

**Program for Result Financing (PforR) Support Operation**

**For**

**Power Sector Recovery Program (PSRP) in Cameroon**

**P178136**

**Environmental and Social Systems  
Assessment (ESSA)**

**Prepared by the World Bank**

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## LIST OF ACRONYMS

AAR	Annual Allowed Revenue
AER	Rural Electrification Agency
AER	The Rural Electrification Agency
Alucam	Aluminium of Cameroon
ARSEL	Electricity Sector Regulatory Agency
ARSEL	Electricity Sector Regulatory Agency Corporation
BIP	Billing Improvement Plan
BNCSP	Brigade National de Contrôle de la Conformité Sociale des Projets
CCCE	Electricity Consumers' Consultative Committee
CCCE	Electricity Consumers' Consultative Committee
CN	Concept Note
CP	Core Principles
DLI	Disbursement Linked Indicator
DPDC	Dibamba Power Development Company
DTC	Decentralized Territorial Collectivities
E&S	Environmental and social
EDC	Electricity Development Corporation
EE	Energy Efficiency
ENEO	The Energy of Cameroon
ESDF	Electricity Sector Development Fund
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plans
ESS	Environmental and Social Standard
ESSA	Environmental and Social Management System Assessment
ETP	Emergency Thermal Programme
GBV	Gender Based Violence
GoC	Government of Cameroon
GRM	Grievance Redress Mechanism
GTMP	Generation And Transmission Master Plan
GWh	Gigawatt Hours
HDI	Human Development Index
HFO	Heavy Fuel Oil
HQSE	Hygiene Quality Safety Environment
HV	High Voltage
HYDRO MEKIN	The Mekin Hydroelectric Development Corporation
IDP	Internally Displaced Persons
IMF	International Monetary Fund

IPF	investment projects
IPP	In Power Production
KPDC	Kribi Power Development Corporation
KPI	Key Performance Indicator
KPI	key performance indicators
LMIC	Low- and Medium-Income Country
MAR	Maximum Allowed Revenue
MINAS	Ministry of Social affairs
MINCOMMERCE	Ministry of Commerce
MINEE	Ministry of Water and Energy
MINEPAT	Ministry of Economy, Planification and Land Developpment
MINEPDED	Ministry of Environment, Nature Protection and Sustainable Development
MINFI	Ministry of Finance
MINFOF	Ministry of Forests and Wildlife
MINT	Ministry of Transport
MINTP	Ministry of Public Works
MV	Medium Voltage
NDS	National Development Strategy
NES	National Electrification Strategy
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OHS	Occupational Health and Safety
PAP	Program Action Plan
PDO	Program Development Objective
PforR	Program-for-Result
PIU	Project Implementation Unit
PRSE	Power Sector Recovery Programme
PSIA	Poverty And Social Impact Analysis
PSMP	power sector master plan
PSRP	Power Sector Recovery Programme
PV	Poly Vinyl
RIE	Réseau Interconnecté Est
RIN	Réseau Interconnecté Nord
RIS	Réseau Interconnecté Sud
SCD	Systematic Country Diagnostic
SESA	Strategic Environmental and Social Assessment
SMIG	Salaire Minimum Interprofessionnel Garanti (Minimum Wage)
SOE	State-Owned Enterprises
SONATREL	National Electric Energy Transport Company
SONEL	Société Nationale d'Electricité

T&D	Transmission And Distribution
TCR	Technical Commission for Business Rehabilitation of the public and para-public sector
TPA	Third-Party Access
TSO	Transmission System Operator
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank
TT	Task Team



## EXECUTIVE SUMMARY

### 1. Context

Cameroon Power Sector Reform Program (P178136) is a hybrid operation (Operation), comprising a Program (also referred to as “PforR”) and an Investment Project Financing (hereinafter referred to as the “Project”) financed through the Program-for-Result Financing (PforR) lending instrument. This document concerns the Program part of the Operation.

This PforR responds to the Government of Cameroon (GoC) demand for financing and expertise to support its efforts in implementing development programs and improving their effectiveness and efficiency in achieving results.

The Program Development Objective (PDO) of the Operation is to improve the financial performance and transparency of the electricity sector and increase access to electricity in Cameroon. The proposed amount of the Program is 300 US\$M.

### 2. Results areas, activities to be financed and excluded activities

The Program will focus on three results areas, which are complementary and include measures to support key financial, operational/technical, governance, and policy interventions, and include:

#### 2.1 RA 1: Improved financial performance of the electricity sector.

To achieve this objective, the Program will support activities to increase liquidity in the sector by (a) reducing the gap between allowed electricity sector costs and tariff revenues through gradual increases in tariffs of MV and HV customers until cost-recovery is reached; (b) improving regular payments of the residual tariff subsidy, that is, compensation from MINFI to ENEO; and (c) ensuring timely payments to ENEO of electricity bills of public buildings’ consumption by enhancing the metering and billing accuracy and transparency. The application of cost-reflective tariff rates for MV customers (except those classified by the GoC as socially sensitive) and HV customers (except ALUCAM) of ENEO will increase the total revenues in the sector by US\$178 million (see Table 5) between 2024 and 2027. Ensuring the implementation of timely payment of government bills is expected to reduce the number of days it takes for ENEO to receive collections from its customers by 47 percent, that is, a reduction from 224 days to 118 days. This would also improve ENEO’s working capital by 76 percent or provide positive cash flows of US\$176 million equivalent over the period of the Program while reducing the liquidity crunch that ENEO currently faces.

#### 2.2 RA 2: Strengthened operational performance, enhanced accountability and transparency of the sector.

The Program will support closer monitoring by ARSEL and MINEE of the performance of the electricity distribution concessionaire, ENEO, and the transmission company SONATREL. The Program is expected to enable ARSEL to complete a technical audit (including a physical inventory of assets in the concession) on ENEO’s annual performance report, provide recommendations to be implemented, and make the report available to the public. In addition, ARSEL is expected to approve SONATREL’s investment plan for 2024-2028, which will include activities to improve its business processes. The investment plan will be incorporated in SONATREL’s updated performance contract to be signed with the GoC. These measures will be critical to increase trust among sector stakeholders, which is a steppingstone to improve operational performance.

### 2.3 RA 3: Increased access to electricity.

To achieve this objective, the Program will support investments to increase access to electricity to households and industries in urban and rural areas and reduce thermal generation with solar PV. Thus, the Program is expected to bring electricity to 211,000 households and benefit over 1 million people. In addition, the Program is expected to remove existing bottlenecks in the transmission system by increasing the total installed transformation capacity by 2 percent per year, which will enable industries currently relying on generators to sustain their businesses to be connected to the national grid. Lastly, the Program will support the installation of 22 MW of solar PV generation capacity to power existing isolated systems supplied with thermal generation and new ones built to supply new electricity consumers. This additional solar PV capacity is expected to bring cost savings of US\$54 million (3 percent of total system generation costs) in diesel fuel for power generation during the Program implementation period. On the other hand, transmission investments to reduce existing bottlenecks will enable an estimated increase of 302 GWh in consumption by industrial electricity customers, which will provide US\$25 million of additional system net revenues by 2026 increasing to US\$37 million by 2027.

### 2.4 Objectives, duration, geographic coverage, results areas, and costs are detailed in the following table.

**Table 1: Summary of the PforR Program Boundary**

Description	Government Program (CESRP 2023–2027)	Program Supported by the World Bank
Objectives	To achieve financial sustainability of the sector, <sup>33</sup> increase electricity access rate, improve the sector operators’ performance, and establish mechanisms to enable Cameroon to export electricity.	To improve financial sustainability and transparency of the electricity sector and increase access to electricity in Cameroon.
Duration	2023–2027	2023–2027
Geographic coverage	All 10 regions in the country	All 10 regions in the country
Pillars/Results areas (RAs)	<ol style="list-style-type: none"> <li>1. <b>Towards a greener electricity generation mix</b> To phase out diesel for power generation by 2030 and reach an energy mix composed of 85% of hydropower generation, 10% natural gas-fired electricity and 5% of solar PV. The GoC’s objective is to install 5,000 MW of generation capacity by 2030.</li> <li>2. <b>Reinforcement and extension of transmission network</b> <ul style="list-style-type: none"> <li>• Build a single national transmission network.</li> <li>• Stabilize electricity supply and ensure redundancy of major loads and strategic infrastructures.</li> <li>• Modernize transmission network.</li> <li>• Build transmission infrastructure for power exports.</li> </ul> </li> <li>3. <b>Towards a financially sustainable electricity sector</b> <ul style="list-style-type: none"> <li>• Revise tariff schedule on cost-recovery basis and a mechanism for optimizing tariff compensation.</li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>• RA 3: Increased access to electricity</li> <li><b>DLI 6:</b> Increase in renewable electricity supply to grid-connected and off-grid consumers.</li>   <li>• RA 1: Improved financial performance of the electricity sector</li> <li><b>DLI 1:</b> Reduction of annual revenue gap (RG) between maximum allowed revenues (MAR) and tariff revenues</li> </ul>

Description	Government Program (CESRP 2023–2027)	Program Supported by the World Bank
	<ul style="list-style-type: none"> <li>• Reduce transmission and distribution losses.</li> <li>• Phase out HFO and diesel for power generation.</li> <li>• Establish regular payment of electricity bills for government and public lighting.</li> <li>• Electricity exports</li> </ul> <p>4. <b>Improving performance of electricity sector operators</b></p> <ul style="list-style-type: none"> <li>• ARSEL conducts performance audits of all operators.</li> <li>• Finalizing performance contracts of EDC and SONATREL.</li> <li>• MINEE monitors operators’ concessions through specialized committees.</li> </ul> <p>5. <b>Increasing electricity access rate</b> To reach universal electricity access in the country by implementing the following:</p> <ul style="list-style-type: none"> <li>• Develop a least-cost NES through grid extension, mini-grids, and individual systems (update of the 2014 Rural Electrification Master Plan).</li> <li>• Rehabilitate and strengthen existing networks.</li> <li>• Build a smart grid network.</li> <li>• Organize a donor roundtable to mobilize additional funding for the implementation of the NES.</li> </ul> <p>6. <b>Increasing industrial electricity consumption</b> MINEE’s diagnostic study identified an unmet industrial demand of 450 MW in the city of Douala and a large potential in Kribi. This strategic pillar will be implemented through</p> <ul style="list-style-type: none"> <li>• Optimization of HV substation’s capacities and rehabilitation of HV lines;</li> <li>• Construction dedicated MV to supply industries;</li> <li>• Adopting regulatory incentives for industries through time-of-use tariffs; and</li> <li>• Monitoring and publishing SAIDI and SAIFI KPIs annually.</li> </ul> <p>7. <b>Human capital and local skills development</b></p> <ul style="list-style-type: none"> <li>• Design a human resources curriculum in the electricity sector.</li> </ul>	<p>(TR), expressed as a percentage of MAR.</p> <p><b>DLI 2:</b> Timely payments of public administration’s electricity consumption and annual compensation by Ministry of Finance to ENEO, as per applicable regulatory framework.</p> <p><b>DLI3:</b> Public facilities and public lighting with functioning smart meters.</p> <ul style="list-style-type: none"> <li>• RA 2: Strengthened operational performance, enhanced accountability and transparency of the sector</li> </ul> <p><b>DLI 4:</b> Reports on regulatory audits of performance of ENEO and SONATREL are completed and published annually.</p> <ul style="list-style-type: none"> <li>• RA 3: Increased access to electricity</li> </ul> <p><b>DLI 5:</b> Households provided with new electricity service.</p> <ul style="list-style-type: none"> <li>• RA 3: Increased access to electricity</li> </ul> <p><b>DLI 7:</b> Increase in available transformation capacity in transmission substations (high/primary voltage 90 kV and above) operated by SONATREL.</p>

Description	Government Program (CESRP 2023–2027)	Program Supported by the World Bank
	<ul style="list-style-type: none"> <li>• Initiate capacity building of the sector's personnel.</li> <li>• Mainstream gender dimension in all activities.</li> <li>• Develop a local manufacturing industry of rural electrification equipment.</li> </ul>	
Overall Financing	<b>US\$1,381 million</b>	<b>US\$925 million</b> , <sup>34</sup> of which <ul style="list-style-type: none"> <li>• US\$280 million IDA Credit</li> <li>• US\$645 million of GoC financing.</li> </ul>

## 2.5 Activities that will be financed to achieve the expected results areas

### The Program will finance infrastructure works and reforms, including tariff.

Works comprise smart meters for public buildings and public lighting and rehabilitation, construction of distribution networks components in urban and peri-urban areas (grid densification); and installation of install solar PV generation in existing diesel fired thermal plants (“hybridization” of thermal plants).

Grid densification. DLI#5: Households provided with new electricity service (number). As described in the PAD, MINEE’s PIU, with the support of an owner’s engineer, is expected to connect to electricity service around 211,000 currently unserved households, which will benefit over 1 million people. Works to be executed for that purpose are usually identified as “Grid densification” and include the construction of the following distribution networks components in urban and peri-urban areas currently having medium voltage (15 kV) lines:

- Extension of 15 kV overhead lines
- Installation of pole mounted medium to low voltage (15 to 0.4 KV) distribution transformers of different capacities (15 to 400 kVA)
- Extension of low voltage (0.4 kV) overhead lines
- Construction of low voltage service drops to connect low voltage lines with households and other buildings

Construction of 15 kV and low voltage lines is in general made at the side of public ways, without requirements on rights of way. It is quite usual to use the same poles for both lines and to mount medium to low voltage distribution transformers. If small capacity distribution transformers supplying few customers are used (US network topology), low voltage (LV) networks are short and it is economic to build them using twisted cable, which is very resistant to weather events and external aggressions in general, while also creating a less risky condition if it falls to the ground.

Grid densification could also include construction of a few 15 kV service drops to connect at this medium voltage (MV) level buildings of factories and other facilities with high electricity demand (1-3 MW), which makes supply in LV technically unfeasible. As several appliances of those facilities (motors and others) operate at LV, those new consumers supplied at MV must build inside their premises at their cost a MV/LV substation they will own, as any other equipment used for their productive processes.

Under DLI#6: Increase in renewable electricity supply to grid-connected and off-grid consumers (GWh), the Program will support the installation of solar PV generation capacity inside the sites of less than 10 existing diesel fired thermal plants with low installed capacity (1-2 MW each), which supply electricity to isolated systems or to the national interconnected system. MINEE’s PIU, with the support of an owner’s engineer, is expected to install these solar PV. Rather than increasing the amounts of electricity generated by each station, the main purpose of the installation of solar PV generation capacity inside the sites of those thermal plants is to reduce the amounts of very expensive diesel fuel consumed to supply consumers connected to them, by replacing part of thermal production with solar PV generation. This arrangement is known as “hybridization” of thermal plants, and has clear economic advantages, as well as reduction of local pollution and of CO2 emissions. Installation of solar PV generation capacity does not imply any construction works outside the plant site.

Tariff reforms. These reforms that will be financed by the Program target medium-voltage (MV) customers and large accounts and are already in place since 2022. This tariff reform was adopted by the regulatory agency (ARSEL) by decision N°000000427D/ARSEL/DG/DREFT/DESIR/SDAFT/SDESIR/CSTai of December 12, 2022. This decision establishes the tariffs for the sale of electricity to MV customers and the minimum thresholds for negotiating the tariffs for so-called “large accounts” applicable by the distribution company ENEO for the period 2023-2026. It is a progressive reform that has already started in 2023 and will continue on an annual basis till 2025. In fact, this reform will continue as mentioned below:

- a) Customers with energy consumption ranging from 0 to 3 MW.

January 1 <sup>st</sup> 2024	January 1 <sup>st</sup> 2025	January 1 <sup>st</sup> 2026
+ 5%	+5%	+5%

- b) Customers with energy consumption ranging from 3 to 10 MW

January 1 <sup>st</sup> 2024	January 1 <sup>st</sup> 2025	January 1 <sup>st</sup> 2026
+ 10%	+10%	+10%

It is worth mentioning that the current electricity rate applied to large accounts is below the cost of service. The cost of service represents the total expenses incurred by the operators to provide electricity to the customer. Moreover, these large accounts already benefit from government subsidies. The gradual increase considers the impact on the development of industries, particularly that of large industries, particularly that of major accounts, and the growth objectives set by the government.

## 2.6 Excluded activities of the Program

As per Bank PforR Directive, and as detailed in Table 4, excluded activities of the Program are construction, rehabilitation or upgrading of power plants, transmission lines, distribution lines or any infrastructure investment activity that will entail conversion or degradation of natural habitats or critical cultural heritage sites, impact indigenous peoples or cause land acquisition and/or physical resettlement or the use of forced evictions.

## 3. Institutional Implementation Arrangements

An inter-ministerial committee composed of a strategy committee (ISC), chaired by the Secretary General of the Prime Minister (SGPM) and a technical committee (ITC), chaired by the Minister of Energy, will be responsible for the overall PforR implementation with the support of a Program Implementation Unit (PIU).

The ITC members include key representatives of the MINEE, MINFI, MINEPAT, ARSEL, SONATREL, EDC and ENEO, and will meet bi-monthly to monitor the PforR progress based on the PIU reports. The ITC will also approve the Annual Work Plan and Budget (AWPB) and regularly update it as needed. ARSEL will be responsible for implementing activities to achieve DLIs 1 and 4, MINFI for DLI 2, MINEE for DLI 3, 5 and 6, and SONATREL for DLI 7. The PIU will oversee the preparation of the AWPB for ITC approval to ensure achieving the annual PforR DLR targets and to meet the annual technical assistance needs under the IPF component of the program.

The members of the ITC (MINEE, MINFI, MINEPAT, ARSEL, SONATREL, EDC and ENEO) will appoint an environmental and a social specialist to closely work with the PIU E&S team in managing E&S risks and impacts associated with the activities of the program, particularly the E&S Program Action Plan. The ESSA include recommendations to enhance the of E&S capacity of the implementing agencies through creating dedicated E&S units, improving staffing and procedures to support the training of MINEE E&S safeguards staff and enable effective monitoring of the E&S requirements of the program.

#### **4. Purpose of the ESSA**

The Environmental and Social Management System Assessment (ESSA) Program aims at reviewing/assessing the existing Cameroon's systems capacities to plan and implement effective measures for environmental and social risks and impact management for the program, and to identify possible measures and actions to strengthen them. More specifically, the ESSA for the PforR Program aims at examining the extent to which the energy sector existing environmental and social management legal and regulatory and institutional systems can guide adequate environmental and social impact assessments, mitigation, management and monitoring of the Program, and incorporate recognized elements of good practice in environmental and social assessment and management.

The ESSA's ultimate target is to ensure the PforR's effectiveness in managing E&S risks associated to the program and promoting sustainable development based on the following six (6) core principles outlined in paragraph 8 of the World Bank Policy for Program-for-Results Financing:

- **Core Principle 1: General Principle of Environmental and Social Management.**
- **Core Principle 2: Natural Habitats and Physical Cultural Resources.**
- **Core Principle 3: Public and Worker Safety.**
- **Core Principle 4: Land Acquisition.**
- **Core Principle 5: Social Considerations - Indigenous Peoples and Vulnerable Groups.**
- **Core Principle 6: Social Conflict.**

#### **5. ESSA Findings**

The ESSA was prepared by Bank staff through a combination of reviews of existing Program materials and available technical literature, and interviews with concerned government staff, anticipated implementing agencies, non-governmental organizations, regulatory agencies, and energy/electricity sector experts. As part of the Operation's appraisal process, consultations have been conducted with government, power sector and civil society organizations.

This assessment also considered safeguard performance of projects implemented by the Ministry of Energy and Water Resources (MINEE). **The ESSA found that the E&S risks are Substantial.** They are related to the potential impacts of the works and reforms to be financed under the PforR. Works comprise capacity increase of HV substations, new distribution connections, hybridization of existing thermal generation facilities and supply to isolated systems to serve currently unelectrified areas, smart meters for



public buildings and public lighting and rehabilitation and extension of distributed networks operating at 15 kV or lower voltages (densification) and service connections . Works to be executed for that purpose are usually identified as “grid densification”, and include the construction of the following distribution networks components in urban and peri-urban areas currently having medium voltage (15 kV) lines:

- Extension of 15 kV overhead lines;
- Installation of pole mounted medium to low voltage (15 to 0.4 KV) distribution transformers of different capacities (15 to 400 kVA);
- Extension of low voltage (0.4 kV) overhead lines;
- Construction of low voltage service drops to connect low voltage lines with households and other buildings.

Construction of 15 kV and low voltage lines is in general made at the side of public ways, without requirements on rights of way. It’s quite usual to use same poles for both lines and to mount medium to low voltage distribution transformers. If small capacity distribution transformers supplying few customers are used (US network topology), low voltage (LV) networks are short and it’s economic to build them using twisted cable, which is very resistant to weather events and external aggressions in general, while also creating a less risky condition if it falls to the ground.

Grid densification could also include construction of a few 15 kV service drops to connect at this medium voltage (MV) level buildings of factories and other facilities with high electricity demand (1-3 MW), which makes supply in LV technically unfeasible. As several appliances of those facilities (motors and others) operate at LV, those new consumers supplied at MV must build inside their premises at their cost a MV/LV substation they will own, as any other equipment used for their productive processes.

These works range from low to medium in magnitude, they are site specific, and others are located along existing roads. They pose potential adverse effects to the environment, safety, and human health. These E&S risks and impacts are mostly likely temporary, reversible and they can be mitigated in a predictable manner.

The potential environmental risks of works are the generation of electronics and e-waste that may affect the natural environment and public health. Replacement of poles of public lighting and installation of public lighting can involve minimal ground disturbance, including some occupational health and safety risks, such as electrocution and falling from heights. There will be also risks related to procurement of non-energy-efficient IT equipment and meters.

Social risks and impacts include (a) lack of adequate and timely stakeholder engagement (access to public information, consultation and concerns and grievances redressing), particularly for non-governmental actors. Provisions allowing citizens to provide their feedback in the public sphere is very limited and usually formal within environmental and social impacts assessments, and citizens feedback is not considered; (b) small but potential disruption of economic activities caused by works of extension of distributed networks operating at 15 kV or lower voltages (grid densification, low-voltage distribution lines and associated low-voltage distribution transformers - usually small-sized mount on poles situated along existing roads, requiring no land clearing and physical displacement) service connections and the upgrade of existing substations (replacement of existing equipment by more performant ones).

The “hybridization” of thermal plants, and has clear economic advantages, as well as reduction of local pollution and of CO2 emissions. Installation of solar PV generation capacity does not imply any construction works outside the existing plant site.

Regarding tariff reforms, although the target is on MV customers and large accounts, and not on the final consumers, and are already under implementation, the cumulative impact of the gradual increase of tariffs for these categories of customers until year 2026 can cascade down and impact negatively the final customers. Among them, the disadvantageous or vulnerable social groups can be affected particularly if this is not adequately assessed.

Before the implementation of the first part of the reform, ARSEL which is the sector regulator, carried out a study on the impacts of the first leg of tariff reforms on the price of final products of the industry related to years 2022/2023.

However, some gaps have been identified on that study. The following are not considered: (i) the Cumulative impacts of the increases until 2026, (ii) the distributional impact on different social groups is not considered. The ESSA recommends the preparation of a suitable Poverty and Social Impact Assessment (PSIA) to guide the upcoming reforms.

This risk classification is also based on the social safeguard performance of projects implemented by the Beneficiary (the Ministry of Energy and Water Resources - MINEE). The energy sector alone accounts for almost 30% of the World Bank's financing in Cameroon. MINEE is implementing several projects in partnership with the World Bank: Nachtigal Hydropower Project (P157734); Hydropower Development on Sanaga River Technical Assistance Project (P157733); Rural Electricity Access Project for Underserved Regions (P163881); Cameroon - Chad Power Interconnection Project (P168185); Electricity Transmission and Reform Project (P152755). The average social safeguard performance of these projects during the past two years is moderately satisfactory. None of the energy agencies have dedicated environmental and social units, staff are limited and mainly on environment risks management.

### **Applicability of Core Environmental and Social Principles (CP) to PforR Disbursement Linked Indicators (DLIs) and gaps**

The result of this assessment is presented in Table 9. Summary of E&S Systems Assessment of the document and summarized as follows:

**Core Principle 1: General Principle of Environmental and Social Management. The ESSA notes that the institutions responsible for environmental and social management still pose challenges to manage adequately E&S risks and impacts.** Infrastructure works to be financed by the Program will go through the ESMS that is being recommended in the action plan. Implementation of the country E&S legislation is supported by the Ministry of Environment for the ESIA. The responsible agencies provide services in an anachronistic and time-consuming manner, with a lack of standardization and transparency, poor environmental and social enforcement, analyses, and monitoring. Some of the salient E&S issues include: (a) inadequate E&S staffing and need of capacity building. The main agencies do not have E&S dedicated units. In some cases, E&S Specialists are included in technical units to whom they report directly, causing that their recommendations are not enforced; (b) limited stakeholder engagement for ESIA and reforms. Provisions allowing citizens to provide their feedback in the public sphere is very limited and usually formal within environmental and social impacts assessments, and often citizens feedback is not considered; and (c) limited grievance redress mechanisms to convey concerns and claims; grievance redress mechanism is not foreseen by the national legislation.

**Core Principle 2: Natural Habitats and Physical Cultural Resources. The ESSA highlights that the activities supported by the PforR component are not expected to involve large civil works which may lead to significant adverse impacts on natural habitats and cultural heritage.** It is not expected that the Program will have any impact on natural habitats and physical cultural resources because proposed works are not large civil works and consist only on new connections in peri-urban and rural areas and



upgrading existing infrastructures in Sahelian area with no vegetation inside. They include extension of distributed networks operating at 15 kV or lower voltages (densification) and service connections, the upgrade of substations and; small-scale solar PV mini-grids. In addition the Program will support replacement of thermal generation by enabling 22 MW of new solar PV generation capacity and expanding access to clean hydropower. Solar PV infrastructure to be constructed are located in the right of way (RoW) of existing thermal plant.

**Core Principle 3: Public and Worker Safety. The supported activities are not expected to involve works under significant risky and unsafe workplace conditions.**

The supported works of mostly rehabilitation and upgrading existing infrastructure including i.e. extension of distributed networks operating at 15 kV or lower, solar plants hybridization and the upgrade of substations that are not of large scale, thus they are not expected to entail high or substantial risky and unsafe workplace conditions. These works may lead to health and safety risks to the community and workers, including SEA/SH. During the works, populations and workers might be exposed safety risks. In addition, operation of these infrastructures can contribute to public exposure to electric accidents. The Cameroonian labor regulatory framework comprises standards of occupational health and safety (OHS), but still with challenges in terms of application. Cameroonian labor regulatory framework comprises standards of occupational health and safety (OHS). The national legislation on OHS are quite well developed. The following texts can be listed: (i) Law no. 92/007 of August 14, 1992, on the labor code, (ii) Decree No. 75/740 of November 29, 1975, setting the conditions for the organization and operation of the National Commission for Occupational Health and Safety, (iii) Order N° 039 /MTPS /IMT of November 26, 1984, fixing the general measures of hygiene and security on the workplaces. The issue with these regulations is (i) Their low standard (Minimum salary, health insurance, etc.) and their low enforcement in the field.

Moreover, this framework does not include some ESS2 requirements. e.g. Overall, regulations require public and private employers to develop and provide training to their employees on preparedness and response to emergency plans, environmental risk prevention programs, and occupational health and medical control programs. In addition, there are other gaps. One of them is related to GBV, country context assessment on Gender Based Violence: Sexual Abuse and Exploitation and Sexual Harassment (GBV: SEA/SH) shows inadequate legal framework in preventing and responding GBV cases. There are no civil remedies for GBV cases, but they are referred to judicial sphere, lack of referral pathway protocols and services providers for GBV: SEA/SH response. This poor baseline conditions on GBV: SEA/SH can be exacerbated by the Program activities. According the exclusion criteria list, areas affected by insecurity are excluded from the program. (more details in table 4 ).

**Core Principle 4: Land Acquisition. The activities supported by Program may have direct adverse impacts related to land acquisition and involuntary resettlement.** Infrastructure works that will cause land acquisition and/or physical resettlement or the use of forced evictions are excluded from the Program. Only small scale of temporary economical displacement associated to the “grid densification” could be present in the program. Grid densification that includes the construction of distribution networks components in urban and peri-urban areas currently having medium voltage (15 kV) lines are on the existing right of way, then disruption of the economical incomes, if any, will be temporary. Cameroun E&S system shows gaps with the requirements set by Core Principle 4. The juridical arsenal on land acquisition in Cameroon is large but outdated and presents these main gaps with the World Bank policies: eligible project affected persons are those who have formal legal rights on land, squatters are not eligible for any compensation or assistance; valuation method of affected land and assets is not at replacement cost; economic displacement is not eligible, livelihoods restoration assistance is not foreseen, payment of compensation prior to vacation of the project right-of-way by occupants is not systematically done. In addition to the Ministry of State Property and Land tenure, which is national agency in charge of land expropriation and compensations, there are other sectoral agencies, at national and local levels that conforms

the Census and Valuation Committee (Commission de Constats et d’Evaluation – CCE) that make lengthy and long process to obtaining the decrees of expropriation and compensation for affected people, which mandatorily requires an Inter-ministerial Committee to carry out, and the GoC has been facing difficulties to mobilize resources for the valuation of losses and payment of resettlement compensations are other of the problems related to resettlement management in Cameroon.

However, land acquisition is not anticipated within the framework of this program.

Sub projects (upgrading or rehabilitation works) to be financed by the Program will be selected and agreed upon resettlement screening jointly with other E&S risks as per the ESMS provisions as recommended in the action plan. MINEE will submit its proposed investment list assorted with a screening report on a yearly basis. The IVA will review the screening report and advise if the selected subprojects respect the exclusion criteria list.

**Core Principle 5: Social Considerations – While activities supported by the Program are not expected to cause adverse impacts on Indigenous Peoples by impacting their land, knowledge, cultural heritage; or cultural, ceremonial, or spiritual aspects of their lives, they and vulnerable peoples can be negatively impacted by the Program tariff reforms.**

In alignment with Bank PfoR guidance, the following activities that would impact Indigenous Peoples are excluded from the program. They are activities that would (a) have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation; (b) cause relocation of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities from land and natural resources that are subject to traditional ownership or under customary use or occupation; or (c) have significant impacts on Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities’ cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected communities.

**Core Principle 6: Social Conflict.** The Program could lead to marginalization of social groups and exacerbation of conflicts among social groups if the reform that will be supported by the Program is not duly assessed and adequate measures are not taken as needed

Although tariff reforms that will be financed by the Program are on MV customers and large accounts, and not on the final consumers, are already on course (Decision N<sup>o</sup>000000427D/ARSEL of December 12, 2022), the accumulative impact on the gradually increase of the tariffs for these categories of customers until year 2025 can cascade down and impact negatively the final customers, and most disadvantageous or vulnerable social groups can be affected. Prior to this Decision 2022, ARSEL, the regulatory agency, carried out an impact of tariff adjustments on the final end user products. The presentation on this study states that it is based on tariff increases applied in 2022 /2023 and on the price of the product at the time of the analysis (e.g. beer, flour, cement). , and . Conclusion of the study, as shown in the presentation, is that the proposed increase should lead to a maximum increase in the price of a 50 kg bag from XAF 3,4 to 4,7. After the first reform this year 2023, ARSEL and MINEE held consultation with these MV customers, and they finally came to an agreement that no price increase was required.

The discussions on impacts of the tariff reforms on the end users sustain that with an improvement in quality of service and using grid connected electricity, the global costs of electricity production will reduce since they will use less self-production , and i) grid connected electricity costs represents a minimal portion of overall cost structure of the medium voltage and high voltage customers (who often rely on diesel based self-production); such that tariff increases will have a minimal impact on the final goods.

ii) with an improvement in quality of service supported by the government program and the PforR investments, the industries will reduce their overall dependence on expensive self-generation, reduce their overall costs of production and minimize cost increases of the final product.

However, some gaps have been identified on that study. The following are not considered: (i) the Cumulative impacts of the increases until 2026, (ii) the distributional impact on different social groups is not considered. The ESSA recommends the preparation of a suitable Poverty and Social Impact Assessment (PSIA). PSIA results will guide the upcoming reforms.

**The ESSA concludes that the Program will be developed in a legal or regulatory environment that poses challenges.** While the regulatory framework related to the environmental due diligence is overall adequate, enforcement is weak. On the social front there are not established mechanisms to foster transparency, social control, and accountability. Social participation in policy decision-making is not an integral part of the public governance of the energy sector.

**The ESSA also concludes that the Beneficiaries' and the implementing agencies' experiences in developing programs and projects of the same level of complexity are relevant, but their track record regarding E&S due diligence has not been satisfactory.** There are concerns related to their capacity and commitment and track record in relation to stakeholder engagement. The technical and institutional capacity of the borrower, its track record, and the financial and human resources available for management of the PforR and its E&S risks and impacts will need gap filling measures. No legal or regulatory framework changes are needed before the operation can proceed.

## **6. Proposed E&S Program Action Plan and Summary of Gaps per Core Principle and Proposed Actions**

Based on the ESSA findings on the gaps between the PforR environmental and social core principles and the national systems, the development and operationalizing of an integrated ESMS (Environmental and Social Management Systems) by MINEE will be key for managing environmental and social risks and impacts of the PforR activities.

MINEE shall prepare, disclose, adopt and maintain the ESMS throughout the Program implementation period, including but not limited to: (i) E&S policy, standards and procedures; (ii) guidelines for application of exclusion list including risk identification and site alternative analysis; (iii) the scope and guidelines for undertaking E&S assessment and management tools during preparation and implementation of the works investment, OHS, cultural heritage assessment; and (iv) The requirements on livelihood restoration, and other mitigation requirements relevant to the program.

The development of the ESMS and associated guidelines and procedures, as well as the training of MINEE and PIU staffs on the ESMS will be supported by the IPF component of the PforR. The preparation and approval of an ESMS will be completed 90 days after effective date and in any case not before the start of works..

All infrastructure works will be selected and agreed upon on an annual basis. MINEE will submit its proposed investment list to the Bank on a yearly basis. The Annual Investment List will include the E&S screening of each proposed infrastructure work by the MINEE based on the PforR exclusion criteria (See Table 4). MINEE will also submit all relevant documentation to the World Bank to conduct an additional due diligence to confirm compliance with the exclusion criteria and, provide its no-objection on the list.

Detailed selection criteria, conditions, and procedures for the selection of the infrastructure works for inclusion under the program will be included in the ESMS and reflected in the Program Operations Manual (POM).

Among others, such criteria and conditions will include the proposed activities' compliance with the environmental, safety and social management systems and requirements set forth in MINEE's

Environmental and Social Management System (ESMS), which shall be consistent with the ESSA. In the event where MINEE does not have sufficient evidence that a given sub-project is not triggering the exclusion criteria, the sub-project will not be eligible for claiming as DLI result under the program and will be removed from the Annual Investment List.

The ESMS will also include the format of the Annual Investment List and the procedures for its preparation by MINEE as well as list of relevant E&S documentation for MINEE to submit to the World Bank for no-objection in each year. Only those transmission lines, substations, and IPPs’ solar PV and/or BESS projects listed on the Annual Investment Lists are included under the program and their related activities could be verified to support any DLR achievement. The Annual Investment List selection results will not replace the DLR verification results. The investments listed on the accepted Annual Investment Lists will still be subject to the verification process to be conducted by Independent Verification Agency (IVA) to verify the achievement of the relevant DLIs in each year, including the verification of the compliance of the ESMS. The adoption of a POM by MINEE and the preparation and acceptance of the Annual Investment List for the various fiscal years, all in form and substance satisfactory to the World Bank, are conditions for declaring the loan/grant agreements under the program effective. The subsequent Annual Investment Lists will be prepared and submitted by MINEE to the World Bank by not later than December 1 of each fiscal year starting from fiscal year 2024.

The Independent Verification Agency will verify and certificate compliance of the E&S compliance of infrastructure works sub projects, including the exclusion criteria of the Program and their due E&S implementation before recommending the disbursement for payment.

Alongside this screening, specific measures are recommended and required to ensure adequate management of the envisaged E&S risks. The following Action Plan was agreed to enhance the borrower’s Environmental and Social Risk Management System. Some of these actions will be supported by the IPF TA component of the Program. The PIU will record evidence of compliance with the E&S of implementing agencies.

**Table 2. Summary of Gaps per Core Principle and Proposed Actions**

Summary of Gap per Core Principle	Action/Responsible	Timeline
<b>Core Principle 1: General Principle of Environmental and Social Management. The ESSA notes that the institutions responsible for environmental and social management still pose challenges to manage adequately E&amp;S risks and impacts.</b> Some of the salient E&S issues include:		
a) inadequate E&S staffing in PforR implementing agencies, including lack of specialized E&S unit in MINEE, and need of capacity building.	MINEE, ENEO, SONATREL, ARSEL, EDC designate and maintain throughout Program implementation an environmental and a social specialist as further detailed in the ESMS.	Within thirty (30) days after the Effective Date.
	MINEE creates a dedicated E&S unit to strengthen E&S capacity of the sector. This unit coordinates activities with other PCUs involved in the program as further detailed in the POM.	Thirty (30) days after the Effective Date.  The new E&S unit at the MINEE will start operating in 2024.

Summary of Gap per Core Principle	Action/Responsible	Timeline
	MINEE includes costs associated to the dedicated E&S unit in the program Budget for the first 02 years.	
	MINEE organizes and delivers trainings to E&S specialists from, ENEO, SONATREL, ARSEL, EDC	Throughout the program.
	MINEE prepares an Environmental and Social Management System as per vetted terms of reference by the Bank.	90 days after effective date and in any case not before the start of works
Limited Capacity of the Beneficiary on E&S Management	MINEE shall adopt and maintain the ESMS throughout the Program implementation period.	90 days after effective date and in any case not before the start of works
	Trainings staffs on the ESMS	Throughout the program.
(b) limited stakeholder engagement for environmental and social impacts assessment and planning and reforms	MINEE, ENEO, SONATREL, ARSEL, EDC implement the Stakeholder Engagement Plan of the Operation (Program and Project) to explain the changes occurring in the sector and contribute to a better understanding and adherence of reforms by key stakeholders, including active citizens engagement.	At Project Effective Date, and, thereafter, throughout Project implementation.
	ARSEL incorporates results of the study on the distributional impacts and affordability of tariff adjustments in electricity sector (PSIA) that will be prepared under action related to Core Principle 1:	Within 90 days after the Effective Date. Prior to the upcoming reforms.  SEP updated with results of the study should be within 30 days of Survey completion.
	MV customers satisfaction survey to strengthen stakeholder consultation of electricity regulatory process	By December 2025.
(c) limited grievance redress mechanisms to convey concerns and claims	MINEE, ENEO, SONATREL, ARSEL, EDC implement the GRM of the Operation that is part of the	At Project Effective Date, and, thereafter, throughout Project implementation.

Summary of Gap per Core Principle	Action/Responsible	Timeline
	Stakeholder Engagement Plan of the Operation	
<b>Core Principle 2: Natural Habitats and Physical Cultural Resources.</b>		
The ESSA highlights that the activities supported by the PforR component, which are mostly upgrading on existing infrastructure, are not expected to involve large civil works which may lead to significant adverse impacts on natural habitats and cultural heritage.	Activities that can impact Natural Habitats and Physical Cultural Resources are excluded from the program. (See exclusion list)	NA
<b>Core Principle 3: Public and Worker Safety. The supported activities are not expected to involve works under significant risky and unsafe workplace conditions.</b> However, main gaps are		
<p>The national legislation on OHS are quite well developed. The following texts can be listed: (i) Law no. 92/007 of August 14, 1992, on the labor code, (ii) Decree No. 75/740 of November 29, 1975, setting the conditions for the organization and operation of the National Commission for Occupational Health and Safety, (iii) Order N° 039 /MTPS /IMT of November 26, 1984, fixing the general measures of hygiene and security on the workplaces.</p> <p>The issue with these regulations is (i) Their low standard (Minimum salary, health insurance, etc.) and their low enforcement in the field.</p> <p>Moreover, the legal framework in preventing and responding GBV cases is inadequate. There are no civil remedies for GBV cases, but they are referred to judicial sphere, lack of referral pathway protocols and services providers for GBV: SEA/SH response.</p> <p>The notion of community workers is not clearly defined. Only the high-intensity labor methods (HILM) is outlined in the national framework, especially the Decree 2018/366 of June 20, 2018 on the Public Procurement Code. However, this decree does not give define conditions of the use of these workers (remuneration, OHS, etc.)</p>	<p>MINEE includes a chapter in the ESMS on labor management procedures applicable to the program: compiling the provision of the national systems added to the gap filling measures.</p> <p>These specific labor management procedures shall be integrated into the implementing agencies Standard Operating Procedures (especially ENEO, SONATREL EDC and AER. Training on OHS for implementing agencies</p>	90 days after effective date and in any case not before the start of works
b) Poor baseline conditions on GBV: SEA/SH that can be exacerbated by the Program activities.	MINEE includes a chapter in the ESMS on GBV: SEA/SH compiling the provision of the national systems added to the gap filling measures.	Within ninety (90) days after the Effective Date
<b>Core Principle 4: Land Acquisition. The activities supported by Program may have direct adverse impacts related to land acquisition and involuntary resettlement and Cameroon E&amp;S system presents:</b>		



Summary of Gap per Core Principle	Action/Responsible	Timeline
a) Gaps with the World Bank policies include not eligibility of economical displacement.	MINEE includes a chapter in the ESMS on livelihoods restoration for potential economic displacement.	90 days after effective date and in any case not before the start of works
	MINEE has published (...) (iii) a Completion report of the implementation of actions recommended on livelihoods restoration under ESMS.	Before the start of associated works.
	IVA will verify the compliance with livelihoods restoration chapter of the ESMS prior to the disbursement under the DLI3, DLI5, DLI6 & DLI 7.	At the end of th execution of associated works.
<p><b>Core Principle 5: Social Considerations – While activities supported by the Program are not expected to cause adverse impacts on Indigenous Peoples by impacting their land, knowledge, cultural heritage; or cultural, ceremonial, or spiritual aspects of their lives, they and vulnerable peoples can be negatively impacted by the Program tariff reforms.</b></p> <p><b>Core Principle 6: Social Conflict. The Program could lead to marginalization of social groups, the exacerbation of conflicts among social groups, or social unrest if adequate measures are not taken.</b> Tariff reforms may lead to social conflict due its disproportionate impact on the affordability and well-being of most poor and vulnerable. The subsidies may not have been necessarily benefiting the poor and most vulnerable due to, among other reasons, lack of adequate indicators to identify vulnerable groups.</p>	ARSEL submits ToRs of the PSIA to the Bank for approval	Before the Effective Date.
	ARSEL carries out the study on distributional impacts and affordability of tariff adjustments in electricity sector (PSIA).	90 days after project effectiveness. Prior to the upcoming reforms.
	A strong communication plan as part of the Stakeholder Engagement Plan should be in place to avoid disproportionate impact of policy reforms on the well-being of most poor and vulnerable people.	120 days after project effectiveness.

## 1. Information disclosure and stakeholder consultation

Information disclosure and stakeholder consultation carried out with regard to the PforR. The draft ESSA Report will be publicly available before appraisal begins and consultations carried out during its preparation by the World Bank's staff with key stakeholders will continue. So far the ESSA Consultation Plan includes Governmental power sector agencies, Experts in the sector of energy; Non-governmental organizations, including those of energy users and climate change. The operation will continue to engage stakeholders through information disclosure, communication, and grievance redress mechanisms as foreseen in the Stakeholder Engagement Plan.

Previous consultation on the main issues of the energy sector before the PforR preparation, include interviews with government staff, regulatory agencies, regulatory agencies, and sector experts. Cameroon's Power Sector Key Stakeholder Consultations related to the PforR, were carried out during the period of 6 – 10 February 2023. These consultations are part of the Consultation Plan of the Program and were conducted by the World Bank team with the support of MINEE.

The objectives of these consultations were meant to:

- a) Provide meaningful opportunities to engage Program stakeholders with information on the Program's scope, timeline, expected impacts and proposed management actions.
- b) Request input, feedback and/or confirmation from stakeholders on the factual basis and assumptions used to prepare the Environmental and Social System Assessment report, for example, with respect to the application of laws and regulations in the practice.
- c) Provide an opportunity for stakeholders to seek clarification based on any judgment made by the Bank team on the adequacy or acceptability of any aspect of the program's E&S effects or proposed management measures; and
- d) Provide an opportunity for stakeholders to suggest alternative E&S risks and impacts management measures as necessary.

Participants of these consultations included representatives from SONATREL (National Society of Electricity Transport); AER (Rural Electrification Agency of Cameroon); ENEO (Energy of Cameroon); ARSEL (Electricity Sector Regulatory Agency) and two projects (SONATREL and AER)

**Results of consultations.** The six entities consulted expressed their strong support for the program. They listed positive economic, environmental and social impacts that would be generated by the program, including the creation of income-generating activities in rural areas, the reduction of gas emissions, the improvement of electricity policies, the development, etc. Other main points are:

- **Stakeholder engagement.** Need to adopt a good communication strategy including better dissemination of relevant information; communication dimension of the E&S aspects of activities must be improved; enterprises hardly respond to requests of the regulator; a mechanism so that the customers feedback is considered in terms of reference, studies and plans are effectively considered is needed; it is necessary to raise awareness on the importance of monitoring community assets and others

- **Institutional arrangement for E&S management.** Non-objection of MINEE and ARSEL prior to that of the World Bank is recommended; a single E&S focal point for the program, who will be responsible for



communicating information, convening meetings, etc. is desirable; a single body to be in charge of waste management of the program is also needed; more ownership and attention to E&S aspects when preparing projects is needed in general and ensure that the investment plan package is complete before validation of the investment plan, in particular the costs of the environmental and social aspects. social.

- **Other points included:** better understanding of the Program design, DLIs and which pertained to each of the involved agency; climatic risks leading to the destabilization of networks due to flooding (in the Far North for example); need to put in place a communication strategy to facilitate the acceptance of new smart meters and also the planned reforms; involuntary resettlement, cascading repercussions and negative impact on the most vulnerable people, production of electronic waste, minimal disturbance of the sun, Pollution of the natural environment and risks to public health, hydrological risks, climatic risks etc.

On May 3<sup>rd</sup>, 2023, a consultation workshop was organized on the current program. This workshop is part of the disclosure process. The ESSA will be presented to 45 participants from various institutions (Energy producers, ARSEL, EDC, Customers, MINEE, SONATREL, ENEO, etc.). The drafted ESSA was shared to participants prior to the meeting and their input collected. More on these consultations are in chapter X of the current document.

## SECTION I. INTRODUCTION

### I.1. Background and Program Description

The Program-for-Result (PforR) is a new lending instrument whose strategic focus is to support the government programs, by strengthening institutions, build capacity, and enhance partnerships with stakeholders to achieve lasting impact. PforR responds to country demand for financing and expertise to support their efforts in implementing their own programs for development and in improving program effectiveness and efficiency in achieving results. The Program's Development Objective (PDO) is to improve financial viability and transparency of the electricity sector and increase access to electricity in Cameroon.

The Program will focus on three results areas. These key results areas are complementary and include measures to support key financial, operational/technical, governance, and policy interventions. The proposed amount of the program is 300 US\$M.

The Program will support the implementation of activities designed to achieve the Government's CESRP goals in three results areas as follows:

**(i) Results Area 1: Improved financial performance of the electricity sector.**

To achieve this objective, the Program will support activities to increase liquidity in the sector by (a) reducing the gap between allowed electricity sector costs and tariff revenues through gradual increases in tariffs of MV and HV customers until cost-recovery is reached; (b) improving regular payments of the residual tariff subsidy, that is, compensation from MINFI to ENEO; and (c) ensuring timely payments to ENEO of electricity bills of public buildings' consumption by enhancing the metering and billing accuracy and transparency. The application of cost-reflective tariff rates for MV customers (except those classified by the GoC as socially sensitive) and HV customers (except ALUCAM) of ENEO will increase the total revenues in the sector by US\$178 million (see Table 5) between 2024 and 2027. Ensuring the implementation of timely payment of government bills is expected to reduce the number of days it takes for ENEO to receive collections from its customers by 47 percent, that is, a reduction from 224 days to 118 days. This would also improve ENEO's working capital by 76 percent or provide positive cash flows of US\$176 million equivalent over the period of the Program while reducing the liquidity crunch that ENEO currently faces.

**(ii) Results Area 2: Strengthened operational performance, enhanced accountability, and transparency of the sector.**

The Program will support closer monitoring by ARSEL and MINEE of the performance of the electricity distribution concessionaire, ENEO, and the transmission company SONATREL. The Program is expected to enable ARSEL to complete a technical audit (including a physical inventory of assets in the concession) on ENEO's annual performance report, provide recommendations to be implemented, and make the report available to the public. In addition, ARSEL is expected to approve a Performance Improvement Plan (PIP) of SONATREL, which will include activities to improve its business processes and an investment plan for the rehabilitation and upgrade of existing transmission infrastructure for 2024—2028. The PIP will be incorporated in SONATREL's updated performance contract to be signed with the GoC. These measures will be critical to increase trust among sector stakeholders, which is a steppingstone to improve operational performance.

### **(iii) Results Area 3: Increased access to electricity.**

To achieve this objective, the Program will support investments to increase access to electricity to households and industries in urban and rural areas and reduce thermal generation with solar PV. Thus, the Program is expected to bring electricity to 211,000 households and benefit over 1 million people. In addition, the Program is expected to remove existing bottlenecks in the transmission system by increasing the total installed transformation capacity by 8 percent, which will enable industries currently relying on generators to sustain their businesses to be connected to the national grid. Lastly, the Program will support the installation of 22 MW of solar PV generation capacity to power existing isolated systems supplied with thermal generation and new ones built to supply new electricity consumers. This additional solar PV capacity is expected to bring cost savings of US\$54 million (3 percent of total system generation costs) in diesel fuel for power generation during the Program implementation period. On the other hand, transmission investments to reduce existing bottlenecks will enable an estimated increase of 302 GWh in consumption by industrial electricity customers, which will provide US\$25 million of additional system net revenues by 2026 increasing to US\$37 million by 2027.

#### **The PforR will contribute to the overall sector turnaround targeted by the government program.**

Upon arrival of energy from Nachtigal at the end of 2024, the sector could experience significant revenue shortfall if the transmission and distribution investments necessary to connect the additional supply to the demand are not operational. Projected estimates of the sector shortfall show that the difference between sector costs and sector revenues could increase to US\$200 million in 2025 under the base case scenario, which assumes no tariff increases and the inability to fully evacuate the power from Nachtigal. To mitigate the financial impacts of that situation (in case it occurs) and to support the Government-led reform program, the PforR will contribute to reduce the sector shortfall, e.g. 25 percent in 2025, and the implementation of critical reforms, such as: tariff increases for MV and HV customers, timely payments of own electricity consumption and compensation by GoC to ENEO, reduction in generation costs through solar hybridization of thermal plants and increase of transformation capacity of substations to enable higher industrial consumption. Those actions are expected to improve sector liquidity, which will also strengthen capacity of ENEO to honour contractual payments to all its vendors, including energy purchases from the developer of Nachtigal, NHPC. In subsequent years, acceleration of transmission and distribution investments to absorb Nachtigal capacity will be key to return the sector to a financially sustainable situation by 2027, assuming normal hydrological conditions. The sector, however, remains exposed to the volatility of hydrological conditions in the north and of international prices of oil fuels. From 2029 to 2031, the sector is projected to experience supply deficits to meet growing demand until additional planned generation sources come online.

## **I.2 Purpose of the ESSA**

The Environmental and Social Management System Assessment (ESSA) Program aims at reviewing/assessing the existing Cameroon's systems capacities to plan and implement effective measures for environmental and social risks and impact management for the program, and to identify possible measures and actions to strengthen them. More specifically, the ESSA for the PforR Program aims at examining the extent to which the energy sector existing environmental and social management systems can operate, within the current legal and regulatory and institutional framework, to guide adequate environmental and social impact assessments, mitigation, management, and monitoring, and incorporate recognized elements of good practice in environmental and social assessment and management.

The ESSA's ultimate target is to ensure the PforR's effectiveness in managing its associated and promoting sustainable development based on the following six (6) core principles outlined in paragraph 8 of the World Bank Policy for Program-for-Results Financing:

- **Core Principle 1: General Principle of Environmental and Social Management.**
- **Core Principle 2: Natural Habitats and Physical Cultural Resources.**
- **Core Principle 3: Public and Worker Safety.**
- **Core Principle 4: Land Acquisition.**
- **Core Principle 5: Social Considerations - Indigenous Peoples and Vulnerable Groups.**
- **Core Principle 6: Social Conflict.**

The ESSA analysis presents a detailed description of the Program activities and the baseline conditions for existing environmental and social management systems. The Report draws on baseline information and presents an analysis of the existing system regarding the core principles for environmental and social management in Bank Policy and Directive for Program-for-Results financing and presents a Program Action Plan (PAP) that will be incorporated into the overall Program loan documentation.

### **I.3. ESSA Methodology**

The ESSA was prepared by Bank staff through a combination of reviews of existing program materials and available technical literature, and interviews with concerned government staff, anticipated implementing agencies, non-governmental organizations, regulatory agencies and energy sector experts. As part of the project appraisal process, consultations have been conducted with government, power sector and civil society stakeholders. The findings, conclusions and opinions expressed in the ESSA document are those of the Bank. The purpose is to ascertain the applicability of Core Environmental and Social Principles (CP) to PforR Disbursement Linked Indicators (DLIs).

The Environmental and Social System Management Assessment (ESSA) has been undertaken with reference to Bank Guidance: Program-for-Results Financing Environmental and Social Systems Assessment issued on September 18, 2020. The ESSA process basically consists of the following steps:

- 1) Conduct the screening of potential environmental and social risks associated with the investments under the Government program (PRSEC 2023-2030), to exclude activities from the PforR boundary which are judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people, using the four criteria consistent with the Bank Policy Program-for-Results Financing (issued on November 17, 2017).
  - the likely E&S effects, including the main benefits and adverse impacts and risks
  - the contextual risks factors, including any risk to sustainability
  - institutional implementation capacity and complexity risks and track record, and
- 2) Assess the potential environmental and social effects, including indirect and cumulative effects, of activities associated with the defined Program activities.
- 3) Assess the existing national systems and MINEE's capacity in place to manage identified E&S effects, including reviewing practices and the performance track record against the E&S core principles and key planning elements to identify any significant differences between them that could affect Program performance, and

- 4) Formulate recommended measures as part of the Program Action Plan (PAP) to address capacity for and performance on system level and specific operational aspects relevant to managing the Program risks, including the recommendations on the development of ESMS for MINEE's prior to the current program.

#### **I.4. Institutional and Implementation Arrangements**

An inter-ministerial technical committee (ITC), chaired by the Minister of Energy, will be responsible for the overall PforR implementation with the support of a Program Implementation Unit (PIU). The ITC members include key representatives of the MINEE, MINFI, MINEPAT (Ministry of economy, planning and regional development), ARSEL, SONATREL, EDC (Electricity Development Corporation) and ENEO, and will meet bi-monthly to monitor the PforR progress based on the PIU reports. The ITC will also approve the Annual Work Plan and Budget (AWPB) and regularly update it as needed. ARSEL will be responsible for implementing activities to achieve DLIs 1 and 3, MINFI for DLI 2, MINEE for sub-DLI 2.1. and 4, EDC for DLI 5 and SONATREL for DLI 6 and sub-DLI 6.1. The PIU will oversee the preparation of the AWPB for ITC approval to ensure achieving the annual PforR DLR targets and to meet the annual technical assistance needs under the IPF component of the program.

The members of the ITC (MINEE, MINFI, MINEPAT, ARSEL, SONATREL, EDC and ENEO) will appoint an environmental and a social specialist to closely work with the PIU E&S team in managing E&S risks and impacts associated with the activities of the program, particularly the E&S Program Action Plan. The ESSA include recommendations to enhance the of E&S capacity of the implementing agencies through creating dedicated E&S units, improving staffing and procedures to support the training of MINEE E&S safeguards staff and enable effective monitoring of the E&S requirements of the program.

#### **I.5 Environmental and Social Risks of the Program**

The program risk assessment is aligned with results areas and associated DLIs:

##### **I.5.1 Result Area 1: Improved Financial Sustainability**

a) social risks: Although tariff reforms that will be financed by the Program are on MV customers and large accounts, and not on the final consumers, are already on course (Decision N<sup>0</sup>000000427D/ARSEL of December 12, 2022), the cumulative impact on the gradually increase of the tariffs for these categories of customers until year 2026 can cascade down and impact negatively the final customers, and most disadvantageous or vulnerable social groups can be affected. Prior to this Decision 2022, ARSEL, the regulatory agency, carried out an impact of tariff adjustments on the final end user products. The presentation on this study states that it is based on tariff increases applied in 2022 /2023 and on the price of the product at the time of the analysis (e.g. beer, flour, cement). , and . Conclusion of the study, as shown in the presentation, is that the proposed increase should lead to a maximum increase in the price of a 50 kg bag from XAF 3,4 to 4,7.

However, some gaps have been identified on that study. The following are not considered: (i) the Cumulative impacts of the increases until 2026, (ii) the distributional impact on different social groups is not considered. The ESSA recommends the preparation of a suitable Poverty and Social Impact Assessment (PSIA) Prior to the upcoming reforms.

b) social benefits: The reduction in tariff shortfall will directly induct the reduction of annual compensations from the government. The GoC will therefore save money that can be reinvested in other sector for the wellbeing of populations.

c) Environmental Benefit: Smart meters will enable energy savings as it allows for energy optimisation.

### **I.5.2 Result Area 2: Strengthened operational performance, enhanced accountability, and transparency of the sector**

Social benefits: The increased performance, enhanced accountability and transparency in the sector will encourage investments in the energy sector and lead to the creation of more job opportunities. A better performance of ENEO will induct the reduction of government Subsidies.

### **I.5.3 Result Area 3: Increased access to electricity**

a) social risks:(a) lack of adequate and timely stakeholder engagement (access to public information, consultation and concerns and grievances redressing), particularly for non-governmental actors. Provisions allowing citizens to provide their feedback in the public sphere is very limited and usually formal within environmental and social impacts assessments, and citizens feedback is not considered; (b) small but potential disruption of economic activities caused by works of extension of distributed networks operating at 15 kV or lower voltages (grid densification, low-voltage distribution lines and associated low-voltage distribution transformers - usually small-sized mount on poles situated along existing roads, requiring no land clearing and physical displacement) service connections and the upgrade of existing substations (replacement of existing equipment by more performant ones).

In line with PfoR requirement and the exclusion criteria list agreed within the framework of this program, an initial screening will be done on a yearly basis to identify sub projects. As part of the Independent Verification Agency task, the verification of the compliance of proposed sub projects with the exclusion criteria list will be made. Program activities not complying with requirements of the exclusion criteria list will not be eligible and will be dropped. This exclusion list include all subprojects that are likely to induct involuntary displacement of populations and land acquisition. The screening will be conducted by the Independent Verification Agency (IVA).

b) social benefits: The PforR operations, would enable the poor (vulnerable and disadvantages groups, indigenous people) to benefit from the reform. Rural electrification through new connections. PforR operations will help maintain a balance between supply and demand aligned with population growth. Integrating solar plants and hybridization of existing thermic plants in the energy mix will reduce country's exposure to hydrology risks. The construction of a solar power plants in the Far North region will improve the living conditions of populations, as it will ensure regular and consistent provision of electric energy to the population. This will encourage regular payment of electricity bills. The operationalization of these solar plants will contribute to the reduction of government monthly expenses for Fuel.

c) Environmental risks: These works range from low to medium in magnitude, they are site specific, and others are located along existing roads. They pose potential adverse effects to the environment, safety, and human health. These E&S risks and impacts are mostly likely temporary, reversible and they can be mitigated in a predictable manner. The potential environmental risks of works are the generation of electronics and e-waste that may affect the natural environment and public health. Replacement of poles of public lighting and installation of public lighting can involve minimal ground disturbance, including some occupational health and safety risks, such as electrocution and falling from heights. There will be also risks related to procurement of non-energy-efficient IT equipment and meters.



d) Environmental benefits: Renewable energy are more sustainable solutions with low carbon and GHG emissions. Contributes towards the country's NDC (National Determine Contribution) and Paris Agreement, as it is a clean energy. No risk of flooding compared to Dam infrastructures. The "hybridization" of thermal plants, and has clear economic advantages, as well as reduction of local pollution and of CO2 emissions.

## **I.6 Key Findings of the assessment**

The assessment of client's Legal and Institutional capacities to effectively manage the social and environmental risks and impacts in line with Bank requirements reveals that there are significant areas of convergence between Cameroon's E&S legislation and PforR core principles. However, some improvements in the following areas are recommended:

1. E&S staffing and capacity building
2. ESMS of MINEE.
3. Land Acquisition and involuntary displacement
4. Study carried out by ARSEL prior to the reform
5. Stakeholders' engagement, including citizen engagement.
6. Grievance Redress Mechanism
7. Labor & working conditions

## **I.7. Proposed E&S Program Action Plan**

Few measures are recommended and required to ensure adequate management of the envisaged E&S risks and the following Action Plan was agreed to enhance the borrower's Environmental and Social Risk Management System. Some of these actions will be supported by the IPF TA component of the Program. The PIU will record evidence of compliance with the E&S of selected implementing agencies.

The following issues have been identified during this assessment: 8.1.1 Inadequate E&S staffing and capacity building:

I.7.1 MINEE do not have dedicated units in charge of managing E&S risks and impacts in their various projects. In some cases, E&S Specialists are included in technical units to whom they report directly. In these conditions, it is difficult for E&S specialists to enforce their recommendations.

I.7.2 MINEE do not have an Environmental and Social Management System in place. There is a need to set up an ESMS at MINEE and train staff of this.

I.7.3 Study carried out by ARSEL prior to the reform

Some gaps have been identified on that study. The following are not considered: (i) the Cumulative impacts of the increases until 2026, (ii) the distributional impact on different social groups is not considered. The ESSA recommends the preparation of a suitable Poverty and Social Impact Assessment (PSIA).

I.7.4 Cameroons' legislation on Land acquisition presents five main Gaps compared to the ESF: (i) In terms of instruments, the national legislation does not clearly recommend the preparation of a Resettlement Plan or Resettlement Policy Framework; (ii) the national legislation consider as eligible project affected persons are those who have formal legal rights to land or assets, no provision for the management of squatters; (iii)

With the national legislation the valuation method of affected assets is not at replacement cost; (iv) No clarification on the management of economic displacement under the national legislation; (v) No clarification on livelihoods restoration within the framework of the resettlement process. Moreover, the Government of Cameroun has been facing difficulties to mobilize resources for the payment of resettlement compensations. No land acquisition is anticipated in this program. However, small but potential disruption of economic activities caused by works of extension of distributed networks operating at 15 kV or lower voltage.

I.7.5 Limited stakeholder, including citizen engagement, in the public process sphere: The national legislation does not clearly refer to citizen engagement in public processes. Provisions allowing citizens to provide their feedback is very limited and usually formal within environmental and social impacts assessment and not often citizens feedback is considered by project/program implementation agencies

Reforms in the sector can pose reluctance of stakeholders if their engagement is not adequately planned and managed. Issues can comprise, reduction in tariff shortfall in power sector that could imply tariff increase to end users; impacts of increase also has indirect impacts such as the increase of production of certain basic commodities.

I.7.7 Limited access to the grievance redress Mechanism: The preparation of a Grievance Redress Mechanism (GRM) is not recommended by the national legislation. GBV related complaints within the framework of projects/programs is not clearly stated in the national legislation.

I.7.8 There is no formalization of written work procedures (Labor Management Procedures) including more specific requirements to address the vulnerabilities of workers in Cameroon's legislation. The national legislation on OHS are quite well developed. The following texts can be listed: (i) Law no. 92/007 of August 14, 1992, on the labor code, (ii) Decree No. 75/740 of November 29, 1975, setting the conditions for the organization and operation of the National Commission for Occupational Health and Safety, (iii) Order N° 039 /MTPS /IMT of November 26, 1984, fixing the general measures of hygiene and security on the workplaces. The issue with these regulations is (i) Their low standard (Minimum salary, health insurance, etc.) and their low enforcement in the field.

## **I.8 Proposed action plan to address identified issues**

I.8.1 The ESSA is recommending the enhancement of E&S capacity in the implementing agencies by creating dedicated E&S units, improving staffing and procedures Support the training of MINEE E&S safeguards staffs to enable an accurate monitoring of E&S requirements of the program.

Overall, this is the first PforR project in Cameroon and whilst there is an IPF component associated to it with TA activities ranging from capacity building to institutional strengthening, there is a real need to train E&S safeguard specialists from the different agencies (MINEE, ENEO, SONATREL, ASEL, EDC etc) involved in the program implementation.

- I.8.2 The assessment is recommending: (i) to include on the ESMS a chapter on Livelihoods restoration to manage potential economic displacement inherent to project activities. (ii) PIU E&S specialists will work closely with their counterparts from other implementing agencies to prepare and implement Livelihoods restoration actions. (iii) MINEE must prepare a Completion report



of livelihoods restoration actions recommended under the ESMS. (iv) the IVA will verify the compliance with the livelihood's restoration chapter.

I.8.3 PSIA Study will be prepared under the IPF and implemented under PforR activities.

I.8.4 The assessment is recommending supporting the preparation and implementation of an effective stakeholder engagement plan to, among other aspects, explain the changes occurring in the sector and contribute to a better understanding and adherence of reforms by key stakeholders, including active citizens engagement. The Study on distributional impacts and affordability of tariff adjustments in electricity sector (PSIA) to be prepared is expected to: input the Stakeholder Engagement Plan of the Program by providing analysis that will contribute to an assessment of the extent of country ownership of the reforms and predict how different interests are likely to influence government in general, and the reform process. MV customers satisfaction survey to strengthen stakeholder consultation of electricity regulatory process will also be made by December 2025.

I.8.5 Support the operationalization of GRM with a dedicated flow chart for the management of GBV complaints. Training on SEA/HS and GBV for implementing agencies.

I.8.6 Includes a chapter on labor management procedures applicable to the program in the ESMS. Training on OHS for implementing agencies.

This ESSA Report is informed by consultations that have been carried out according to a Plan of Consultations that was prepared by the E&S World Bank team in collaboration with Ministry of Water and Energy (MINEE) – the counterpart of the Program - to guide stakeholders' engagement throughout the lifecycle of the operation.

### **I.9 Stakeholder consultations**

➤ Previous consultation on the main issues of the energy sector before the PforR preparation, include interviews with government staff, regulatory agencies, regulatory agencies, and sector experts. **Cameroon's Power Sector Key Stakeholder Consultations related to the PforR, were carried out during the period of 6 – 10 February 2023.** These consultations are part of the Consultation Plan of the Program and were conducted by the World Bank team with the support of MINEE.

The objectives of **these consultations** were meant to:

- a) Provide meaningful opportunities to engage Program stakeholders with information on the Program's scope, timeline, expected impacts and proposed management actions.
- b) Request input, feedback and/or confirmation from stakeholders on the factual basis and assumptions used to prepare the Environmental and Social System Assessment report, for example, with respect to the application of laws and regulations in the practice.
- c) Provide an opportunity for stakeholders to seek clarification based on any judgment made by the Bank team on the adequacy or acceptability of any aspect of the program's E&S effects or proposed management measures; and

d) Provide an opportunity for stakeholders to suggest alternative E&S risks and impacts management measures as necessary.

**Participants of these consultations included representatives from.** SONATREL (National Society of Electricity Transport); AER (Rural Electrification Agency of Cameroon); ENEO (Energy of Cameroon); ARSEL (Electricity Sector Regulatory Agency) and two projects (SONATREL and AER)

- Another consultation workshop took place on May 3<sup>rd</sup>, 2023: The purpose was to share ESSA key findings with stakeholders and discuss the proposed program action plan.

## **ESSA draft report was shared with participant prior to the meeting as per PfoR guidelines. SECTION II. STRATEGIC CONTEXT**

### **II.1 Country's Energy Context**

Cameroon is a central African state with an area of approximately 475,442 square kilometres and a population of approximately 23 million people. The country has vast natural resources, including oil and gas, minerals, agricultural land, and forests with remarkable biodiversity, which provide a potential basis for development. The energy sector is currently unbundled and has several sources of electricity generation such as hydroelectric power, solar energy, wind, thermal power, and biomass. As the electrical system in Cameroon is characterized by a relatively high energy demand, the installed production capacity estimated at 1000 MW is made up of energy production sources corresponding to the following energy mix: 73.30% hydroelectricity, 26.66% thermal and 0.04% solar.

Cameroon has Africa's second largest hydroelectric energy potential after the Democratic Republic of the Congo, estimated at 20,000 MW owing to its abundant rainfall. Electric energy is currently produced by three hydroelectric dams with a total installed capacity of 722 MW and one thermal power plant with a capacity of 205 MW. With a view to exploiting this potential, the Government instituted a 30-year development plan for the electricity sector (PDSE 2030), for which foreign investors are being sought. These investment projects include the following: (i) The Colomines hydroelectric power plant (6-12 MW), for which a memorandum has been signed with the private operator; (ii) the Lom Pangar Dam, a storage reservoir and electric power plant with 30 MW capacity; (iii) the Memve'ele hydroelectric plant, with 211 MW capacity; a Kribi gas power generation project, with a capacity of 150/200 MW; and (iv) development of the Natchigal hydroelectric plant with a capacity of roughly 300 MW.

Energy production went through a major crisis between 2001 and 2003, which meant that economic agents had insufficient and irregular supply of electric energy (and gas) in particular. The immediate consequence was a reduction in enterprise productive capacity, with implications for economic growth, where the loss was put at 0.5 per cent. According to the authorities, privatization has allowed for an improvement in the sector's performance, particularly in terms of fewer power cuts, and new investments in electricity generation, transmission, and distribution. Nonetheless, regulatory control over the sector is still inadequate, by the Government and ARSEL.

Electricity consumption is expected to range from 24,400 GWh (median) to 33,400 GWh (high) as a result of population growth. Maintaining a balance between supply and demand regarding electricity in

Cameroon, as population growth mechanically leads to an increase in the volume of demand, it is necessary to put into service numerous facilities (production, transmission and distribution) through their construction or rehabilitation (MINFI, 2019). For instance, in 2019, the improvement of the sector's operational performance through the acquisition of several power transformers, the commissioning of new production capacities, including Memve'ele (hydroelectricity) and Djoum (solar), as well as the construction and maintenance of electricity transmission networks, resulted in a reduction in the time required to intervene in the network and a reduction in the duration and frequency of energy interruptions

To achieve the objectives of the National Development Strategy (NDS) 2030, namely, to produce enough energy to support industrialization and to become a regional energy hub in Central Africa, urgent structural and integrated reforms are needed in the sector

Most development programs of the energy sector are strongly rooted in a series of reforms undertaken by the Government. The sector has seen several reforms initiated by the government over the years, including important structural changes to strengthen financial sustainability and to further lay the foundation for private sector participation. Thus, ARSEL has undergone several reforms to increase private participation in power production (IPP) and distribution (ENEO). Reforms have also made it possible to improve transparency within the electricity pricing structure. Prices are currently set by the operator and approved by ARSEL.

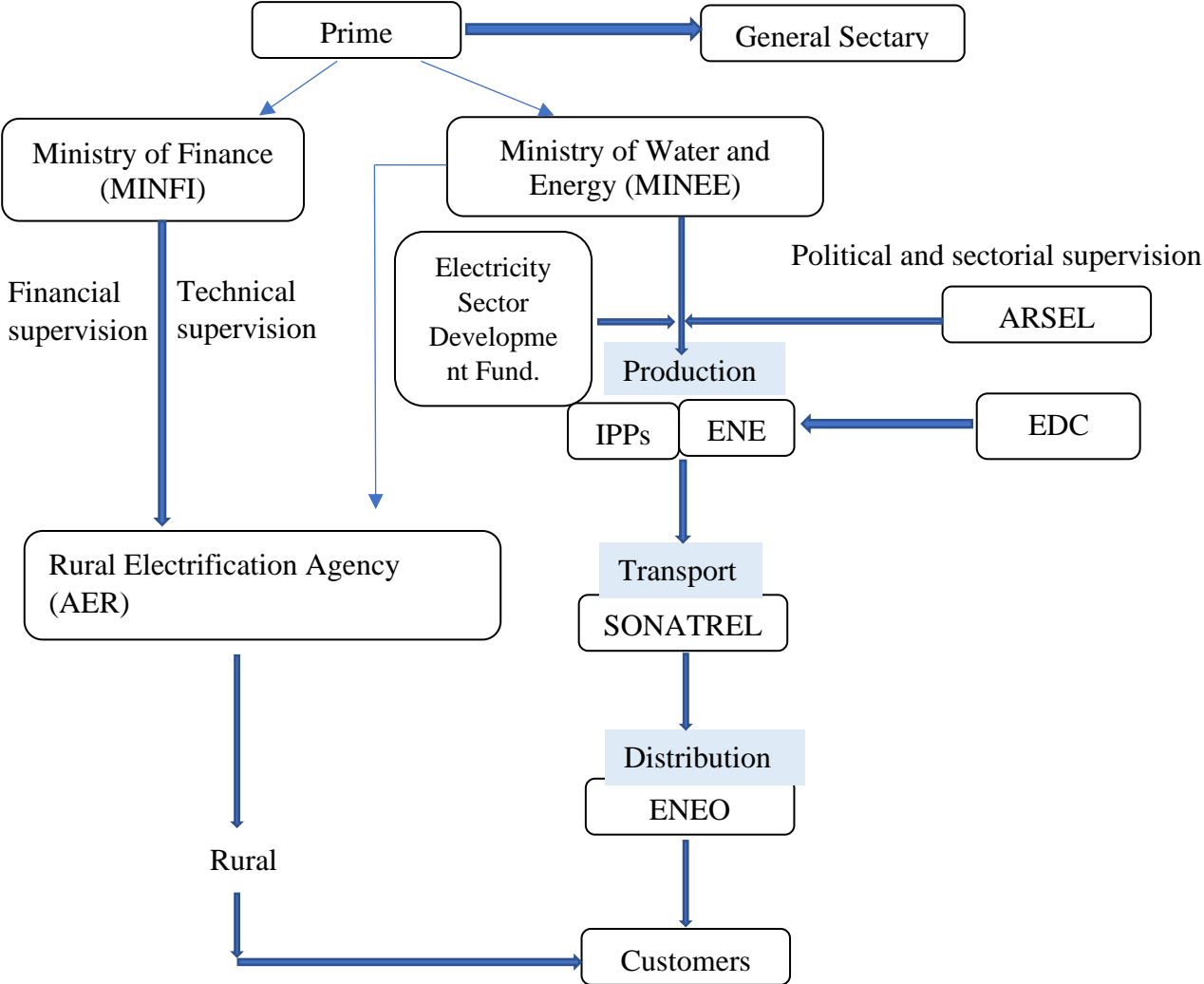
The World Bank Group's engagement in the energy sector is broad and covers the entire value chain. The Bank's current portfolio of \$800 million includes investment projects (IPFs) and guarantee instruments. The sector is at a critical juncture due to historical levels of cross arrears, low levels of liquidity, poor implementation of ongoing projects, inadequate tariff regulation and lengthy administrative procedures, all of which pose risks to the \$2 billion of existing investments (including the Nachtigal project) and potentially \$1 billion of investments to be mobilized.

## **II.2 Institutional Context**

The energy sector is headed by the Ministry of Energy and water resources, which has technical oversight of the energy sector and is therefore responsible for the design, development, implementation and monitoring of government policy in the energy sector. However, this ministry works in hand with other ministries such as MINEPAT, MINNFI, MINNEPDED. Several actors (public, semi-public and private companies, and some associative financial institutions), however, each play specific roles in the electricity sector in Cameroon.

Public operators include the Rural Electrification Agency (AER), the Electricity Sector Regulatory Agency (ARSEL), the National Electricity Transport Corporation (SONATREL), Electricity Development Corporation (EDC), and Electricity Sector Development Fund. Private operators include ENEO (Energie du Cameroun), KPDC (Kribi Power Development Corporation) and DPDC (Dibamba Power Development Company). Figure 1 provides a diagram of the institutional structure of the electricity sector. Table 2 presents a summary of the governing institutions and their roles.

Figure 3. Diagram representation of the Institution of the electricity sector



**Table 3. Institutions that Govern the Energy Sector and their Roles**

Institutions	Roles
The Rural Electrification Agency (AER):	Created on 8 September 1999, AER is responsible for promoting rural electrification throughout the national territory. As such, it provides operators and users with the technical and possibly financial assistance required for the development of rural electrification.
The Electricity Regulatory Agency (ARSEL)	Created on 15 June 1999, ensures the regulation, control and monitoring of the activities of operators in the electricity sector;
Electricity Sector Development Fund (ESDF)	Created by decree N°2020/497 of August 19 <sup>th</sup> , 2020. The role of this fund is as follow: <ul style="list-style-type: none"> <li>- Elaboration of public policies and strategies for the development of the electricity sector.</li> <li>- Promotion of investments in the electricity sector.</li> <li>- Monitoring, regulation and control of electricity sector activities.</li> </ul>
The Electricity Development Corporation (EDC)	Created on 29 November 2006, EDC is responsible for managing the water resources and the public assets in the electricity sector on behalf of the government. <ul style="list-style-type: none"> <li>- EDC can also study, prepare or carry out any infrastructure project in the electricity sector entrusted to it by the government, participate in the promotion and development of public and private investments in the electricity sector.</li> <li>- conducting or taking part in studies of any nature concerning the exploitation of energy resources of the country, and in the general development of the electricity sector;</li> </ul>
The Energy of Cameroon S.A. (Eneo-CAMEROON S.A.)	Eneo Cameroon S.A is the electric utility company which is public-private partnership with the company owning 56% of the share and GoC owning 44%.  The successor to AESSONEL, was set up on 12 September 2014 and manages the production of up to 1150 MW and the distribution of electrical energy in Cameroon.
National Electric Energy Transport Company (SONATREL):	Created on 8 October 2015, is responsible for managing the transport of electrical energy and the transport network on behalf of the Government.
The Mekin Hydroelectric Development Corporation (HYDRO MEKIN)	Created on 18 October 2010, oversees designing, financing, constructing and operating the Mekin hydroelectric power plant and other facilities on the Dja river basin, as well as setting up the associated equipment and infrastructure linked to their operation.
The Kribi Power Development Company (KPDC)	Created in April 2013, manages the Kribi gas power plant.

Institutions	Roles
The Dibamba Power Development Corporation (DPDC)	Created on 6 November 2009, manages the Yassa oil-fired power plant.
Electricity consumers' associations gathered within the Electricity Consumers' Consultative Committee (CCCE)	An association created by decision N°0000132/ ARSEL/DG of 25 August 2009 by ARSEL when taking regular decisions concerning tariffs and the protection of consumers' rights.

### II.3 Sectorial Context

Activities in the electricity sector are governed by Law No. 98/022 of 24 December 1998. Two agencies were established in 2000-2001. The Electricity Regulatory Agency (ARSEL) is responsible for technical and economic regulation of the sector, encouraging competition, promoting investment, reviewing the prices of electrical infrastructures, and protecting consumer rights. The Rural Electrification Agency (AER) promotes rural electrification by means of some 4,000 self-generators for industrial and commercial uses. Decree No. 2001/021/PM of 29 January 2001 sets the rates and modalities for calculating, recovering, and sharing the royalty on electricity sector activities.

#### Future Electrification Targets

Forecasts of medium- and long-term network expansion by 2030 are presented in the Long-Term Development Plan for the Electricity Sector (Plan de Développement à Long Terme du Secteur de l'Électricité [PDSE 2030]). The current situation of Cameroon interconnected networks is the following:

- The North Interconnected Network (Réseau Interconnecté Nord [RIN]) is the Lagdo hydropower plant, with a capacity of 72 MW. This network covers the Far North, North, and Adamaoua Regions.
- The East Interconnected Network (Réseau Interconnecté Est [RIE]) has six thermal power plants, with a total installed capacity of 12 MW. This network covers the East Region.
- The South Interconnected Network (Réseau Interconnecté Sud [RIS]) covers the six other regions of Cameroon (Center, Littoral, Northwest, South, Southwest and West). This network has two hydroelectric plants: Songloulou (384 MW) and Edea (276 MW).

However, the Sector is facing several problems which render it difficult to achieve medium and long term electrification targets. . Some of the key problems are discussed below and include:

- **Lack of cost-reflective tariffs and cross-debt endemic in the sector:**

The average tariff of 81 CFA/kWh or \$0.15/kWh is below the cost of service due to, among other things, a burden of isolated fossil fuel generation, lack of timely payment of electricity bills by the Government of Cameroon (GoC) and some state-owned enterprises (SOEs), in addition to delays in the payment of tariff compensation leading to a high level of arrears in the sector. At the end of June 2021, the government owed ENEO \$295 million, ENEO owed \$147 to the government and public enterprises (water rights, Memv'ele production) and \$199 to private suppliers (KPDC, DPDC, etc.). The situation of cross-arrears is creating a downward spiral in the electricity sector in Cameroon.

- **Lack of systematic and transparent application of tariff regulations:**

The lack of systematic and transparent enforcement of tariff regulations leads to an inefficient compensation system between the government and the electricity companies (ENEO, SONATREL). End-user tariffs have been fixed since 2012 due to the political will to keep tariffs low. However, the process of determining the annual revenue requirement is not clear and the results are not enforced. The government often does not systematically include the compensation amounts in the annual budget. The IMF considers that the compensation mechanism "is not in line with fiscal orthodoxy and is a non-transparent practice".

- **ENEO's sub-optimal performance as a distribution company and key player in the electricity value chain.**

ENEO's critical financial and operational situation, e.g. high distribution losses of ~30%, and the lack of coordination of stakeholders in the sector jeopardize the balance between electricity supply and demand, leading to a 16% increase in load shedding - resulting in lower quality of service for customers - and a 19% increase in the use of costly and polluting fossil fuels (HFOs) for electricity generation. The key performance indicators (KPIs) signed between the government and ENEO in November 2020 need to be closely monitored and implemented to deliver the expected results

- **Large disparity in access rates between urban and rural areas**

Although 80% of the population is within 20 km of the grid, the overall access rate to electricity is 63%, with a much lower access rate in rural areas (24%) compared to 93% in urban areas. ENEO's declining quality of service and poor access to electricity leads to significant fraud in the distribution system, equivalent to the loss of Songloulou's annual hydroelectricity production

- **Limited capacity of SONATREL/EDC and incomplete reforms of the transmission sector.**

Incomplete reforms in the sector and an emerging transmission company unable to fully capture revenues from electricity transmission. SONATREL's tariff is set at XAF 10.6/Kwh but receives only XAF 4/kwh through ENEO's tariff and late. Internal E&S document approval procedures and procurement processes are lengthy and need to be standardized.

## **II.4 Poverty, chronic fragility and electricity access and social issues**

Cameroon remains characterized by high levels of poverty and weak social indicators. Poverty declined only marginally since 2001, from 40.2 percent to 37.5 percent in 2014 and is increasingly concentrated in Cameroon's northern regions, where it worsened in the same period. The country ranked 153 out of 187 on the 2015 Human Development Index with some indicators, including life expectancy, declining over the last 10 years, and infant and maternal mortality rates still exceedingly high. Moreover, outbreaks of violence in Cameroon's North and Far North Regions and the crisis in the Northwest and Southwest Regions are inhibiting economic activity, and increased security spending is straining the public finances.

According to USAID (2019) the Poverty rate in Cameroon is about 37.5% with Urban poverty: 8.9% and Rural poverty: 56.8%



Cameroon's sovereign debt situation has deteriorated recently due to the funding of major infrastructure projects concomitant with lower oil revenues. High levels of public investment have substantially increased the share of non-concessional debt, and debt-service payments are intensifying fiscal pressures. Public debt levels rose sharply from 21.5 percent in 2014 to 33.7 percent at end-2017, and a recent World Bank-IMF assessment concluded that Cameroon is at high risk of debt distress.

However, the country must overcome several challenges on the way, as it faces unprecedented violence in the Northwest and Southwest Regions, where thousands of internally displaced persons are registered. The economy is at a standstill in these regions and social conditions have completely degraded.

Poverty remains high in the country and disparities in access to basic services have widened. For a population estimated at 21,657,488 in 2014 (BUCREP, 2010), 37.5% are considered poor, meaning 8,088,876 people living below the poverty line, which is XAF 339715 per adult equivalent per year. These are people who cannot have XAF 931 per day per adult equivalent to meet their basic needs (food and non-food needs), (Source: ECAM 4, 2014). The guaranteed interprofessional minimum wage (SMIG) was revalorized in 2014 to reach XAF 36270.

According to the National Institute in charge of Statistics, the middle class represented 39.2% of the population in 2010, with 23.1% belonging to the "floating class" and 16.1% to the "lower middle class" and "upper middle class.

Poverty incidence is much higher in rural areas (56.8%), compared to urban areas (9 percent) and a stark economic and social divide affects the country. In general, 90.4% of the total poor population lives in rural areas (Source: ECAM 4, 2014). Poverty incidence is correlated with agro-ecological zones.

Poverty is increasingly concentrated in the northern parts of the country. The northern regions of Cameroon are the four poorest (the Far North, the North, the North-West and the Adamawa). In the Far North region, the incidence of poverty increased from 56 percent in 2001 to 74 percent in 2014. The poorest regions have also experienced an increase in the depth of poverty. In the Far North region, for example, the depth of poverty increased from 19 percent to 34 percent and in the North region from 15 percent to 28 percent.

Compared to the predominantly rural north, the south has lower poverty and greater access to public spending, creating a North-South cleavage in socioeconomic development. Roughly, 80% of the country's poor reside in the four poorest regions – the Far-North, the North, the North-West and Adamawa. (Source: Social Sustainability and Inclusion diagnostic, World Bank, March 2022). Major geographic discrepancies remain, particularly between northern and eastern regions on the one hand and the rest of the country on the other.

The COVID-19 crisis has increased the poverty rate by 0.82 percentage points, reversing much of the progress in poverty reduction achieved in recent years. Inequality levels are also high, with 13 percent of the national income shared by the poorest 40 percent of the population, while 35 percent of the income is shared by the richest 10 percent of the population. Cameroon ranks 153 out of 189 countries for the Human Development Index with an HDI of 0.563. The Gender Development Index, accounting also for gender inequalities as based on the HDI, shows the country to be slightly below the Sub-Saharan average, with



Cameroon ranking 141 out of 162 countries for the Gender Inequality Index for the most recent 2019 assessment (UNDP 2019). <https://hdr.undp.org/sites/default/files/Country-Profiles/CMR.pdf>.

Several of Cameroon's regions suffer from chronic fragility. This is the case of the East region, long affected by CAR's instability, and of the four northern regions (the Far North, the North, the North-West and the Adamawa). The northern regions exhibit by far the highest poverty rates in Cameroon, and poverty and inequality levels have steadily increased over time relative to the rest of the country where poverty and inequality have declined.

They are subject to multiple poverty traps, which are documented extensively in the SCD, including low agriculture productivity, increasing vulnerability to climate change, poor infrastructure, and limited access to health and education services. The presence of Boko Haram on Cameroon's borders with both Cameroon and Chad has resulted in high levels of insecurity and violence, involving 2,276 fatalities in 2014-2015 alone, loss of livestock, and risks associated with normal economic activities such as farming.

The Far North region has been fertile ground for Boko Haram infiltration and violence, which has in turn caused displacement and severe social and economic disruption. As a result, Cameroon's northern regions and the East region are facing a humanitarian and economic challenge: as of August 2016, the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) estimated that Cameroon was hosting 325,000 refugees from Cameroon and CAR and an estimated 157,000 internally displaced persons (IDPs), due to conflict-related insecurity. Insecurity has also started to take a toll on economic activity and has led to a deterioration in the humanitarian situation, as bilateral trade with Cameroon and price stability in northern regions have been seriously affected. OCHA estimated the number of food insecure people in the northern regions to have increased from one million in 2014 to 2.4 million in August 2016, including 253,000 children suffering from severe or moderate acute malnutrition. The schooling of about 200,000 children have also been interrupted or disrupted. In some cases, tensions have also developed between communities, and between refugees and IDPs and their host communities. Source: *Country partnership Framework, World Bank, 2017*.

Cameroon relies on a high potential in hydropower generation. Although endowed with exceptional energy potential, the realities of the energy sector in Cameroon remain worrying. Most of the population of Cameroon uses wood energy that is harvested without thinking about its renewal. Peri-urban electrification is mostly deficient, and rural electrification has not yet been undertaken on a significant scale.

To respond to the urgent needs, the country has set up an Emergency Thermal Programme (ETP) to increase thermal generation to complement hydroelectricity. The Emergency Thermal Programme (ETP) has enabled Cameroon to build four thermal power plants in the cities of Bamenda (10MW) in the Northwest region; Ebolowa (10MW) in the South region and two other plants respectively in Mbalmayo (10MW), and Ahala (60MW) in Yaoundé, Central region. Initially planned to operate only during low water periods, these thermal power plants operate almost permanently.

Electricity production costs in Cameroon are quite high and subject to the volatility of fossil fuel prices. The GoC has made great efforts to maintain fixed electricity tariffs by subsidizing ENEO among others. Such compensations are expensive for the public budget, especially when the price of oil is high. The subsidies are not quite effective as they do not reach the accurate target.

Notwithstanding budget constraints, the GoC has no option other than subsidizing the ENEO in order to reduce electricity cost for the End-user. An increase of electricity tariff will have an impact on low-income households and contribute to price increase of basic commodities and may lead to social contestations.

The socio-economic consequences of regular power shortage and power deficit in the country are countless. Power deficit constitutes a hindrance to economic growth, industrial development, and job creation.

**Table 4. Information on access to electricity in Cameroon**

Electricity access rate	63% (93% urban, 24% rural) (2019)
Number of electricity customers	1,483,940 (2020)
Installed capacity	1,482 MW (2020)
Generation mix	77% hydro, 23% thermal, 0.03% solar
Average retail tariff	US\$0.15 per kWh
Average transmission and distribution (T&D) losses	36% (o/w 29% distribution losses, 7% transmission losses)
Electricity bill collection rate	86.5%

Source: Project concept note (need to check on source)

Cameroon is performing below expected in in terms of access to electricity. The country is also performing below expectations given as a LMIC. For example, in 2020, three in every five Cameroonians (63%) had access to electricity, compared to 88 percent for LMICs. According to USAID, 2019 the total non-electrified population of Cameroon is approximately 5.6 million, distributed among the regions as shown in Figure 2.

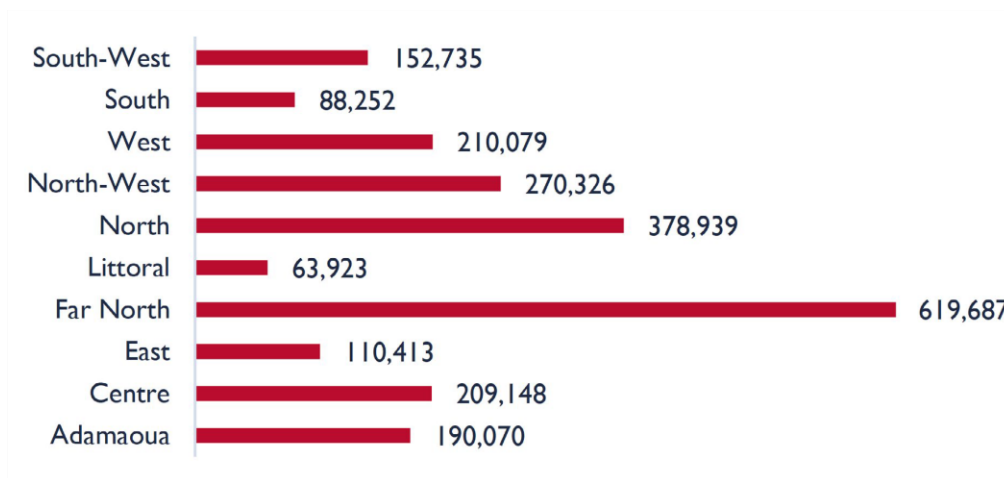


Figure 4. Populations with no Access to Electricity in Cameroon

Nationally in Cameroon, 41 percent of households compose the off-grid market potential. As a result of off-grid areas, the population use other sources of energy.

## **. II.5 Tariffs**

Cameroon's energy sector is unbundled and has significant renewable energy potential. It has undergone several reforms to increase private participation in generation (IPP) and distribution (ENEO). As part of Country's strategy to regulate the energy sector and facilitate access to electricity, the GoC has signed several decisions to empower the regulatory agency, ARSEL. In fact, energy production in Cameroon is impacted by hydrology risks and the volatility of fuel prices. To address the situation, the GoC has been striving to maintain a fix tariff and mitigate the impacts on consumers. The deficit resulting from high production costs and fix tariffs is covered by government subsidies.

- Decision No.17/ARSEL/GM of 25 January 2002 to fix Prices Exclusive of Tax of Electricity sold by AES-SONEL
- Decision No. 057/ARSEL/GM of 21st October 2003 to fix Electricity Sale Tariffs Exclusive of Tax Applicable by AES-SONEL
- Decision No. 0041/ARSEL/GM of 10 April 2008 to fix electricity sale prices exclusive of tax applicable by AES-SONEL
- Electricity imports are subject to a 10 per cent customs tariff, in addition to other duties and taxes

## SECTION III. PROGRAM DESCRIPTION

### III.1 Previous reforms in the electricity sector.

The energy sector development program is strongly rooted in the series of reforms seeking to promote the financial viability of the sector to attract private sector participation and to increase access. Under the 1998 energy sector law, generation was partially unbundled by opening generation of electricity to competition, creating the concept of eligible customers, and allowing third-party access (TPA) to the transmission grid while setting up independent dispatching to ensure fair and equitable access to the grid. The 1998 law also allowed the creation of key institutions and the privatization of the vertically integrated public power utility, Société Nationale d'Electricité (SONEL).

In 1998, the Agence de Régulation du Secteur de l'Electricité (ARSEL) was established as the independent sector regulator. In 2001, SONEL was privatized under a 20-year concession: the American Electricity Supply Corporation (AES) was awarded a 56 percent stake in the utility, that was renamed AES-SONEL. In 2014, AES Corporation sold its equity stake in AES-SONEL to the private equity fund ACTIS Capital LLP (Actis), which became the strategic partner for the remaining period of the concession (2014-2021). The concessionaire was renamed ENEO CAMEROON S.A. (ENEO) and Actis agreed to undertake a series of actions to improve services, financial viability, and governance. A new phase of reform in the power sector started in 2011, with the promulgation of the new Electricity Law which paved the way for unbundling generation, transmission, and distribution. The power sector suffered from a lack of investment in transmission and large technical and commercial losses.

A new phase of reform in the power sector started in 2011, with the promulgation of the new Electricity Law which paved the way for unbundling generation, transmission, and distribution. The 2011 Electricity Law introduced three key changes. First, it provided for the transfer of transmission network management from ENEO to a state-owned entity, the National Electricity Transport Company (SONATREL), whose mandate includes the development, operation, maintenance, and expansion of the national transmission grid, including its interconnection with neighbouring countries. The law thus operationalized the TPA model that was enacted in the 1998 law. Second, it introduced changes to water storage responsibilities, including the transfer of the water storage concession of the Sanaga Basin reservoirs to the Electricity Development Corporation (EDC)<sup>9</sup>. The management of water storage facilities is now carried out under concession agreements, which define the operation and management conditions. The law also defines the two main management principles: optimizing water resources and granting users non-discriminatory access to the water resource. Third, the law provided for new penalty charges in the event ENEO fails to meet agreed performance targets.

**However, these reforms have not produced the expected outcomes. The sector is at a critical juncture due to historical levels of cross arrears, low levels of liquidity, poor implementation of ongoing projects, inadequate tariff regulation and lengthy administrative procedures, all of which pose risks to the \$2 billion of existing investments (including the Nachtigal project) and potentially \$1 billion of investments to be mobilised.** To achieve the objectives of the National Development Strategy (NDS) 2030, namely, to produce enough energy to support industrialisation and to become a regional energy hub in Central Africa, urgent structural and integrated reforms are needed in the sector, in that respect the

GoC has developed the Cameroon Electricity Sector Recovery Plan 2023-2027 (CESRP). Government Program.

**The Cameroon Electricity Sector Recovery Plan 2023-2027 (CESRP) aims to ensure the sector’s financial sustainability, increase electricity access, improve the performance of key operators, and create the conditions for power exports.** The CESRP, approved in December 2022, is in line with the strategic goals of the National Development Strategy (SND30), which prioritizes the development of hydropower and variable renewable energies (VRE) as the main driver to meet the country’s industrialization and export goals at least cost. The CESRP encompasses the following seven priority areas: (i) A greener electricity generation mix; (ii) A resilient transmission grid; (iii) A financially sustainable sector; (iv) A well-performing operator; (v) An increased access to electricity; (vi) An expanded industrial load; and (vii) A skilled local workforce.

**To make the electricity generation mix greener, the Government plans to increase hydropower generation to 85%, VREs to 5% and phase out diesel for power generation to achieve a total installed capacity of 5,000 MW by 2030.** To enable the increased penetration of variable renewable energies, the Government expects to increase the generation of electricity from natural gas to 10%. Based on a Public-Private Partnership (PPP) model, the Government intends to develop the hydropotential of the Sanaga river basin, including the 420 MW Nachtigal project under construction and the 560 MW Kikot project. In the northern regions, the Government plans to develop several solar PV plants with a total installed capacity of 250 MW.

**To strengthen the transmission grid, the Government aims to develop a unified and redundant transmission network to improve the quality of supply in the largest cities to spur industrial development and exports.** On November 19, 2022, the commissioning of a 225 kV line connected two of the three isolated transmission networks in the country (Eastern Interconnected Network, RIE, and Southern Interconnected Network, RIS). The Government expects the unified national network to become a reality by 2027 with the connection of the Northern Interconnected Network (RIN) with the RIS through the Bank-financed Cameroon-Chad Interconnection Project (P168185). This project will expand the transmission network and enable power exports to Chad and Cameroon. To increase security of supply and industrial electricity consumption, the development of network redundancies to mitigate contingencies is a priority.

**To achieve financial sustainability, the Government intends to adjust tariffs to certain consumer categories after a decade-long tariff freeze, reduce tariff subsidies (“compensation”) and improve public sector payment of electricity consumption.** Decreased hydrologic conditions due to climate variability and change led sector operators to turn on expensive thermal-based generation to ensure supply-demand balance. The Government subsidized the costs to mitigate the impact on consumers. However, subsidies will be significantly reduced to ensure cost-reflective tariffs, in line with article 88 of the electricity law 2011/022. In addition, the reduction of total losses in the distribution network to 10% by 2031 through a nationwide anti-fraud program and key investments implemented by the private distribution operator, ENEO. The Government also plans to address the non-payment of electricity consumption by the public sector, including public lighting, through the roll-out of smart meters to public buildings to improve the reliability of meter reading and optimize consumption.

**To improve the operational performance of sector operators, the Government proposes to strengthen the regulatory oversight and monitoring of investments, particularly from ENEO.** The regulator ARSEL is expected to carry out audits on the performance reports of sector operators, as well as the monitoring and verification of key investments. The MINEE is expected to enhance the monitoring of the concession of sector operators through specialized committees to be created.

**To increase access to electricity, the Government proposes to extend the LV/MV grid to bridge the large urban-rural access gap with the financial support of the Electricity Sector Development Fund (FDSE) and several donor-funded projects, including the World Bank.** To achieve universal electricity access, the Government plans to carry out the following actions: (i) Development of a national electrification strategy (NES) comprising grid extension, mini-grids and stand-alone systems (an update of the 2014 Rural Electrification Master Plan is underway), (ii) Rehabilitation and strengthening of existing networks; (iii) the development of a smart network, and (iv) organization of a donor roundtable to secure financing for the NES implementation.

**To expand industrial demand, the Government intends to implement a set of measures to incentivize industries currently relying on expensive self-generation to connect to the national electricity grid.** The MINEE identified a potential industrial demand of 450 MW in Douala in addition to a number of industries in the Port Authority of Kribi pending their connection to the grid to kickoff their commercial activities. The planned Government measures include the: (i) capacity increase of HV substations and the rehabilitation of HV lines, (ii) construction of a set of dedicated MV lines for industries, (iii) adoption of attractive time-of-use rates for industries, and (iv) monitoring and annual publication of quality-of-service indicators for industries.

**Last but not least, the Government emphasizes the importance of developing local sector skills to underpin the reform process and improve sector outcomes.** The Government is considering the creation of a sector-wide training program, focusing on hydropower generation and power exports, to enhance the skills of local professionals along the value chain. Also, the development of skills for the emergence of a local manufacturing industry of equipment and components for rural electrification is a key priority. The integration of gender aspects to increase the participation of women in the sector will be woven into all training initiatives

The Current PfoR program is aligned with Government overall Program in the energy sector.

### **III.2 Program Development Objectives (PDOs) and Key Results**

The Program's Development Objective (PDO) is to improve financial viability and transparency of the electricity sector and increase access to electricity in Cameroon. The following outcome indicators will be used to measure achievement of the PDO:

- Reduction in tariff shortfall in electricity sector (%);
- Prompt payments of Central government electricity consumption and compensation (%);
- Public disclosure of annual audits of ENEO performance reports (Yes/No);
- People provided with new or improved electricity service (CRI, Number);
- People provided with new or improved electricity service - Female (CRI, Number).

### III.2.1 Result areas

The PDO includes a set of activities that will be carried out to achieve the program's result areas as described below:

**Results Area 1: Improved Financial Sustainability:** To achieve this objective, the Program will support activities to reduce the tariff deficit and increase liquidity in the sector by improving timely payment of the residual tariff subsidy, i.e. compensation, and the electricity consumption of the public sector. In addition, energy efficiency (EE) measures will reduce electricity consumption of public facilities and public lighting. The Program expects to bring the following results: (i) over 50 percent reduction of tariff deficit from 8.3 percent to 4 percent; (ii) 100 percent of public sector electricity consumption bills and compensation paid on time by GoC to ENEO; and (iii) installation of smart meters and EE measures in 100 percent of public facilities and 90 percent of public lighting.

**Results Area 2:** Strengthened operational performance, enhanced accountability and transparency of the sector: The Program will support a closer monitoring by ARSEL and MINEE of the performance of the electricity distribution concessionaire, ENEO. Thus, the Program is expected to enable ARSEL to complete a technical audit on ENEO's annual performance report and make it available to the public. In addition, the Program is expected to enable MINEE to complete a report on updated physical inventory of assets in ENEO's concession and make it available to the public. These measures will be critical to increase the trust among sector stakeholders, which is a steppingstone to improve operational performance.

**Results Area 3:** Increased access to electricity: To achieve this objective, the Program will support activities to increase access to electricity to households and industries in urban and rural areas, and to reduce thermal generation in the northern regions of Cameroun with hybridization of existing thermal generation facilities. Thus, the Program is expected to bring electricity to 211,000 households and benefit over 1.1 million people. In addition, the Program is expected to remove existing bottlenecks in the transmission system by increasing 8% the total installed transformation capacity, which will enable industries currently relying on generators to sustain their businesses to be connected to the national grid. Lastly, the Program will support the hybridization of thermal mini-grids and thermal plants connected to the RIN with total solar PV installed capacity of 22 MW.

### III.2.2 Program beneficiaries

The beneficiaries of the Program will include the following:

- A) Households: In addition to the connections contractually required to ENEO the Program will benefit 211,000 new households, or about 1.1 million people, with new or improved access to electricity. The connections will prioritize peri-urban and rural areas to close the urban and rural gap, which have 94% and 25% of access to electricity respectively. Increased access to electricity will contribute to lift populations out of poverty by enabling newly connected consumers to undertake productive and income-generating activities and enhanced access to information through phone, radio and television.
- B) Industries and SMEs: The increase in transformation capacity in the existing transmission system will remove bottlenecks and allow industries and SMEs to restore their trust in the national grid as



their main electricity source. Due to the grid's poor quality of supply, a significant number of industries and SMEs currently rely primarily on thermal generators to run their businesses.

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The Program is expected to reduce the dependency of industries and SMEs on expensive diesel generation and contribute to improve their productivity by reducing their production costs.

- C) **Electricity sector institutions:** The Program will improve ENEO's cash-flow and the liquidity of the sector, by adopting cost-recovery tariffs for MV and HV consumers (except Alucam) and reducing the electricity tariff deficit by around 50% in four years. In addition, ENEO will also benefit from the timely payment of the electricity bills of the Central Government and the compensation, which currently hindered its financial position.

As the unique collector of sector revenues from customers, the improved cash-flow will allow ENEO in turn to honor its payment obligations vis-à-vis SONATREL and EDC, which will also benefit significantly from the Program. An improved financial position will allow ENEO to keep pace with investments in distribution and improve the quality of service. Also, the MINEE, ARSEL and SONATREL will benefit from significant technical assistance and consultancy services under the IPF component. In addition, the Program will provide strong emphasis on capacity building through the development of a technical training program for the benefit of all sector institutions and an internship program to draw talented professional women to the sector.

### **III.2.3 Excluded Activities of the PforR**

The Program will not support the construction or upgrades of (i) large power plants such as hydropower plants and utility-scale solar PV plants, or (ii) HV or MV transmission lines and new HV substations, only lower voltage transmission lines (15 KV) are planned within the framework of the program. The Program will not support activities that are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people, such as destroying natural habitats or inducing land take and physical displacement of populations.

By adopting the exclusion principles of the Bank Guidance note PfoR and by reviewing activities planned under the current program, it was agreed that the following exclusion criteria will apply.



**Table 5. Exclusion Criteria for the Cameroon Power Sector Recovery Program PforR**

<b>Exclusion Criteria</b>	
Overall	Activities that are anticipated to cause significant conversion or degradation of natural habitat, including national parks, protected forest, and other types of conservation areas, e.g., new transmission lines leading to fragmentation of important nature habitat.
Overall	Activities that are anticipated to (a) cause relocation of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities from land and natural resources that are subject to traditional ownership or under customary use or occupation; or (c) have significant impacts on Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities’ cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected communities.
Overall	Larger scale activities which the ESMS to be prepared will not be able address E&S impacts: Construction/extension of HV lines, construction of a solar PV on a new site, construction of MV lines (30KV and above).
Overall	A project that (i) is in or adjacent to conservation areas, and/or Key Biodiversity Areas (KBAs) of international significance, and (ii) has significant transboundary impacts or relevance with regard to international treaties (such as conventions on marine conservation, or agreements on the protection of biodiversity).
Land	All sub projects involving land take and physical displacement of populations.
Overall	Sub projects located in areas affected by ongoing conflicts/security issues.  NB. Limits of the area here are those of a City, Municipal council. Eligible cities or councils should be provided with possible access without facing security challenges, no attack registered during the past 06 months.
Cultural heritage	Activities (including solar PV and battery storage to be built by the IPPs) that are anticipated to causes significant impacts on cultural heritage sites that are registered in the government data or recognized by IP communities as their ancestral heritage

### **III.3 PforR Program Scope**

The proposed PforR Program is designed as a subset of the Government program and supports its priority areas. It will support tariff adjustments for MV and HV clients to move towards cost-recovery and timely payment of electricity consumption of public facilities under Priority 3

(“Towards a financially sustainable electricity sector”). It will also strengthen the regulatory monitoring of the distribution company’s performance to strengthen its accountability and incentivize its performance under Priority 4 (“Improving performance of electricity sector operators”). The proposed PforR Program will provide strong support to Priority 5 (“Increasing electricity access rate”) by enabling the approval of a robust National Electrification Strategy leading to the connection of 211,000 households to the grid. In addition, the increase of transmission capacity to remove existing bottlenecks will be prioritized to improve quality of supply and attract well-paying industries as ENEO customers under priority 6 (“Increasing industrial electricity consumption”). A particular emphasis will be given to technical assistance and capacity building activities financed by the IPF component to support priority 7 (“Human capital and local skills development”). Table 4 below provides full summary of the PforR Program boundary.

**Table 6. Summary of the PforR Program Boundary**

Description	Government Program (CESRP 2023–2027)	Program Supported by the World Bank
Objectives	To achieve financial sustainability of the sector, <sup>33</sup> increase electricity access rate, improve the sector operators’ performance, and establish mechanisms to enable Cameroon to export electricity.	To improve financial sustainability and transparency of the electricity sector and increase access to electricity in Cameroon.
Duration	2023–2027	2023–2027
Geographic coverage	All 10 regions in the country	All 10 regions in the country
Pillars/Results areas (RAs)	<p>2. <b>Towards a greener electricity generation mix</b> To phase out diesel for power generation by 2030 and reach an energy mix composed of 85% of hydropower generation, 10% natural gas-fired electricity and 5% of solar PV. The GoC’s objective is to install 5,000 MW of generation capacity by 2030.</p> <p>3. <b>Reinforcement and extension of transmission network</b></p> <ul style="list-style-type: none"> <li>• Build a single national transmission network.</li> <li>• Stabilize electricity supply and ensure redundancy of major loads and strategic infrastructures.</li> <li>• Modernize transmission network.</li> <li>• Build transmission infrastructure for power exports.</li> </ul> <p>8. <b>Towards a financially sustainable electricity sector</b></p> <ul style="list-style-type: none"> <li>• Revise tariff schedule on cost-recovery basis and a mechanism for optimizing tariff compensation.</li> <li>• Reduce transmission and distribution losses.</li> </ul>	<ul style="list-style-type: none"> <li>• RA 3: Increased access to electricity</li> </ul> <p><b>DLI 6:</b> Increase in renewable electricity supply to grid-connected and off-grid consumers.</p> <ul style="list-style-type: none"> <li>• RA 1: Improved financial performance of the electricity sector</li> </ul> <p><b>DLI 1:</b> Reduction of annual revenue gap (RG) between maximum allowed revenues (MAR) and tariff revenues (TR), expressed as a percentage of MAR.</p>

Description	Government Program (CESRP 2023–2027)	Program Supported by the World Bank
	<ul style="list-style-type: none"> <li>• Phase out HFO and diesel for power generation.</li> <li>• Establish regular payment of electricity bills for government and public lighting.</li> <li>• Electricity exports</li> </ul> <p>9. <b>Improving performance of electricity sector operators</b></p> <ul style="list-style-type: none"> <li>• ARSEL conducts performance audits of all operators.</li> <li>• Finalizing performance contracts of EDC and SONATREL.</li> <li>• MINEE monitors operators’ concessions through specialized committees.</li> </ul> <p>10. <b>Increasing electricity access rate</b> To reach universal electricity access in the country by implementing the following:</p> <ul style="list-style-type: none"> <li>• Develop a least-cost NES through grid extension, mini-grids, and individual systems (update of the 2014 Rural Electrification Master Plan).</li> <li>• Rehabilitate and strengthen existing networks.</li> <li>• Build a smart grid network.</li> <li>• Organize a donor roundtable to mobilize additional funding for the implementation of the NES.</li> </ul> <p>11. <b>Increasing industrial electricity consumption</b> MINEE’s diagnostic study identified an unmet industrial demand of 450 MW in the city of Douala and a large potential in Kribi. This strategic pillar will be implemented through</p> <ul style="list-style-type: none"> <li>• Optimization of HV substation’s capacities and rehabilitation of HV lines;</li> <li>• Construction dedicated MV to supply industries;</li> <li>• Adopting regulatory incentives for industries through time-of-use tariffs; and</li> <li>• Monitoring and publishing SAIDI and SAIFI KPIs annually.</li> </ul> <p>12. <b>Human capital and local skills development</b></p> <ul style="list-style-type: none"> <li>• Design a human resources curriculum in the electricity sector.</li> <li>• Initiate capacity building of the sector's personnel.</li> </ul>	<p><b>DLI 2:</b> Timely payments of public administration’s electricity consumption and annual compensation by Ministry of Finance to ENEO, as per applicable regulatory framework.</p> <p><b>DLI3:</b> Public facilities and public lighting with functioning smart meters.</p> <ul style="list-style-type: none"> <li>• RA 2: Strengthened operational performance, enhanced accountability and transparency of the sector</li> </ul> <p><b>DLI 4:</b> Reports on regulatory audits of performance of ENEO and SONATREL are completed and published annually.</p> <ul style="list-style-type: none"> <li>• RA 3: Increased access to electricity</li> </ul> <p><b>DLI 5:</b> Households provided with new electricity service.</p> <ul style="list-style-type: none"> <li>• RA 3: Increased access to electricity</li> </ul> <p><b>DLI 7:</b> Increase in available transformation capacity in transmission substations (high/primary voltage 90 kV and above) operated by SONATREL.</p>

Description	Government Program (CESRP 2023–2027)	Program Supported by the World Bank
	<ul style="list-style-type: none"> <li>• Mainstream gender dimension in all activities.</li> <li>• Develop a local manufacturing industry of rural electrification equipment.</li> </ul>	
Overall Financing	<b>US\$1,381 million</b>	<b>US\$925 million</b> , <sup>34</sup> of which <ul style="list-style-type: none"> <li>• US\$280 million IDA Credit</li> <li>• US\$645 million of GoC financing.</li> </ul>

## SECTION IV. POTENTIAL ENVIRONMENTAL AND SOCIAL EFFECTS OF THE PROGRAM FOR RESULTS

### IV.1 Environmental and social benefits and risks

The proposed Program may have positive environmental and social impacts by improving access to electricity through last-mile connections and improving the quality of services.

The increased access to electricity will have environmental benefits. It will contribute to reduce the pressure on firewood. As a matter of fact, a reliable electricity provision will encourage specific users such as Bakeries to abandon the use of firewood and therefore contribute to the reduction of the deforestation. Integrating solar plants and hybridization of existing thermal plants in the energy mix will also reduce the consumption of fossil fuels and the emission of GHG.

**The potential environmental risks and impacts associated with activities under the PforR are expected to be Moderate.**

Initial screening will be made to align with Bank PfoR Guidance note. As a matter of fact, activities that can cause significant conversion or degradation of natural habitats or critical cultural heritage sites are excluded from PfoR programs. All proposed activities at this stage are referred to small to medium range activities with moderate risks that can be well managed by the existing Borrower environmental management system if a good staffing is in place. Most of the risks or impacts will lead to site-specific ESMPs. In addition, an ESMS will be put in place to manage associated E&S risks.

The planned 22 MW solar power plant inside the fence property of ENEO in Kousseri area has been removed from the project, as well as the construction of a centre of excellence. The only remaining activities refer to 1) the installation of smart meters, 2) the extension of low-voltage lines in 5-to-10-meter right-of-way near homes; and 3) the installation of mini-hybrid solar power plants to thermal units already installed on occupied spaces. 4) the rehabilitation of existing buildings within the University of Ngaoundere to serve as a training center. All these activities are referred to small to medium range activities with moderate risks. In addition, regarding issues for workers and communities, and related to the installation of smart meters are well managed by the main companies ENEO and its subcontractors which are OHS ISO certified.

Environmental risks would be associated with replacement of old meters to prepaid electronic meters which will result in the generation of electrical and electronic wastes (e-waste) as well as solid wastes. Inappropriate processing of e-waste can cause detrimental environmental and public health effects as toxic heavy metals such as arsenic, cadmium, copper, nickel, and mercury, and hazardous contaminants, such as dioxins and dioxin-like compounds are released such waste. Transport related risks and impacts of air pollution from fugitive emissions, land, and water pollution from pollutant spills.

The extension of electricity networks is often hampered by OHS risks. In fact, these low-voltage distribution lines and associated low-voltage distribution transformers will be located along existing roads, with all associated OHS risks. Other risks are also linked to rehabilitation of some existing buildings inside the university of Ngaoundere. These works will lead to common impacts of civil works but with low magnitude. These are, OHS risk for workers, production of construction wastes, etc.

**Social risks are rated Substantial.** They are related to the potential impacts of the works and reforms to be financed by the PforR. Works comprise capacity increase of HV substations, new connections, solar photovoltaic production plants, smart meters for public buildings and public lighting and rehabilitation and

construction of MV lines (a 30Kv line technical studies may recommend a within a right-of-way of 10 m - 5m each side of the line). Although these works are site specific, they pose potential adverse effects to the environment, safety, and human health. These E&S impacts are mostly likely temporary, reversible and they can be mitigated in a predictable manner. The extension of distributed networks operating at 15 kV or lower voltages (densification) and service connections, and the upgrade of substations may lead to the disruption of economic activities, no land take is expected. Increase of tariffs to industries can cascade down and impact negatively most vulnerable peoples if suitable measures are not put in place. The below table presents a summary of E&S risks and benefits associated to this project.

However, in line with PfoR requirement, an initial screening was done to withdraw all sub projects involving land acquisition and physical displacement. As per the Independent Verification Agency task, the verification of the compliance of this measure will be made. During the annual screening of sub projects, all activities not complying with exclusion criteria list will be dropped.

**Table 7. Summary of the Environmental and Social Benefits and Risks**

Result Area & Associated DLIs	Environmental Benefit	Environmental Risk	Social Benefit	Social Risk				
<b>Result Area 1: Improved Financial Sustainability</b>								
DLI 1: Reduction of annual revenue gap (RG) between maximum allowed revenues (MAR) and tariff revenues (TR), expressed as a percentage of MAR.	Smart meters will enable energy savings as it allows for energy optimisation		<p>The reduction in tariff shortfall will directly induct the reduction of annual compensations from the government.</p> <p>The GoC will therefore save money that can be reinvested in other sector for the wellbeing of populations.</p>	<p>Tariff reforms to be implemented under this program were adopted by the regulatory agency (ARSEL) by decision N0000000427D/ARSEL/DG/DREFT/DE SIR/SDAFT/SDESIR/CSTai of December 12, 2022, This decision fix the tariffs for the sale of electricity to MV customers and the minimum thresholds for negotiating the tariffs for so-called “large accounts” applicable by the company ENEO for the period 2023-2025. It is a progressive reform that has already started in 2023 and will continue on an annual basis till 2025.</p> <p>Prior to this decision the regulatory agency carried out an impact study to ascertain the aftermath of these reforms on the final of products manufactured by these companies.</p> <p>However, some gaps have been identified on that study. The following are not considered: (i) the Cumulative impacts of the increases until 2026, (ii) the distributional impact on different social groups is not considered. The ESSA recommends the preparation of a suitable Poverty and Social Impact Assessment (PSIA).</p>				
DLI 2: Timely payments of public administration’s electricity consumption and annual compensation by Ministry of Finance to ENEO, as per applicable regulatory framework, (%)								
DLI 3: Public facilities with functioning smart meters and public lighting with functioning meters (%)								
<b>Result Area 2: Strengthened operational performance, enhanced accountability, and transparency of the sector</b>								



Result Area & Associated DLIs	Environmental Benefit	Environmental Risk	Social Benefit	Social Risk
DLI 4: Reports on regulatory audits of performance of ENEO and SONATREL are completed and published annually.			<p>The increased performance, enhanced accountability and transparency in the sector will encourage investments in the energy sector and lead to the creation of more job opportunities.</p> <p>A better performance of ENEO will induct the reduction of government Subsidies.</p>	The regulation and improvement of the performance of ENEO may lead to a restructuration that implies the loss of Jobs.
<b>Result Area 3: Increased access to electricity</b>				
DLI 5: Households provided with new or improved electricity service.	Reduction of pressure on wood resource by reducing the number of households using wood energy	Occupational Health and Safety risk related to the installation and manipulation of electric installations, road safety risk related to transport and manutention of solar panels	<p>The PforR operations, may enable the poor (vulnerable and disadvantages groups, indigenous people) to benefit from the power sector through improved access to affordable electricity.</p> <p>Rural electrification through new connections.</p> <p>PforR operations may help maintain a balance between supply and demand aligned with population growth.</p>	<p>Social risks associated to this are mostly related to community health and safety. The exposure to electric accidents.</p> <p>Gender based violence can occur during the construction and operation of hybrid solar plants, and the upgrade of Substations.</p> <p>The extension of distributed networks operating at 15 kV or lower voltages (densification) and service connections, and the upgrade of substations may lead to the disruption of economic activities, no land take is expected.</p> <p>However, in line with PfoR requirement, an initial screening was done to withdraw all sub projects involving land acquisition</p>

Result Area & Associated DLIs	Environmental Benefit	Environmental Risk	Social Benefit	Social Risk
				and physical displacement. As per the Independent Verification Agency task, the verification of the compliance of this measure will be made. During the annual screening of sub projects, all activities not complying with exclusion criteria list will be dropped.
<p>DLI 6: Increase in renewable electricity supply to grid-connected and off-grid consumers (GWh)</p> <p>DLI 7: Increase in available transformation capacity in transmission substations (high/primary voltage 90 kV and above) operated by SONATREL (%).</p>	<p>Less fossil fuel energy consumption</p> <p>Renewable energy are more sustainable solutions with low carbon and GHG emissions.</p> <p>Contributes towards the country's NDC (National Determine Contribution) and Paris Agreement, as it is a clean energy</p> <p>No risk of flooding compared to</p>	<p>Community health and safety, OHS risks for workers</p> <p>Traffic/ road safety security during the transportation of solar panels within containers from Port to project-site</p> <p>Solar panels need recycling in the long run</p>	<p>Integrating solar plants and hybridization of existing thermic plants in the energy mix will reduce country's exposure to hydrology risks.</p> <p>The construction of a solar power plants in the Far North region will improve the living conditions of populations, as it will ensure regular and consistent provision of electric energy to the population. This will encourage regular payment of electricity bills.</p> <p>The operationalization of these solar plants will contribute to the reduction of government</p>	<p>E&amp;S costs might not be well integrated by project developers in their business plan. The construction, hybridization of existing thermal generation facilities and the upgrade of Substations may lead to the disruption of economic activities. No physical displacement is anticipated.</p> <p>The national E&amp;S legislation does not handle economic displacements.</p>

Result Area & Associated DLIs	Environmental Benefit	Environmental Risk	Social Benefit	Social Risk
	Dam infrastructure.		monthly expenses for Fuel.	

## **SECTION V. OVERVIEW OF RELEVANT GOVERNMENT ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEMS**

Cameroon's E&S framework includes those aspects of their respective policies, legal and institutional frameworks, including national, subnational, or sectoral implementing institutions and applicable laws, regulations, rules and procedures, and implementation capacities, which are relevant to the environmental and social risks and impacts of the project. The aspects that are relevant will vary from project to project, depending on such factors as the type, scale, location, and potential environmental and social risks and impacts of the project and the role and authority of different institutions.

### **V.1 National Legal Framework**

The electricity sector in Cameroon is governed by a set of laws, including mainly Law N°2011/022 of 14 December 2011 governing the electricity sector in Cameroon which replaces Law N°98/022 of 24 December 1998. This law contains the legal provisions of the electricity sector, from generation (from primary or secondary sources) to the distribution, sale and transport of energy. More specifically, it deals with:

- regulation of water storage and hydroelectricity.
- regulation of competition in the electricity sector.
- regulation of non-competitive activities.
- regulation of environmental protection in the electricity sector.
- regulation of consumer protection.
- regulation of internal electrical installations and electrical equipment.
- establishment of a Transmission System Operator (TSO) for electrical energy, and renewable energy and electrical energy management.

The other laws governing the electric sector includes:

- Law N° 98/015 of 14 July 1998 Relating to Establishments Classified as Dangerous, Unhealthy or Obnoxious
- Law N° 98/019 of 24 December 1998 to Lay Down the Financial Regulations Governing the Concession of Public Services: lays down the tax regulations governing the concession of public services.
- Law N° 99/016 of 22 December 1998 on General Rules and Regulations Governing Public Establishments and Enterprises of the Public and Semi-Public Sector.
- Law N° 2002/004 of 19 April 2002 to Institute the Investment Charter of the Republic of Cameroon which include determination to build a competitive and prosperous economy by boosting investment and savings and attain its economic and social objectives.
- Law N° 2006/012 of 29 December 2006 to Lay Down the Rules and Regulations Governing Partnership Contracts.
- Law N° 2008/009 of 16 July 2008 to Lay Down the Fiscal, Financial and Accounting Regime Applicable to Partnership Contracts.

- Order N°039/MTPS/IMT of November 26, 1984, establishing the general conditions of hygiene and safety in the workplace
- Law of July 14, 1980, amending law No. 77.11 of July 13 1977 [SL 1977-Cam. 1] on compensation and prevention of accidents at work and occupational diseases.
- Order 017/MTLS/DEGRE of May 27, 1969 on child labor.
- Order n°16/MTLS/DEGRE of May 27, 1969 fixing the nature of the work forbidden to women and children
- Order No. 062 /CAB/PM of June 23, 2020: Establishes the National Committee for the Fight against Child Labor. It defines a framework for the elimination of child labor in Cameroon and respect for the minimum age set at 14 years by the labor code.
- In 2015 Cameroon submitted its Nationally Determined Contributions (NDCs) to the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) with a target of reducing greenhouse gas emissions by 32% by 2035 compared to the reference year 2010.
- These NDC commitment will be considered in the analysis of the National Framework.

The above laws are being implemented via the following decrees and decisions:

- Decree N° 96/36/PM of 21 February 1996 to Set Up a National Committee of the World Energy Council; Decree N° 99/125 of 15 June 1999 to Set up the Organization and Functioning of the Electricity Sector Regulatory Agency;
- Decree N° 99/13 of 8 September 1999 Relating to the Organization and Functioning of the Rural Electrification Agency.
- Decree N° 2001/21/PM of 29 January 2001 to fix the rates and the Conditions of Calculating, Collecting and Distributing Royalties on Activities in the Electricity Sector
- Decree N°2006/406 of 29th November 2006 to Set Up the Electricity Development Corporation.
- Decree No. 2009/409 of December 10, 2009, on the establishment, organization and operation of rural energy fund.
- Decision No.17/ARSEL/GM of 25 January 2002 to fix Prices Exclusive of Tax of Electricity by AES-SONEL;
- Decision No. 057/ARSEL/GM of 21ST October 2003 to Fix Electricity Sale Tariffs Exclusive of Tax Applicable by AES-SONEL.

## **V.2 Regulatory and Institutional framework**

Over the last decades, Cameroon has made great strides in establishing and putting in place an environmental assessment system to mainstream environmental and social concerns into development initiatives.

### **V.2.1 Regulatory**

#### **a) Environmental**

The national legislation on environmental management is made up of laws, decrees, orders, and decisions. This legislation is enforced by the ministry of environment. The following are pertinent to the current PfoR program:

- The Law 96/12 of August 5, 1996, related to environment management and that registers the ESIA focuses on environmental topics and is relatively light on social matters. The content of the law indeed specifies that “the ESIA process is a systematic assessment with the objective to determine the positive and negative effects of a project on the environment. It allows the project developers to avoid, mitigate or compensate the negative impacts on the environment”.
- Decree No. 00004 / MINEP of July 2, 2007, It lays down the conditions for the approval of design offices to carry out impact studies and environmental audits. Article 11 states that an ESIA or environmental audit report may be received at the Ministry of the Environment only if it has been carried out by an approved consultancy firm under the conditions laid down in the legislation in force in this area.
- The Decree No.2021/747 of December 28, 2021, setting procedures for exercising certain powers transferred by the State to the Regions in terms of environmental protection.
- The Decree No. 2012/0882/ PM of March 27, 2012, setting the terms and conditions for the exercise of certain powers transferred by the State to the municipalities in the area of the environment. This decree clearly enumerates the responsibility of the Decentralized Territorial Collectivities (DTCs), and principally of municipal councils, in environmental and social matters, according to the competencies transmitted by the State.
- The main legal text constituting the regulatory framework on environmental and social topics in Cameroon is the decree N°2013/0171 of February 14, 2013, that lays down the methodology for conducting environmental and social impact assessments. This decree prescribes the achievement of an environmental and social impact assessment for projects as well as an environmental and social management plan (ESMP).  
The Order N°00001/MINEPDED of February 8, 2016, determines the different categories of operations that requires a strategic impact study or a full ESIA.
- Joint order n°005/MINEPDED/ MINCOMMERCE of October 24, 2012, Fixing the specific conditions of management of electrical and electronic equipment as well as the elimination of waste from such equipment.
- Order No. 0010/MINEPDED of April 03, 2013, on the organization and functioning of Departmental Committees for monitoring the implementation of Environmental and Social Management Plans (ESMPs). This order specifies, among other things, the composition, and the different missions of these committees to effectively implement the ESMPs resulting from the ESIA.

## **b) Social**

The national legislation is also made up of decrees and orders guiding social safeguards in programs and projects. We can list the following:

- The decree N° 87/1872 of 16 December 1987 implementing Law N°. 85/9 of 4 July 1985 on expropriation for public utility and compensation defines the roles of the actors involved in expropriation procedures for public utility as well as those in contact with the actors concerned.
- Ministerial Decree No. 832/Y.15.1/MINUH/D000 of 20 November 1987, which provides a framework for determining the market value of buildings, or Prime Ministerial
- Decree No. 2006/3023 PM of 29 December 2006, which sets out the administrative valuation procedures for buildings in tax matters, serve as the regulatory basis for calculating the value of buildings at the time of land acquisition.
- N°2013/0171/PM of 14 February 2013 laying down the modalities for carrying out environmental and social impact studies in Cameroon (article 20), define the purposes of the public consultation, which are: (i) to receive people's opinions on the project. (ii) Register any objections. (ii) to allow the population to express their opinion on the conclusions of the study.
- According to Cameroon's legislation grievances are addressed within the framework of law N° 2016/007 of 12 July 2016 on the Criminal Code and law No. 2019/020 of 24 December 2019 amending and supplementing certain provisions of law No. 2016/007 of 12 July 2016 on the Criminal Code.

On the social side, the regulatory framework has also made some progress:

- Decree N°2017/383 of July 18, 2017, organizes the Ministry of Social Affairs that created the Inspection Brigade for Social Conformity of Projects (BNCSP).
- Law n°2010/002 of April 13, 2010, relating to the protection and welfare of persons with disabilities. This law explains in article 38(3) under no circumstances disability should be a reason for discrimination. The labor code constitutes the main source of regulation on the social topics in Cameroon and is therefore used as referential when dealing with social questions as part of the development and management of projects.

The implementation of this legislation is supported by 03 main institutions: The Ministry of Environment (for the ESIA), the Ministry of Social Affairs (for the management of labor questions) and the Ministry of State Property and Land tenure (for the questions related to land acquisition and compensations). The institutional framework supporting E&S management in Cameroon is complex. Apart from these 03 main institutions, there are several others with different roles.

### **V.2.2 Institutional Framework**

The Ministry of Environment and Forestry (MINFOF) created in 1994 was replaced by the Ministry of Environment and Nature Protection (MINEP) in 2011 and then by the Ministry of Environment, Nature Protection and Sustainable Development (MINEPDED) organized by Decree No 2012/431 of 1st October 2012. MINEPDED is therefore the coordinating and regulatory body of environmental assessment in Cameroon. The law No. 96/012 of August 5, 1996, sets out the fundamental principles that should guide the rational management of the environment and natural resources.



The main institutional actors involved in the management of Energy sector WB financed projects and that have a link with environmental and social management are presented below.

- MINEPDED - Ministry of Environment, Nature Protection and Sustainable Development - responsible for the implementation of environmental policy in Cameroon.
- MINFOF - Ministry of Forests and Wildlife - responsible for the elaboration, implementation, and evaluation of the national policy on forests and wildlife
- MINAS - Ministry of Social affairs– In charge of the development and implementation of social policy
- MINEPAT - Ministry of Economy, Planification and Land Development.
- MINEE - Ministry of Water Resources and Energy – In charge of the development and implementation of governmental policies related to production, transport and distribution of water and energy.
- MINT – Ministry of Transport– In charge of the development and implementation of the governmental policies related to transport and road safety.
- MINTP - Responsible for the maintenance and protection of road assets, the supervision and technical control of the construction of public buildings and the control of the execution of construction works of public buildings in accordance with established standards

Based on the outcomes of the various interviews conducted during this assessment, it was concluded that the MINEPAT constitutes the main interface for international lenders related projects (including the one financed by the World Bank). A dedicated project implementation unit (PIU) has been created within this ministry to manage the WB financed projects. All environmental and social issues are managed by this PIU.

### **V.2.3 Institutional Arrangements for the Energy Sector**

The institutional structure for the sector of energy in Cameroon includes:

- The President of the Republic of Cameroon that orientates the overall general policies of the sector
- The Prime Minister that coordinates the action of the Government and therefore of the different ministries
- The Ministry of Finance in charge of financial management of the sector
- The Ministry of Water and Energy oversees the development, implementation, and evaluation of the State's policy on the production, transport and distribution of water and energy.

Several other ministries also play a role in the sector of energy, such as the Ministry of Industry, Transport, Forest, and Sustainable Development.

Different agencies and public structures were also created to support the responsibilities on the operational side. These include:

- ENEO Cameroon – In charge of production, distribution, and commercialization of the electricity in Cameroon.

The Electricity Sector Development. The role of this fund is as follow: (i) Elaboration of public policies and strategies for the development of the electricity sector; (ii) Promotion of investments in the electricity sector; (iii) Monitoring, regulation and control of electricity sector activities.

- Agency for Rural Electrification (AER) in charge of promoting rural electrification on the entire national territory
- Electricity Development Corporation (EDC) in charge of the management, for the state of Cameroon, of the public assets of the electricity sector.
- SONATREL in charge of the electricity transport and maintenance of the power transport network in Cameroon

#### V.2.4 Environmental Management systems: Policy and Regulatory Framework

The Environmental Framework Law No 96/012 of 5<sup>th</sup> August 1996 has provisions in its numerous decrees and orders that would mirror or meet the Bank Policy Program for Results Financing core principles: (CP1) general principles of environmental and social impact assessment and management; and (CP2) mitigation of adverse impacts on natural habitats and physical cultural resources. However, Whilst the provisions of the law exist, their implementation is often weak and follow up marred by governance issues. Table 5 below presents a comparison of environmental core principles with country environmental and social policy and regulatory framework.

**Table 8. Comparison of Environmental Core Principles with Country Environmental Policy and Regulatory Framework**

Core Principle	National environmental and social policy and regulatory framework	Gaps
<p>CP1: General Principle of Environmental and Social Management</p> <p><i>Bank Policy for Program-for-Results Financing: Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in Program design; (b) avoid, minimize, or mitigate against adverse impacts; and (c) promote informed decision-making relating to a program's environmental and social effects.</i></p>	<p>Law No.96/12 of 05 august 1996 related to environmental management</p> <p>ESIA regulatory framework aligns well with the Core Principle 1. Thus, this will include:</p> <p><b>Article 19:</b> The impact assessment shall necessarily comprise the following indications: — analysis of the initial state of the site and its environment. — reasons for choosing the site. the foreseeable consequences of the on of the project on the site natural and nment. the measures envisaged to avoid, ce and, if possible, compensate for the equences of the project on the environment ates of ensuing expenses. of other possible solutions, from the point vironmental protection.</p>	<p>The notion of risks categories to determine the depth and breadth of assessments is not properly handled by the national framework. In the national systems, there is just the Order n°00001/MINEPDED of February 02, 2016, fixing the categories of operations/projects whose realization is subject to an ESIA study.</p> <p>The notion of mitigation hierarchy is not handle by the national framework.</p> <p>Consultations does not start at an early stage of the program and do not continue throughout program implementation.</p> <p>In terms of instruments to be prepared, national systems do not require the preparation of a Stakeholder Engagement Plan (SEP) or a Grievance redress mechanism (GRM) as per ESS10 recommendation. Implementation Units do not systematically have dedicated units in charge of managing</p>

Core Principle	National environmental and social policy and regulatory framework	Gaps
		<p>E&amp;S risks and impacts in their various projects. In some cases, E&amp;S Specialists are included in technical units to whom they report directly. In these conditions, it is difficult for E&amp;S specialists to enforce their recommendations.</p> <p>Order N°00000193/A/MINEE of 28 April 2014, related to the production and distribution of electricity in Cameroon may need to be updated, in fact according to that order, (i) for power generation projects between 100 kW and 1MW, the owner is obliged to make a simple declaration; (ii) for power generation of less than 100 kW, no legal and administrative formalities is required.</p>
<p>CP2: Natural Habitats and Physical Cultural Resources</p> <p><i>Program E&amp;S management systems are designed to avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the Program. Program activities that involve the significant conversion or degradation of critical natural habitats or critical physical cultural heritage are not eligible for PforR financing.</i></p>	<p>The National environmental law equally complies with core principle 2 as seen on the article below:</p> <p>Article 62: The protection of nature, the preservation of animal and plant species and their habitat, the maintenance of biological balances and ecosystems and the conservation of biodiversity and genetic diversity against all causes of degradation and threats of extinction are of national interest. It shall devolve on the Administration and each citizen to safeguard the natural heritage.</p> <p>Article 63: Natural resources shall be managed rationally to meet the needs of the present generations without comprising the capacity of future generations to meet their own needs.</p> <p>Article 64: (1) Cameroon’s biodiversity is used sustainably, especially through: - an inventory of existing species, particularly of those that are endangered. - management plans of species and the preservation of their habitat. - a system on the control of access to genetic resources. (2) Biodiversity conservation through the protection of the fauna and flora, the creation and management of natural reserves and national parks shall be governed by the laws and regulations in force.</p>	<p>There is no specification in the national framework guiding safeguards diligences in a situation where natural habitats are identified as part of the assessment unlike in the ESF.</p> <p>Cultural Heritage Management Plan is not required by the National legislation.</p> <p>There is no specification in the national framework clarifying how to handle Intangible cultural heritage.</p>

Core Principle	National environmental and social policy and regulatory framework	Gaps
	<p>(3) The State may erect any part of the national territory into an ecologically protected area. Such an area shall be the subject of an environmental management plan.</p> <p>Law 2013/003 of 18 April 2013 governing cultural heritage in Cameroon.</p> <p>According to Chapter 8 and Article 43 of this law, all development, extraction, exploitation or construction work in the context of major construction sites or structural projects must first be subject to archaeological diagnosis, prospecting and soundings. Article 44 (1) obliges any person wishing to carry out soundings or excavations on land or underwater to obtain a joint authorization from the ministers in charge of scientific research and cultural heritage. Paragraph 4 of the same article provides the terms and conditions for obtaining authorizations to conduct archaeological research as well as the rights and obligations of archaeologists.</p> <p>Decree n°74/199 of March 14, 1974, regulating burial, exhumation, and transfer of bodies.</p> <p>This text stipulates that any exhumation of a body is subject to prior authorization by the Prefect of the department of the place of provisional burial, following the opinion of the competent health services. Except for reasons of public order, the request for exhumation must be made by the next of kin of the deceased or by the court in the context of a judicial inquiry.</p>	
<p>Core Principle #3: Program E&amp;S management systems are designed to protect public and worker safety against the potential risks associated with (a) the construction and/or operation of facilities or other operational practices under the Program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials under the Program; and (c)</p>	<p>Law N° 98/015 of 14 July 1998 Relating to Establishments Classified as Dangerous, Unhealthy or Obnoxious</p> <p>The Law N° 092/007 of 14 August 1992 on the Labor code.</p> <p>Law No. 2011/024 of December 14, 2011 on the fight against smuggling and human trafficking punishes forced labor activities.</p>	<p>The preparation of labor management procedures is not required by national legislation.</p> <p>The national legislation on OHS are quite well developed. The following texts can be listed: (i) Law no. 92/007 of August 14, 1992, on the labor code, (ii) Decree No. 75/740 of November 29, 1975, setting the conditions for the organization and operation of the National Commission for Occupational Health and Safety, (iii) Order N° 039 /MTPS /IMT of November 26, 1984, fixing the general measures of hygiene and security on the workplaces.</p>

Core Principle	National environmental and social policy and regulatory framework	Gaps
reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.		The issue with these regulations is (i) Their low standard (Minimum salary, health insurance, etc.) and their low enforcement in the field. Moreover, the legal framework in preventing and responding GBV cases is inadequate. There are no civil remedies for GBV cases, but they are referred to judicial sphere, lack of referral pathway protocols and services providers for GBV: SEA/SH response.

### V.2.5 Social Management system: Policy and Regulatory Framework

This sub-section describes the national environmental Law. The Environmental Framework Law No 96/012 of 5th August 1996 has provisions in the numerous decrees and ordinances that would mirror or meet the core principles incorporated into the Bank Policy Program for Results Financing: (CP3) protection of public health worker safety; (CP4) Land Acquisition; (CP5) Social Considerations; Indigenous Peoples and Vulnerable Groups and (CP6) Social Conflict. Whilst the provisions of the law exist, their implementation is often weak and follow up marred by governance issues. Table 6 below compares social core principles with country environmental policy and regulatory framework.

During the preparation phase of this program, the scope of some of the activities proposed by MINEE were examined and the team realized that some were likely to generate a wide range of significant adverse risks and impacts on human populations or the environment, taking into consideration the extent of resettlement and sensitivity of locations. Those activities were simply removed from the program. The scope of works that could lead to land acquisition (Upgrade of MV lines and substations, construction of a solar plant in Kousseri) will continue to be examined at the appraisal stage. In case it is confirmed that these activities will generate adverse risks and impacts, an considering the difficulties faced in the Cameroon on resettlement issues, the task team will consider withdrawing them from the current PfoR project. As a matter of fact, PforR policy excludes activities that would be tantamount to a cat A or High-risk project.

**Table 9. Comparison of Social Core Principles with Country Environmental Policy and Regulatory Framework**

Core Principle	National environmental relating Social Management	Gaps
Core Principle #4: Program E&S systems manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement and assists affected people in improving, or at the minimum restoring, their livelihoods and living standards.	Law n°85/009 of July 4, 1985 relating to expropriation for public utility and the modalities of compensation:  This law sets out the provisions relating to expropriation and the terms of compensation. According to its first article, expropriation for public utility affects only private property as provided for by laws and regulations	(i) In terms of instruments, the national legislation does not handle economic displacement nor clearly recommend the preparation of a livelihoods restoration plan.  (iii) With the national legislation the valuation method of affected assets is not at replacement cost.

Core Principle	National environmental relating Social Management	Gaps
	<p>and gives the right to compensation in money or in kind according to the conditions defined by this law (article 2).</p> <p>Article 7 (1) recalls the provision of Article 8 of Ordinance No. 74-3 of July 6, 1974, according to which compensation is payable for direct, immediate, and certain material damage caused by eviction. Its field of application covers bare land, crops, buildings, and all other forms of development.</p>	<p>(iv) No clarification on the management of economic displacement under the national legislation; (v) No clarification on livelihoods restoration within the framework of the resettlement process.</p> <p>(v) The GoC has been facing difficulties to mobilize resources for the payment of resettlement compensations.</p>
	<p>Decree n°2003/418/PM of February 25, 2003, fixing the rates of compensation to be allocated to the owner victim of destruction for public utility of crops and cultivated trees.</p> <p>This decree states that, victims of destruction for public purposes shall be fairly and equitably compensated on all enhancements.</p>	
	<p>Decree 87/1872 du 18/12/1987</p> <p>This decree sets out the terms of application of the above-mentioned law no. 85/9 of 4 July 1985, concerning the expropriation and compensation procedures. In Article 9 it presents the Disclosure of relevant information and meaningful participation of affected communities and persons.</p>	
	<p>Ordinance No. 74-1 of July 6, 1974 establishing the land tenure system.</p> <p>Article 12 of the law stipulates that the State may resort to the procedure of expropriation for reasons of public utility in order to achieve objectives of general interest. In its article 13, the bodies benefiting from the expropriation are obliged to compensate the victims from their budget. No compensation is due for the destruction of dilapidated buildings threatened with ruin or those built, in violation of town planning regulations.</p>	

Core Principle	National environmental relating Social Management	Gaps
<p>Core Principle #5: Program E&amp;S systems give due consideration to the cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the rights and interests of Indigenous Peoples/Sub-Saharan African Historically or concerns of vulnerable groups.(IDP, Orphan and vulnerable children, people living with disabilities, etc.)</p>	<p><b>Article 39:</b> (1) The protection, conservation and enhancement of the cultural and architectural heritage are of national interest.</p> <p><b>Article 72:</b> Populations shall be encouraged to participate in environmental management, especially through: — free access to environmental information, pending the imperatives of national defence and state security. — consultative mechanisms to take stock of the opinion and contributions of the populations.</p>	<p>Free, prior, and informed consent (FPIC) not required by the national Framework.</p> <p>In terms of instruments, Indigenous people plan (IPP) or IPPF not required by the national framework.</p> <p>A social impact assessment of program/projects is recommended by the national framework, especially the Presidential Decree No. 2017/383 of July 18, 2017, that established MINAS and in its article 55 established the National Brigade for the Social Conformity of Projects. However, this is not systematically done nor enforced.</p>
<p>Core Principle #6: Program E&amp;S systems avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.</p>	<p>Decree No. 2017/383 of July 18, 2017, established MINAS and in its article 55 established the National Brigade for the Social Conformity of Projects (CSP). MINAS ensures the development, implementation, and evaluation of the Government's prevention and social assistance, and the protection of individuals including indigenous populations. MINAS is responsible for: prevention and reduction of juvenile delinquency and social exclusion, the fight against social exclusion, the fight against human trafficking, particularly of minors, the identification of victims of physical abuse, and the implementation of procedures for the protection of children and the follow-up of the protection of victims of human trafficking, the follow-up of the elderly and the follow-up of persons concerned by the victims, the facilitation of social reintegration, the promotion of solidarity, the follow-up of training of social personnel. the person</p>	

### 5.3. Institutional Management System Framework

This section looks at the institutional capacity for environmental and social impact management within the Program system. In the energy sector, the key agencies/institutions have been assessed to be marred with problems linked to governance as well as their capacities to manage environmental and social risk. A summary of the assessment is presented in Table 7 below.

**Table 10. Identification of Gaps in the Governance of Key Agencies/Institution in the Power Sector**



Power sector key agencies/ institutions	Governance Gaps	Gaps in the social and Environmental management system
MINEE	<p>High production costs due to the dependency on expensive diesel generation. unpaid bills from several administrations, municipal councils, hospitals, state universities, etc. do not contribute to the financial sustainability of the energy sector.</p>	<p>MINEE does not have a dedicated unit in charge of E&amp;S management. E&amp;S Specialists are included in technical units to whom they report directly.</p> <p>The creation of a dedicated E&amp;S Unit with an adequate staffing at MINEE is recommended within the framework of this program. The organigram of MINEE will therefore be updated and capacity building plan developed for this E&amp;S unit.</p>
	<p>The national legal and institutional framework on Dam safety is not available</p>	<p>There is a need to prepare a national legal and institutional framework on dam safety.</p> <p>Include solar plant into the energy mix of the country to reduce its Carbon Footprint.</p>
The Electricity Development Corporation (EDC)	<p>MINFI (2019) report reveals that there has been a deterioration in the company's operating income, net income and cash position despite a slight increase in sales. Thus affecting the staff's social liabilities and might lead to worker's strike.</p>	<ul style="list-style-type: none"> <li>- The Company's has been entrusted with the main resource is a share of the water royalties or water rights owed by the operators of the hydroelectric power generating facilities. Thus, there is a need for E&amp;S water resources management enforcement.</li> <li>- The formalization of the water storage concession agreement and the specific texts that will define the terms and conditions for allocating the said water charge are still awaited.</li> </ul>
SONATREL	<p>There is a need to put in place legal framework that will enforce the payment of the amount due SONATREL by ENEO.</p>	<ul style="list-style-type: none"> <li>- The aim of this institution is to improve the transit capacity of the transmission network and reduce losses on the transmission network. Environmental regulation capacities should be strengthened.</li> <li>- Improve the security along Transmission lines and Sub-stations to avoid harming neighbouring communities.</li> </ul>

Power sector key agencies/ institutions	Governance Gaps	Gaps in the social and Environmental management system
	<p>The main challenge faced by this company is the delay in the payment of services of energy transport and management of the electricity network by various partners.</p>	<p>Concerning specifically transmission lines, only technical norms provide guidance on the limits of T-line rights-of-way: 50 meters for a 225KV line; 30 meters for a 90 KV T-line and 10 meters for a 30 KV T-line. As it stands, these technical norms are not yet captured in the national legislation.</p>
ENE0	<p>ENE0 is at the same time in charge of energy distribution and a producer.</p> <p>ENE0 has debts with its suppliers and other stakeholders in the energy sector, such as EDC, SONATREL, Globaleg, etc.</p> <p>ENE0 is facing unpaid bills from several administrations, municipal councils, hospitals, state universities, etc.</p> <p>ENE0 is supposed to provide a report on operational performance annually and ARSEL to verify them. However, this is not systematically done.</p>	<p>Thermal plants still occupy an important position in power generation in the country. This contributes to the increase of energy costs to end users and the production of greenhouse gases. Reducing the contribution of thermal power plants to the energy mix of the country, will contribute to the reduction of fuel consumption and therefore the reduction of country Carbon Footprint.</p>
ARSEL	<p>Institutional capacities in controlling the tariff system established in accordance with methods and procedure laid down by the Administration in charge of electricity needs to be improved.</p>	<p>not have a dedicated unit in charge of E&amp;S management. Specialists are included in technical units to whom they report</p> <p>not possess clear indicators to identify and analyse the impact of the policy reform on the affordability and well-being of different economic classes, with a particular focus on the vulnerable groups.</p>
AER		<p>AER does not have a dedicated unit in charge of E&amp;S management. E&amp;S Specialists are included in technical units to whom they report directly.</p>
Electricity Sector Development Fund (ESDF)	<p>The operationalization of this fund is not yet effective.</p>	<ul style="list-style-type: none"> <li>- Institutional arrangements, technical and financial support needed in order to operationalize this Fund.</li> <li>- Prepare a strategic Environmental and Social Assessment (SESA) for the energy sector.</li> </ul>

## **SECTION VI. SYSTEMS ASSESSMENT AND IDENTIFICATION OF GAPS**

This section provides an assessment of the extent to which the applicable systems are Consistent with the core principles and key planning elements expressed in the PforR Guidance Document. It also provides a review of aspects where gaps exist between the two. The assessment was done using the following criteria:

- Strengths of the system, or where it functions effectively and efficiently and is consistent with Bank Policy and Directive for Program-for-Results Financing.
- Inconsistencies (Weaknesses) and gaps between the principles espoused in Bank Policy and Directive for Program-for-Results Financing and capacity constraints
- Actions (opportunities) to strengthen the existing system.
- Risks (Threats) to the proposed actions designed to strengthen the system

The information obtained from the analysis and identification of gaps as well as the opportunities and recommended actions shall be used to inform the Program Action Plan (PAP).

Table 8 below presents the summary of the environmental and social system assessment with respect to results areas, activities included in each area, the potential E&S effects of each operation and the implementing agencies' s capacities as related to the relevant core principle.

## VI.1 Environmental and Social System Assessment

**Table 11. Summary of E&S Systems Assessment**

### Assessment Core Principle 1: General Principle of Environmental and Social Management

<p>Bank Policy for Program-for-Results Financing: Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in Program design; (b) avoid, minimize, or mitigate against adverse impacts; and (c) promote informed decision-making relating to a program's</p>			
<p><b>Bank Directive for Program-for-Results Financing:</b> Program procedures will:</p> <ul style="list-style-type: none"> <li>▪ Operate within an adequate legal and regulatory framework to guide environmental and social impact assessments at the program level.</li> <li>▪ Incorporate recognized elements of environmental and social assessment good practice, including: <ul style="list-style-type: none"> <li>▪ early screening of potential effects.</li> <li>▪ consideration of strategic, technical, and site alternatives (including the “no action” alternative).</li> <li>▪ explicit assessment of potential induced, cumulative, and trans-boundary impacts.</li> <li>▪ identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized.</li> <li>▪ clear articulation of institutional responsibilities and resources to support implementation of plans; and</li> </ul> </li> </ul> <p>Responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and responsive grievance redress measures.</p>			
<p><b>Applicability: YES</b> The E&amp;S team has conducted a screening of initial risks of the PforR. Environmental and social risks are posed due the construction and operation of the MV lines, hybrid solar plants, and the upgrade of Substations.</p>			
Applicable RA/DLIs	Systems assessment	Gaps (in the government E&S system compared to the ESF),	Suggestions to fill gaps and/or mitigation measures
<p>DLI 5: Households provided with new or improved electricity service.</p> <p>DLI 6: Increase in renewable electricity supply to grid-connected and off-grid consumers (GWh)</p> <p>DLI 7: Increase in available transformation capacity in transmission substations (high/primary voltage 90 kV and above) operated by SONATREL (%).</p>	<p><b>AT THE COUNTRY LEVEL:</b></p> <p>The implementation of the country E&amp;S legislation is supported by 03 main institutions: The Ministry of Environment (for the ESIA), the Ministry of Social Affairs (for the management of labor questions) and the Ministry of State Property and Land tenure (for the questions related to land acquisition and compensations).</p> <p>The law N°096/12 of August 5th, 1996 provides comprehensive screening procedures, stakeholder involvement in the identification of priority E&amp;S risks and impacts.</p> <p>The Ministry of Environment is supported in his task by the inter-ministerial committee in charge of reviewing and delivering E&amp;S certificate of conformity for projects. Meanwhile the Ministry of social affairs is supported in his task by the National Brigade for the Social Conformity of</p>	<p>The notion of risks categories to determine the depth and breadth of assessments is not properly handled by the national framework. In the national systems, there is just the Order n°00001/MINEPDED of February 02, 2016, fixing the categories of operations/projects whose realization is subject to an ESIA study.</p> <p>Consultations does not start at an early stage of the program and do not continue throughout program implementation.</p>	<p>Within the framework of the current PfoR program, consultations started at a very early stage, a SEP and a GRM have been prepared.</p> <p>The enhancement of E&amp;S capacity in the implementing agencies by creating dedicated E&amp;S units, improving staffing and procedures Support the training of MINEE E&amp;S safeguards staffs to enable an accurate monitoring of E&amp;S requirements of the program.</p> <p>The preparation of an E&amp;S review Summary, conduct a proper risk</p>

	<p>Projects. This is recent progress in the E&amp;S legislation. This brigade was created by the decree No. 2017/383 of July 18, 2017, in its article 55.</p> <p>There is a committee in charge of monitoring the implementation of Environmental and Social Management Plans (ESMPs). This committee is created by the Order No. 0010/MINEPDED of April 03, 2013. This order specifies, among other things, the composition, and the different missions of this committee to effectively implement ESMPs.</p> <p>However, the capacity Borrower (MINEE) has a limited capacity on E&amp;S risk management and its recent performance on the management of E&amp;S risks within the framework of World Bank funded projects are moderately satisfactory.</p> <p><b>AT THE LEVEL OF OTHER IMPLEMENTING AGENCIES:</b></p> <p>Apart from MINEE, all the other implementing agencies has dedicated staffs in charge of E&amp;S risks management.</p>	<p>In terms of instruments to be prepared, national systems do not require the preparation of a Stakeholder Engagement Plan (SEP) or a Grievance redress mechanism (GRM) as per ESS10 recommendation.</p> <p>MINEE do not have dedicated units in charge of managing E&amp;S risks and impacts in their various projects. In some cases, E&amp;S Specialists are included in technical units to whom they report directly. In these conditions, it is difficult for E&amp;S specialists to enforce their recommendations.</p> <p>MINEE do not have an Environmental and Social Management System in place. There is a need to set up an ESMS at MINEE and train staff of this.</p>	<p>classification and prepare relevant instruments.</p> <p>MINEE shall prepare and maintain the ESMS (E&amp;S Management Systems) to manage environmental and social risks throughout the Program implementation period.</p> <p>The ESMS prepared within the framework of the current program will apply to all the implementing agencies.</p> <p>E&amp;S staffs of implementing agencies will be trained on the adopted ESMS.</p>
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## Core Principle 2: Natural Habitats and Physical Cultural Resources

### Assessment Core Principle 2: Natural Habitats and Physical Cultural Resources

<b>Bank Policy for Program-for-Results Financing:</b> Environmental and social management procedures and processes are designed to avoid, minimize and mitigate against adverse effects on natural habitats and physical cultural resources resulting from program.
<b>Bank Directive for Program-for-Results Financing:</b> As relevant, the program to be supported: <ul style="list-style-type: none"><li>▪ Includes appropriate measures for early identification and screening of potentially important biodiversity and cultural resource areas.</li><li>▪ Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities.</li><li>▪ Takes into account potential adverse effects on physical cultural property and as warranted, provides adequate measures to avoid, minimize, or mitigate such effects</li></ul>
<b>Applicability: NO</b> It is not expected that the Program will have any impact on natural habitats and physical cultural resources. At this stage, the proposed works consist of upgrading existing infrastructures. Moreover, the proposed site for the new solar plant in the Sahelian area does not possess any natural habitat. The initial screening has contributed to drop all non-eligible activities. However, this will continue throughout implementation.

## Core Principle 3: Public and Worker Safety

### Assessment Core Principle 3: Public and Worker Safety

<b>Bank Policy for Program-for-Results Financing:</b> Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.
<b>Bank Directive for Program-for-Results Financing:</b> <ul style="list-style-type: none"><li>▪ Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed.</li><li>▪ Promotes use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; and promotes use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions.</li></ul> Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events.
<b>Applicability: YES</b> The extension of distributed networks operating at 15 kV or lower voltages (densification) and service kV connections, and the upgrade of substations, solar plants and the upgrade of Substations may lead E&S risks and impacts related to community health and safety. The functioning of these infrastructures can contribute to public exposure to electric accidents.
<b>Bank Policy for Program-for-Results Financing:</b> Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b)

exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.				
<b>Applicable</b>	<b>RA/DLIs</b>	<b>Systems assessment</b>	<b>Gaps (in the government E&amp;S system compared to the ESF)</b>	<b>Suggestions to fill gaps and/or mitigation measures</b>
	<p>DLI 5: Households provided with new or improved electricity service.</p> <p>DLI 6: Increase in renewable electricity supply to grid-connected and off-grid consumers (GWh)</p> <p>DLI 7: Increase in available transformation capacity in transmission substations (high/primary voltage 90 kV and above) operated by SONATREL (%).</p>	<p><b>AT THE COUNTRY LEVEL:</b></p> <p>The ministry in charge of monitoring working conditions in projects is the Ministry of labor and social security.</p> <p>In terms of community health and safety, the department in charge is the Ministry of Territorial Administration and Decentralization. The Decree no. 2005/104 of 13 April 2005 organizing the Ministry of Territorial Administration and Decentralization created the Civil Protection Unit. This unit is at the centre of the rationalization of all actions related to prevention, protection and relief organization all over the national territory.</p>	<p>The preparation of labor management procedures is not required by national legislation.</p> <p>OHS provisions in the national framework are very significant but do not completely meet ESS2 requirements. Moreover, this existing framework are not enforced, and their standards are low.</p> <p>Moreover, the legal framework in preventing and responding GBV cases is inadequate. There are no civil remedies for GBV cases, but they are referred to judicial sphere, lack of referral pathway protocols and services providers for GBV: SEA/SH response.</p> <p>The notion of community workers is not clearly defined. Only the high-intensity labor methods (HILM) is outlined in the national framework, especially the Decree 2018/366 of June 20, 2018 on the Public Procurement Code. However, this decree does not give define conditions of the use of these workers (remuneration, OHS, etc.)</p>	<p>The assessment recommends including a chapter in the ESMS specific on labor management procedures applicable to the program: compiling the provision of the national systems added to the gap filling measures.</p> <p>Support the Training on OHS for implementing agencies.</p> <p>specific on labor management procedures applicable to the program will be included into bidding documents for contractors.</p>

## Core Principle 4: Land Acquisition

### Assessment Core Principle 4: Land Acquisition

Bank Policy for Program-for-Results Financing: Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.			
<p><b>Bank Directive for Program-for-Results Financing:</b> As relevant, the program to be supported:</p> <ul style="list-style-type: none"> <li>▪ Avoids or minimizes land acquisition and related adverse impacts;</li> <li>▪ Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy;</li> <li>▪ Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access;</li> <li>▪ Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment); and</li> <li>▪ Restores or replaces public infrastructure and community services that may be adversely affected.</li> </ul>			
<p><b>Applicability: YES</b> The extension of distributed networks operating at 15 kV or lower voltages (densification) and service connections, hybridization of existing thermal generation facilities and the upgrade of Substations may lead to the disruption of economic activities/economic displacement.</p>			
Applicable RA/DLIs	Systems assessment	Gaps (in the government E&S system compared to the ESF)	Suggestions to fill gaps and/or mitigation measures
<p>DLI 5: Households provided with new or improved electricity service.</p> <p>DLI 6: Increase in renewable electricity supply to grid-connected and off-grid consumers (GWh)</p> <p>DLI 7: Increase in available transformation capacity in transmission substations (high/primary voltage 90 kV and above) operated by SONATREL (%).</p>	<p><b>AT THE COUNTRY LEVEL:</b></p> <p>The resettlement process in Cameroon is managed by the following institutions: The Ministry of state property and Land Tenure, The Ministry of Housing and Urban Development, The Ministry of Agriculture and the Ministry of Water resources and energy.</p> <p>The process starts with the declaration of Public Utility, completed by a compensation decree.</p> <p>A methodological note prepared and adopted within the framework of the Inclusive and Resilient Cities Development Project (P156210) as first step towards addressing the Gap between the national framework on resettlement and the world Bank standards.</p> <p><b>AT THE DIVISIONAL LEVEL:</b></p>	<p>The juridical arsenal on land acquisition in Cameroon is large but outdated.</p> <p>Cameroon's legislation on Land acquisition presents five main Gaps compared to the ESF:</p> <p>(i) In terms of instruments, the national legislation does not clearly recommend the preparation of livelihoods restoration plan.</p> <p>(ii) No clarification on the management of economic displacement under the national legislation; (v) No clarification on livelihoods restoration within</p>	<ul style="list-style-type: none"> <li>- Include a chapter in the ESMS on livelihoods restoration for potential economic displacement.</li> <li>- MINEE must prepare a Completion report of livelihoods restoration actions recommended under the ESMS. IVA will verify the compliance with livelihoods restoration chapter of the ESMS prior to the disbursement under the DLI3, DLI5, DLI6 &amp; DLI 7.</li> <li>- All sub projects will be selected and agreed upon on an annual basis. MINEE will communicate its investment</li> </ul>



	A census committee is put in place to carry out assets evaluation and prepare the compensation decree.	the framework of the resettlement process.	<p>list, on a yearly basis, of the T-lines, Hybrid solar PV projects that are proposed to be included under program and claimed under the relevant DLIs after construction.</p> <ul style="list-style-type: none"> <li>- The Annual Investment List will include preliminary screening by the MINEE based on program PforR exclusion criteria</li> <li>- As part of the Independent Verification Agency task, the verification of the compliance with the exclusion criteria list will be made.</li> </ul>
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**Core Principle 5: Social Considerations - Indigenous Peoples and Vulnerable Groups**

**Assessment Core Principle 5: Social Considerations - Indigenous Peoples and Vulnerable Groups**

<b>Bank Policy for Program-for-Results Financing:</b> Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.			
<b>Bank Directive for Program-for-Results Financing:</b>			
<ul style="list-style-type: none"> <li>• Undertakes free, prior, and informed consultations if Indigenous Peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the program.</li> <li>• Ensures that Indigenous Peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the consent of the Indigenous Peoples.</li> </ul> <p>Gives attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.</p>			
<b>Applicability: YES</b>			
The program covers entire Cameroon country with the presence of indigenous groups in geographic areas to be covered by the program. Moreover, electricity reforms, especially tariffs adjustments planned within the framework of this program may have more impact on vulnerable groups (IDP, Disable people, etc.).			
<b>Bank Policy for Program-for-Results Financing:</b> Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.			
<b>Applicable DLIs</b>	<b>Systems Assessment</b>	<b>Gaps</b>	<b>Suggestions to Fill Gaps/Proposed Mitigation Measures</b>

<p>DLI 1: Reduction of annual revenue gap (RG) between maximum allowed revenues (MAR) and tariff revenues (TR), expressed as a percentage of MAR.</p> <p>DLI 2: Timely payments of public administration's electricity consumption and annual compensation by Ministry of Finance to ENEO, as per applicable regulatory framework, (%)</p> <p>DLI 3: Public facilities with functioning smart meters and public lighting with functioning meters (%)</p> <p>DLI 4: Reports on regulatory audits of performance of ENEO and SONATREL are completed and published annually.</p>	<p>GoC is committed to consider vulnerable groups in its development strategy. Recently the Presidential Decree No. 2017/383 of July 18, 2017, that established MINAS and in its article 55 established the National Brigade for the Social Conformity of Projects was signed. MINAS ensures the development, implementation, and evaluation of the Government's policy on prevention and social assistance, and the social protection of individuals including indigenous people. As such, it is responsible for the fight against social exclusion, the protection of victims of physical abuse, and the monitoring of procedures for the protection of orphans and vulnerable children. The protection of elderly and disabled people.</p>	<p>Free, prior, and informed consent (FPIC) not required by the national Framework.</p> <p>In terms of instruments, Indigenous people plan (IPP) or IPPF not required by the national framework.</p> <p>The newly created brigade is not yet fully operational. Guide and operational manuals are still to be prepared.</p> <p>The preparation of a social impact assessment of the reforms is recommended by the national framework, especially the Presidential Decree No. 2017/383 of July 18, 2017 that established MINAS and in its article 55 established the National Brigade for the Social Conformity of Projects. However, this is not systematically done nor enforced</p>	<p>Within the framework of the current PforR program, consultations started at a very early stage, a SEP and a GRM have been prepared.</p> <p>The team has recommended to carry out a PSIA study laying emphasis on the distributional impacts and affordability of tariff adjustments in electricity sector.</p> <p>A strong communication plan will be put in place in relation with the Stakeholder engagement process to avoid disproportionate impact of policy reforms on the well-being of most poor and vulnerable people. Moreover, MV customers satisfaction survey to strengthen stakeholder consultation of electricity regulatory process will be carried by December 2025.</p>
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## Core Principle 6: Social Conflict

### Assessment Core Principle 6: Social Conflict

<p><b>Bank Policy for Program-for-Results Financing:</b> Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.</p>
<p><b>Bank Directive for Program-for-Results Financing:</b> Considers conflict risks, including distributional equity and cultural sensitivities.</p>
<p><b>Applicability: YES</b> The reduction in tariff shortfall in power sector implies tariff increase to end users. This increase also has indirect impacts such as the increase of production of certain basic commodities. The changes may lead to social unrest if appropriate mitigation measures are not implemented alongside this tariff modification. Tariff</p>

adjustment may also be rejected by relevant stakeholders if meaningful consultations carried out. Tariff adjustment may not consider the vulnerable groups, and therefore limit their access to electric energy. Smart meters might be rejected by the population and ENEO workers assaulted.

Applicable DLIs	Systems Assessment	Gaps	Suggestions to Fill Gaps/Proposed Mitigation Measures
<p>DLI 1: Reduction of annual revenue gap (RG) between maximum allowed revenues (MAR) and tariff revenues (TR), expressed as a percentage of MAR.</p> <p>DLI 2: Timely payments of public administration's electricity consumption and annual compensation by Ministry of Finance to ENEO, as per applicable regulatory framework, (%)</p> <p>DLI 3: Public facilities with functioning smart meters and public lighting with functioning meters (%)</p>	<p><b>AT THE COUNTRY LEVEL:</b> National systems have provision in terms of integrating vulnerable groups in development programs. In various domain the GoC has what they call social tariffs. In the energy sector, in order to mitigate the negative effects of the 2008, rise in fuel prices, the GoC launched a subsidy program.</p> <p>Law N°2019/020 of December 2019, modifying some dispositions of the law N°2016/007 of July 2016 on the criminal code. This law condemns hate speech on social networks.</p> <p>Order N0067/CAB/PM of July 14, 2014, on the creation, organization and functioning of the social dialogue consultation and monitoring committee. Law No. 92-007 of August 14, 1992, on the Labor Code.</p> <p>A Stakeholder engagement plan (SEP) and a Grievance Redress Mechanism (GRM) has been prepared and will be implemented by project effectiveness. The SEP will be updated 06 months after project effectiveness to include findings of the PSIA.</p>	<p>It has been shown that these subsidies do not benefit the poor and instead mainly benefit the urban middle class. One the reason being the fact that Criteria and indicators to identify vulnerable groups are not accurate</p>	<p>The team has recommended to carry out a PSIA study on the distributional impacts and affordability of tariff adjustments in electricity sector</p>

## SECTION VII. POVERTY AND SOCIAL IMPACT ANALYSIS (PSIA)

Before the implementation of the first part of the reform, ARSEL which is the regulatory agency carried out a study on the impacts on the price of final products of the industry related to years 2022/2023.

However, some gaps have been identified on that study. The following are not considered: (i) the Cumulative impacts of the increases until 2026, (ii) the distributional impact on different social groups is not considered. The ESSA recommends the preparation of a suitable Poverty and Social Impact Assessment (PSIA).

The PforR will monitor and propose coping strategies to manage social impacts of the reforms in the sector according to the results of a Poverty and social impact analysis (PSIA).

It is expected the PSIA helps to identify and analyse the distributional impact of the policy reform on the affordability and well-being of different stakeholder groups, with a particular focus on the impacts to poor and vulnerable. Impacts will be grouped in the short-term as well as the expected longer-term and the assumptions underlying the realization of long-term benefits. Nevertheless, the analysis will not be limited to the poorest as reforms in the energy sector is also very much a middle-class issue and there are important vulnerabilities particularly for low/lower middle-income households and businesses that need to be identified. In addition, space dimension and likely impacts would be revised, including urban/rural dimension, specific social groups, or industries that may be particularly impacted.

- Understand types of uses and users of energy and therefore key vulnerabilities associated with any subsidy reform. Vulnerabilities may come from income poverty but also from constraints in substitutions to alternative energy, constraints to energy efficiency, any related livelihood activities that may be affected, etc.
- Understand factors that are likely to drive public attitudes to the reform and contribute to its acceptability. The issues that different groups associate with the reform may not just be about affordability but possibly also transparency, quality of service, efficient governance, etc. This can help inform the messaging and communication, but also other interventions the government may want to think about to demonstrate the value of the reform to citizens (whether it's a more reliable service, more responsive service, greater transparency, etc.).
- Input the Stakeholder Engagement Plan of the Program by providing analysis that will contribute to an assessment of the extent of country ownership of the reforms and predict how different interests are likely to influence government in general, and the reform process. Citizen engagement may be promoted by willingness-to-pay survey, systematic (or directed) consultation, such as beneficiary assessment; client/citizen satisfaction survey.  
Identify coping strategies that may be adopted for different groups and users (citizens, small businesses, etc.) and any potential negative impacts arising from the coping strategies that should be mitigated.

## **SECTION VIII. CONCLUSIONS AND RECOMMENDATIONS**

### **VIII.1 Environmental and Social Summary and Recommendations**

The assessment of the client's Legal and Institutional capacities for managing social and environmental risks and impacts in line with Bank requirements reveals significant areas of convergence between Cameroon's E&S legislation and World Bank PforR core principles.

However, the assessment has pointed out the need for some improvements in the following areas:

1. E&S staffing and capacity building
2. ESMS of MINEE.
3. Land Acquisition, Restriction on Land use and Involuntary Resettlement
4. Study carried out by ARSEL prior to the reform
5. Stakeholders' engagement, including citizen engagement.
6. Grievance Redress Mechanism
7. Labor & working conditions
8. GBV: SEA/SH

#### **VIII.1.1 E&S Staffing and Capacity Building**

Implementation Units do not systematically have dedicated units in charge of managing E&S risks and impacts in their various projects. In some cases, E&S Specialists are included in technical units to whom they report directly. In these conditions, it is difficult for E&S specialists to enforce their recommendations.

The Borrower shall cause each of PforR's PCU and SONATREL within thirty (30) days after the Effective Date, to designate and maintain throughout Program implementation an environmental and a social specialist as further detailed in the POM. MINEE will create a dedicated E&S unit to cover all infrastructure projects piloted by the MINEE beyond the PforR and to strengthen capacity building in the Ministry. The dedicated E&S unit at the MINEE will coordinate its work closely with the E&S staff of the PforR PCU, as further detailed in the POM.

In addition, recommendations of the ESSA include the enhancement of E&S capacity in the implementing agencies by creating dedicated E&S units, improving staffing and procedures Support the training of MINEE E&S safeguards staffs to enable an accurate monitoring of E&S requirements of the program.

This is the first PforR project in Cameroon and whilst there is an IPF component associated to it with TA activities ranging from capacity building to institutional strengthening, there is a real need to train E&S specialists from the different agencies (MINEE, ENEO, SONATREL, ASEL, EDC etc) involved in the program implementation.

#### **VIII.1.2 ESMS of MINEE.**

MINEE shall prepare and maintain the ESMS (E&S Management Systems) to manage environmental and social risks throughout the Program implementation period. This ESMS will be prepared under the IPF component of the project and completed 90 days after effective date and in any case not before the start of works.

#### **VIII.1.3 Land Acquisition, Restriction on Land use and Involuntary Resettlement**

Cameroon's legislation presents five (5) main gaps compared to the ESF. These include:

- (i) In terms of instruments, the national legislation does not clearly recommend the preparation of a Resettlement Plan or Resettlement Policy Framework.
- (ii) the national legislation considers as eligible project affected persons are those who have formal legal rights to land or assets, no provision for the management of squatters;
- (iii) With the national legislation the valuation method of affected assets is not at replacement cost;
- (iv) No clarification on the management of economic displacement under the national legislation; and
- (v) No clarification on livelihoods restoration within the framework of the resettlement process.

However, the planned works are either rehabilitation/upgrade of existing infrastructures, or will be located along existing roads, requiring very limited land take. These works may lead to the disruption of economic activities. No Land take is expected. At this stage, only the disruption of economic activities during the construction work is anticipated. As it stands the national legislation do not handle economic displacement and livelihoods restoration. A chapter in the ESMS will be dedicated to livelihoods restoration actions.

The PIU E&S specialists will work closely with their counterparts from other implementing agencies to prepare a livelihoods restoration plan. The PIU will oversee the implementation of the livelihood's restoration actions. MINEE must prepare a Completion report of livelihoods restoration actions recommended under the ESMS.

IVA will verify the compliance with livelihoods restoration chapter of the ESMS prior to the disbursement under the DLI3, DLI5, DLI6 & DLI 7.

#### **VIII.1.3 Study carried out by ARSEL prior to the reform**

Before the implementation of the first part of the reform, ARSEL which is the regulatory agency carried out a study on the impacts on the price of final products of the industry related to years 2022/2023.

However, some gaps have been identified on that study. The following are not considered: (i) the Cumulative impacts of the increases until 2026, (ii) the distributional impact on different social groups is not considered. The ESSA recommends the preparation of a suitable Poverty and Social Impact Assessment (PSIA).

#### **VIII.1.4 Stakeholders' Engagement including Citizen engagement**

The assessment reveals that the national legislation is quite comprehensive concerning this. However, apart from consultations made during ESSA preparation and disclosure process, the national legislation does emphasize on consultations to be carried throughout the project/program life cycle. The assessment is thus recommending supporting the preparation and implementation of an effective stakeholder engagement plan and a communication plan to explain the changes occurring in the sector and to solicit better acceptance from key stakeholders. The national legislation does clearly refer to citizen engagement. There are no provisions allowing citizens to provide their feedback and/or ensuring that their feedback is considered by project/program implementation agencies. The assessment recommends Supporting the citizen engagement process within the framework of this program in collaboration with the various implementation agencies.

A strong communication plan will be put in place in relation with the Stakeholder engagement process to avoid disproportionate impact of policy reforms on the well-being of most poor and vulnerable people. Moreover, Client citizen satisfaction survey will be carried out by December 2025.

### **VIII.1.5 Grievance Redress Mechanism**

The national legislation does not clearly provide any provision for stakeholders to file a complaint or recommend the preparation of a Grievance Redress Mechanism for the purpose. The same applies to GBV related complaints within the framework of projects/programs. The assessment recommends the program to support the operationalization of GRM for stakeholders' complaints, including GBV issues.

### **VIII.1.6 Labor & Working Conditions**

There are no formal or written Labor Management Procedures, in Cameroon's legislation.

OHS provisions in the national framework are significant but do not meet ESS2 requirements. Moreover, this existing framework are not enforced, and their standards are low. Moreover, the legal framework in preventing and responding GBV cases is inadequate. There are no civil remedies for GBV cases, but they are referred to judicial sphere, lack of referral pathway protocols and services providers for GBV: SEA/SH response. The notion of community workers is not clearly defined. Only the high-intensity labor methods (HILM) is outlined in the national framework, especially the Decree 2018/366 of June 20, 2018 on the Public Procurement Code. However, this decree does not give define conditions of the use of these workers (remuneration, OHS, etc.)

The assessment recommends MINEE includes a chapter in the ESMS on labor management procedures applicable to the program: compiling the provision of the national systems added to the gap filling measures.

### **VIII.1.7 GBV: SEA/SH**

The country context assessment shows several elements of high-risk gender based violence such as inadequate legal framework that refers cases to judicial sphere and do not foresee civil remedies, lack of referral pathway protocols and services providers for GBV: SEA/SH response. This poor baseline conditions on GBV: SEA/SH can be exacerbated by the Program activities. ESSA recommends a GBV: SEA/SH action plan for the Program. This assessment recommend MINEE to include a chapter in the ESMS on GBV: SEA/SH compiling the provision of the national systems added to the gap filling measures

## SECTION IX. PROGRAM ACTION PLAN (PAP)

Few measures are recommended and required to ensure adequate management of the envisaged E&S risks and the following Action Plan was agreed to enhance the borrower's Environmental and Social Risk Management System. Some of these actions will be supported by the IPF TA component of the Program. The PIU will record evidence of compliance with the E&S of selected implementing agencies.

Table 12. The Environmental and Social Issues Proposed Actions.

Issue	Recommended/Proposed Action	Due date	Responsible institution	Milestones
<p>Inadequate E&amp;S staffing and capacity building: Implementation Units do not have dedicated units in charge of managing E&amp;S risks and impacts in their various projects. In some cases, E&amp;S Specialists are included in technical units to whom they report directly. In these conditions, it is difficult for E&amp;S specialists to enforce their recommendations.</p>	<p>The Borrower shall cause each of PforR's PCU and SONATREL within thirty (30) days after the Effective Date, to designate and maintain throughout Program implementation an environmental and a social specialist as further detailed in the POM MINEE will create a dedicated E&amp;S unit to cover all infrastructure projects piloted by the MINEE beyond the PforR and to strengthen capacity building in the Ministry. The dedicated E&amp;S unit at the MINEE will coordinate its work closely with the E&amp;S staff of the PforR PCU, as further detailed in the POM.</p>	<p>Thirty (30) days after the Effective Date The E&amp;S Unit at MINEE will be in charge of coordinating E&amp;S risk management with other implementing agencies and the PIU.</p>	<p>MINEE</p>	<ul style="list-style-type: none"> <li>- Decision creating the Unit</li> <li>- Job profile description.</li> <li>- Staff appointment</li> </ul>



Issue	Recommended/Proposed Action	Due date	Responsible institution	Milestones
	Annual screening of subprojects submitted by MINEE	At the beginning of each year.	Preliminary screening to be made by MINEE  Screening report prepared by MINEE is reviewed by the IVA and advise provided to the Bank.	Preparation of the screening report by MINEE  Review of the screening report by the IVA.
	The costs associated to the dedicated E&S unit will be included in the program budget for the first 02 years.	Before board approval  The new E&S unit at the MINEE will start operating in 2024.	MINEE  MINEE	
	Train MINEE E&S safeguard specialists involved in the program implementation	Throughout the program (Quarterly or Bi-Annual reports)	MINEE	
Limited Capacity of the client on E&S Management	MINEE shall adopt and maintain the ESMS throughout the Program implementation period.	90 days after effective date and in any case not before the start of works	MINEE	<ul style="list-style-type: none"> <li>- ToR for the recruitment of a consultant to prepare the ESMS</li> <li>- Call for Expression of Interests (EOI)</li> <li>- Consultant Selection report</li> <li>- Scoping report</li> </ul>

Issue	Recommended/Proposed Action	Due date	Responsible institution	Milestones
				<ul style="list-style-type: none"> <li>- Dafted report</li> <li>- Restitution workshop</li> <li>- Final report</li> </ul>
	Trainings staffs on the ESMS	Throughout the program	Bank	Training workshops
<ul style="list-style-type: none"> <li>- Cameroons' legislation on Land acquisition presents five main Gaps compared to the ESF: (i) In terms of instruments, the national legislation does not clearly recommend the preparation of a Resettlement Plan or Resettlement Policy Framework; (ii) the national legislation consider as eligible project affected persons are those who have formal legal rights to land or assets, no provision for the management of squatters; (iii) With the national legislation the valuation method of affected assets is not at replacement cost; (iv) No clarification on the management of economic displacement under the national legislation; (v) No clarification on livelihoods restoration within the framework of the resettlement process.</li> </ul>	<ul style="list-style-type: none"> <li>- Chapter on the management of economic displacement under the ESMS.</li> <li>- PIU E&amp;S specialists will work closely with their counterparts from other implementing agencies to implement the livelihoods restoration actions approved under the ESMS.</li> <li>- MINEE must prepare a Completion report of livelihoods restoration actions recommended under the ESMS.</li> <li>- IVA will verify the compliance with livelihoods restoration chapter of the ESMS prior to the disbursement under the DLI3, DLI5, DLI6 &amp; DLI 7.</li> </ul>	<p>Before works starts</p> <p>90 days after effective date and in any case not before the start of works</p> <p>At the end of the execution of associated works.</p>	PIU	

Issue	Recommended/Proposed Action	Due date	Responsible institution	Milestones
<ul style="list-style-type: none"> <li>- No land take is expected in this program. On economic displacement is anticipated at this stage.</li> </ul>				
Disproportioned social impacts on most vulnerable groups of the sector reforms	ARSEL submits ToRs of the PSIA to the Bank for approval.  ARSEL carries out a PSIA study laying emphasis on distributional impacts and affordability of tariff adjustments in electricity sector.	Before the Effective Date.  90 days after project effectiveness.	- ARSEL	<ul style="list-style-type: none"> <li>- ToR for the recruitment of a consultant to prepare the PSIA.</li> <li>- Call for Expression of Interests (EOI)</li> <li>- Consultant Selection report</li> <li>- Scoping report</li> <li>- Drafted report</li> <li>- Restitution workshop</li> <li>- Final report</li> </ul>

<p>Limited stakeholder, including citizen engagement, in the public process sphere. The national legislation does not clearly refer to citizen engagement in public processes. Provisions allowing citizens to provide their feedback is very limited and usually formal within environmental and social impacts assessment and not often citizens feedback is considered by project/program implementation agencies</p> <p>Reforms in the sector can pose reluctancy of stakeholders, particularly of citizens, if their engagement is not adequately planned and managed. Issues can comprise, reduction in tariff shortfall in power sector that could imply tariff increase to end users; impacts of increase also has indirect impacts such as the increase of production of certain basic commodities.</p>	<p>Disclosure of the PSIA</p> <p>The SEP assorted with a GRM has been prepared by the client and reviewed by the Bank safeguard team. program effectiveness. A restitution workshop of the SEP was organized on May 3r 2023. <b>SEP will be updated based on the results of the PSIA,</b></p> <p>A strong communication plan will be put in place in relation with the Stakeholder engagement process to avoid disproportionate impact of policy reforms on the well-being of most poor and vulnerable people.</p> <p>Moreover, MV customers satisfaction survey to strengthen stakeholder consultation of electricity regulatory process will be carried out.</p>	<p>A restitution workshop organized at 30 days after the completion of the study. Prior to the upcoming reforms.</p> <p>Within 30 days of PSIA study completion</p> <p>120 days after project effectiveness.</p> <p>By December 2025</p>	<p>ARSEL</p> <p>MINEE</p> <p>PIU</p> <p>ARSEL</p>	<p>Disclosure link of the ESSA and SEP.</p> <p>Production and diffusion communication tools.</p> <p>Questionnaires of the survey.</p> <p>Report of the survey.</p>
<p>Limited access to the grievance redress Mechanism: The preparation of a Grievance Redress Mechanism (GRM) is not recommended by the national legislation. GBV related complaints within the framework of projects/programs is not clearly stated in the national legislation.</p>	<p>MINEE includes a chapter in the ESMS on GBV: SEA/SH compiling the</p>	<p>90 days after project effectiveness.</p>	<p>MINEE and All implementing agencies.</p>	<p>GBV actions</p> <p>Workshop for the Vulgarisation of the GRM</p> <p>GBV training</p>

	provision of the national systems added to the gap filling measures.			
<p>There is no formalization of written work procedures (Labor Management Procedures) including more specific requirements to address the vulnerabilities of workers in Cameroon’s legislation. OHS provisions in the national framework are significant but do not meet ESS2 requirements. Moreover, this existing framework are not enforced, and their standards are low. (Minimum salary, health insurance, etc.) and their low enforcement in the field</p> <p>Moreover, the legal framework in preventing and responding GBV cases is inadequate. There are no civil remedies for GBV cases, but they are referred to judicial sphere, lack of referral pathway protocols and services providers for GBV: SEA/SH response.</p> <p>The notion of community workers is not clearly defined. Only the high-intensity labor methods (HILM) is outlined in the national framework, especially the Decree 2018/366 of June 20, 2018 on the Public Procurement Code. However, this decree does not give define conditions of the use of these workers (remuneration, OHS, etc.)</p>	<p>The assessment recommends including a chapter on labour Management Procedure in the ESMS.</p> <p>Training on OHS and audits for implementing agencies.</p>	Before the start of works.	MINEE	<ul style="list-style-type: none"> <li>- ToR for the recruitment of a consultant to prepare the ESMS</li> <li>- Call for Expression of Interests (EOI)</li> <li>- Consultant Selection report</li> <li>- Scoping report</li> <li>- Dافتed report</li> <li>- Restitution workshop</li> <li>- Final report</li> </ul>

## SECTION X. STAKEHOLDER CONSULTATIONS

This ESSA Report is informed by consultations that have been carried out according to a Plan of Consultations that was prepared by the E&S World Bank team in collaboration with Ministry of Water and Energy (MINEE) – the counterpart of the Program - to guide stakeholders' engagement throughout the lifecycle of the operation.

**Previous consultation on the main issues of the energy sector before the PforR preparation**, include interviews with government staff, regulatory agencies, regulatory agencies, and sector experts. These consultations/interviews were conducted during the First High Level Workshop of the Electricity Sector "Axes of reform and recovery of the electricity sector 2022-2030" chaired by H.E Minister Mey (MINEPAT), co-chaired by H.E. Minister Louis Paul MOTAZE (MINFI) and H.E Minister Gaston ELOUNDOU ESSOMBA (MINEE) with the support of the World Bank Group that was held on September 16, 2022.

It should also be noted that most of the Program's infrastructure projects have already been the subject of at least one public consultation within the framework of environmental and social studies and assessments. Reforms for energy sector improvements have been widely debated among key public actors, including consultations that resulted in the National Development Strategy 2020-2030 (SND 30). During this process, Cameroon has set important objectives for the development of the electricity sector in terms of additional MW and the number of new connections to achieve universal access to electricity by 2035. These priorities have also been reflected in the Electricity Sector Diagnostic Plan.

**Cameroon's Power Sector Key Stakeholder Consultations related to the PforR, were carried out during the period of 6 – 10 February 2023.** These consultations are part of the Consultation Plan of the Program and were conducted by the World Bank team with the support of MINEE.

The objectives **of these consultations** were meant to:

- a) Provide meaningful opportunities to engage Program stakeholders with information on the Program's scope, timeline, expected impacts and proposed management actions.
- b) Request input, feedback and/or confirmation from stakeholders on the factual basis and assumptions used to prepare the Environmental and Social System Assessment report, for example, with respect to the application of laws and regulations in the practice.
- c) Provide an opportunity for stakeholders to seek clarification based on any judgment made by the Bank team on the adequacy or acceptability of any aspect of the program's E&S effects or proposed management measures; and
- d) Provide an opportunity for stakeholders to suggest alternative E&S risks and impacts management measures as necessary.

**Participants of these consultations included representatives from.** SONATREL (National Society of Electricity Transport); AER (Rural Electrification Agency of Cameroon); ENEO (Energy of Cameroon); ARSEL (Electricity Sector Regulatory Agency) and two projects (SONATREL and AER)

**These participants** of the consultations were provided with the information on the Program Components and Environmental and Social Management Rules. Program activities are grouped into two components, which are governed by different E&S management rules and procedures set out as follows:

a) Expenditure eligible for financing **through the PforR** will be managed by the country's E&S system and the E&S System Assessment (ESES) strengthening plan agreed between the Government and the World Bank. Expenditure eligible for financing include investments for infrastructure (electricity distribution, including network extension and rehabilitation (voltages of 30 kV and below) and new connections; transmission substations, solar power plants photovoltaics to reduce the load factor of existing thermal power plants; smart meters and energy efficiency for public buildings and public lighting; tariff deficit/compensation; etc.

b) Technical Assistance and support to the Project Coordination Unit will be managed by the Environmental and Social Framework of the World Bank, including studies and plans and environmental and social plans, that will support the implementation of expenditures that are eligible.

**Process of consultations.** Those consulted received advance invitations by e-mail with a summary of the Program and the objectives of the consultation to be sufficiently informed and to have the possibility of formulating different points of view.

**Results of consultations.** The six entities consulted expressed their strong support for the program. They listed positive economic, environmental and social impacts that would be generated by the program, including the creation of income-generating activities in rural areas, the reduction of gas emissions, the improvement of electricity policies, the development, etc. Other main points are:

- **Stakeholder engagement.** Need to adopt a good communication strategy including better dissemination of relevant information; communication dimension of the E&S aspects of activities must be improved; enterprises hardly respond to requests of the regulator; a mechanism so that the customers feedback is considered in terms of reference, studies and plans are effectively considered is needed; it is necessary to raise awareness on the importance of monitoring community assets and others

- **Institutional arrangement for E&S management.** Non -objection of MINEE and ARSEL prior to that of the World Bank is recommended; a single E&S focal point for the program, who will be responsible for communicating information, convening meetings, etc. is desirable; a single body to be in charge of waste management of the program is also needed; more ownership and attention to E&S aspects when preparing projects is needed in general and ensure that the investment plan package is complete before validation of the investment plan, in particular the costs of the environmental and social aspects. social.

- **Other points included:** better understanding of the Program design, DLIs and which pertained to each of the involved agency; climatic risks leading to the destabilization of networks due to flooding (in the North for example); the need for agreements with the police on the monitoring of structures; need to put in place strategies to avoid aggression from agents in the field during the installation of meters; involuntary resettlement, cascading repercussions and negative impact on the most vulnerable people, production of electronic waste, minimal disturbance of the sun, Pollution of the natural environment and risks to public health, hydrological risks, climatic risks etc.

**Actions agreed as next steps of the consultation included:** a feedback workshop before the end of February 2023, sharing of project's documents, including ESSA and SEP.

**Before PforR Program appraisal begins, the Bank task team will make the draft ESSA Report publicly available and then consult with the stakeholders, following the Consultation Plan procedures.** The task team will prepare supplemental information for the appraisal ESSA such as executive summaries, brochures, or other synthesis presentations to facilitate effective communication with participants in any meetings.

These consultations will aim to **continue addressing** the following issues:

- a. Environmental and Social Risks and Impacts that may be associated with the activities included in the Program;
- b. Environmental and Social Risk and Impacts Management System of the implementing agencies to deal properly with risks and adverse impacts; and
- c. Critical measures needed to strengthen it and recommendations

As for all consultations, the materials provided will continue to be in a form and language understandable to participants and will be readily accessible to them.

Means to be used for the consultations will comprise face-to-face and virtual meetings, use of digital tools such as Kobo Toolbox, and e-mail.

All consultation process since invitations to outcomes will be documented and considered as invaluable inputs for the design of the Program. Views, concerns and recommendations of consulted stakeholders and the WB TT and Government provided to them, including what will be done with the recommendations will be duly documented in a consultations' matrix, identifying date, location, attendance, issues raised, and response provided.

- Another consultation workshop took place on May 3<sup>rd</sup>, 2023: The purpose was to share ESSA key findings with stakeholders and discuss the proposed program action plan.
- ESSA draft report was shared with participant prior to the meeting as per PforR guidelines.

## **Main Stakeholders of the Consultation Plan**

### **Public sector**

- MINEE (Ministry of Water Resources and Energy)
- MINFI (Ministry of Finance)
- MINAS (Ministry of Social Affairs)
- MINEPDED (Ministry of the Environment, Nature Protection and Sustainable Development)
- SONATREL (National Society of Electricity Transport)
- ARSEL (Electricity Sector Regulatory Agency)
- EDC (Electricity Development Corporation)
- ENEO (Energy of Cameroon)
- Inter-Ministerial Committee in charge of the implementation of the PforR
- AER (Rural Electrification Agency of Cameroon)
- ARSEL (Electricity Sector Regulatory Agency)

### **Civil society organizations**

- Cameroon Consumers League.
- Cameroonian association of consumers of energy, water, other miscellaneous consumption, environmental protection -ACCEAPE).
- Association OKANI (Organization for the defence of indigenous peoples 'rights)
- GICAM is the representative of the private sector with the public authorities on major economic issues.
- Others



## REFERENCES

MINFI, 2019. Report about Public Corporations and Public Establishments. Technical Commission for Business Rehabilitation of the public and para-public sector (TCR). Ministry of Finance. 268p.

PfoR Concept Note