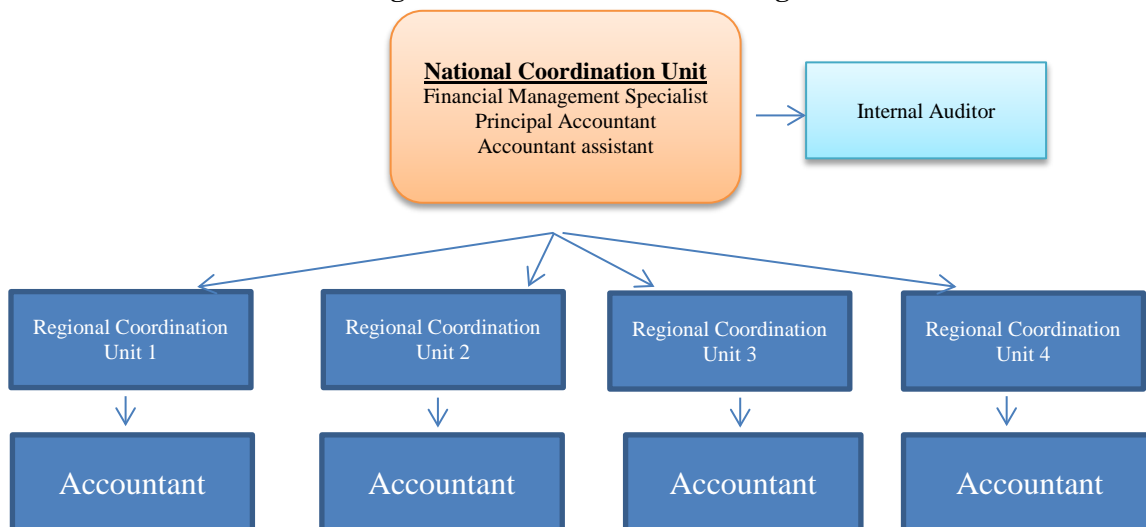
Financial Management, Disbursements and Procurement

Financial Management

57. The Project’s long-term objective is to improve the productivity and competitiveness of the cassava, maize, and sorghum value chains to meet the demand of buyers, especially that of private ABs. The Project’s direct beneficiaries are POs such as cooperatives working on targeted value chains in covered production basins. Private ABs, FIs such banks, leasing companies, and MFIs, and service providers supporting POs as well as relevant public services are key to Project implementation and will be the indirect beneficiaries.

58. The Project implementation mechanism will comprise: (i) a PSC; (ii) a PCT consisting of the NCU at the national level and one RCU in each of the four covered agro-ecological zones; and (iii) an RSC for the approval of SPs and PP agreements in each of the four covered agro-ecological zones. The institutional ministerial link will be the MINADER. Specific implementation arrangements are developed for specific components/subcomponents, under the overall oversight of the NCU. The implementation mechanisms are detailed in the PIM.

Figure 6: AIMDP’s Financial Organization



59. **Country PFM situation and Use of the Country’s PFM System.** Following the 2006 PEMFAR and 2007 Public Expenditure and Financial Accountability, which identified several

weaknesses in Cameroon's public financial system (budget credibility, comprehensiveness and transparency, policy-based budgeting, budget execution, accounting and reporting, auditing and external scrutiny), the country embarked on comprehensive reforms to improve budget transparency and efficiency. This resulted in the elaboration of the "*Nouveau Régime Financier de l'Etat*" (2007) and a public financial management modernization plan (PMFP) covering the 2009-2015 period. The GOC also introduced program budgeting in the 2013 budget year as part of the reforms. The PFMP is composed of seven strategic pillars (planning, budget execution-revenue, donor financing, budget execution-expenses, accounting, cash and debt management, and internal and external control), achieved through the implementation of 170 actions under the leadership of a dedicated high-level committee ("*Comité de Pilotage des Réformes des Finances Publiques*").

60. Following the independent midterm review of the PMFP, 18 percent of the actions had been implemented, about 37 percent are ongoing, and the remaining 45 percent lag behind. The review pointed out the need to undertake a country system assessment to determine modalities that could be used for donor-financed projects. Once such an assessment is completed, the Bank will analyze the existing opportunities to retrofit the entire portfolio. The detailed financial management arrangements are described below.

61. **Financial Management.** The proposed financial management and disbursement arrangements comply with the "Financial Management Manual for World Bank-financed Investment Operations," dated March 1, 2011. The MINADER's PFM system mirrors the countrywide PFM system, which presents some weaknesses in budget preparation, execution, and reporting and control cycle, and thus is not yet compliant with World Bank requirements and international standards. As result, use of the country's PFM system is not envisaged and reliance will be placed instead on a parallel NCU. The NCU's financial management system has been assessed to determine whether: (i) adequate financial management arrangements will be in place to ensure that Project funds are used for their intended purposes in an efficient and economical way; (ii) financial reports will be prepared in an accurate, reliable, and timely manner; and (iii) the Project's assets will be safeguarded properly. The assessment concluded that if mitigating measures are properly implemented, the design of the NCU's financial management system is adequate and the system arrangements comply with the Bank's requirements under OP/BP10.00.

62. **Risk assessment and mitigation measures.** The Project's fiduciary management will be the responsibility of the NCU at the national level with the support of the RCUs. The overall residual risk rating is **Substantial** since the Project is decentralized and involves beneficiaries who may have limited fiduciary capacities. The assessment undertaken during preparation recommends these mitigations measures: (i) the recruitment of qualified finance staff both at the national level (a financial management specialist, a principal accountant, an accountant assistant, and an internal auditor) and the regional level (one accountant); (ii) the recruitment of an independent external auditor to audit the annual financial statement; (iii) the implementation of an information system with a decentralized module; (iv) the adoption of an administrative and financial manual of procedures as part of the PIM, (v) the design of an implementation manual for SPs; (vi) the use of an IFR-based disbursement method and opening of transaction accounts at the RCU level to ensure that funds are available on a needs basis and sufficiently on time; and (vii) the insertion of a beneficiaries' feedback mechanism in Project design during Project implementation.

Table 4: Risk and Mitigating Measures

Risk	Risk Mitigating Measures Incorporated into Project Design	Residual Risk/ (Risk) rating	Preparation/Implementation
Inherent Risk		High	
Country Level Delays in the implementation of the PFM master plan could hamper governance	Implement PFM reform agenda with the support of World Bank and others donors (African Development Bank and European Union).	High	
Entity Level From the lessons learned from ongoing Agricultural Project (PACA), MINADER's PFM capacity is still weak but some MINADER entities have gained familiarity with World Bank procedures	Rely on NCU and RCUs, which will be staffed with qualified financial management specialist, internal auditor, accountants and accountant assistant Perform third-party verification of activities related to SPs	Substantial	Implementation Implementation
Project Level Real beneficiaries targeted are not involved (elite capture) and poor interest of FIs in the Project design Weak fiduciary capacity of beneficiaries(POs mainly)	Define a clear and transparent selection criteria and SPs' selection mechanism Involve FIs acceptable to IDA and independent technical panel in SPs' selection Perform third-party verification of the implementation of SPs Provide intensive capacity-building initiative on fiduciary issues in collaboration with IFC, NCU, and RCUs	High	Implementation
Control Risk		Substantial	
Budgeting Delays in preparing realistic annual budget and inappropriate monitoring of budget execution could result in delays in achieving Project's objectives	Follow strict budget procedures and timeline as per administrative and financial manual of procedures Ensure that the annual work program is in line with the procurement plan to prevent any delay due to the procurement process and agriculture cycle Track budget variances and take proactive decisions Include TA aimed at developing management accounting tools in support of a program budgeting approach	Substantial	Implementation Implementation Implementation Implementation
Accounting Lack of capacity (staffing) in financial management of World Bank-financed projects, which will result in delays and inaccuracies in recording	Recruit qualified finance staff with a track record in World Bank-financed projects Provide intensive capacity-building initiative on fiduciary issues in collaboration with IFC, NCU, and RCUs	Substantial	Preparation/ Implementation

financial transactions Poor quality of accounting system and documentation provided by POs			Implementation
Internal Controls and Internal Audit Absence of coordination and description of roles and responsibilities of stakeholders and other involved parties Delay in selecting SPs and poor quality of SPs	Adopt an administrative and financial manual of procedures as part of PIM, and a manual of procedures for selecting SPs in which selection criteria and mechanism will be designed	Substantial	Preparation/ Implementation Preparation/ Implementation
Funds Flow Funds may be diverted or used for ineligible expenditures Risk of delay in the disbursement of funds under Component A (SPs) due to cash flow needs based on agricultural cycle and justification of grants tranches	Open a DA in an acceptable commercial bank into which funds will be deposited Use IFR-based disbursements to meet irregular funds flow needs due to agriculture cycle Open transaction accounts at RCU level	Substantial	Implementation Implementation Implementation Implementation
Financial Reporting and Monitoring Lack of adequate accounting software that could delay the submission of agreed IFRs and annual Project financial statements	Agree on IFR format and set up an information system with a decentralized and consolidation module	Substantial	Preparation/ Implementation
External Auditing Inadequate audit opinion	Recruit qualified and independent external auditors under ToRs satisfactory to the Bank; the audit will be performed according to internationally recognized standards, and the scope and objectives of the audit tailored to the particular circumstances of the Project	Moderate	Implementation
Fraud and Corruption Risk of fraud and corruption in the contracts and SPs' management	<i>Ex-post controls:</i> financial internal audit and external audit, and integrated fiduciary review will be performed <i>Ex-ante controls:</i> Spot third-party verification for Component A and beneficiaries' feedback mechanism will be designed	Substantial	Implementation Implementation

63. The overall residual risk rating is **Substantial**.

Strengths

64. The MINADER is familiar with World Bank project preparation procedures due to the ongoing Bank-funded project (PACA).

65. Key weaknesses and an action plan to reinforce the control environment are in Table 5:

Table 5: Action Plan to Reinforce Control Environment for AIMDP

Significant Weaknesses or Risks	Actions	Responsible	Completion
Newly created NCU and RCUs with no fiduciary system	Recruit qualified FM Specialist	NCU	Effectiveness
	Set up a computerized information system with consolidation module	NCU	3 months after effectiveness
	Recruit third-party verification agent for SPs	NCU	4 months after effectiveness
	Recruit an external auditor	NCU	6 months after effectiveness

66. **Staffing.** At the NCU level, one qualified internal auditor and one financial management officer assisted by one principal accountant and one accountant assistant will be recruited competitively to ensure the financial management of the Project. At the RCU level, one accountant will be recruited to ensure effective financial management at the regional level. Their roles and responsibilities will include: (i) preparation of Withdrawal Applications (WA); (ii) preparation of payment orders, periodic financial reports, and annual financial statements; (iii) bookkeeping; (iv) safeguarding of Project assets; and (v) review of the quality of documentation provided by POs. They will be involved in capacity-building initiatives delivered to Project beneficiaries.

67. **Budgeting.** The overall responsibility for preparing a consolidated AWPB will be that of the NCU, under the leadership of the Project coordinator and seconded by the financial management specialist. The different steps of budget management (preparation, revision, adoption, and execution) are detailed in the PIM. The AWPB will be prepared yearly, submitted to the Bank for non-objection, and then approved by the PSC. The annual work program will be in line with the procurement plan to prevent any delay due to the procurement process. A budget execution report will be included in a quarterly IFR to enable monitoring of Project implementation. Both the NCU and RCUs will be involved; the NCU will consolidate the AWPBs received from the RCUs.

68. **Accounting and arrangements system.** The financial management specialist will have overall responsibility for maintaining the accounts of Project activities and ensuring that the annual financial statements are produced in a timely manner and in accordance with the accounting standards in effect in Cameroon.¹⁹ A computerized accounting system will be installed to produce the required periodic financial reports. At the NCU, said accounting system will enable consolidation of the financial database provided by each RCU. Each RCU will ensure that its accounting system is accurate and updated in a timely manner.

69. **Internal Control.** The administrative, financial, and accounting procedures are defined in the Administrative, Accounting, and Financial Procedures Manual as part of the PIM. The manual includes a clear description of the initiation and approval processes with respect to segregation of duties. A clear mechanism for selecting SPs and paying related grants, following

¹⁹ The accounting principles set out by OHADA.

physical execution and control mechanisms, is described in the PIM that will include specific related to the Matching Grants scheme. The financial management specialist will play a key role in maintaining all necessary controls to ensure that: (i) Project funds are used only for their intended purposes in an efficient and economical way; (ii) periodic financial reports are prepared in an accurate, reliable, and timely manner; and (iii) the Project's assets are adequately safeguarded. The World Bank Loan Department and financial management (FM) units will provide adequate training on disbursement and FM procedures to the Project FM team. All of these measures will enhance the internal control system.

70. **Internal audit.** An internal auditor will be hired to perform a risk-based audit. The ToRs for this internal auditor will be submitted to the World Bank for approval. The internal auditor will submit periodic reports on his/her findings and recommendations to strengthen the internal control system. Each year, the internal auditor will establish a risk-based annual work plan agreed by the Project coordinator and with the non-objection of the Bank. He/she will design and maintain an up-to-date risk assessment of the Project. This arrangement will be completed by a performance audit to be conducted by the National Control Institution, CONSUPE.

71. **Financial reporting and monitoring.** As country financial reports are not made available in a timely manner and are not compliant with IPSAS, tailored quarterly financial reports will be agreed during negotiation. The quarterly IFRs to be generated from the computerized financial management system will be presented in accordance with the format agreed with IDA and submitted to IDA within 45 days of the end of each calendar quarter. The IFRs will include: (i) sources and uses of funds (IDA and counterpart funds) by classifications of Project expenditures; (ii) a comparison of budgeted and actual Project expenditures (commitment and disbursement) to date and for the quarter; (iii) a statement of the use of funds by component or activity; (iv) DA activity; and (v) a physical progress report on Project implementation. IFRs will consolidate all financial transactions at the NCU and RCU level.

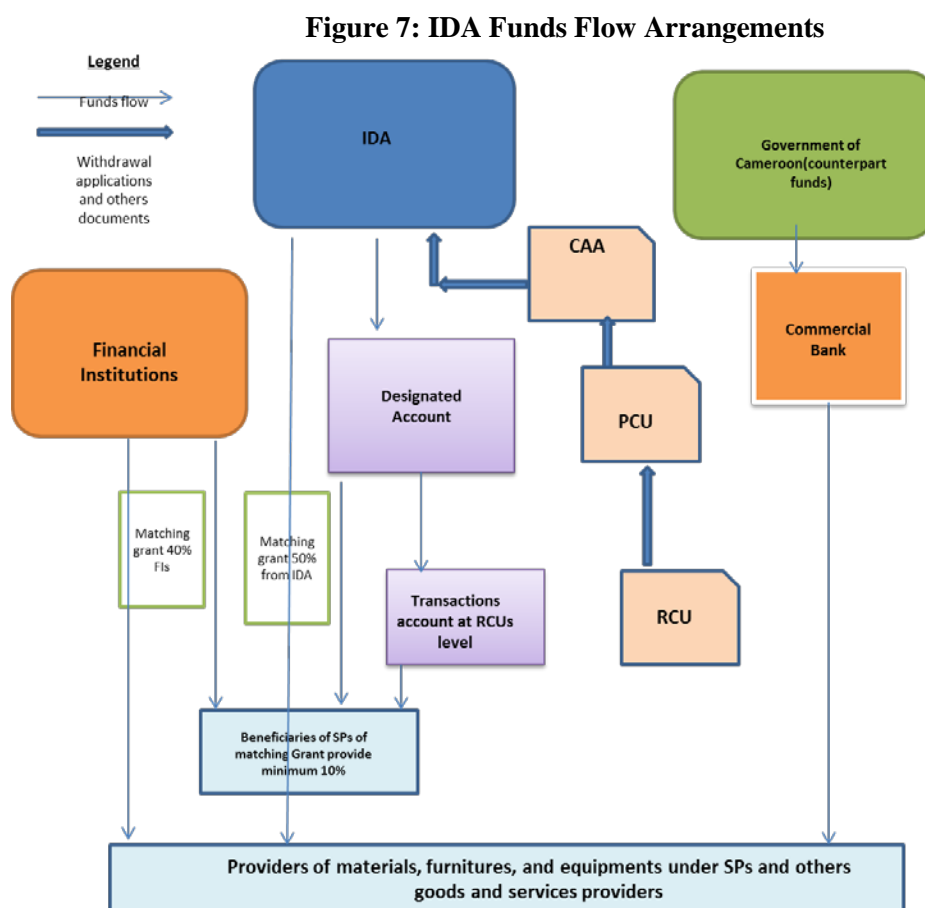
72. **External auditing.** The annual financial statements and quarterly IFRs prepared by the NCU as well as the internal control system will be subject to an annual audit by a reputable and independent auditing firm based on ToRs satisfactory to IDA. The scope of the audit will be tailored to the Project's specific risks in accordance with World Bank requirements and will be agreed upon with the government. In particular, the independent auditor will audit the use of all funds flowing from the DA to the ultimate beneficiaries. The Project will comply with the World Bank's access to information and disclosure policies by making all disclosable audit reports publicly available promptly after their receipt. The Project's external auditor will be hired within six months of effectiveness. A single audit opinion, in compliance with International Standards on Auditing, will be issued and will cover all Project receipts, payments, and accounts. The audited financial statements, along with the auditor's report and management letter (incorporating management's comments) covering any identified internal control and accounting system weaknesses, will be submitted to IDA within six months of the end of each financial year.

73. **Spot technical audit or third-party verification.** An audit firm will be recruited to ensure third-party verification for component-related SPs. The ToRs of these verifications are detailed in the PIM. Furthermore, beneficiary feedback mechanisms to be designed in Project implementation will ensure that lessons are taken into account during Project implementation as they arise.

Disbursements

74. **Funds flow arrangements.** A Designated Account A will be opened in a commercial bank acceptable to the Bank and transaction accounts will be opened at each RCU's level. As per country system, the signatory of the Designated Account is the General Manager of CAA. Reflecting lessons learned from PACA experience, an IFR-based disbursements will be used to better match the seasonal nature of the Project's cash flow needs. These arrangements will help ensure that the agriculture cycle is taken into account when forecasting funds flow needs for each quarter. Transactions accounts will be replenished periodically by funds transferred from the Designated Account to finance eligible expenditures at the regional level. A second Designated Account B will be opened for the PHRD grant in the amount of US\$3 million to finance activities under Subcomponents A.2, B.1, and B.3.

75. Figure 7 gives broad pictures of IDA funds flow arrangements for activities other than matching grants for SPs.



76. **Matching grants activities.** Interested partner FIs will provide part of the financing required for selected SPs (up to 40 percent). The detailed funds flow arrangements at the FI and IDA level regarding matching grant mechanisms will be detailed in the SPs' manual of procedures. IDA funds allocated to the matching grants will flow through the same DA as mentioned above.

77. **Counterpart funds.** The GOC will provide counterpart funds to pay for expenditures not covered by this Credit, such as operating costs related to the functioning of the PSC. In addition

to the GOC contribution to the relevant public services under Subcomponent B.1 and Project management and coordination under Subcomponent C.1, the counterpart funds will include financing for maintenance of the road constructed under Subcomponent A.3. The estimated total amount to be released is US\$12.4 million over the lifetime of the Project. The funds will be transferred to the account to be opened in a commercial bank and the payments will be made via the CAA, on a schedule and in installments agreed with IDA as reflected in the AWPB. Reporting on the use of these funds will be provided in the IFRs and annual financial statements.

Table 6: Financial Management Action Plan

Action to be Undertaken	Timeframe	Responsible Body
1. Recruit FM Specialist	Effectiveness	NCU/PACA
2. Install a computerized information system for the financial management of the Project's activities	Three months after effectiveness	NCU/PACA
3. Agree on IFR format	Done	NCU/PACA
4. Prepare the appropriate ToRs for recruitment of an external auditor	Done	NCU/PACA
6. Recruit third-party verification agent or firm	Four months after effectiveness	NCU/PACA
7. Recruit an external auditor for financial audit	Within six months after effectiveness	NCU/PACA

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

79. **Implementation Support Plan.** FM implementation support intensity and frequency will be determined on a risk-based approach and will involve a collaborative approach with the entire Project team. A first implementation support mission will be performed two months after Project effectiveness. Afterwards, missions will be scheduled using the risk-based approach model and will include the following diligences: (i) monitoring of the financial management arrangements during the supervision process at intervals determined by the risk rating assigned to the overall FM assessment at entry and subsequently during implementation; (ii) integrated fiduciary review of key contracts; (iii) review of the IFRs; (iv) review of the audit reports and management letters from the external auditors and follow-up on material accountability issues by engaging with the TTL, Client, and/or auditors; the quality of the audit (internal and external) is to be monitored closely to ensure that it covers all relevant aspects and provides enough assurance on the appropriate use of funds by recipients; and (v) others' assistance to build or maintain appropriate financial management capacity and an efficient internal control system. Financial Management Specialist (FMS) will participate in some field visits for components related to SPs and rural infrastructure to undertake physical verification.

80. **Disbursement Arrangements.** IDA funds will be disbursed in accordance with the World Bank Disbursement Guidelines and will be used to finance eligible Project expenditures. The four disbursement methods (Advance, Direct Payment, Reimbursement, and Special Commitment) are available to the Project. The Project will also make use of the World Bank's electronic submission of applications for withdrawal of financing proceeds (eDisbursements). Upon Credit effectiveness and based on receipt of WA signed by the authorized signatory, an initial advance up to a ceiling amount equivalent to cash forecast for two quarters will be

disbursed to the DA. Subsequent advances to the DA will be made on a quarterly basis against submission of quarterly unaudited IFRs. Detailed supporting documents should be retained by the Project management. The minimum value of applications for direct payment, reimbursement, and special commitment is 20 percent of the DA ceiling.

81. **Allocation of Credit Proceeds.** The proceeds of the credit have been allocated as set out in Table 7.

Table 7: Eligible Expenditures

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services and consultants' services for Part A of the Project except (a) Matching Grants under Part A.2(a) of the Project, (b) Part A.2(b) of the Project, and (c) Part A.3(b) of the Project	13,000,000	100% (excluding value added tax and custom duties)
(2) Matching Grants under Part A.2(a) of the Project	36,100,000	100% of amounts paid by the Recipient under the Matching Grants
(3) Goods, consultants' services and Training for Parts B and C of the Project except (a) Parts B.1(a) through (c) of the Project, (b) Parts B.1(d) and B.3(b) of the Project, and (c) Part C.1 of the Project	8,800,000	100% (excluding value added tax and custom duties)
(4) Goods, works, non-consulting services, consultants' services and Training for Parts B.1(a) through (c) of the Project	700,000	29.3% (excluding value added tax and custom duties)
(5) Goods, works, non-consulting services, consultants' services, Training and Operating Costs for Part C.1 of the Project	4,200,000	63.8% (excluding value added tax and custom duties)
(6) Refund of Preparation Advance	1,800,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	64,600,000	

Procurement

Guidelines

82. **Procurement** for the Project will be carried out in accordance with the World Bank "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans

and IDA Credits & Grants by World Bank Borrowers,” dated January 2011; and “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credit & Grants by World Bank Borrowers,” dated January 2011; and the provisions stipulated in the Legal Agreement. Procurement (works, goods, and non-consulting services) or consultant selection methods, prequalification, estimated costs, prior review requirements, and timeframe will be agreed in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual Project implementation. The Bank’s Standard Bidding Documents (SBD) or Cameroon’s National Standard Bidding Documents satisfactory to IDA will be used. To the extent practicable, the Bank’s SBDs for Works, Goods, and Standard Requests for Proposals, as well as all standard evaluation forms, will be used throughout Project implementation.

83. **Advertising.** A comprehensive General Procurement Notice (GPN) will be prepared by the Borrower and published in the United Nations Development Business online (UNDB online) following Board approval to announce major consulting assignments and any international competitive bidding (ICB). The GPN shall include all ICB for works, goods, and non-consulting services contracts and all large consulting contracts (i.e., those estimated to cost US\$300,000 or more). In addition, a specific procurement notice is required for all works and goods to be procured under ICB in UNDB online. Requests for Expressions of Interest (EOI) for consulting services expected to cost more than US\$300,000 shall be advertised in UNDB online. An EOI is required in the national gazette, a national newspaper, or an electronic portal of free access for all consulting firm services regardless of the contract amount. In the case of National Competitive Bidding (NCB), a specific procurement notice will be published in the national gazette, a national newspaper, or an electronic portal of free access. Contract awards will also be published in accordance with the Bank’s Procurement Guidelines (paragraph 2.60) and Consultants Guidelines (paragraph 2.31).

84. **Requirements for National Competitive Bidding.** Goods and non-consulting services contracts will use NCB procurement methods in accordance with national procedures using SBDs acceptable to IDA and subject to the additional requirements:

- In accordance with paragraph 1.16 (e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the financing shall provide that: (i) the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the World Bank as Supervising Entity, at its request, to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have said accounts and records audited by auditors appointed by the World Bank/Supervising Entity; and (ii) the deliberate and material violation of such provision may amount to an obstructive practice as defined in paragraph 1.16 (a)(v) of the Procurement Guidelines:

- Invitations to bid shall be advertised in national newspapers with wide circulation.
- The bid evaluation, qualification of bidders, and contract award criteria shall be clearly indicated in the bidding documents.
- Bidders shall be given adequate response time (at least four weeks) to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later.
- Eligible bidders, including foreign bidders, shall be allowed to participate.

- No domestic preference shall be given to domestic contractors or to domestically process manufacturing goods; and association with a national firm shall not be a condition for participation in a bidding process.
- Bids are awarded to the most substantially responsive and the lowest evaluated bidder proven this bidder is qualified. No scoring system shall be allowed for the evaluation of bids and no “blanket” limitation to the number of lots that can be awarded to a bidder shall apply.
- Qualification criteria shall only concern the bidder’s capability and resources to perform the contract, taking into account objective and measurable factors.

85. Fees charged for the bidding documents shall be reasonable and reflect only the cost of their printing and delivery to prospective bidders, and shall not be so high as to discourage qualified bidders.

86. **Procurement Environment.** Recent changes in Cameroon’s legislation have modified the institutional architecture of the bodies responsible for public procurement in the country. The new organizational structure was introduced through three decrees issued on March 8, 2012, and more recently on August 5, 2013. No special exceptions, permits, or licenses need to be specified in the Financing Agreement since the procurement code, approved by the President of the Republic in September 2004, allows IDA procedures to take precedence over any contrary provisions in local regulations.

87. **Procurement** arrangements for Bank-financed projects in Cameroon have been under discussion for some time as the national system has been revised to shift responsibility for the bulk of procurement and contract management from decentralized agencies to a newly created Ministry of Public Contracts (MINMAP). IDA fielded a procurement mission between October 31 and November 10, 2012 to assess the potential effects of these changes and notably the possible effect on Bank-financed projects in Cameroon. The mission concluded that the new centralized system could lead to a number of positive outcomes. However, concerns were raised with respect to technical and legal responsibilities as well as regulatory issues. This mission was followed by another one conducted jointly with other development partners based in Cameroon during the period of January 28 to February 3, 2013, to: (i) discuss the recommendations of the initial mission; (ii) facilitate the transition from the old to the new procurement system; and (iii) ensure the smooth implementation of Bank-financed projects. The MINMAP has confirmed in writing to the Bank that it accepts the proposed short-term measures of the donors concerning existing projects as identified in the documents of negotiations and the legal agreements, which consist of the creation of special tender boards with full procurement responsibility and the NCU (“*Maître d’Ouvrage*”) in charge of the publication of tenders, contract awards, and signature of all contracts. For these existing projects, the national prior review will now be conducted by the MINMAP, as the body previously in charge of this review was dissolved. For new projects, as for this current one, the Bank is willing to accept the national systems as proposed by the MINMAP; however, it is expected that the MINMAP will take all the steps needed to ensure smooth implementation, such as:

- A dedicated commission in the MINMAP to handle procurement under Bank projects, with specialists knowledgeable of Bank procurement policy.
- Close monitoring by the MINMAP of Project implementation and monthly reporting on the advancement in procurement and contract implementation.
- Periodic meetings with the World Bank Country Office in Yaoundé to discuss procurement-related portfolio performance issues.

88. **Specific procurement arrangements for this Project.** In light of the above missions, the GOC will create a special tender board (“*Commission Spéciale de Passation des Marchés Publics*,” CSPM) within the relevant “*Maître d’Ouvrage*” (i.e., implementing entity) for the current Project. The order “*Arrêté*” of the creation will be acceptable to IDA and reflect the agreement between the GOC and the Bank on the constitution, composition, and competencies of the CSPM under this Project. The “*Arrêté*” will be issued by the GOC prior to effectiveness.

89. **Procurement for Sub-Project: Procurement (works, goods, and services) for Subcomponent A.2 will be conducted on the basis of community participation** in accordance with clause 3.19 of the World Bank Procurement Guidelines (Community Participation in Procurement), Guidelines for Simplified Procurement and Disbursement for Community-Based Investments (March 3, 1998), and other procurement/selection methods detailed in the specific implementation manual for POs approved by the Bank.

90. **Procurement of Works.** Under this Project, no major procurement of works is foreseen. Procurement of works under this Project consists mainly at the moment of investments, and is generated by demand for key rural infrastructure, such as the construction or rehabilitation of key feeder roads, rural roads, and small bridges. Civil works costing more than US\$10,000,000 equivalent will be procured through ICB. Other works contracts costing less than US\$10,000,000 equivalent will use NCB procurement methods in accordance with national procedures using SBDs acceptable to IDA and subject to the additional requirements set forth or referred to in the above paragraph on “Requirements for National Competitive Bidding” in the current annex. Small works estimated to cost less than US\$200,000 equivalent per contract may be procured through shopping, based on price quotations obtained from at least three contractors in response to a written invitation to qualified contractors.

91. **Procurement of Goods and Non-Consulting Services.** Under this Project, no major procurement of goods or non-consulting services through ICB is foreseen. Procurement of goods under this Project will include: (i) vehicles; and (ii) office equipment. Taking into account the level of value added and manufacturing/production capacity in the country, procurement of goods will be bulked where feasible (of similar nature and need at same time period) into bid packages of at least US\$1 million equivalent, so that they can be procured through suitable methods to secure competitive prices. Goods estimated to cost US\$1 million equivalent and above per contract will be procured through ICB using the Bank’s SBDs. For others goods contracts costing less than US\$1 million equivalent, NCB procurement methods will be used in accordance with national procedures using SBDs acceptable to the Bank and subject to the additional requirements set forth or referred to above in the paragraph on “Requirements for National Competitive Bidding”.

92. Procurement of goods and non-consulting services, including those of readily available off-the-shelf maintenance of office electronic equipment and other services such as printing and editing, which cannot be grouped into bid packages of US\$100,000 or more, may be procured through prudent shopping in conformity with clause 3.5 of the Procurement Guidelines.

93. Based on country-specific needs and circumstances, shopping thresholds for the purchase of vehicles and fuel may be increased up to US\$500,000, considering the major car dealers and oil providers are consulted.

94. **Selection of Consultants.** Consulting services will be used for the following activities: (i) financial audit; (ii) TA for M&E; and (iii) TA for strategic planning, etc. These consulting

services will be procured with the most appropriate method among the following, which are allowed by Bank guidelines and included in the approved procurement plan: Quality-and Cost-Based Selection (QCBS), Quality-Based Selection (QBS), Selection under a Fixed Budget (SFB), and Least-Cost Selection (LCS):

- Selection based on Consultants' Qualifications (CQS) will be used for assignments that shall not exceed US\$300,000. Single Source Selection (SSS) shall also be used in accordance with the provisions of paragraphs 3.9 to 3.13 of the Consultants Guidelines, with the Bank's prior agreement. All ToRs will be subject to World Bank Prior Review.
- Assignments of engineering designs and contract supervision in excess of US\$300,000 and all other TA assignments above US\$100,000 must be procured on the basis of international shortlists and in accordance with the provisions of the paragraph 2.6 of the Consultants Guidelines.
- Consultants for services meeting the requirements of Section V of the Consultants Guidelines will be selected under the provisions for the Selection of Individual Consultants, through comparison of qualifications among candidates expressing interest in the assignment or approached directly.

95. **Operational Costs** financed by the Project include, *inter alia*, utilities and office supplies, vehicle operation, maintenance and insurance, and building and equipment maintenance costs. They will be procured using the Project's financial and administrative procedures included in the PIM and based on the AWPB. For services (car maintenance, computer maintenance, etc.) to be financed through operational costs, the Project will proceed by service contracting for a defined period.

96. **Trainings, Workshops, Seminars, Conferences, and Study Tours** will be carried out on the basis of an approved AWPB 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.

Institutional arrangements for procurement and capacity assessment including risk mitigation measures

97. An assessment of the Project's implementation arrangements, in particular the Project entities, was carried out. The capacity assessment found that: (i) the MINADER and other entities, namely the NCU, RCUs, and POs, have relatively limited experience in the implementation of Bank-financed projects; (ii) there is no specific implementation manual for POs for the management of SPs; (iii) the NCU, RCUs, and POs currently do not have a comprehensive recordkeeping system; and (iv) while the motivation for the reform related to the new institutional arrangements of December 2011 with the responsibilities of MINMAP is understood, some aspects of the new institutional arrangements raise concerns with respect to technical and legal responsibility and related regulatory issues.

98. The recruitment within the NCU of a procurement specialist with qualifications and expertise satisfactory to the Bank and the elaboration of a satisfactory version of the PIM comprising a section on procurement for use by the Project, which were actions required to be implemented during the initial capacity assessment, have now been completed. Moreover, the assessment also recommended a procurement assistant to provide support to the procurement specialist due to the heavy workload foreseen for the NCU procurement unit. Finally, the

assessment also recommended setting up a recordkeeping and filing system for MINMAP, the NCU, RCUs, and POs.

99. The NCU will include a national coordinator, a financial management specialist, a procurement specialist, a procurement assistant, an accountant, an agro-economist in charge of M&E, and other technical specialists, all recruited on a competitive basis. Procurement activities of the NCU that cost FCFA 5 million (US\$10,000 equivalent) or more will be conducted with the technical support of a special tender board placed under its authority and to be created through a MINMAP Decree. The assessment of the tender boards under World Bank-financed projects so far has revealed: (i) members' unfamiliarity with the Bank's procurement procedures; and (ii) a weakness in the interpretation of Bank procurement procedures. As a result, an appropriate capacity-building program will be established for tender board members.

100. At the regional level, four (4) RCUs will be established and staffed. They will be in charge of preparing work plans and budgets, M&E of activities, and management of the Project in their zones. The RCU key staff will comprise at least a regional coordinator, an AB specialist, an agro-economist, and an accountant. For contract amounts of less than FCFA 5 million (US\$10,000 equivalent), the RCU will rely on an internal procurement committee. Details of the institutional arrangement and the responsibility of this internal procurement committee are provided in the Project Administrative, Accounting, and Financial Procedures Manual as part of the PIM.

101. Management, including the procurement process concerning the SP, will be carried out by the POs as described as part of the PIM approved by the Bank.

102. The Administrative, Accounting, and Financial Procedures Manual, including the financial administrative arrangements as part of the PIM, with a detailed section on procurement, outlines, among others, the procurement arrangement and the relevant procedures applicable to the management of the credit.

103. Risks identified and proposed mitigation measures. The overall procurement risk for the Project is rated as **High**. This is due to, among other factors, the country environment risk of corruption in procurement, especially in public contracts, the relatively limited experience in implementation of Bank-financed projects of the NCU, RCUs, and POs, and the conflict of interest of MINMAP on the management of complaints, whose contracts are being directly handled by MINMAP. Although a mitigation action plan has been agreed upon, the overall risk during implementation is rated as **High**. The action plan in Table 8 needs to be implemented and appropriately monitored to mitigate the risk.

Table 8: AIMDP Procurement Action Plan

Action to be Undertaken	Timeframe	Responsible Body
Elaborate and submit a procurement plan to the World Bank	First draft at appraisal and final version was discussed during negotiations	MINADER/NCU
Create a special tender board (CSPM) within the implementing entity and attached to the Project to supervise Project procurement, which is acceptable to the Bank; and nominate all tender board members	Prior to effectiveness	NCU / MINMAP
Mandatory submission to the Bank of feedback of the Regulatory Body (ARMP) on the complaints of all contracts directly handled by MINMAP, and Bank No-objection on complaint decisions of said contracts	As needed during Project life	NCU / MINMAP
MINMAP shall comply with Procurement Services Standard time of the procurement code	As needed during Project life	NCU / MINMAP
Strengthen the capacity of key staff of the NCU and special tender board members on the Procurement and Consultants Guidelines dated January 2011	Two months after Project effectiveness and as needed during Project life	NCU procurement specialist with support as needed from a consultant and/or the participation of Bank procurement staff
Further development of the sub-project implementation manual	Prior to but not condition of disbursement	NCU
Conduct capacity building for POs and training for RCUs and other Project stakeholders	As needed during Project life and in accordance with an approved annual program	NCU procurement specialist, with support as needed from a procurement consultant and/or the participation of Bank procurement staff

104. **Institutional responsibility for procurement and implementation arrangements.** The MINADER is the key implementing entity and will be responsible for compliance with relevant procurement procedures. The implementing entity is responsible for ensuring that the necessary national clearances and approvals have been received before the no-objection requests are transmitted to IDA. For contract amounts less than FCFA 5 million (US\$10,000 equivalent), the procurement responsibility will remain with the implementing entity and will rely on an internal procurement committee. Details of the institutional arrangement and the responsibility of this internal procurement committee are provided in the PIM. Procurement contracts costing between FCFA 5 million (US\$10,000 equivalent) and the thresholds below the mandate of MINMAP will be conducted by the NCU with the technical support of a special tender board to be set up by an order (“*Arrêté*”) of the Minister of MINMAP at the level of the implementing entity.

105. **Procurement Plan.** A first draft Simplified Procurement Plan for Project implementation was drafted by appraisal. This plan, covering the first 18 months of Project implementation, was reviewed at appraisal. The final version of this procurement plan was discussed and agreed upon by the Recipient and the Project team at negotiations. It will be available in the Project’s database and a summary will be disclosed on the Bank’s external website once the Project is approved by the Board. The Procurement Plan will be updated in agreement with the Project team annually or as required to reflect the actual Project implementation needs and improvement in institutional capacity.

106. **Publication of Results and Debriefing.** Publication of results of the bidding process is required for all ICBs, Limited International Biddings (LIBs), and Direct Contracting. Publication

should take place as soon as the no-objection is received, except for Direct Contracting, which may be done quarterly and in a simplified format. Publication of results for NCB and Shopping should follow the requirements of the procurement code of Cameroon. The disclosure of results is also required for selection of consultants. All consultants competing for the assignment should be informed of the result of the technical evaluation before the opening of the financial proposals, and at the end of the selection process the results should be published. The publication of results in selection of consultants applies to all methods. For CQS and SSS, however, the publication may be done quarterly and in a simplified format. The publication of results may be done through the Client Connection. Losing bidders/consultants shall be debriefed on the reasons why they were not awarded the contract if they request explanation.

107. **Fraud and Corruption.** The procuring entity as well as bidders/suppliers/contractors /service providers shall observe the highest standard of ethics during the procurement and execution of contracts financed under the Project in accordance with paragraphs 1.14 and 1.15 of the Procurement Guidelines and paragraphs 1.22 and 1.23 of the Consultants Guidelines. The “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants,” dated October 15, 2006, and revised in January 2011, will apply to this Project.

108. **Frequency of Procurement Supervision.** The capacity assessment of the implementing agency has recommended supervision missions to visit the field at least two times a year and a post review of procurement actions will be conducted on an annual basis.

Summarized Procurement Plan

109. The main works, goods, and non-consulting services to be procured in the Project are listed in Table 9.

Table 9: List of Works, Goods, and Non-Consulting Services Contract Packages to be Procured in the AIMDP

Ref. No.	Description	Estimated Cost (US\$)	Procurement Method	Domestic Preference (yes/no)	Review by World Bank (Prior/Post)	Comments/ Completion Date
1	Rehabilitation of 4X125 km of rural roads in the agricultural areas, through 4 lots in zone 1 (Center, South and East regions), zone 2 (Far North, North and Adamaoua regions), zone 3 (Western, North West regions), and zone 4 (Littoral, South West regions)	15,000,000	ICB	No	Prior	June 2016
2	Rehabilitation of RCU building in 4 lots	300,000	NCB	No	Post	June 2016
3	Construction of a plant for frozen cassava	700,000	NCB	No	Post	November 2016
4	Construction of two production units of cassava flour	1,500,000	NCB	No	Prior	August 2016 First NCB
5	Construction of two corn mills (Center, North West)	1,500,000	NCB	No	Post	September 2016
6	Construction of stores for drying and storage of maize	400,000	NCB	No	Post	September 2016
7	Purchase of 12 vehicles for the NCU and RCUs	700,000	Direct Contracting/ UN Agencies	No	Prior	April 2015
8	Acquisition of sorghum washing equipment for cooperatives in Maroua and Garoua	1,000,000	ICB	NO	Prior	March 2015
9	Acquisition of heavy agricultural machinery for farm work	1,000,000	ICB	NO	Prior	March 2015

110. **Prior review thresholds for works, goods, and non-consultant services.** Contracts estimated to cost above US\$5 million for works and US\$500,000 for goods per contract, the first NCB contracts for works and goods, eventually others as identified in the procurement plan, and all direct contracting will be subject to prior review by the Bank. The main consulting assignments of the Project are listed in Table 10.

Table 10: List of Consulting Assignments with Selection Methods and Time Schedule

Ref. No.	Description of Assignment	Estimated Cost (US\$)	Selection Method	Review by World Bank (Prior / Post)	Comments/ Completion Date
1	Study for the establishment of a pool of mechanization in Batchenga	100,000	CQS	Post	April 2015
2		100,000	CQS	Post	April 2015
3	Study for the establishment of a maize grits unit in Batchenga and West	100,000	CQS	Post	April 2015
4	Contract supervision of rehabilitation of 500 km of rural roads	800,000	QCBS	Prior	July 2016
5	Technical studies of 1500 km of rural roads	1,000,000	QCBS	Prior	June 2015
6	Studies for a production unit of cassava flour	300,000	QCBS	Post	September 2014
7	Research for the production of seeds with a research institute for maize and sorghum	400,000	Single-Source Selection	Prior	January 2016
8	Research for the production of seeds with a research institute for cassava	400,000	Single-Source Selection	Prior	January 2016

111. **Prior review thresholds for consultant services.** Consultant services estimated to cost above US\$200,000 for firms and US\$100,000 for individuals per contract, and SSS of consultants (firms and individuals) will be subject to prior review by the Bank. Similarly, all audit contracts will be subject to prior review, as will the first contracts to be awarded in accordance with each selection method of consulting firms and individual consultants, regardless of contract amount. Shortlists of consultants for assignments of engineering designs and contract supervisions estimated to cost less than US\$300,000 and all other consultancy assignments whose estimated costs don't exceed US\$100,000 per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultants Guidelines.

Environmental and Social (including safeguards)

112. Appropriate environmental and social management of the proposed Project is not only critical to long-term sustainability but also increases the Project's profitability by anticipating potential problems and avoiding *ex-post* mitigating measures, always costlier than prevention. Further, the impact of the Project on economic and social development in Cameroon is enhanced by the proper management of social and environmental issues and challenges.

113. **Regulatory Context.** Cameroon has an established institutional and regulatory framework for the management of EAs. All large projects, such as large-scale agriculture, rural roads construction or rehabilitation, etc., are subject to EAs that must be reviewed by the Inter-Ministerial Committee on the Environment and can be subject to public hearings. Once validated by the Inter-Ministerial Committee on the Environment, a certificate of compliance is issued by MINEPDED. This EA process has been operational since 2005. The New EA Decree was published in February 2013. The regulatory framework seems complete now in Cameroon. It is important to note that some weaknesses remain in terms of the technical capacity of the Inter-

ministerial Committee to review complex EAs and to monitor the implementation of their Environmental Management Plans (EMPs). In addition, the country's regulatory framework does not recognize framework instruments such as the ESMF; nevertheless, with the Bank's portfolio, the use of frameworks is becoming progressively acceptable to MINEPDED.

114. Applicable Safeguard Policies. The Project is designated Category B per the Bank's policy on Environmental Assessment (OP/BP 4.01). This suggests that the environmental and social impacts of the Project, for the most part, will be minimal, site-specific, and manageable to an acceptable level. In consideration of the activities likely to be supported, the Project has triggered the following safeguard policies:

- (i) OP 4.01: Since the exact nature and location of the activities could not be identified prior to implementation, the Borrower prepared an ESMF to ensure that potential negative environmental and social impacts of future SPs are identified and appropriately mitigated. The ESMF document was disclosed in Cameroon on February 8, 2014, and in InfoShop on May 7, 2014.
- (ii) The ESMF outlines the environmental and social screening process for SPs. It describes in detail the steps required to: (i) screen SPs for potential negative social and environmental impacts; (ii) assign the appropriate environmental category to SPs; (iii) carry out the appropriate environmental work based on the screening results; (iv) review and approve the screening results, and, as required, environmental impact assessments; (v) carry out public consultations; (vi) carry out environmental M&E; and (vii) establish and follow up on environmental monitoring indicators. Since Cameroon's environmental procedures do not include a screening process for SPs, the ESMF prepared a screening form in compliance with OP 4.01 Environmental Assessment, which requires that all investments proposed for Bank financing should be screened to determine the level of environmental work needed.
- (iii) To assist SP implementers in managing the potential negative environmental and social impacts, the ESMF includes the following sections/annexes: (i) ToRs for ESIAAs for eligible SPs; (ii) environmental guidelines for contractors to be used during construction and rehabilitation activities; (iii) an outline of the critical elements of quality standards for export crops, including best practices and effective pest management; (iv) a summary of the Bank's safeguards policies to be taken into account during SP design and implementation; and (v) an ESMP which proposes mitigation measures and institutional arrangements as well as time horizons and cost estimates for the effective implementation and monitoring of mitigation measures for SPs.
- (iv) To ensure that sufficient institutional capacity exists for the implementation of the ESMF, the document formulated recommendations including: (i) recruitment of an environmental and social specialist as part of the NCU staff who would receive relevant training to ensure satisfactory safeguards management during Project implementation; if needed, regional environmental and social specialists will also be recruited; (ii) establishment of an environmental database to collect relevant information related to the Project activities' impacts; (iii) technical support in monitoring the effectiveness of implementation of the ESMF; (iv) preparation of environmental and social impact assessments for SPs if required; (v) environmental training (screening, Cameroon environmental regulations, World Bank safeguards

policies, environmental and social monitoring, etc.); and (vi) information and awareness-raising activities for the main stakeholders involved in Project activities (Project staff, members of executing agencies including POs, and members of the technical services (MINEPDED, MINADER, Ministry of Social Affairs (MINAS), MINTP, and local populations).

- (v) The ESMF proposes institutional arrangements, including cost estimates, for the implementation of the above institutional and technical measures as well as environmental training and public awareness-raising. The ESMP included in the ESMF are included in the PIM. To ensure good implementation of the ESMF recommendations, the Project will support the cost of ESAs' administrative fees as required by Cameroon's regulation on EAs. Furthermore, to make sure that SP investment-specific ESAs when needed are taken seriously, the approved EA report will be an important step condition for the processing of the mentioned SP.
- (vi) OP 4.09- Pest Management: To ensure safe pest management under future SPs involving an increase in agricultural production, a PMP was prepared as a separate document. The PMP discusses, among other things, the current pesticide management practices in Cameroon (storage facilities; protective gear for pesticide application; safe handling and disposal of packaging materials; level of knowledge in this regard among POs), the country's efforts to move towards integrated pest management, and ongoing programs designed to develop biological measures (for example, to protect cassava against aphids). It also describes various pests affecting crops such as aphids, caterpillars, and nematodes. The PMP's recommendations are incorporated into the PIM.
- (vii) OP 4.10- Indigenous People: Even though the location of SPs could not be determined prior to implementation, the location of indigenous people in Cameroon is known. For this reason, the Borrower prepared an IPPF. The IPPF was discussed with the main stakeholders in the country and disclosed in Cameroon on February 8, 2014, and in InfoShop on May 7, 2014.
- (viii) OP. 4.11- Physical Cultural Resources: The proposed operation will involve excavations and movement of earth for the planned rural roads construction and rehabilitation. Although the ongoing ESMF has not yet anticipated any threat against physical cultural resources, the ESMF will include clear procedures that will be required for identification, protection of cultural property from theft, and treatment of discovered artifacts, and will be included in SBDs. Each specific SP's ESIA/ESMP will provide procedures for handling "chance finds" during implementation.
- (ix) OP 4.12- Involuntary Resettlement: Since the locations and scope of SPs were not determined and the potential negative social impacts due to land acquisition could not be assessed, the Borrower prepared an RPF. The RPF outlines the principles and procedures to be followed in the event that an SP involves land acquisition. The RPF document was approved and disclosed in Cameroon on February 8, 2014, and in InfoShop on May 7, 2014.
- (x) OP 4.36- Forests: This policy was triggered as the Project expects to finance some SPs related to afforestation in the North and Far North. In fact, with respect to the Cameroonian zoning plan developed under Forestry Law 1994, the Project will not

fund activities in the Permanent Forest (e.g., establishment of forest concessions, designation of protected areas as National Park, establishment of fragile ecology zones). Marshland areas will also be excluded from funding by the Project.

- (xi) The environmental and social analytical work will result in the publication of the following documents: an ESMF document consisting of an ESMF report with an ESMP and accompanying annexes, an RPF, a PMP, and an IPPF.

115. Public Consultations. Extensive public consultation was carried out during the preparation of the ESMF, the RPF, the IPPF, and the PMP. A national validation workshop was organized prior to appraisal with participation of the main stakeholders (agro-industries, small and medium enterprises/industries, wholesalers, FIs such as banks, leasing companies, MFIs, and service providers supporting POs as well as relevant public services, civil society, and PAPs). The consultation process will continue throughout Project implementation. The Bank team and the NCU ensured that the same consultation process was maintained during the preparation of specific safeguards instruments as needed (ESIAs, ESMPs, RAPs, and IPAP). Safeguards documents were disclosed on February 8, 2014, and submitted and in InfoShop on May 7, 2014.

116. Analysis of Alternatives. A detailed analysis of the Project's alternatives was not carried out. It was clearly indicated that the Project resources will not support activities that could have a negative impact on critical natural habitats.

117. Impact assessment

- (i) Environmental impacts. Since the exact nature and location of the activities could not be identified prior to implementation, the Borrower prepared an ESMF to ensure that potential negative environmental and social impacts of future SPs are identified and appropriately mitigated.
- (ii) Potential negative environmental impacts of these SPs are likely to include: (i) water and soil pollution due to construction activities, increased use of pesticides and herbicides, and agro-processing activities such as milling and processing of cassava, maize, and sorghum; (ii) cultivation of fallows and water pollution due to land clearing although the Project will not fund activities in the Permanent Forest; (iii) soil erosion due to poor agricultural practices; (iv) loss of vegetation due to agricultural lands extension and access road rehabilitation; (v) loss of fauna due to poaching activities; and (vi) increased pressure on natural resources as the population increases in the production areas.
- (iii) If left unattended, the negative environmental impacts of SPs could also have negative impacts on public health, for several reasons. For instance: (i) an increase in the incidence of malaria and Sexually Transmissible Infections and Acquired Immune Deficiency Syndrome due to population movement; (ii) pesticide poisoning due to the unsafe application and management of pesticides and herbicides by untrained personnel; and (iii) traffic accidents and exposure to dust and noise of the population near construction or rehabilitation sites. While the scope of the impacts at each of the construction sites will vary, the impacts of construction activities on the physical environment are concentrated at these sites, and will depend on contractor practices.
- (iv) Mitigation measures as described in the ESMF and RPFs will be similar for the same type of impacts at all sites (including the social impacts). These measures will be

integrated into bidding documents and contracts by specifying environmental and social clauses.

- (v) Social Impacts. The populations in the area of influence of the Project were studied during the ESMF process and existing literature was also used. Project activities will not induce involuntary resettlement of the populations directly affected, even for rural road rehabilitation activities. Nevertheless, social conflicts related to land management could increase. The road construction/rehabilitation contractors have the contractual obligation for traffic, waste, labor force, environmental monitoring, health and safety, and hazardous materials management. This includes mitigation and management measures to deal with the social and health consequences of migrant workers coming into the communities (e.g., risks of development of Sexually Transmissible Infections and Acquired Immune Deficiency Syndrome and safety issues from construction traffic). Expected positive impacts include job creation through the hiring of local labor for construction works.
- (vi) Land acquisition and resettlement. The Project will not require direct and permanent land take or physical resettlement. The rural roads rehabilitation will use the existing footprint. In any case, the specific RAPs will identify any loss and the relevant PAPs will be compensated accordingly. The GOC has committed itself through the RAPs to the requirements of OP 4.12 for resettlement and compensation. These requirements are considerably more stringent than the applicable domestic legal framework. While the GOC has been reluctant to compensate in a manner consistent with OP 4.12 requirements in the past, these problems have been resolved in the past three years, and the GOC now routinely compensates according to Bank standards in all IDA-financed projects.
- (vii) Impacts on physical cultural resources. Physical cultural resources were addressed in the draft ESMF. The ESMF provides guidelines regarding the management of chance finds.

118. Project safeguards instruments management and capacity building. The implementation arrangements for the relevant safeguards instruments are fully integrated with the overall implementation arrangements of the Project. An environmental and social specialist will be recruited as part of the NCU staff and if needed, regional environmental and social specialists will also be recruited. MINADER, through the NCU, has the ultimate responsibility for the Project's compliance with Cameroonian legislation and Bank safeguards guidelines. The NCU coordinates closely with the ministries involved in the Project, notably MINEPDED, MINEPAT, and the Ministry in Charge of Compensation. In addition the Bank team will systematically include a social safeguards member during supervision missions.

Monitoring and Evaluation

119. The results framework in Annex 1: Results Framework and Monitoring defines the performance indicators for each component and subcomponent. The Project M&E specialist will be responsible for designing overall arrangements of M&E, taking into consideration the experience of PACA in terms of the general design of the M&E system and PNDP-2 for the design of the M&E system of Subcomponent A.3, in which communal systems are employed in the implementation. The NCU will be responsible for overall M&E and for meeting the agreed reporting requirements. The Project M&E system will be designed to link technical and financial data on Project progress and impact. It will work as both a mechanism for assessing the Project results and as a day-to-day management tool, and will support Project supervision by ensuring

that baseline and follow-up surveys and data collection for the key performance indicators are available regularly.

- (i) The M&E specialist in the NCU at the central level will supervise all M&E activities under the Project, ensure quality control for data obtained from the various sectoral ministries, ABs, and RCUs, and take the lead in compiling data for reporting.
- (ii) With regard to financial data, the financial management specialist at the central level will be responsible for analyzing data related to financial management activities of the Project.
- (iii) At the regional level, the ministry staff of RCUs and LSPs will monitor the implementation of SPs and collect data. POs (or communal governments for SPs of Subcomponent A.3) responsible for the implementation of SPs will be responsible for providing periodic monitoring data (this will be a part of SPs' grant agreements between the PSC and POs) and will receive feedback based on data from other comparable SPs. The collected data will be consolidated and analyzed at the RCUs and transmitted to the M&E specialist at the NCU.
- (iv) M&E reports, including environmental monitoring results, will be processed quarterly at the regional level and every six months at the national level. Semi-annual reports will be circulated to sectoral ministries and to concerned development partners. Before Project-supported activities get underway, baseline data needed for impact evaluation purposes will be collected in treatment and comparison POs²⁰ by a third party specialized in data collection and processing. Impact evaluation using the difference-in-difference method (or other relevant methods) will be conducted at mid-term and not later than six months before Project completion.
- (v) The Technical Monitoring Team ("*Groupe Technique de Suivi*") will be responsible for monitoring Project activities on behalf of the PSC through quarterly meetings with the NCU. The TMT will review the M&E reports issued by the NCU and report its findings and recommendations to the PSC.

120. The Project's MIS will be established, hosted, and maintained by the NCU. The NCU's M&E specialist will be responsible for providing training courses to the Regional Coordinators of the RCUs, LSPs, M&E staff of the Ministry of Employment, and communal governments (if necessary) to ensure that the required information is made available and prescribed in a uniform reporting process. The MIS will be modular, will integrate all information needs (across ministries, research centers, and SPs), and will include accounting data. The NCU will use the server for hosting the data while the RCU will have access to workstations, desktops, and laptop computers and devices for smooth transaction of data by internet and/or hardware devices.

- (vi) Every contract regarding the PP and involving the POs (or communal governments) will include an M&E framework that will define the M&E responsibilities of the PO/communal government. The focal points of the LSPs will provide technical support for monitoring needs. In particular, SPs financed under the matching grant basis will have to provide M&E and accounting data to transmit the incremental undisbursed funding.

²⁰ Treatment POs are POs that benefit from the support of the Project. Comparison POs are POs that do not benefit from support of the Project.

POs will be responsible for their own monitoring and will be supported by the LSPs in this respect. It is the LSPs' responsibility to collect data from the different POs and verify their accuracy before submission to the RCU.

- (vii) **Participatory M&E.** POs will participate in the M&E process by designing a common questionnaire defining their satisfaction with the quality of services received from public and private service providers. Several meetings between POs and participating farmers will be needed to reach the final version. The experience of PACA in the formulation and application of the questionnaire will be fully incorporated in this exercise and the Project M&E specialist will be responsible for ensuring this. The specialist will also be responsible for ensuring the participation of farmers in this process and for finalizing the questionnaire by the end of the first eight months of Project implementation.

121. **Environmental monitoring.** The M&E system will include environmental monitoring indicators to determine: (a) the use of the environmental screening for SPs and investments; (b) the effectiveness of environmental mitigation measures implemented; and (c) the extent to which relevant SPs are maintained in an environmentally and socially sustainable manner.

122. **Gender monitoring.** The M&E system will allow for gender disaggregation of all indicators. Attention will be given to regularly monitoring the share of Project resources benefiting women-only or youth-only POs, as well as activities designed to specifically target indigenous people.

123. Likewise, the M&E system will accommodate such agendas as nutrition monitoring, with particular attention to adoption and seed availability of bio-fortified varieties, and the way in which the PPs and resultant changes in farming systems would create any negative impacts on the diversity and productivity of the whole system and their consequent effects on direct beneficiaries.

124. Semi-annual joint supervision missions with the Bank, the GOC, and apex PO staff will assess the status of key Project outcomes and update legal covenant compliance. The Mid-Term Review will be conducted no later than three years after the first disbursement. A final independent evaluation will be conducted in the last semester of Project execution to assess overall achievement of Project results.

125. The M&E manual provides details with regard to the definition of the results framework, the methodology and the instruments to be used for data collection, the institutional arrangements for M&E functions (identification of actors and definition of their respective responsibilities), and the mechanism to be used for disseminating information.

Role of Partners

- (a) **Agri-businesses** will provide specialized TA to the Project team and POs that will be set by mutual agreement in ABs' agreements with the NCU as well as in the PPs and contracts with POs.
- (b) **Financial institutions.** Commercial banks and MFIs will co-finance SPs with IDA and provide TA to POs.

- (c) **IFC** will co-finance the Project in parallel through the provision of advisory services to FIs and cooperatives and financial instruments to FIs for lending to cooperatives. IFC's role and coordination with the World Bank is described as follows: (i) Support FIs' (banks and MFIs) lending to cooperatives. Provide lending, guarantees, or other forms of financing support to FIs; (ii) Advisory services to banks/MFIs. Provide advisory services to selected partner banks and MFIs through IFC's Agricultural Finance Program, which provides capacity building for financial instruments in agricultural financing (product development, risk management, etc.); (iii) Advisory services to cooperatives. In addition to financing, IFC could support the provision of advisory services to cooperatives to build their capacity in terms of basic skills to help maximize productivity and efficiency through Business EdgeTM; and (iv) Crop index/insurance. IFC also intends to provide advisory services to a local insurance company under the Global Index Insurance Program (GIIF) to enable such company to offer crop index insurance to farmers, including those under the AIMDP who will need adequate insurance protection to meet the qualification criteria under the PP agreement with an off-taker. IFC's Global Warehouse Finance Program (GWFP) was established in September 2010 to support banks when lending to agricultural enterprises against warehoused commodities. IFC supports the agriculture sector by facilitating warehouse financing through banks, by providing liquidity for on-lending or risk-mitigation solutions. IFC's GWFP can be provided in two ways:
- *Credit Line*. IFC offers a short-term loan to a bank which will on-lend the funding to commodity depositors against warehoused stock in the form of warehouse receipts (WHR) or equivalent as collateral, such as a Collateral Management Agreement (CMA). The risk is borne by the bank. IFC's line will contribute to the bank's US dollar liquidity, thus enabling the bank to further expand its agricultural lending operations.
 - *Funded/Unfunded Risk Sharing*. IFC will guarantee up to 50 percent of short-term loans extended to commodity depositors against warehoused stock/WHR or equivalent as collateral.
- (d) **Industrial equipment suppliers**. TA will be part of their offerings and will be specified in the tender and will include industrial mechanical engineering and food technology processing. This assistance will cover the training of the relevant Project specialists and technicians of POs for upkeep, maintenance, industrial processes, and quality evaluation and monitoring, etc.
- (e) **IRAD/IITA**. These research institutions will be responsible for: (i) production of disease-free and high-yielding varieties with wide adaptation and good options for processing into flour and starch; (ii) provision of all available varieties for large-scale multiplication and distribution; (iii) capacity building in collaboration with local and international universities, national and government programs, and NGOs and farmer organizations; and (iv) various training modules for the application of farmer field schools and experiential learning for crop and pest management as well as innovation platforms for farmer capacity building in multiplication and crop management.

ANNEX 4: OPERATIONAL RISK ASSESSMENT FRAMEWORK (ORAF)

CAMEROON: Agriculture Investment and Market Development Project (P143417)

Risks

Project Stakeholder Risks

Stakeholder Risk	Rating	Substantial										
<p>Description: There may be a change of Minister of MINADER that would compromise the strong ownership the Project has benefited from given the high authority of the sector.</p> <p>Other donors supporting agriculture sector may create tensions with Project activities.</p> <p>CSOs' advocacy in agriculture sector can be very vocal and effective, and can mobilize international organizations on specific issues (food security, land grabbing, small farmers' rights).</p> <p>The sustainability of the Project is directly dependent on the synergies with the planned IFC interventions in the financial sector.</p>	<p>Risk Management: Strong commitment from the GOC: (i) development of the agriculture sector is a high priority for the government; (ii) initiation of Project preparation followed a GOC request; and (iii) the Minister of Agriculture is heavily involved.</p> <p>High stakeholders' consultation and dialogue with all stakeholders during Project implementation: (i) the main technical and financial partners in the sector are involved (IFAD); (ii) private stakeholders are involved (apex POs; private banks; ABs); (iii) Project is in line with the vocal Civil Society Network "Coalition pour la Sécurité Alimentaire." The apex POs, apex ABs, private FIs, and the MINADER will be on the PSC.</p> <p>To ensure synergies between the proposed Project and planned IFC interventions in the financial sector, together, Bank and IFC teams are coordinating and working closely with POs, ABs and FIs on both projects in preparation.</p>											
	Resp:	Client and Bank	Status:	Not yet due	Stage:	implementation	Recurrent:	X	Due Date:		Frequency:	Quarterly

Implementing Agency (IA) Risks (including Fiduciary Risks)

Capacity	Rating	Substantial					
<p>Risk Description: Implementation capacity is limited in general, and even more so with the very limited experience in dealing with the private sector in general, with access to market issues, and with cooperatives' functioning. Non-state stakeholders of the Project (POs, FIs, LSPs, and Local Councils) have limited capacity in terms of technical, organizational, and business management. Inaccurate planning and inability to honor annual planning may lead to business disruption and limit competitiveness.</p>	<p>Risk Management: The Project will establish a PSC, an NCU, and regional RCUs to supervise Project implementation. The NCU will be staffed with a qualified financial management specialist, an internal auditor, an accountant and accountant assistants. The Project will benefit at the beginning from the institutional framework and experience of PACA in Bank procurement and fiduciary guidelines, as well as capacity building and TA to POs – including in business management and fiduciary issues– in collaboration with IFC. The Project will strictly follow budget procedures and timelines as per the administrative and financial manual of procedures. ABs will provide TA and support to POs on the LRM supply chain. The Project will help POs develop a robust business strategy, including planning. Planning of SP implementation and supervision will be carefully thought through and standardized by types of crops and transformed products to the extent possible to avoid Project financial/technical supervision capacity bottlenecks impacting disbursement and SP implementation. The Project will ensure that the annual work program is in line with the procurement plan to prevent delays due to the procurement process and agricultural cycle.</p>						

Difficulties in closely monitoring these institutions could hinder Project implementation.	Experience from PNDP will be called upon with regard to Local Councils' SP implementation capacity and supervision when needed.					
	Resp: Client	Status: Not yet due	Stage: Implementation	Recurrent: X	Due Date:	Frequency: Quarterly
Governance	Rating	High				
Risk Description: Given the overall weak governance environment in Cameroon, there is a risk that the implementing agency suffers from weak internal accountability and transparency, as well as leadership support in case of government reshuffling. Weak collective management capacity of POs (transparent fiduciary management, deliberative decision making, internal accountability) could impact SP implementation as well as the partnership with MFIs and ABs. There is a potential risk that AB-PO partnerships will fail, as POs may not honor their contractual commitment with ABs – after ABs provide support – for quick gains with other buyers, hence impacting the objective of fostering LRM dynamics.	Risk Management: Leadership support should be ensured by the PSC led by the Min. of Agriculture. The NCU will prepare and enforce good practice management with clear recruitment rules and human resource management based on merit. In addition to a strong M&E system to collect data, access to information on POs will be ensured through regular publication, a GRM prepared and implemented, and Citizen Engagement Mechanisms established in the manual of SPs. The GRM will be an additional tool for both anti-corruption and M&E purposes, to capture early any Project, SP, or partnership management issues. The Project will include TA to the Min. of Agriculture and POs in cooperative management to enhance POs' internal accountability. The Project M&E system will integrate data collection on cooperative management good practices implementation. The Project will: (i) promote formal long-term and win-win PPs between POs and ABs to minimize the risk; and (ii) establish and maintain a commodity consultation framework to analyze, prevent, and resolve in a participatory manner any issues or conflict along with the implementation course.					
	Resp: Client	Status: In progress	Stage: Implementation	Recurrent: X	Due Date:	Frequency: Quarterly
	Risk Management:					
	<p>The Project will develop the following to deter fraud, corruption, and elite capture:</p> <ul style="list-style-type: none"> • Selection: (a) selection criteria and mechanisms for SPs will be clearly defined, transparent, disseminated, and benefit from PACA experience; (b) SPs will be assessed by an Independent Appraisal Panel to provide the RCU with expert advice; (c) FIs, ABs, and apex POs will be voting members, while LSPs, the Min. of Agric., and RCUs will be observers for PO SP selection, as well as MINEPAT for Local Councils' SPs. To avoid potential conflict of interest, apex POs will self-declare case by case whether the PO in the selection process is one of its members, and will not be given voting rights for the specific case. • A GRM has been prepared and effectively implemented to capture any complaints/grievances. • A beneficiary feedback mechanism will be designed and implemented regularly (annually) to complement the M&E system and spot implementation issues. • Internal Control: The PCU will be staffed with a qualified financial management specialist, an internal auditor, an accountant and accountant assistants ensuring ex-ante and ex-post control of SP implementation, and procurement and financial processes in compliance with the PIM. • Third-party verification: SP implementation will be subject to regular third-party verification ex-post (forensic audits). • Information-sharing: The Project will: (a) publish data regularly on financed SPs to enable potential monitoring by any other actors; (b) pro-actively provide information on funded Local Councils' SPs to the quarterly meeting of the Local Participative Committee Monitoring the Public Investment Budget (at levels of Local Councils, district, region). • Capacity building: POs will benefit from intensive capacity building on: (a) fiduciary issues with IFC and RCUs; and (b) cooperative management. 					
	Resp: Client	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: Quarterly

Project Risks						
Design	Rating	Substantial				
Risk Description: The Project design may not be sufficiently robust as the Project is a rural development project that will: (i) cover 4 agro-ecological zones; (ii) involve several stakeholders (several ministries, ABs, LSPs, FIs); and (iii) cover different sectors and target multiple themes (food production and processing, markets, nutrition, climate change, capacity building, small-scale infrastructure).	Risk Management: Learning from PACA, the Project will have the following arrangements: (i) 4 RCUs covering the 4 zones; (ii) a NCU staffed with specialists in infrastructure/industry, AB, marketing, and nutrition and an agro-economist; and (iii) a strong M&E system covering beneficiary feedback, implementation progress, results indicators, and impact assessment. The Project's multi-stakeholders' PSC and commodity platform will also help smooth coordination and identification/resolution of issues. The Project will be demand-driven (from POs, SPs, Local Councils, FIs) and will combine hard and soft investments. The Project implementation will follow a learning-by-doing approach to ensure flexibility and responsiveness of the Project and the Bank to implementation issues.					
	Resp: Client	Status: In progress	Stage: implementation	Recurrent: X	Due Date:	Frequency: Quarterly
Social and Environmental	Rating	Substantial				
Risk Description: Limited compliance with environmental regulations due to capacity problem of NCU and implementing agencies may cause damages. Food insecurity may cause delay or failure of LRM. Lack of pathways/feeder roads may lead to shortage of supply. Lack of flexibility to use LRM will delay Project implementation.	Risk Management: Safeguard documents have been prepared and approved. Several actions including the following will be undertaken to strengthen implementation of safeguards: (i) the Project will create a safeguards unit; (ii) technical performance and safeguard audits of SPs (randomly selected SPs per year) will be carried out by MINEPDED; (iii) the Project will support training of the NCU, RCUs, POs and ABs staff on safeguard; (iv) close environmental monitoring results and quarterly/semi-annual reports will be prepared by the NCU. The Project will: (i) focus on production basins that have highest potential for the selected crops and limited connectivity constraints; (ii) use improved technologies and high-yield varieties; and (iii) increase agricultural productivity and revenues. Interventions of ABs will strengthen food security by providing investment in community development including farmers' capacity building, water points, and access to inputs and skills for life initiatives aimed at promoting rural socioeconomic development. The Project will reinforce connectivity between and in the production basins. LRM sourcing will be diversified within production basins.					
	Resp: Client	Status: Not yet due	Stage: Implementation	Recurrent: X	Due Date: May 2013	Frequency: Quarterly
Program and Donor	Rating	Moderate				
Risk Description: Possible poor coordination/harmonization between partners supporting the rural and agriculture sectors in Cameroon may hinder their support to the Project.	Risk Management: Dialogue and consultations will be pursued with other donors through the donor groups during preparation and implementation to coordinate/harmonize the Project with ongoing interventions. The Bank's Task Team has agreed with IFAD's team on close coordination and possible co-financing.					
	Resp: Bank	Status: In progress	Stage: Implementation	Recurrent: X	Due Date:	Frequency: Quarterly
Delivery Monitoring and Sustainability	Rating	Substantial				

<p>Risk Description:</p> <p>Public financial resources from the GOC may be lacking and compromise sustainability of Project activities. Weak M&E may limit the Project's delivery of results and impacts.</p> <p>Interactions with diverse project stakeholders of PP promotion and SP implementation, together with related risk-mitigating arrangements, would make the delivery management extremely complicated and cause serious delays. Various potential management failures exist, due to such factors as non-compliance of the PP, conflicts among the parties, ABs' bankruptcy, etc.</p>	<p>Risk Management:</p> <p>The Project will sustain activities by: (i) financing both hard and soft investments; and (ii) supporting the establishment of PPs to promote technical, micro-finance, and commercial services delivery. The promising experience of PACA in partnerships for technical, financial, and commercial services delivery will orient the Project.</p> <p>The internal auditor of the Project will take charge of the delivery monitoring, particularly in terms of updating the status of each SP and facilitating appropriate actions of relevant actors in a timely manner. The Project will address these issues first by such mitigation arrangements as establishment of the GRM, careful process monitoring to detect such problems, and sufficient clauses in the agreement documents (e.g., on handling of assets in case of ABs' bankruptcy). Second, the Project will install an efficient feedback system that allows upgrading of the above-mentioned arrangements in a timely manner.</p>					
<p>Natural disaster</p>		<p>Rating</p>	<p>Substantial</p>			
<p>Risk Description:</p> <p>Climate change effects and natural disasters including drought, floods, and pests may lead to shortage of supply.</p>	<p>Risk Management:</p> <p>Promotion of diversification of LRM sourcing within production basins will contribute to risk mitigation. IFC will develop crop index insurance to farmers.</p>					
<p>Resp: Client</p>		<p>Status: Not yet due</p>	<p>Stage: Implementa tion</p>	<p>Recurrent: X</p>	<p>Due Date:</p>	<p>Frequency: Quarterly</p>
<p>Market uncertainty</p>		<p>Rating</p>	<p>Substantial</p>			
<p>Risk Description:</p> <p>Market uncertainty may impact negatively on supply, availability, and access to fertilizers and machinery, and on commercialization.</p> <p>Price instability and pricing transparency may affect POs.</p>	<p>Risk Management:</p> <p>PPs between POs and buyer ABs will significantly limit risks.</p> <p>The Project will establish a consultation platform that will implement an online-based market information system and handle pricing issues.</p>					
<p>Resp: Client</p>		<p>Status: Not yet due</p>	<p>Stage: Implementa ation</p>	<p>Recurrent: X</p>	<p>Due Date:</p>	<p>Frequency: Quarterly</p>
<p>Overall Risk</p>						
<p>Overall Implementation Risk: High</p> <p>Risk Description:</p> <p>Weak capacity of the NCU and institutional coordination: Given the nature of the investments to be supported under the Project and the preparatory studies that were carried out, implementation may suffer delays due to the time required for procurement. The Government created a multi-sector Preparation Committee that was responsible for the preparation of the Project. In addition, PPA was designed to finance procurement activities that have impact on the Project readiness.</p>						

ANNEX 5: IMPLEMENTATION SUPPORT PLAN

CAMEROON: Agriculture Investment and Market Development Project

Strategy and Approach for Implementation Support

1. To accelerate the Project readiness for implementation, the Project Preparation Advance was designed to finance basic primary studies, preparation of manuals, selection of additional staff required, and procurement activities that impact Project readiness. Activities financed under the Project Preparation Advance helped the Project meet the readiness conditions for implementation. Activities include: (a) recruitment of consultants; (b) conduct of key preparatory studies; (c) organization of workshops, study tours, and trainings; (d) implementation of preliminary activities such as seed production; (e) acquisition of goods including cars and office equipment; and (f) provision of operating costs. The consultancy work includes: (i) elaboration of the baseline situation for targeted value chains (completed); (ii) preparation of environmental and social safeguard instruments for the Project (completed); (iii) development of a toolkit for good agricultural practices, norms, and qualities; (iv) evaluation of infrastructure costs, including processing equipment; (v) evaluation of infrastructure works (partially completed); (vi) elaboration of a PIM, Administrative, Accounting and Financial Procedures Management and M&E Manuals (completed); and (vii) recruitment of Project staff (completed) and an external auditor.
2. Several SP investment models were developed to forecast the likely interventions in targeted value chains. Samples of PPs, SPs, and contracts detailing technical specifications and costs were provided to POs, ABs, and FIs. In addition, conventions between the NCU and each AB and implementing agency will be prepared.
3. A description of the road network by production basin in the Project area, as well as the calendar of rural road activities planned by MINTP, is included in the Project Document. This information will help to better coordinate and support implementation of rural road rehabilitation within the Project.
4. The Recipient has already implemented the following measures: on October 23, 2013, the MINADER officially: (i) created the Project, its Institutional Framework, the NCU and RCUs, the PSC, and RSCs, respectively, by “*Décisions*” No. 1043, 1044, 1046, 1045, and 1041, dated October 23, 2013; (ii) established the office for the NCU by “*Décision*” No. 1042, dated October 23, 2013; (iii) recruited the Project national coordinator and primary core staff (an agri-business specialist, financial management and procurement specialists, and a team assistant); (iv) completed selection of Project staff and submitted the report for Bank’s approval; and (v) signed Partnership Agreements with key Project stakeholders such as ABs (Guinness, Nestle, Bakers Association, Nkam, Socochair), Ecobank (a commercial bank), and IITA (research institution). The first portfolio of PPs has been prepared, including the five PPs between the NCU, Guinness, Socochair, and cooperatives.
5. With regard to rural roads rehabilitation, estimates of the network in the Project target production basins are presented in Table 11.

Table 11: Road Network Estimates in Target Production Basins

Target production basins	Communes / Paths	Distance Estimates (Km)
Diamaré	Gazawa - Salak	120
	Maroua - Bogo	
	Meri -Dargala	
	Maroua - Balaza	
Bénoué	Pitoa - Bibemi	100
	Touroua - Ngong	
Vina	Ngoundéré - Nganha	120
	Mbé – Sassa Mbersi	
Mayo Rey	Guidjiba - Tapare	100
	Tapare - Tcholliré	
	Tapare – Rey Bouba	
	Tcholliré – Mayo Djarendi	
	Mayo Djarendi Touboro	
Mbééré	Meiganga - Djohong	100
Mefou et Akono	Ngoumou - Bikok	30
	Ngoumou- Nomnam	
Nyong et kelle	Botmakak – Mbebe – Makak – Otele	100
Lekié	Batchenga - Lobo-- Evodoula-Mbebe	150
Haut Nyong	Angossas - Abong Mbang	100
	Nguelemedouka - Doumé	
Sanaga Maritime	Sakbayeme - Ngambe	200
	Ndom - Ngambe	
	Nyanon - Ndom- ndikinemeki	
	Kopongo – Dibamba (Logbadjeck)	
Noun	Foumbot - Kouoptamo	100
	Foumbot - Maladen	
	Maladen - Massangam	
Meme	Mbongue-Kumba	80
	Konye - Nyangong	
Ngoketundjia	Babasi - Ndop	50
	Balikumbat - Ndop	
Dja et Lobo, Mvilla et Vallée du Ntem	–Sangmelima - Ebolowa	200
Total		1,550
Total costs = 1550*FCFA15 million (US\$30,000) = FCFA22.500 billion (US\$46.5 million)		

Implementation Support Plan

6. Draft implementation support plan for the first 12 months after Project approval:

Activities	Actions	Expected Results	Responsible Actor	Implementation Date or Time After Approval
Project preparation				
Launch the recruitment of TA consultants for the Project	Prepare ToRs	Contracts signed	PACA/Task Force, POs, ABs	Completed
Preparation of the first PPs' portfolios	Information, negotiations	PPs and SP contracts signed	PACA/Task Force, POs, ABs	Completed
Dated covenants				
Recruitment of an internal and an external auditor	Advertise Select	Contract for the internal auditor	PACA/Task Force	September 2014
Installation of the accounting software	Procurement	Accounting software installed	PACA/Task Force	September 2014
Start up				
Interim 18-month Work Plan and Budget and Procurement Plan (WPB&PM)	Prepare a WPB&PM	WPB&PM approved	PSC, NCU, RCUs, Apex POs, decentralized public services, ABs	Completed
Support/capacity building	Hire the necessary consultants	Capacity-building plan prepared Activities have started	NCU	November 2014
Official Project launch	Prepare the launch workshop	Launch workshop organized	NCU	November 2014
Component A: Support for agricultural production, processing, and marketing				
Sensitization campaigns	Organize national, regional, and local meetings, workshops/seminars	The public is sensitized about the Project	NCU, RCUs, Apex POs, decentralized public services, ABs	August -September 2014
Preliminary trainings of beneficiary POs	Organize local workshops for information on PPs' and SPs' procedures	Commune bodies and POs trained	NCU, RCUs, Apex POs, decentralized public services, etc.	August - September 2014
Evaluation of infrastructure costs, including processing equipment and of infrastructure works	Prepare ToRs for the consultant responsible for the evaluation Hire the consultant	Contract signed Evaluation started	NCU, Apex POs, decentralized public services, communes,	October 2014

Activities	Actions	Expected Results	Responsible Actor	Implementation Date or Time After Approval
			ABs	
Toolkit for good agricultural practices, norms, and qualities	Prepare ToRs for the consultant who will prepare Toolkit Hire the consultant	Contract signed Toolkit delivered	NCU, Apex POs, decentralized public services, ABs	October 2014
Implementation of the first portfolio of PPs and of subsequent SPs	Complete negotiations between POs and ABs	Conventions for PPs and contracts signed	NCU, RCUs, Apex POs, ABs	November 2014
Procurement for the first transportation and market infrastructures	Prepare basic public investments	Contracts for SPs signed	NCU, RCUs, Apex POs, decentralized public services, communes	January 2015
Sustainable land management plan for the Project	Prepare ToRs for the consultant who will prepare the sustainable land management plan Hire the consultant	Contract signed Land management plan delivered	NCU, Apex POs, decentralized public services, communes	April 2015
Component B: Support to seed production and distribution system, relevant public services and technology transfer				
Partnership Agreements with the key implementing agencies (MINADER, IRAD, IITA, etc.)	Prepare conventions	Conventions signed	PSC, NCU, MINADER, IRAD, IITA, etc.	Completed
Work Plan and Budgets (WPBs) for the key implementing agencies (MINADER, IRAD, IITA, etc.)	Prepare WPBs	WPBs approved	PSC, NCU, MINADER, IRAD, IITA, etc.	Completed
Component C: Project Coordination and Management				
Updated Work Plan and Budget and Procurement Plan (WPB&PP)	Update WPB&PP	WPB&PP approved	PSC, NCU, MINADER, IRAD, IITA, Apex POs, communes, ABs, etc.	October 2014
Office equipment	Prepare the main procurement dossiers for office equipment including computers	First procurement dossiers submitted to Bank approval	NCU	September 2014
Communication system	Prepare ToRs for the consultant who will establish the communication system Hire the consultant who will establish the communication system	Contract signed	NCU	September 2014
Establishment of a Governance and Anti-Corruption (GAC)	Prepare ToRs for the consultant who will establish the GAC and GRM	Contract signed	NCU	December 2014

Activities	Actions	Expected Results	Responsible Actor	Implementation Date or Time After Approval
action plan and Grievance Redress Mechanism (GRM)	Hire the consultant who will support implementation of the GAC and GRM			
M&E report	Prepare report	Report approved	NCU, RCUs, MINADER, IRAD, IITA, POs, ABs, etc.	December 2014

ANNEX 6: PROPOSED GRIEVANCE REDRESS MECHANISM

CAMEROON: Agriculture Investment and Market Development Project

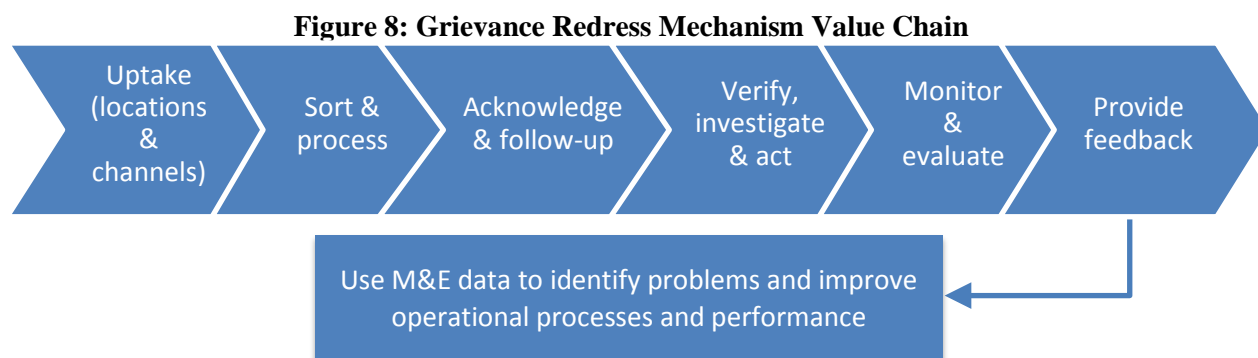
1. Project implementation will always be subject to complaints and grievances. Some are justified while others are not; some are captured by the regular M&E system and others are not; some are directly or indirectly related to Project implementation while others are not related at all. However, an inclusive, well-designed, and effective Grievance Redress Mechanism (GRM) will help the Project implementation team be more responsive to beneficiaries, increasing trust and improving the M&E system and Project implementation by capturing perceived or real grievances early on.

2. The Project may trigger conflicts between stakeholders in nearly all activities at all implementation levels. For example, there may be conflicts between:

- POs or Local Councils and the RCU due to delays in the implementation of SPs, in access to rural finance, or in establishing Productive Partnerships (PPs)
- POs or Local Councils and the RSC on the SP selection process
- POs and Local Service Providers (LSPs) due to the quality of service delivery
- POs and ABs if PPs are not honored
- Land users and POs or Local Councils on land-related issues
- PO members and PO leaders if their roles are not clear

3. Without an inclusive and open GRM, the uptake, tracking, follow-up, treatment, and feedback on grievances relies heavily on the responsiveness of the RCU. A GRM that is not standardized with clear processes and principles is a potential source of stress for the implementation unit, as it is likely that only major grievances will be targeted, and then addressed only in an *ad hoc* manner.

4. Effective GRMs typically have common building blocks and characteristics: multiple grievance uptake locations and multiple channels for receiving grievances; fixed service standards for grievance resolution; clear processing guidelines; and an effective and timely grievance response system to inform complainants of the action taken.

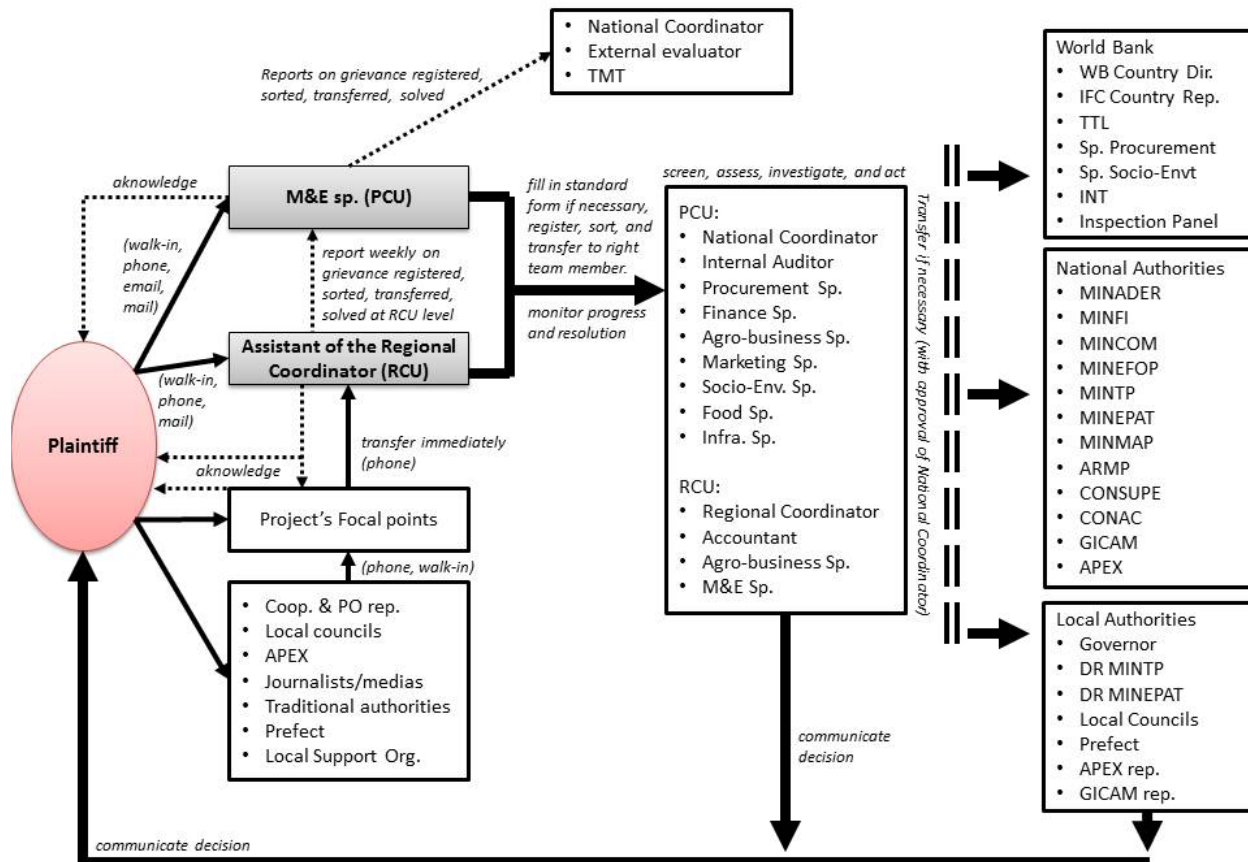


5. Well-designed and -implemented GRMs can help Project management significantly enhance operational efficiency in a variety of ways, including generating public awareness about the Project and its objectives; deterring fraud and corruption; mitigating risk; providing Project

staff with practical suggestions/feedback that allows them to be more accountable, transparent, and responsive to beneficiaries; assessing the effectiveness of internal organizational processes; and increasing stakeholder involvement in the Project. For task teams more specifically, an effective GRM can help catch problems before they become more serious or widespread, thereby preserving the Project's funds and its reputation.

6. Given AIMDP activity and implementation arrangements, the following GRM is proposed, based on lessons learned from the Agricultural Competitiveness project (Figure 9). Its key features are such that:

Figure 9: The AIMDP Grievance Redress Mechanism

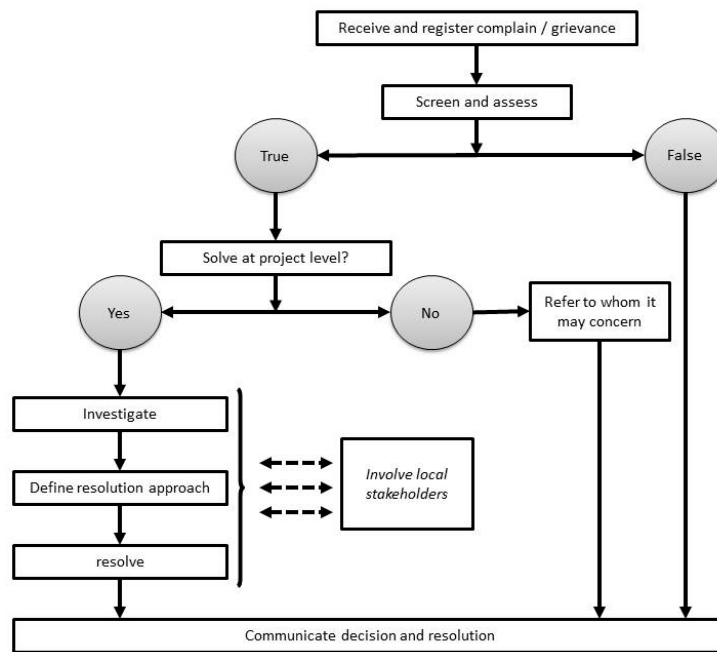


- Channels and locations for grievance uptake are multiple and in line with lessons from the Agricultural Competitiveness project. Grievances are likely to be expressed directly in person (walk-in and by phone) to local representatives or leaders, the Project's focal point, at the NCU's and RCUs' offices. Formal letters tend to be used for formal complaints related to human resource management or corruption, usually addressed at higher levels (national coordination units, a minister, the Country Office), so the location of the coordination units as well as their phone numbers and one email for the Project should be widely disseminated. A suggestion box could be added in each RCU/NCU.
- There are two levels of GRM coordinators: regional and national. The assistant of the Regional Coordinator is best placed to receive and formally record grievances, to formally acknowledge receipt of the grievance to the plaintiff with an indication of the delay for resolution, and to redirect the file for treatment to the relevant team member.

The assistant plays this role *de facto* in the RCU offices. At the national level, the M&E specialist is best placed to receive and formally record grievances expressed directly at the NCU; he/she should also be kept informed of the grievances expressed at the local level.

- The GRM coordinators will fill in a simple IT-based shared database with the main information.²¹
- The GRM coordinators will follow up on the treatment of the grievance transferred to the relevant team member and update the database as necessary.
- The M&E specialist will compile and analyze grievance data at every established reporting phase to the National Coordinator and the Technical Monitoring Team. Those data will inform the regular M&E system and will indicate potential issues to address at the management or PSC level; the data will also reveal the level of responsiveness of the implementation unit team.
- The M&E specialist will assess the grievance, judge whether it can be solved at the Project level, and either refer the grievance to the right institution or solve the problem (Figure 10). In any case, it is crucial that the final decision or action is communicated to the plaintiff.

Figure 10: The AIMDP’s GRM Steps



7. The NCU will: (i) refine and detail the functioning of the GRM in the PIM (roles, database, processes, contacts, delays, etc.) (see Box 1)²²; (ii) establish clear timetables for the complaints-handling process; (iii) train all team members of the NCU at the national and regional

²¹ Categories for the database: ID number of the grievance / Description / Priority level / Contact of source / date of receipt acknowledged / Category of Issue / Name of the person to whom the grievance has been transferred for treatment / date of transfer / Date planned for resolution (standard) / Date of resolution / Summary of action or decision taken / comments.

²² See also: World Bank (2011). “Feedback Matters: Designing Effective Grievance Redress Mechanisms for Bank-financed Projects.” *Part 1: The Theory of Grievance Redress, How-To Notes*. World Bank, Washington, DC.; and World Bank (2011). “Feedback Matters: Designing Effective Grievance Redress Mechanisms for Bank-financed Projects.” *Part 2: The Practice of Grievance Redress, How-To Notes*. World Bank, Washington, DC.

levels on the GRM; and (iv) integrate the GRM in the communication campaign and associated materials. Essential messages to address are: How can a grievance be submitted? What types of grievances can be submitted? Where is a grievance form available? What are the agency's timeliness standards for handling grievances? What options are available to a person if he/she is dissatisfied with the outcome or how his/her grievance was handled? Messages used to build trust are: There is no financial charge for making a grievance; Beneficiaries are encouraged to complain if they are dissatisfied or feel aggrieved; Grievances are treated confidentially; There are no adverse repercussions for a complainant; and Grievances are valued by the Project because they help it improve its policies, systems, and service delivery.

Box 1: Six Core Principles of GRMs

- **Fairness.** Grievances are treated confidentially, assessed impartially, and handled transparently.
- **Objectiveness and independence.** The GRM operates independently of all interested parties to guarantee fair, objective, and impartial treatment to each case. GRM officials have adequate means and powers to investigate grievances (e.g., interview witnesses, access records).
- **Simplicity and accessibility.** Procedures to file grievances and seek action are simple enough that project beneficiaries can easily understand them. Project beneficiaries have a range of contact options including, at a minimum, a telephone number (preferably toll-free), an e-mail address, and a postal address. The GRM is accessible to all stakeholders, irrespective of the remoteness of the area in which they live, the language they speak, or their level of education or income. The GRM does not use complex processes that create confusion or anxiety (such as only accepting grievances on official-looking standard forms or through grievance boxes in government offices).
- **Responsiveness and efficiency.** The GRM is designed to be responsive to the needs of all complainants. Accordingly, officials handling grievances are trained to take effective action upon, and respond quickly to, grievances and suggestions.
- **Speed and proportionality.** All grievances, simple or complex, are addressed and resolved as quickly as possible. The action taken on the grievance or suggestion is swift, decisive, and constructive.
- **Participatory and social inclusion.** A wide range of project-affected people — community members, members of vulnerable groups, project implementers, civil society, and the media — are encouraged to bring grievances and comments to the attention of Project authorities. Special attention is given to ensure that poor people and marginalized groups, including those with special needs, are able to access the GRM.

ANNEX 7: COOPERATIVES LAW

CAMEROON: Agriculture Investment and Market Development Project

1. Cooperatives Law. Cooperatives and Common Initiative Groups (CIG) are governed by Law No. 92/006 of 14 August 1992, and its implementation Decree No. 92/455/PM of 14 August 1992. This law is implemented by the Minister of Agriculture and Rural Development (MINADER). These various texts and their various amendments as well as the decree on the reorganization of MINADER define the tasks of the Registry Unit, which include:

- Coordinating and monitoring the keeping of COOP/CIG registers (Law art. 75, Decree art. 37, 42 and 43).
- Monitoring the implementation of legislation and regulations relating to the cooperatives sector and preparing an annual monitoring report (Law art. 75, Decree art. 37, 42, and 43).
- Initiating and conducting, in case of alleged breach of the laws or serious mismanagement of a COOP/ CIG, fact-finding missions or investigations whose findings are sent to courts.
- Collecting COOP/CIG regional data (registrations, mandatory advertising documents) to build up and manage the national database on the COOP/GIC and make this information available to ministerial departments, partners in development, and the general public.
- Drawing up and updating the COOP/CIG national file and the national cooperatives map.
- Drawing up, updating, and publishing national statistics on professional and inter-professional organizations in relation to competent authorities.
- Conducting investigations of cases relating to the dissolution of a cooperative society when an administrative decision is required.
- Conducting investigations of cases relating to the reform and availability of the Cameroon cooperatives movement and associated legislation.
- Raising awareness on the cooperative law in force.

2. The implementation of these various texts therefore contributes to the emergence of a diversified cooperatives movement in different sectors of activities and mainly in the rural development sector. To date, the cooperatives map constitutes 143,363 registered organizations, whereby 138,984 are CIG with their umbrella organizations, and only 4,379 are cooperatives with their umbrella organizations. Among these cooperatives, there are 1,683 savings and loan cooperatives (COOPEC). However, more than 80 percent of these organizations are working in the agriculture sector and related activities.

3. Since December 2010, the legal context of COOP/CIG has evolved with the adoption by member States of the OHADA Uniform Act on cooperatives. The Uniform Act has applied in the member States since May 15, 2011. It has been enforced since May 15, 2013, after a moratorium period of two years.

4. For all national laws of the member States to be applicable, they should be in compliance with the Uniform Act. Therefore, to put in place laws on cooperative societies and CIGs in Cameroon in accordance with the Uniform Act, one of the resolutions of the annual conference of central and decentralized services as well as bodies under the supervision of MINADER was to revisit the law N°92/006 of August 14, 1992 on cooperative societies and CIGs and its

implementation decree and to update the national cooperatives law by harmonizing it with the OHADA Uniform Act as well as preserving significant provisions that are not contrary to the Act.

5. In addition, this Act provides innovations stated as follows and noted in Table 12:

- The organizational and functional framework of the organizations the Act governs: The regulations actually establish two forms of cooperatives (simplified cooperative and cooperative with board of directors) whose functioning and management are very different with respect to the number of foundation members, control and administrative bodies, etc.
- The institutional framework: Registration (rather than enrollment) and the monitoring of implementation regulations.

Table 12: Comparison of 1992 Law on Cooperatives and CIGs and Current Draft Law

Element of Comparison	1992 Law on Cooperatives and Common Initiative Groups	Draft Law on Cooperatives
Scope of the document	Cooperatives societies CIGs	Cooperatives societies
Types of cooperatives	Cooperatives societies	a. Simplified cooperatives b. Cooperative society with board of directors
Minimum number of constituent members	Seven (07) persons	a. Six (06) persons for simplified cooperatives b. Fifteen (15) persons for cooperatives with board of directors
Organizational structure of Registry for Cooperatives	- Regional Registry - National Registry	a. Local registry (divisional level and closer to users) b. National registry c. Regional registry (OHADA zone in Abidjan)
Condition of admission	Defined in the Constitution	a. Written application b. Deed confirming admission, signed by president of the board of directors
Term of office of elected members	Three (03) years, renewable once	Open and defined in the Constitution
Capital contribution (type)	Cash contribution	a. Cash contribution b. Contribution in kind c. Contribution in industry
Share capital	Free	At least one quarter (1/4) of share capital has to be paid
Place of registration	Regional registry (regional level)	Local registry (divisional level and closer to the users)
Deadline for registration	Three (03) months after constituent general assembly	One (01) month after date of constituent general assembly

6. The OHADA Act provides the following improvements: (i) the introduction of two forms of cooperatives, namely simplified cooperatives and cooperatives with a board of directors; (ii) the payment of one-quarter of the initial share capital which did not exist in the 1992 law; (iii) the disappearance of the CIG, which can now be transformed into simplified cooperatives or other forms of organizations such as associations, “*Groupement d’Intéret Economique*,” etc.; (iv) greater transparency of the cooperative tax system; and (v) restructuring of the organizational system of the Registry (i.e., moving the Registry to the divisional level, closer to grassroots users).

ANNEX 8: MAP

CAMEROON: Agriculture Investment and Market Development Project

