

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

Report No.: PIDA3394

Project Name	Agriculture Investment and Market Development Project (P143417)
Region	AFRICA
Country	Cameroon
Sector(s)	Crops (60%), Agricultural extension and research (20%), General agriculture, fishing and forestry sector (10%), Animal production (5 %), Irrigation and drainage (5%)
Theme(s)	Rural services and infrastructure (40%), Rural markets (35%), Rural policies and institutions (25%)
Lending Instrument	Investment Project Financing
Project ID	P143417
Borrower(s)	Minister of Economy, Planning and Regional Development
Implementing Agency	Ministry of Agriculture and Rural Development (MINADER)
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	05-Apr-2014
Date PID Approved/Disclosed	09-Apr-2014
Estimated Date of Appraisal Completion	18-Apr-2014
Estimated Date of Board Approval	08-Jul-2014
Decision	

I. Project Context

Country Context

Cameroon has maintained macro-economic stability, and in spite of a sluggish global economy, its economy has picked up in the last years, with growth at 4.6 percent in 2012, estimated at the same level in 2013 and forecasted to be around five percent in 2014. Cameroon has shown relatively strong macroeconomic performance in the past few years compared to neighboring countries. Debt relief under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative 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. The Government of Cameroon (GOC) issued its first sovereign bonds at the end of 2010, raising a total amount of FCFA 200 billion (US\$420 million equivalent or 1.8 percent of GDP).

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.

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 declined over the last ten years.

The Government continues to increase investments in the agriculture sector, which is forecasted to contribute to more than 20 percent of the country's GDP and become a major source of job creation. In 2012, the agriculture sector accounted for 18.4 percent of nominal Gross Domestic Product (GDP). Over the next decade, the agriculture sector in Cameroon will need to achieve the following: (i) increase productivity and production; (ii) alleviate food insecurity and malnutrition; and (iii) create employment. Key enablers to upgrade the development of the agricultural sector exist, including a commitment to develop a sustainable Locally Resourced Materials (LRM) supply chain that would provide a commercial and strategic benefit to business while contributing to improving livelihood of local communities.

Sectoral and institutional Context

The agriculture sector employs about 60 percent of the active population in Cameroon. The sector has diversified production and great potential within the main farming systems. 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 ha. Nevertheless, 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 the ten regions, the prevalence of severe malnutrition exceeds 30 percent. An increasing share of food commodities are being sourced from imports that cover 20 percent of consumption. In 2011, the cereal deficit was about 640,000 tons. Nonetheless, for other staple foods such as cassava, plantains, bananas, and yams, Cameroon meets its domestic needs and even produces a surplus for export.

Over the next decade, the agriculture sector in Cameroon will need to achieve the following: (i) increase productivity and production; (ii) alleviate food insecurity (10.5 percent of rural households and 6.7 percent of the urban are affected by food insecurity) and malnutrition; and (iii) create employment. Key enablers to upgrade the development of the agricultural sector exist, including the following: (1) The Government is committed to support market-oriented commercial agriculture; (2) Development of a commercial agriculture can leverage local Agro-business (ABs); (3) ABs are highly committed to developing a sustainable Locally Resourced Materials (LRM) supply chain that would provide a commercial and strategic benefit to business while contributing to local development of communities.

The agricultural sector has diversified production and great potential within the main farming systems. Food crops contribute 64 percent to agricultural GDP. An increasing share of food commodities (such as maize, rice, sorghum and wheat) are being sourced from imports that cover 20 percent of consumption. In 2011, the cereal deficit was about 640,000 tons. Nonetheless, for other staple foods such as cassava, plantains, bananas, and yams, Cameroon meets its domestic needs and produces surpluses for export. Significant investments from both the public and the private sectors are required to achieve agriculture transformation. The Government 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. There is potential for partnerships between agricultural enterprises and POs which could contribute to improving the performance of the agricultural sector production/productivity and to limiting market linkage issues around Pos.

The Agriculture sector in Cameroon faces a series of constraints that have led it to being characterized by low productivity and low production subsistence farming. There is an important gender dimension in agriculture production in Cameroon. The role of women in consolidating and ensuring food security in rural households as an important aspect to socio-economic development and beyond is crucial.

The Government's Agriculture Strategy is expressed in three key national strategy and planning documents: «Vision 2035» envisages agricultural growth beyond five percent by 2020; the 200-2019 Growth and Employment Strategy foresees significant productivity increases in agriculture and livestock farming; and the 2005 - 2009 Rural Development Strategy and its 2013 update commit to a modernization of rural infrastructure and agricultural production and sustainable management of natural resources.

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 Agribusiness-ABs) and financial institutions to upgrade cassava, maize, and sorghum sub-sectors. As a joint IDA/IFC initiative, IFC's interventions will focus on providing much needed investment (in form of a guarantee funds) and advisory services to Financial Institutions in Cameroon towards the support for development of a market oriented and commercial agriculture sector.

II. Proposed Development Objectives

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.

III. Project Description

Component Name

Component A: Support to production, processing and marketing

Comments (optional)

To sustainably improve, productivity, production, quality and market access for beneficiaries POs through the establishment of a mechanism of «Productive Partnerships» between POs and ABs.

Component Name

Component B: Support to Seed system, core public services and to Technology transfer

Comments (optional)

To support core public services, Commodity-based public-private consultation and partnership framework, and agricultural technology transfer.

Component Name

Component C: Project Coordination and Management

Comments (optional)

To ensure an effective planning, monitoring and evaluation communication of the project implementation.

IV. Financing (in USD Million)

Total Project Cost:	110.00	Total Bank Financing:	100.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			10.00
International Development Association (IDA)			100.00
Total			110.00

V. Implementation

Project Oversight. The Borrower is represented by its Ministry of Economy and Planning. The Caisse Autonome d'Amortissement will manage the DA and will submit withdrawal application to IDA on behalf of the Project. Overall responsibility for Project implementation will be delegated to MINADER. Implementation is envisaged to take place over five years in the five targeted ecological regions.

Implementation. The Project implementation mechanism will comprise: (i) a Project Steering Committee (PSC); (ii) a Project Coordination Team (PCT) consisting of a Project Coordination Unit (PCU) at the national level, a Regional Coordination Unit (RCU) in each covered agro-ecological region; and (iii) Regional Selection Committees (RSCs) for the approval of SPs and PP agreements in each covered agro-ecological region. Specific implementation arrangements are developed for specific components/sub-components, under the overall oversight of the Project Coordination Unit.

Partnership for project implementation. The PCU will benefit from a coordinated and complementary specialized technical assistance from industrial equipment suppliers, ABs, the research institutions in Cameroon and local consultants.

The PCU will sign a Partnership Agreement with each AB involved in the Project and if necessary, a Framework Partnership Agreement with each of the umbrella organizations of ABs (GICAM SYNDUSTICAM, Bakers Association, Association of feed producers, etc.) to guide PPs to be established between OPs and ABs. The PCU will also establish an agreement with each of other the key players in the Project (IITA, IRAD MINADER, etc).

VI. Safeguard Policies (including public consultation)

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

Comments (optional)**VII. Contact point****World Bank**

Contact: Manievel Sene
 Title: Senior Rural Development Specialist
 Tel: 5330+8012 /
 Email: msene@worldbank.org

Borrower/Client/Recipient

Name: Minister of Economy, Planning and Regional Development
 Contact: Nganou Djoumessi Emmanuel
 Title: Minister
 Tel: 23722221509
 Email:

Implementing Agencies

Name: Ministry of Agriculture and Rural Development (MINADER)
 Contact:
 Title:
 Tel: (237) 2223-1190
 Email: mnemenye@yahoo.com

VIII. For more information contact:

The InfoShop
 The World Bank
 1818 H Street, NW
 Washington, D.C. 20433
 Telephone: (202) 458-4500
 Fax: (202) 522-1500
 Web: <http://www.worldbank.org/infoshop>