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Report No: PAD2126

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 19.9 MILLION
(US\$26.9 MILLION EQUIVALENT)

TO THE

REPUBLIC OF CAMEROON

FOR A

MINING SECTOR CAPACITY BUILDING PROJECT

March 10, 2017

Energy and Extractives Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective January 31, 2017)

Currency Unit = XAF
1 US\$ = 625 XAF
1 US\$ = 0.7392622 SDR

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
ASM	Artisanal and Small-Scale Mining
CTSF	Technical Committee in charge of following up on the Forum on Integrated Management of Forestry and Mining
EITI	Extractive Industries Transparency Initiative
KP	Kimberley Process
MINEPAT	<i>Ministère de l'Economie, du Plan et de l'Aménagement du Territoire</i> (Ministry in charge of Economy, Planning and Land-Use)
MINMIDT	<i>Ministère des Mines, de l'Industrie et du Développement Technologique</i> (Ministry in charge of Mining, Industry and Technological Development)
MINRESI	<i>Ministère de la Recherche Scientifique</i> (Ministry in charge of Scientific Research)
PIU	Project Implementation Unit
PDO	Project Development Objective
PRECASEM	Cameroon Mining Sector Capacity Building Project
SESA	Strategic Environmental and Social Assessment

Regional Vice President:	Makhtar Diop
Country Director:	Elisabeth Huybens
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**REPUBLIC OF CAMEROON
MINING SECTOR CAPACITY BUILDING PROJECT**

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ADDITIONAL FINANCING DATA SHEET

Cameroon

Mining Sector Capacity Building Add (P160917)

AFRICA

GEEX2

Basic Information – Parent							
Parent Project ID:	P122153			Original EA Category:	B - Partial Assessment		
Current Closing Date:	29-Mar-2019						
Basic Information – Additional Financing (AF)							
Project ID:	P160917			Additional Financing Type (from AUS):	Cost Overrun, Scale Up		
Regional Vice President:	Makhtar Diop			Proposed EA Category:	B - Partial Assessment		
Country Director:	Elisabeth Huybens			Expected Effectiveness Date:	01-Sep-2017		
Senior Global Practice Director:	Riccardo Puliti			Expected Closing Date:	01-Dec-2021		
Practice Manager/Manager:	Christopher Gilbert Sheldon			Report No:	PAD2126		
Team Leader(s):	Remi Pelon						
Borrower							
Organization Name	Contact	Title	Telephone	Email			
Ministry of Economy, Planning, and Regional Development	Guillaume Mananga	Coordinator	237679701392	gsmananga@yahoo.fr			
Project Financing Data - Parent (Cameroon Mining Sector Technical Assistance Project-P122153) (in USD Million)							
Key Dates							
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P122153	IDA-50240	Effective	15-Dec-2011	28-Jun-2012	26-Sep-2012	30-Jun-2017	29-Mar-2019

Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P122153	IDA-50240	Effective	XDR	19.30	19.30	0.00	10.68	8.62	55.34
Project Financing Data - Additional Financing Mining Sector Capacity Building Add (P160917)(in USD Million)									
<input type="checkbox"/> Loan <input type="checkbox"/> Grant <input type="checkbox"/> IDA Grant <input checked="" type="checkbox"/> Credit <input type="checkbox"/> Guarantee <input type="checkbox"/> Other									
Total Project Cost:		26.90		Total Bank Financing:		26.90			
Financing Gap:		0.00							
Financing Source – Additional Financing (AF)								Amount	
International Development Association (IDA)								26.90	
Total								26.90	
Policy Waivers									
Does the project depart from the CAS in content or in other significant respects?							No		
Explanation									
Does the project require any policy waiver(s)?							No		
Explanation									
Team Composition									
Bank Staff									
Name	Role	Title	Specialization	Unit					
Remi Pelon	Team Leader (ADM Responsible)	Sr Mining Spec.		GEEX1					
Ibrah Rahamane Sanoussi	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist		GGO07					
Celestin Adjalou Niamien	Financial Management Specialist	Sr Financial Management Specialist		GGO26					
Albert Francis Atangana Ze	Safeguards Specialist	Consultant		GEN07					
Chrystelle Isabelle Mfout Tapouh	Team Member	Program Assistant		AFCC1					

FNU Owono Owono	Safeguards Specialist	Consultant			GEN07
Kristyna Bishop	Safeguards Specialist	Senior Social Development Specialist			GSU01
Laurence Hougue Bouguen	Team Member	Program Assistant			AFCC1
Maria Luisa Ana Esteban Meer	Team Member	Program Assistant			GEEX2
Nicolas Maistre	Team Member	Consultant			GEEX2
Extended Team					
Name		Title		Location	
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Cameroon	Centre	Centre	X		
Institutional Data					
Parent (Cameroon Mining Sector Technical Assistance Project-P122153)					
Practice Area (Lead)					
Energy & Extractives					
Contributing Practice Areas					
Additional Financing Mining Sector Capacity Building Add (P160917)					
Practice Area (Lead)					
Energy & Extractives					
Contributing Practice Areas					

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an additional Credit in the total amount of SDR 19.9 million (US\$26.9 million equivalent) to Cameroon Mining Sector Capacity Building (P122153, Credit Number 5024-CM). This Credit consists in two portions: Portion A in the amount of SDR 15.5 million (US\$21 million equivalent) (5985-CM) on blend IDA terms and Portion B in the amount of SDR 4.4 million (US\$5.9 million equivalent) (5984-CM) on hard IDA terms.
2. The proposed additional loan would help finance the costs associated with i) cost overruns resulting from the combined effect of higher-than-expected costs of selected activities and fluctuations of the exchange rate; and ii) scaling up of selected activities especially the geology program to cover the second half of the territory with airborne geophysics and associated geology mapping. The expected outcome from the activities to be supported with additional financing is a more attractive mining sector in Cameroon, based on practices favoring sustainable development.
3. The closing date of the project is extended to December 1, 2021.
4. Beyond revising and scaling up of certain activities and adjusting the results framework accordingly, there are no major changes to the project which maintains the same Project Developmental Objective (PDO) and component structure.

II. Background and Rationale for Additional Financing in the amount of US\$26.9 million

5. **Today mining is a relatively small sector in Cameroon's economy but it is a key pillar of the Government's "2035 Vision".** The contribution of mining to GDP is marginal, less than 0.1 percent according to the latest Extractive Industry Transparency Initiative (EITI) data available. Its contribution to fiscal revenues was less than US\$4 million in 2013, hardly comparable to oil which generated US\$1.3 billion that same year. There is no large-scale mining production apart from a couple of industrial mineral quarries. Artisanal and small-scale mining of gold and diamond have been widespread since the 1970s and while it is known to provide livelihoods for thousands of people in many rural areas, the official production is limited. However, a few large industrial projects have been developed around historically-known deposits - like the iron-ore Mbalam-Nabemba at the border with Congo. On that basis, the Growth and Employment Strategy Paper (DSCE) 2010-2020 states that "the goal pursued in this sector consists of promoting and encouraging research, mining and the processing of mineral resources necessary for the economic and social development of the country". The development of the sector also fits with the World Bank Group Country Partnership Framework (CPF) FY17-FY21 (scheduled for discussion by the World Bank Board on March 28, 2017), especially through contributions to the proposed second and third areas of focus: 'fostering infrastructure and private sector development'; and 'improving governance'.
6. **The main obstacles for the development of a dynamic mining sector in Cameroon – and one that can be compatible with sustainable development principles - can schematically be explained by governance challenges and lack of geological information.**

Following the end of the commodity “super cycle”, many mining investments were cancelled or postponed throughout the African continent. Several initiatives (e.g. African Mining Vision) have tried to devise and promote a new balanced approach towards improving the business environment while strengthening public institutions and governance. In Cameroon, the management of the oil sector has been criticized for not bringing enough benefits to the people, which tends to negatively affect perceptions regarding the emerging mining sector. Contradictory reports on some of the first mining permits that were granted, like C&K Mining and Geovic Mining Corporation¹, have also fueled a sense of poor governance. In reality, the experience and the institutional capacity to govern mining are still comparatively limited. The lack of transparency in the management of mining titles or the semi-mechanized artisanal mining sub-sector are also cited by stakeholders as examples of governance challenges. More generally, there is a clear need for more trust between Government, companies and civil society. However, a key reason why Cameroon does not appear to be on the map of exploration investments is also the lack of geological information. As explained in the Project Appraisal Document of the parent project, little geological mapping and geophysical work has been undertaken at the national and regional levels since the end of the 1970’s. Exploration by private companies has mostly targeted previously known areas and occurrences. Geo-scientific data are poorly stored and managed, and the existing information is dispersed and difficult to access. As a result, the Government does not have the capacity to properly assess the value of prospective mineral deposits or districts and cannot properly promote and manage its resources.

7. Government has taken significant action in recent years to address some of those challenges, but the risks of venturing capital in mining exploration and development are still perceived to be high. Cameroon was declared EITI compliant in 2013. The country was also accepted as a member of the Kimberley Process (KP) in 2012. A new mining law was passed in December 2016 with the objectives to further improve transparency, and address a series of priority issues, including uncontrolled artisanal mining, negative speculation on exploration mining titles, insufficient benefits for the population, overlap with environmental protected areas, and other governance gaps. All these represent flagship steps in improving governance of extractive industries and mining in particular. However, Cameroon is still not perceived as a priority destination for mining investments. As shown for instance by the annual survey of the Fraser Institute, the country has not been in the group of 100-120 mining investment destinations listed by companies in recent years. At the same time, in the hope that mining could replace oil as the future dominant national source of wealth, some tax levels have been set at a high level (as illustrated for instance by a royalty on base metals at 5 percent). In that context, attracting quality investment will require continuous efforts to lower the business risks, improve governance reforms and promote the national geological potential.

8. The original World Bank-financed Mining Sector Capacity Building Project (PRECASEM) (P122153) has already provided a significant contribution to address those key challenges. PRECASEM was declared effective in September 2012. The Development Objective is to improve: (i) efficiency and transparency of Cameroon’s mining sector management; and (ii) Cameroon’s frameworks for sustainable mining development. As shown in the box below, major achievements to date include: the airborne geophysics survey of half of the

¹ C&K Mining is a Korean-based company with diamonds permits in Eastern Cameroon; Geovic is a US-based company which has nickel and cobalt permits in Cameroon.

territory, the foundation for a modern mining cadaster, the Strategic Environmental and Social Assessment (SESA), a successful online social accountability platform, good track record in training mining administration staff, as well as a range of technical assistance including to the revision of the Mining Code. As of early 2017, the PRECASEM project is considered to have a satisfactory performance (rated satisfactory on both Development Objectives and Implementation Progress) and is committed at close to 80 percent, with a disbursement rate of more than 55 percent. Dated covenants are also complied with. Following the Mid-Term Review that took place between July and October 2015, the closing date was extended to March 29, 2019 to allow for sufficient time to achieve the geological mapping campaign.

Box 1: Main achievements from World Bank-financed Mining Sector Capacity Building Project (PRECASEM parent project) to date

Geology Program:	<ul style="list-style-type: none"> - Airborne geophysical survey: about 500,000 line kilometers have been flown, covering 50 percent of Cameroon. All data have been verified by the quality control team and made available to the geology contractor to guide the geological mapping on the ground. - Geological mapping: the official launch of the first geological mapping campaign in decades happened in January, 2017. 10 sheets at 1/200 000 are expected to be produced. - Database: the action plan for the creation and setting up of the national geodata base has been approved. The new Mining Code makes it explicit that geoscientific information is public. Regulations should provide details about access, integrity and promotion of the data.
Mining Cadaster:	<ul style="list-style-type: none"> - A geodetic campaign was carried out to make it possible to use GPS coordinates with the national maps. - All mining titles available were digitized and mining department staff trained. - A new computerized system was designed and set up. Official inauguration took place in February 2017.
Strategic Environmental and Social Assessment:	<ul style="list-style-type: none"> - Environmental and social challenges pertaining to the development of mining in Cameroon were analyzed and discussed through a vast consultative process. - Policy/legal and regulatory/institutional measures were identified to assist Government in prioritizing action. - Other recommendations on good environmental and social practices were shared for private companies and civil society stakeholders. - The final assessment was published both locally (www.mines-cameroun.cm) and on the World Bank website (January, 2016).
Accountability Platform:	<ul style="list-style-type: none"> - An online interactive platform to share resources about mining in Cameroon and international practices was designed and promoted. - The website, www.mines-cameroun.cm had around 700,000 views by January 2017.
Training Plan:	<ul style="list-style-type: none"> - Over 200 government staff from Ministry in charge of mining (MINMIDT) and other departments were trained either locally during workshops organized by the project or overseas during short to medium term training sessions.

9. **The rationale for Additional Financing is both to cover cost overruns and scale up selected activities.** In a letter dated June 24, 2016, the World Bank Governor (Ministry in charge of Economy and Planning, MINEPAT) formally requested additional financing for PRECASEM. Detailed preparatory work made it possible to agree on a US\$26.9 million envelope with the following priorities and estimated budgets:

- a. US\$3 million to cover cost overruns of existing contracts. Cost overruns estimated at 10 percent of initial amounts result from the combined effect of higher-than-expected costs on selected activities like the geophysical airborne survey and the fluctuations in the exchange rate. Absorbing those cost overruns with additional financing would allow to fully implement Component B of the project as planned and provide tools and support for better integration of mining into local and regional development.
- b. US\$21.5 million for new contracts to be procured for scaling up of the geology program, capacity building and artisanal mining activities. First, scaling up the geological program is a historical opportunity to improve knowledge over the country's sub-soil and mineral potential. The original Credit had prioritized areas where no geophysical survey had been acquired. However, the existing information on the rest of the territory must be updated with modern technology and at a consistent line spacing. Similarly, the geological campaign currently being launched is focusing on 10 maps at 1/200 000; doubling this with the Additional Financing would allow to cover a much more significant portion of the territory and completely renew the understanding of the country's geology. Second, scaling up capacity building will allow for the expansion of the mining cadaster to a decentralized level, reinforce technical assistance to the regulatory framework and strengthen the training plan. Third, the Original Financing provided limited support to the management of artisanal and small-scale mining. With the recent increase of that sub-sector, there is an opportunity to support both the administration and local stakeholders to improve the benefits of gold mining and mitigate associated environmental and/or social risks.
- c. US\$2.4 million to cover additional operating costs. These will be associated with implementing the project up to the proposed revised closing date.

10. **The structure and implementation arrangements of the parent project are maintained.** As a consistent continuation and extension of its parent project, the proposed Additional Financing has the same PDO and Components, as well as the same Safeguard category (B). Regarding the implementation arrangements:

- a. The implementing agency will remain the Ministry of Industry, Mines and Technological Development (MINMIDT), which is responsible for implementation and oversight of the project. A dedicated Project Implementation Unit (PIU) has been established within the MINMIDT. It is responsible for day-to-day project management activities, including procurement, disbursement,

financial management, monitoring and evaluation, and safeguard issues. The PIU has one full-time environmental and social specialist.

- b. A Steering Committee (SC) with high-level representatives of relevant Ministries has been established and meets every semester. It is chaired by the Minister of MINIMIDT or his or her representative, and comprises representatives of the ministries responsible for economic planning, finance, environment, forestry, lands, and social affairs.
- c. A Project Implementation Manual (PIM) was developed by the Borrower. It contains a detailed description of the planned activities as well as detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, safeguards, reporting and communication; and (e) other administrative, financial, technical and organizational arrangements and procedures.
- d. In terms of planning, the PIU prepares a draft annual work plan and budget for the Project for the subsequent calendar year of Project implementation. These annual work plans are reviewed and approved by the World Bank.
- e. While the World Bank has adopted a new procurement policy, it granted an exception to PRECASEM to extend the rules of the original credit to the additional one.
- f. Arrangements for financial management are maintained. A new Designated Account will be created to channel the funds of the additional financing.

III. Proposed Changes

Summary of Proposed Changes	
There is no change to PDO. The main changes concern addition of funds to cover cost overruns, revision and scale-up of selected activities, adjustments of the result framework to reflect the change in scope, and extension of the project's date.	
Change in Implementing Agency	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Project's Development Objectives	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Results Framework	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Safeguard Policies Triggered	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change of EA category	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Other Changes to Safeguards	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]

Change in Legal Covenants	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Loan Closing Date(s)	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Cancellations Proposed	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Arrangements	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Reallocation between Disbursement Categories	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Estimates	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change to Components and Cost	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Institutional Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Financial Management	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Procurement	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Implementation Schedule	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Other Change(s)	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]

Development Objective/Results

Project's Development Objectives

Original PDO

The PDO is to improve (i) the efficiency and transparency of mining sector management and (ii) the frameworks for sustainable mining development.

Change in Results Framework

Explanation:

- The first PDO indicator is not changed and its original target date maintained.
- The second PDO indicator is changed to reflect the usage of the geodata produced under the project (the previous version, the accessibility of geodata, is now an intermediary indicator).
- The third PDO indicator is amended to reflect the new emphasis on technical assistance to artisanal mining.
- Some intermediate result indicators are added to make the steps towards reaching the PDO indicators more explicit, including: number of geological maps produced, implementation plan for the geo-data management center approved, official launch of the mining cadaster, setting up of mining cadaster decentralized office, launch of the training campaign for artisans.
- Regarding citizens and beneficiaries, the indicator on the accountability platform is revised so that there is a measurement of the feedback generated by the project.

Compliance

Covenants - Additional Financing (Mining Sector Capacity Building Add - P160917)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
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IDA		no special dated covenant is introduced		<input type="checkbox"/>		
Conditions						
Source Of Fund						
		Name			Type	
IDA		Project Implementation Manual			Effectiveness	
Description of Condition						
The Recipient has updated the Project Implementation Manual in accordance with Section I.D of Schedule 2 to the Financing Agreement.						
Risk						
Risk Category					Rating (H, S, M, L)	
1. Political and Governance					Substantial	
2. Macroeconomic					Moderate	
3. Sector Strategies and Policies					Moderate	
4. Technical Design of Project or Program					Moderate	
5. Institutional Capacity for Implementation and Sustainability					Substantial	
6. Fiduciary					Moderate	
7. Environment and Social					Substantial	
8. Stakeholders					Moderate	
9. Other						
OVERALL					Substantial	
Finance						
Loan Closing Date - Additional Financing (Mining Sector Capacity Building Add - P160917)						
Source of Funds				Proposed Additional Financing Loan Closing Date		
International Development Association (IDA)				01-Dec-2021		
Loan Closing Date(s) - Parent (Cameroon Mining Sector Technical Assistance Project - P122153)						
Explanation:						
One common closing date for both the parent and the additional credit is preferred to facilitate implementation and allow for possible adjustments of activities across the two credits. Although						

the parent project is committed at around 80 percent, some contracts may be extended (PIU personnel, geology) so that they run until completion. Such flexibility may also facilitate adjustments to budgets resulting from exchange rate variations (dollar/euros/XDR).

Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)
IDA-50240	Effective	30-Jun-2017	29-Mar-2019	01-Dec-2021	29-Mar-2019

Change in Disbursement Arrangements

Explanation:

All existing arrangements will be maintained but a new Designated Account will be set up to channel funds from the Additional Financing.

Allocations - Additional Financing (Mining Sector Capacity Building Add - P160917)

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %(Type Total)
			Proposed	Proposed
IDA	USD	IDA 5985 Goods, works, non-consulting services and consulting services, Training and Operating Costs for the Project	20,900,000.00	100.00
IDA	USD	IDA 5984 Goods, works, non-consulting services and consulting services, Training and Operating Costs for the Project	6,000,000.00	100.00
		Total:	26,900,000.00	

Components

Change to Components and Cost

Explanation:

The component structure does not change. The main changes are the scope of certain activities

and their estimated budget.

In component A:

- The program of geology is extended to cover the entire territory with the airborne geophysical survey and to double the original design of the geological mapping campaign. In addition, extended interpretation of geo-data is financed.
- The mining cadaster activity is expanded and rolled out in the regions.
- Capacity building of key mining institutions, including training and equipment, is expanded.

In component B:

- The original activity on mineral resources dynamic management system is cancelled because it is covered by other development partners. Support to Artisanal mining formalization is added instead to reflect the needs of this increasingly important sub-sector at the local and regional level.
- The focus of the B.3 sub-component (Local and Regional Linkages) is reoriented towards industrial minerals and construction materials.
- Details on components and changes can be found in Annex 2.

Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Component A. Access to Mineral Resources and Governance of Mining Operations	Component A. Access to Mineral Resources and Governance of Mining Operations	21.50	44.50	Revised
Component B. Integration of Mining into Local and Regional Development	Component B. Integration of Mining into Local and Regional Development	5.00	6.50	Revised
Component C. Management and M&E	Component C. Management and M&E	3.50	5.90	Revised
	Total:	30.00	56.90	
Other Change(s)				
Implementing Agency Name	Type		Action	

Change in Implementation Schedule
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Explanation:

The completion date is extended and selected activities are expanded.

Appraisal Summary

Economic and Financial Analysis
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Explanation:

<p>The Economic and Financial Analysis maintains the same underlying rationale than the original financing. As a Technical Assistance Loan, the project does not lend itself easily to a simple cost-benefit analysis. However, the project should strengthen the capacity of Government to more effectively manage the mining sector, which should in turn help to attract investors, generate revenues at the national level and other socio-economic impacts at the local level.</p>

<p>Cameroon geological potential is promising for non-oil minerals but it is difficult to anticipate the potential contribution of the sector to the economy until industrial mines start producing. Most of the projects that were considered advanced during the design of the original financing have stalled or have been postponed. At the same time, artisanal and small-scale mining (of gold primarily) have developed and is providing livelihoods to a significant proportion of households especially in East and South regions.</p>

<p>For a non-traditional mining destination like Cameroon, it is critical to re-emphasize the case of promoting a better knowledge of the country's mineral potential. There are strong economic reasons for public sector investment in geoscientific data and capacity building. Recent data shows that Central Africa and Cameroon in particular do not attract any significant portion of exploration allocations at this point in time, which contrasts with the level of priority given by the Government to the sector in its overall development strategy (Cameroon 2035).</p>
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Technical Analysis

Explanation:

<p>Thorough analysis of the sector strengths and weaknesses, risks and opportunities led to the original menu of priorities: technical assistance to improve mining governance (including management of titles, support to negotiations, transparency and social accountability), capacity building regarding sector management, promotion of geological potential, environmental and social impacts.</p>

<p>The original technical analysis remains mostly valid. The proposed additional financing will provide priority technical assistance to institutions in charge of managing the mining sector, including different directorates within MINMIDT, but also within the Ministry in charge of Scientific Research (MINRESI), as well as the Ministry of Environment (MINEPDED) involved in mining permitting and monitoring along with relevant entities at the regional and community levels. The activities have been designed with the cooperation of mining technical experts from MINMIDT and the World Bank on the basis of the original project results to date: the results of</p>
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the first airborne geophysical survey, the SESA, the cadaster system, etc.

The additional financing will contribute to building an institutional environment where mining can develop in accordance with Government strategy and sustainable development principles. In particular, it will strengthen the technical capacity of government staff to promote the country's mineral potential, to administer and regulate exploration and mining projects, to negotiate mining conventions, and to achieve socially acceptable and environmentally sustainable private investment in the sector.

Social Analysis

Explanation:

Similar to the parent project, this Additional Finance would further support strengthening of the framework for a more efficient and sustainable mining sector in Cameroon. It is national in scope although mining is currently limited to areas where artisanal and small-scale mining and industrial mineral quarries have proved viable. While the intention is to provide guidance for future investments in the sector, this project would not finance any physical infrastructure and therefore the environmental and social impacts are expected to be minimal. However, in providing guidance for future investments, it is important that safeguard principles be taken into consideration during this planning and capacity building phase. Therefore, the results of the SESA completed in January 2016, including the guidance regarding the application of the World Bank safeguard policies, will be extremely important for ensuring that negative impacts on vulnerable populations, health and social cohesion be minimized.

In that perspective, the Additional Financing will support a toolkit for Government officials in order to help them review the Environmental and Social Impact Assessment of private investments projects (see A.2.5.). Other contributions of the project to improve management of social impacts of mining include: i) support to improving governance and adopting better transparency standards like EITI and Kimberley Process; ii) support to formalization of artisanal miners and improvement of livelihoods in artisanal mining communities through training and awareness raising; iii) an inventory of industrial minerals in selected areas, as well as supply/demand analysis for key industrial minerals with related capacity building and promotion efforts to optimize future linkages at the local and regional levels.

Positive actions towards addressing gender gaps will be promoted as part of the work targeting artisanal and small-scale mining communities.

Environmental Analysis

Explanation:

Similar to the parent project, this Additional Finance would further support the strengthening of the framework for a more efficient and sustainable mining sector in Cameroon. It is national in scope although mining is currently limited to areas where artisanal and small-scale mining and industrial mineral quarries have proved viable. Although the intention is to provide guidance for

future investments in the sector, this project would not finance any physical infrastructure and therefore the direct environmental and/or social impacts are not expected. However, in providing guidance for future investments, it is important that safeguard principles be taken into consideration during this planning and capacity building phase.

Therefore, the results of the SESA that was undertaken in 2015 including the guidance regarding the application of the World Bank's safeguard policies will be extremely important for ensuring that negative impacts on the environment be minimized.

As a follow up, the project will support a more detailed Framework for environment and social impacts of industrial mining and associated infrastructure. Other contributions regarding management of environmental impacts of mining include: i) technical assistance to the setting up of a mining cadaster that should contribute to clarifying potential conflicts between mining and protected areas; ii) training of administrations in charge of monitoring mining operations including on environmental and social dimensions; iii) remote sensing diagnosis of semi-mechanized mining environmental impacts, including recommendations for rehabilitation; and iv) studies to improve coordination between mining and forestry: on good practices in resolving conflicts between mining and forestry exploitation; and good practices to biodiversity and carbon compensation for mining and associated infrastructure.

Risk

Explanation:

Overall risks are considered substantial because of governance, environmental and social, as well as institutional risks. The project is contributing to mitigating those risks with a range of technical assistance tools, training, studies and advice.

Governance risks in Cameroon are perceived to be substantial. Due to the importance of extractive industries in Cameroon's political economy, the sector will certainly have the attention of high-ranking government officials. This should allow for some level of dialogue on how to strategically develop the mining sector with a minimal environmental footprint and the respect of human rights. However, the nascent politicization of the mining sector may also influence reforms in favor of neo-patrimonial governance tendencies. In particular, the risks related to the sector have changed a little as artisanal mining developed more rapidly than industrial mining with environmental and social impacts harder to monitor and mitigate. The project will contribute to better manage those impacts through dissemination of good practices within artisanal mining communities. Following due diligence during project preparation, it was agreed the project will also not provide any support to "semi-mechanized" artisanal mining which raises additional governance issues.

Environmental and social risks are believed to be substantial given the potential risks of industrial and artisanal mining. This may include "new" risks pertaining to the security situation in the country. Appropriate security measures will be taken in the geological program during airborne and ground surveys and consultants teams will not go into "red" areas affected by the Boko Haram conflict. In the East, in undertaking geology surveys or technical assistance to artisanal mining, appropriate measures will also be taken in areas where the CAR conflict may have

security repercussions.

Institutional risks are considered substantial because there is limited experience with industrial mining within administrations. The project is supporting capacity building in a variety of ways including training, expert advice and equipment. It will also finance sustainability studies for selected institutions like the mining cadaster.

Some risks relate to climate change because industrial mining development in the Congo basin, and associated infrastructure development, could lead to some deforestation. Research on this shows that good practices on the part of investors and appropriate land-use planning on the part of governments should allow to mitigate those risks. The project will contribute to those two dimensions with a range of technical assistance.

IV. World Bank Grievance Redress

11. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

ANNEX 1: Result Framework

Project Development Objectives

Original Project Development Objective - Parent:

The PDO is to improve (i) the efficiency and transparency of mining sector management and (ii) the frameworks for sustainable mining development.

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
No Change	Time taken to issue mineral rights	<input type="checkbox"/>	Number	Value	11.00	6.00	3.00
				Date	31-Dec-2013	10-Jun-2016	29-Mar-2019
				Comment			
Marked for Deletion	Public online access to historic and newly acquired geo-data information	<input type="checkbox"/>	Text	Value	No	no public access yet but:- new geophysical data was acquired- geological supervisor was hired - negotiations with geological contractor being finalized- recommendations on access to geodata produced by the geological contractor	Yes

				Date	17-Nov-2011	10-Jun-2016	29-Mar-2019
				Comment			
New	Number of consultations of the geodatabase by potential investors	<input type="checkbox"/>	Number	Value	0.00		12.00
				Date	17-Jan-2017		01-Dec-2021
				Comment			
Revised	Frameworks and tools for sustainable mining development agreed	<input type="checkbox"/>	Text	Value	No	on going	Yes
				Date	17-Nov-2011	10-Jun-2016	01-Dec-2021
				Comment			
No Change	Guidelines for management of mining revenues at local level issued	<input type="checkbox"/>	Text	Value	No	discussed in the context of the SESA and the accountability platform	Yes
			Sub Type	Date		10-Jun-2016	29-Mar-2019
			Breakdown	Comment			
Revised	Environmental and social impact assessment of mining investments toolkit for Government disseminated	<input type="checkbox"/>	Text	Value	No	partly addressed in the SESA	Yes
			Sub Type	Date	17-Jan-2017	17-Jan-2017	29-Mar-2019
			Breakdown	Comment			
Revised	Guide on good practices for artisanal miners agreed	<input type="checkbox"/>	Text	Value	No		Yes
			Sub Type	Date			01-Dec-2021
			Breakdown	Comment			

Intermediate Results Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Geo-data management center providing online access	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	17-Nov-2011	17-Jan-2017	29-Jun-2018

				Comment			
New	Implementation plan for the geo-data management center approved	<input type="checkbox"/>	Yes/No Sub Type Breakdown	Value	No	No	Yes
				Date	10-Oct-2016	10-Jan-2017	24-Feb-2017
				Comment			
New	Production of geological maps	<input type="checkbox"/>	Number	Value	0.00	0.00	10.00
				Date	17-Jan-2017	17-Jan-2017	20-Jun-2019
				Comment			
Revised	Modern computerized mining cadastre in use	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	17-Nov-2011	17-Jan-2017	29-Mar-2019
				Comment			
New	Official launch of the mining cadastre with updated information accessible to the public	<input type="checkbox"/>	Yes/No Sub Type Breakdown	Value	No	No	Yes
				Date	10-Oct-2016	17-Jan-2017	31-Jan-2017
				Comment			
New	Setting up of de-concentrated cadastre	<input type="checkbox"/>	Yes/No Sub Type Breakdown	Value	No	No	Yes
				Date	17-Jan-2017	17-Jan-2017	29-Mar-2019
				Comment			
No Change	Improved capacities for monitoring of mining operations	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	17-Nov-2011	17-Jan-2017	29-Mar-2019
				Comment			
No Change	Regulations	<input type="checkbox"/>	Yes/No Sub Type Breakdown	Value	No	No	Yes
				Date		17-Jan-2017	29-Mar-2019
				Comment			
Marked for Deletion	Computer-based mining inspection management system	<input type="checkbox"/>	Yes/No Sub Type	Value	No	No	Yes
				Date		17-Jan-2017	29-Mar-2019

			Breakdown	Comment			
Marked for Deletion	Number of people trained	<input type="checkbox"/>	Number Sub Type Supplemental	Value	0.00	42.00	70.00
Revised	Environmental and social impact assessment of mining investments toolkit for Government produced	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date		17-Jan-2017	29-Mar-2019
				Comment			
Marked for Deletion	Accountability Platform established with civil society participation	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date		10-Jun-2016	29-Mar-2019
				Comment			
New	Changes to project activities as a result of citizen feedback	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	31-Jan-2017	24-Jan-2017	01-Dec-2020
				Comment			
New	Positive feedback from artisanal miners on training and awareness raising	<input type="checkbox"/>	Percentage	Value	0.00	0.00	80.00
				Date	26-Jan-2017	26-Jan-2017	01-Dec-2020
				Comment			
Revised	Study on conflicts between mining exploration and forestry exploitation	<input type="checkbox"/>	Yes/No	Value	Yes	No	Yes
				Date	23-Feb-2012	17-Jan-2017	01-Dec-2020
				Comment			
Revised	Industrial minerals market analysis	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	17-Jan-2017	10-Jan-2017	29-Mar-2019
				Comment			
Revised	Number of public service personnel trained in sector	<input type="checkbox"/>	Number	Value	0.00	70.00	150.00
				Date		17-Jan-2017	01-Dec-2021

	relevant fields (with breakdown by gender)			Comment			
Revised	Male	<input type="checkbox"/>	Number Sub Type Breakdown	Value	0.00		120.00
				Date			01-Dec-2021
				Comment			
Revised	Female	<input type="checkbox"/>	Number Sub Type Breakdown	Value	0.00		30.00
				Date			31-Mar-2022
				Comment			

ANNEX 2: Detailed Description of Modified or New Project Activities

1. The Components' structure of the project does not change. The main changes are the scope of certain activities and their estimated budget. In component A, the program of geology is extended to cover the entire territory with the airborne geophysical survey and to double the original design of the geological mapping campaign. In addition, capacity building of key mining institutions, including mining cadaster, is expanded. In component B, the original activity on mineral resources dynamic management system is replaced (because covered by other development partners) by support to artisanal mining formalization to reflect the needs of this increasingly important sub-sector at the local and regional level.

2. Indicative budgets reflect how the additional financing funds are expected to be distributed among the components. Updated costs of all activities are synthesized at the end of the Annex.

Component A. Access to Mineral Resources and Governance of Mining Operations – US\$23 million equivalent.

A.1 Program of Geo-data Acquisition, Organization, and Promotion (extension)

3. This sub-component assists the Government to acquire, process, store, and disseminate information about the country's subsoil to better assess, promote and manage its mineral potential. Activities includes: i) geo-data surveys and production of regional geological and thematic (including geochemistry, airborne geophysics and metallogeny) data banks, maps and notices on Cameroon; this includes compilation and interpretation of available data aiming at the production of national thematic maps (including geology and prospectivity), notices and relevant documents to better manage and promote the mineral sector; ii) design and installation of modern GIS-based geo-data management system, including the set-up of a web based portal to access geo-data information; iii) supply of equipment and training; and v) dissemination and promotion for stakeholders (government, civil society and private sector) of the geological data and knowledge through suitable printing of maps and reports, workshops, media documentation, and participation in international conferences and industry meetings. In the additional financing, the geology program is extended as follows.

A.1.1 Airborne geophysical survey (US\$8 million equivalent)

4. The original design of PRECASEM focused on half of the territory for budgetary reasons. Priority blocks were identified based on the absence of historical data, the remaining areas were partly covered by previous campaigns, particularly in North and South. However, those historical data refer to gravimetric, not radiometric, and were undertaken with a 1000m line spacing instead of the much more standard 500m used by PRECASEM survey. Airborne geophysics remains highly needed in forestry areas (such as the South Region) where rocks do not surface. Having more complete, modern and accurate data will better attract investors and generate greater applications in other sectors such as seismic monitoring, land-use planning, agriculture or water management. The project will hence finance the coverage of the remaining half of the country, with the provision of non-consulting services and the necessary quality

control and supervision. The newly acquired data should be managed through the same geo-data system established under the parent financing, under rules and accessibility standards defined as part of the process. Even more narrow line spacing (200 m) will be proposed in selected areas like the East and South regions, admittedly the most prospective in terms of mineral potential (with iron and gold in particular).

A.1.2 Additional data acquisition (US\$8 million equivalent)

5. The extension of geophysics should be accompanied by an extension of the geological mapping. At present, Cameroon only has a geological map at the scale 1/1 000 000 published in 1979, which itself was the result of a compilation of old geological maps at 1/500 000 undertaken in the 1950s together with a geological review in southwest Cameroon conducted in the 1980s. Among the 48 sheets at 1/200 000 that Cameroon should have, only one sheet has been updated and published (Poli geological map, IRGM, 2008). PRECASEM original financing covers 13 of them essentially in central Cameroon in line with the geophysics blocks. Under the additional financing, with more geophysical data available, the project will double that surface and focus on both the less known and the most prospective areas especially in the West, the South and the East regions. This also requires the extension of the geochemical survey which will be appropriately designed to ensure homogeneity with the first phase of survey while providing specificity to geographical parameters (relief and forestry coverage). The newly acquired data will be managed through the same geo-data system established under the parent financing. The cost of this activity also covers the US\$2 million cost overrun of the first phase. Because it is critical that the same methodology and legend is used and homogeneity between the two maps is guaranteed, there is a strong case for contracting the consultant involved in the first phase. However, this depends on technical performance, satisfaction of the client and further discussions on the roles and responsibilities of consultants versus Cameroonian institutions.

A.1.3 Data interpretation (US\$2 million equivalent)

6. The basic interpretation of geophysical data is usually done by the contractor in charge of the airborne survey. However, more elaborated interpretation will be made possible thanks to the national coverage. Maps and data layers of interpreted data across the country will be produced as well as more specific studies on selected targets to help Government attract investors. Similarly the synthesis of all geological, geochemical and geophysical data will allow to undertake a 1/1 000 000 national synthesis in addition to prospectivity maps. Interpretation will also include producing specific maps showing geological potential versus potential high-value ecosystems.

A.1.4 Geo-data management system (US\$0.5 million equivalent)

7. The geo-database system is key to ensure the appropriate management of the historical and the newly acquired information. A comprehensive implementation plan should be available early 2017 which will confirm whether or not additional resources are required. An “access to information policy” with transparent rules on when and how the information will be made accessible to the public is expected to be approved as part of the new sector regulations.

A.1.5 Equipment (US\$0.5 million equivalent)

8. The equipment to undertake the geology program and to set up the geo-database management system is financed under the original credit. Because the second phase of geology is expected to involve more teams on the ground, additional equipment, especially high-quality vehicles for field missions in remote areas, will be needed.

A.1.6 Training (US\$0.5 million equivalent)

9. Training is a key component of the geology program. Under the original credit, knowledge transfer is mostly provided for by the geology contractors to the Cameroonian counterparts from IRGM, DGM and University. Under the additional financing, even more emphasis is expected to be put on capacity building. Depending on the success of the training program and the evaluation of the first geology mapping and geochemical surveys, more responsibility in undertaking the work could be given to Cameroonian counterparts.

A.1.7 Promotion (US\$0.5 million equivalent)

10. Promotion of the geological data and knowledge through suitable printing of maps and report, media documentation, and participation at international conferences and industry meetings (like Indaba and PDAC mining events) will be further supported in an effort to improve Cameroon competitiveness. The project will organize workshops and publish documents accessible to laymen and communities to facilitate the dissemination and understanding of geological and mineral information for a broader audience. This could include a “road show” to reach out to potential investors or investment events.

A.2 Management of Mineral Rights and Operations (extension)

11. This sub-component is designed to strengthen government capabilities to manage mining rights and operations, including their environmental and social impacts. As detailed in the Project Appraisal Document of the original financing, this covers support to achieve: i) a more complete legal and regulatory framework; ii) a modern computer-based mining cadaster; iii) capacity building in mining convention negotiations; iv) capacity building in monitoring of mining operations; and v) a SESA. In the additional financing, this sub-component is extended and modified as follows.

A.2.1 Technical assistance to the legal and regulatory framework reform (US\$0.5 million equivalent)

12. Government has been working on a revision of the mining code for several years and some technical assistance was financed under the original financing. As the new law was approved in December 2016, additional advisory and technical support on the regulatory framework will be needed.

A.2.2 Support to the setting up of the modern mining cadaster (US\$1 million equivalent)

13. The original financing covered support to train and equip a mining cadaster unit within the ministry, the digitalization of mining titles as well as the set-up of a computerized system. The visualization of existing titles on the system (`go live`) is expected to take place in April 2017 with official inauguration to inform sector stakeholders and the wider public. However, some consolidation work will be needed to i) proceed with the decentralization of the cadaster; ii) add an ASM monitoring tool; and iii) build capacities of the cadaster team. This additional effort may also include an *e-portal* option which would allow mining titles applicants to apply and interact with the administration online.

A.2.3 Capacity Building in mining convention negotiations (savings of US\$0.5 million equivalent)

14. Training of government officials on mining conventions took place during the first phase of the project. However, given the drop of commodity prices on international markets several negotiations between Government and private companies like the one regarding bauxite deposits went on hold. While, it is not anticipated that direct support to negotiations will be needed in the remaining life of the project, some support to the formulation of a model mining agreement is planned. This model agreement should help frame future negotiations, save time, reduce asymmetry of information or double standards.

A.2.4 Capacity Building in monitoring of mining operations (US\$1.5 million equivalent)

15. Training of government officials on mining-related disciplines remains a priority. Part of the workforce within mining institutions have little sector background and staff have been requesting a scaling up of the training efforts. Under the additional financing an extension of the training plan is planned as well as additional equipment.

A.2.5 Social and Environmental management of mining (US\$0.5 million equivalent)

16. The SESA was supported under the original financing. It was a successful consultative process that allowed to identify priority areas for better anticipating possible impacts of mining developments. The SESA largely contributed to design activities of other activities, especially under component B. Additional financing is planned under this particular activity to provide Government with a toolkit to assess possible environmental and social impacts of future mining investments and related infrastructure to inform the process of reviewing the Environmental Impact Assessment and/or the Environmental Management Plan.

A.3 Transparency and Accountability in the Mining Sector (reallocation)

A.3.1 Transparency and Certification mechanisms for mining (US\$0.5 million equivalent)

17. Cameroon has joined key initiatives to improve transparency in the sector. Despite significant effort and financing provided by Government and donors, initiatives like the EITI and the KP need strengthening. This sub-component will continue to provide targeted support through communication, equipment and training to accompany Cameroon’s efforts to maintain its compliance.

A.3.2 Accountability Platform (savings of US\$0.5 million equivalent)

18. The project contributed to set up an accountability platform (see www.mines-cameroun.cm) as a vehicle for a more inclusive management of the mining sector. The “online platform” has been a success in terms of numbers of visitors (more than 700,000 views as of January 2017). However, the development of a “physical” platform which was supposed to build on the convening power of the online one, did not prove to generate momentum. This has been partly attributed to a level of “fatigue” of workshops among stakeholders. A new approach, trying to spread accountability across all the project activities and more targeted to specific and current issues (like artisanal mining) has been therefore proposed. Citizen engagement will hence remain an essential part of the additional financing.

Box 2: Transparency of mining titles and geodata

Transparency is a key dimension of mining governance in general and a dimension of the project across many activities as reflected by the PDO itself. Transparency of mining titles will be improved through the mining cadaster which will mainstream the processing of mining titles and make the updated map of mining titles accessible to the public through an online portal. The new Mining Code anchors the notion of the mining cadaster as an institution in the law. A great level of emphasis should be put into the regulations so that it is made operational and sustainable. Similarly, transparency over geodata will be essential. The setting up of a national geodatabase should allow Government to make geodata available to potential investors and to the wider public in a sustainable way. Here as well, the new Mining Code includes an encouraging provision asserting the principle of accessible information. Regulations will be key in determining the details.

Component B. Integration of Mining into Local and Regional Development – US\$1.5 million equivalent

19. The main objective of this component is to improve the integration of mining operations into local and regional development. The additional financing introduces the following changes.

B.1 Support to Artisanal Mining Formalization (US\$3 million equivalent) – replacing Mineral Resources Dynamic Management System

20. The Mineral Resources Dynamic Management System was supposed to be launched on the basis of the SESA results to inform land-use planning. However, Government embarked on a range of activities to improve land-use planning in accordance with the corresponding legislation of 2011. As identified during appraisal, MINEPAT is getting support by different donor partners, especially GIZ, to produce national and regional land-use schemes. MINEPAT is also supported by the German Geological Survey (BGR) who is leading a project to “make available harmonized and quality-tested data, information and thematic maps on geo-resources as the basis

for decision making by the competent authorities responsible for regional development planning”. For this reason, it has been agreed to remove this activity from PRECASEM going forward. The box below synthesizes the cross-cutting contribution of the project to the land-use planning agenda based on the priorities identified during the SESA and as agreed during pre-appraisal.

Box 3: Contribution of PRECASEM additional financing to the land-use planning agenda

- a. Geology program (sub-component A1): the geology program will radically improve the knowledge on Cameroon subsoil. Having more complete, modern and accurate data will not only boost mineral exploration but also generate greater applications in other sectors such as seismic monitoring, land-use planning, agriculture or water management.
- b. Mining cadaster (sub-component A2): as part of its activity on mining cadaster, PRECASEM will support an effort to better visualize and make information public about possible overlaps between mining exploration permits and protected areas. It is noted that according to the draft revised Mining Code such overlaps are not legally possible when the protection of the area is the subject of an international treaty.
- c. Mining and forestry conflicts (sub-component B2): PRECASEM will finance two studies to contribute to resolving possible conflicts between mining and forestry. The first one will seek to identify good practices on the field to allow respectful mining exploration in forestry areas; the second one will aim at promoting good approaches to compensation in situation of de-forestation for mining exploitation purposes.
- d. Framework for managing environmental and social impacts of industrial mining (sub-component A5): as a follow up to the SESA, the project will finance a more focused piece to provide the Government with a ready-made framework to screen mining projects with their associated infrastructure and recommend good practices in their management. Such tool should typically help both the line ministry and the Environment Ministry review Environmental Impact Assessments and Management Plans in the sector and make informed decisions in terms of land uses.

21. This activity is replaced by technical assistance to formalization of artisanal mining. During the design of the original project, the focus was industrial mining. However, the context has changed as industrial mining developments slowed down in the country primarily because of lower commodity prices. Artisanal mining of gold developed, especially in the East and in the South generating both livelihoods opportunities and social and environmental challenges (see box). The additional financing will hence seek to improve ASM livelihoods and practices by providing training and awareness raising. Activities will include: i) supply chain analysis for gold and diamonds to better describe the sector realities and inform both institutions and stakeholders; ii) a training and awareness raising campaign for artisans. This will include the production, testing and dissemination of a Guide on good practices for artisanal miners. which will cover a range of disciplines: mining and processing techniques, gold market realities, mining titles and other key regulations, environmental and social risks (including gender dimensions and child labor) and mitigation measures; and iii) Remote sensing diagnosis of semi-mechanized mining environmental impacts, including recommendations for rehabilitation.

Box 4: Artisanal mining and Semi-mechanized artisanal mining in Cameroon

The French Geological Survey (BRGM) estimated in 2011 that there were 15,000 full-time artisanal miners in Cameroon. That number is likely to have increased significantly and many more participate in the artisanal mining value chain in a part-time or service capacity. The vast territory in which ASM takes place, poor infrastructure which makes physical access difficult in certain regions, the lack of formalization of the artisanal mining profession, incoherent institutional organization at all levels of Cameroonian government and a culture of secrecy surrounding the sector are the major factors preventing the compilation of accurate figures.

ASM is overwhelmingly concentrated in Cameroon's East Region followed by the Adamaoua Region, though pockets of artisanal mining exist throughout the country. Gold and quarry mining for building materials such as sand comprise the grand majority of artisanal production; diamonds and sapphire are the chief precious stones. Artisanal miners must be physical persons of Cameroonian nationality according to law. However many foreigners, particularly from the Central African Republic, are actively mining on Cameroonian soil.

A new form of “semi-mechanized” artisanal mining developed in 2012-2016. The overwhelming majority of semi-mechanized gold miners are of Chinese nationality, though there are some European and Cameroonian groups as well. Semi-mechanized operators primarily mine alluvial gold deposits by deviating rivers using heavy machinery like excavators. There are indications that this type of mining is now on the decline in part because of Government tax system but the resulting environmental impacts on water and forests are said to be significant at the local level.

Cameroon's 2014 EITI report includes statistics on artisanally-produced gold. The Artisanal Mining Support Framework (CAPAM), which was created in 2003 with funds from the Heavily Indebted Poor Country initiative (HIPC) as a unit of the Ministry of Mines (MINIMIDT), declared total artisanal production of 518 Kg of gold valued at 9.05 billion FCFA (US\$18 million).

Beginning in 2014, CAPAM's mission was expanded by an amendment to mining regulations to include the taxation of semi-mechanized operators by collecting a 30 percent in kind tax at each mining site (15 percent being the ad valorem tax and 15 percent the government share of production). It also receives funds from the Ministry of Finance to purchase gold directly from non-mechanized artisanal miners, though it purchases a small percentage of overall artisanal gold production. The multiplication of CAPAM's functions and its budget composition—dominated by funds for gold taxation and purchasing—has significantly reduced its focus on the unit's original mission to support to artisanal miners.

B.2 Coordination between Mines, Forests, and Environment Stakeholders (no change)

22. There is no change in this sub-component. In line with what was originally planned and following the conclusions of the SESA, the activities will focus on: i) Study on good practices in resolving conflicts between mining and forestry exploitation; and ii) Study on good practices to biodiversity and carbon compensation for mining and associated infrastructure. This second study will capitalize on discussions and assessments carried out in the specific case of the Mbalam project and seek lessons for future investments. As needed, the project will rely on bodies like the Technical Committee on the integrated management of forest and mining resources.

B.3 Local and Regional Linkages (same budget but activities reoriented)

23. The activities under this sub-component were originally planned to mitigate some of the social risks induced by industrial operations through the promotion of local linkages and benefit sharing mechanisms in mining areas. Since new industrial investments have not yet been committed, it has been agreed to focus on the management of industrial minerals. Those minerals indeed represent a great opportunity for the domestic market as well as a range of possible

linkages at the local and regional levels. The project will therefore finance an inventory of industrial minerals in selected areas, as well as supply/demand analysis for key industrial minerals with related capacity building and promotion efforts to optimize future linkages.

B.4 Framework for Mining-related Infrastructure (no change)

24. This sub-component was supposed to support the identification and development of potential Public-Private Partnership (PPP) activities, in view of the possible launch of the Mbalam project. Given this investment has been postponed, the main activity here will focus on providing advice on possible state participation in mining and associated infrastructure. In case Mbalam is revised, the project will keep the flexibility to provide Government with additional technical assistance in this field.

Component C. Management and M&E of the Project – US\$2.4 million equivalent

25. This component will support (a) Project coordination and management of procurement, financial management, and disbursement; and (b) monitoring and evaluation of project implementation, including reporting, audits and assessment of safeguards policies. A Project Implementation Unit (PIU) has been established and is managed by staff hired by the MINIMIDT. All the details pertaining to PIU activities and other institutional arrangements are described in the Project Implementation Manual which will be updated to reflect the extended activities.

Table 1: Summary of Indicative Costs

Components	Original Indicative Costs (US\$ million)	Updated Indicative Costs (US\$ million)
Component A	21.5	44.5
Program of geo-data acquisition, organization and promotion	12.5	32.5
<i>1.1.1 Airborne geophysics survey</i>	4.0	12
<i>1.1.2 Additional data acquisition</i>	4.0	12
<i>A.1.3 Data interpretation</i>	1.0	3
<i>A.1.4 Geo-data management system</i>	1.0	1.5
<i>A.1.5 Equipment</i>	1.0	1.5
<i>A.1.6 Training</i>	1.0	1.5
<i>A.1.7 Promotion</i>	0.5	1
Management of Mineral Rights and Operations	7.0	10
<i>A.2.1 Mining Legal and Regulatory Framework</i>	0.5	1.0
<i>A.2.2 Mining Cadaster</i>	1.0	2.0
<i>A.2.3 Negotiation Capacity Building</i>	1.0	0.5
<i>A.2.4 Monitoring of Mining Operations</i>	2.5	4.5
<i>A.2.5 Social and Environment Management of Mining</i>	2.0	2.0
Transparency and Accountability in the Mining Sector	2.0	2.0
<i>A.3.1 Transparency and Certification Mechanisms for Mining</i>	0.8	1.5
<i>A.3.2 Accountability Platform</i>	1.2	0.5

Components	Original Indicative Costs (US\$ million)	Updated Indicative Costs (US\$ million)
Component B: Integration of Mining into Local and Regional Development	5.0	6.5
<i>B.1 Mineral Resources Dynamic Management System</i>	<i>1.5</i>	<i>0</i>
<i>B.1 Support to Artisanal Mining Formalization</i>		<i>3.0</i>
<i>B.2 Coordination between Mines, Forests, and Environment Stakeholders</i>	<i>1.0</i>	<i>1.0</i>
<i>B.3 Local and Regional Linkages</i>	<i>2.0</i>	<i>2.0</i>
<i>B.4 Framework for Mining Infrastructure Development</i>	<i>0.5</i>	<i>0.5</i>
Component C: Management and M&E of the project	3.5	6
<i>C.1 Coordination, monitoring and evaluation</i>	<i>3.5</i>	<i>5.9</i>
TOTAL	30.0	56.9