

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC1039

Project Name	Community Development Program Support Project-Phase III (P144637)
Region	AFRICA
Country	Cameroon
Sector(s)	General agriculture, fishing and forestry sector (35%), General education sector (20%), Health (20%), Water supply (20%), Other social services (5%)
Theme(s)	Rural services and infrastructure (35%), Participation and civic engagement (20%), Municipal governance and institution building (20%), Decentralization (20%), Indigenous peoples (5%)
Lending Instrument	Adaptable Program Loan
Project ID	P144637
Borrower(s)	REPUBLIC OF CAMEROON
Implementing Agency	PNDP
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	02-Jun-2014
Date PID Approved/ Disclosed	11-Dec-2014
Estimated Date of Appraisal Completion	
Estimated Date of Board Approval	18-May-2015
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

1. Cameroon is a lower middle income country, but poverty levels are high and social indicators low. Cameroon has an estimated population of 19.96 million and an average per capita Gross Domestic Product (GDP) of approximately US\$1,160 (2010). The annual population growth rate is 2.7 percent, with 41 percent of the population under 15 years old.

2. Cameroon has recovered from the adverse effects of the global crisis and has so far not been affected by sovereign debt crisis. After declining in 2009, due to the drop in commodity prices and volumes, Cameroon's exports rebounded in 2010. The recovery of non-oil sectors contributed to an increase in real GDP growth, to 2.9 percent in 2010, from two percent in 2009. This recovery

gained momentum in 2011, with an estimated real GDP growth of 4.2 percent, driven by strong activities in agriculture, construction, and telecommunication. Economic growth is expected to increase moderately under current policies, with the International Monetary Fund (IMF) projection real GDP growth to increase gradually to 5.5 percent in 2016. Average inflation increased to 2.9 percent in 2011, compared to 1.3 percent in 2010. This increase primarily reflects a rise in food prices.

3. Cameroon's debt situation has improved in the last five years. The public debt-to-GDP ratio declined from 52 percent in 2005 to 10 percent in 2008, due to Highly Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiative (MDRI) in 2006 and prudent borrowing policies since then. As a result, Cameroon has recently been able to sign several non-concessional loans for high priority national investment projects. The Government of Cameroon (GOC) is discussing with the Bank about its ceiling for non-concessional borrowing for the future.

4. Despite significant natural resources, Cameroon's economic growth is lagging behind its potential and has not had a lasting impact on poverty. Cameroon is endowed with significant natural resources, including oil, high-value timber species; agricultural product including coffee, cotton, and cocoa; and as yet untapped natural gas, iron, bauxite, and cobalt. Poor infrastructure, an unfavorable business environment, and weak governance all hamper economic activities and make it difficult to reach the growth rates needed to reduce poverty on a sustainable basis. Poverty levels are around 40 percent, with significant regional disparities (some divisions with poverty levels above 70 percent, whereas Douala and Yaoundé, for instance, have poverty levels of between 0 and 10 percent (National Institute of Statistics, 2012). Furthermore, the poverty rate is higher in rural areas. In fact, 55 percent of rural households are poor, as compared to only about 12 percent of urban ones. On its current trajectory, Cameroon is unlikely to meet any of the Millennium Development goals (MDGs), with the possible exception of that of universal primary Education. Ranked 150th out of the 187 countries tracked in the 2011 Human Development Index (HDI), Cameroon is one of a group of countries whose HDI scores have deteriorated in the past two decades.

Sectoral and Institutional Context

5. According to Article 1 of the Constitution Act of 1996, "The Republic of Cameroon is a unitary, decentralized state. The decentralized local governments of the Republic are the regions and municipalities". Although there have been substantial delays, the GoC has shown its firm commitment to implement decentralization in the country. In a bid to fight against poverty, promote local development and implementing the decentralization agenda, the government has adopted community-based approaches, using a participatory procedure to get beneficiaries actively involved in identifying their own development priorities and in planning intervention over the long term. Therefore, on February 20, 2004, the government in collaboration with the World Bank and other development partners prepared the Community Development Program (PNDP-Programme National de Développement Participatif) that is implemented using Adaptable Program Loan (APL) instrument in three four-year phases. The purpose of this three-phase APL program, as stated in 2004, is to reduce poverty and to promote sustainable rural development in Cameroon by strengthening local governance and empowering communities in rural areas, including marginalized groups. More specifically, it would (i) support the implementation of demand-driven subprojects and (ii) carry out local capacity-building activities. PNDP supports decentralization by strengthening local technical and financial capacity and addressing weaknesses in social capital to improve delivery of basic services, generate economic opportunity, and address poverty and growth.

6. The program's long-term vision is that communes would collaborate with communities in the planning and control of local development in rural communes by (i) identifying and managing infrastructure and service needs, (ii) managing the resources needed to establish and maintain community infrastructures, and (iii) promoting good governance.

7. In July 2004, the Government passed a frame law on decentralization, laying down rules and regulations governing the communes and regions. For the Government, the communal development plan is a powerful tool for selecting priority investments and forming a global and shared vision on local development at the communal and community levels. In November 2008, it also approved the decree outlining the administrative organization of Cameroon and the decree on the organization and functioning of decentralized administration "Regions, Divisions and sub-divisions" that also confirmed its commitment to use the communal development plans to improve implementation of its decentralization agenda. During the same year, the Government signed a decree establishing the National Council for Decentralization and the Inter-ministerial Committee for Local Taxes. In 2009, a set of critical laws aimed at improving the legal and regulatory framework for decentralization have been drafted, adopted and promulgated. These included the law on local taxes and financial regime of communes and the decree on the organizational chart and staffing of communes. Implementation of these legal tools is currently accompanied by a transfer of financial and human resources to decentralized territorial communities.

8. The Government of Cameroon has prepared in 2010 the Cameroon Growth and Employment Strategy Paper (2010-2035). According to this Strategy Paper, decentralization is focused on improving local service delivery, better accountability, generating more equitable distribution of resources leading to a reduction in regional tensions, facilitating a more efficient use of natural resources, and more effective provision for the most vulnerable and marginalized groups. Other objectives include national unity, as well as equity and fostering of growth and development.

9. To support decentralization and local development, the IDA Credit for the Community Development Program Support Project—Phase I (PNDP I) was approved on March 18, 2004 for an amount of SDR 13.6 (US\$ 20.0 million equivalent), as a contribution to the multidonor-supported Community Development Program (CDP). PNDP I was closed on November 30, 2009. The second phase of that project was approved on June 18, 2009 for an amount of SDR 26.7 million (US\$ 40.0 million equivalent) and closed on November 30, 2013.

Relationship to CAS

10. The proposed project directly supports the strategic theme 2 (Improving service delivery) of the Country Assistance Strategy (CAS) for FY10-FY13. Indeed, the proposed project would contribute to increasing access to basic services (education, health, water and sanitation) and to basic infrastructures, strengthening the legal framework for decentralization, and improving capacities of local entities to manage their local development in a sustainable manner.

11. The project will contribute to the World Bank's ambitious twin goals of ending extreme poverty and promoting shared prosperity. It will also contribute to job creation by raising rural employment opportunities for the grassroots communities. Indeed, the project will support the provision of basic social services and basic infrastructures. These basic social services and infrastructures are intended to improve the agricultural production environment and to provide favorable conditions for the diversification of economic activities through the development of

agricultural and non-farm activities by the grassroots communities. The aforementioned rural services and infrastructures will empower the poor to take advantage of income and employment opportunities created by the expansion of economic activities and therefore contribute to rural livelihood diversification, shared prosperity, extreme poverty reduction and to the diversification of rural employment opportunities in Cameroon.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

12. The development objective of phase III (PNDPIII) is to enhance the capacity of communes for the implementation of the communal development plans, and extend the ongoing process in support to decentralization in new district communes. The main beneficiaries will be the 329 communes that have been supported during phase I and phase II and that already have communal development plans, plus 31 additional district communes. At the end of this phase, the program will achieve national geographic coverage. Indeed, all the 360 district communes of Cameroon will be covered by the program (100% national coverage).

Key Results (From PCN)

The key outcome indicators would include the following:

13. For service delivery: (i) Additional students in project area with improved access to education facilities (number); (ii) Additional people in project area with improved access to health care facilities (number); (iii) Additional people in project area with access to improve water sources (number); (iv) Additional households in project area with better access to market road and social services (number); (v) sub-projects or investments for which arrangements for community engagement in post-project sustainability and/or operations and maintenance are established (percentage); (vi) Short-term employment generated (number of person-month);

14. For scaling-up the project: (i) Additional communal development plans prepared for districts communes (number); (ii) Commune investment procedures manual-including planning, budgeting, contracting, financial management, operation and maintenance and citizen accountability processes-completed based on experience under PNDP.

III. Preliminary Description

Concept Description

15. Phase I of the project was successfully implemented. It defined the approach and methods and allowed for their implementation in five of the ten regions in Cameroon. In this phase, the project funded studies led by MINATD which led to laws and regulations on the decentralization process, including: Law 2009/011 of July 10, 2009 on Financial regime of decentralized territorial entities, (ii) Law 2009/019 of December 15, 2009 on the local tax system, (iii) Ministerial Order No.00136/A/MINATD/DCTD of August 24, 2009, making enforceable standard tables of municipal jobs and organizational chart of Communes. The project also supported the development of several planning tools, including: (i) The first methodological guide for regional and communal planning, (ii) the guide for stakeholders involved in the process and implementation of contracts financed by PNDP in the communes and, (iii) the methodological guide for the preparation of land use and management plans for communes. Finally, 151 communal development plans were prepared during this phase.

16. In the second phase, the local development responsibilities were gradually transferred from

project entities to communes where community investment decisions are made based on priorities identified in the communal development plan. This phase covered all 10 regions, but not all district communes of Cameroon. Indeed, 31 other district communes were not taken into account in the project. During this phase, the Program supported the recruitment of 262 financial agents responsible for tracking fiscal assets and 259 development agents responsible for monitoring and evaluation of communes. These staffs are operational and their personal contribution to the improvement of communal management is already noticeable and appreciated by 91 percent of Mayors. Furthermore, 178 new communal development plans (CDPs) were prepared by the municipalities. These CDPs have revealed significant needs in basic social services (health, education, water and sanitation), productive infrastructures and capacity building. Moreover, by letter No. 003356/MINEPAT/CAB of August 13, 2013, the Ministry of Economy, Planning and Regional Development has requested IDA funds for the financing of the third phase of the program. Therefore, there is a strong expectation of stakeholders for a third phase of the program.

17. The third phase will support the consolidation of successful approaches to service delivery, community empowerment in 329 district communes and the expansion of program activities to 31 additional districts communes. Therefore, the project will provide financial resources to communes in order to enable them to meet priority needs identified in their CDPs . Indeed, this phase will focus on: (i) supporting the rural communes in implementing local development activities; (ii) improving the quality of operation and maintenance of socio-economic infrastructure built to ensure their sustainability; (iii) the institutional support and capacity-building activities aimed at developing a sustainable institutional and financial mechanism that will support local development, including strengthened citizen engagement and social and environmental screening processes; (iv) completing the national coverage of the program through the inclusion of 31 additional districts communes and; (v) communicating to the national coordinating bodies of decentralization process the experiences and results of the evaluations conducted under PNDP to facilitate the popularization and adoption of good practices in planning and implementing municipal investments in the country.

18. PNDPII has made significant progress towards the completion of the four APL triggers agreed between the GoC and the World Bank to move to the third phase. In fact, three indicators out of the four triggers have been met, including: (i) draft laws and decrees on decentralization prepared during the first phase of the project will have been adopted and promulgated to pave the way for the improved intergovernmental fiscal transfer; (ii) at least 90 percent of communes supported by the project (292) will have reflected priority investments in the communal development plans and budgets and; (iii) at least 80 percent (260) of the beneficiary's communes will be satisfied with service delivery. Regarding the trigger on the preparation and approval by the Government of the Charter on Decentralization, the draft Charter was prepared and is awaiting government approval.

19. The new project will include three components, that is: (1) local development support; (2) decentralization support for communes; (3) coordination, management, communication, monitoring and evaluation of the project. Because of its multisectoral nature, it will ensure consistency with each sector strategy through effective coordination with other Bank financed projects: The Urban Development Project (PDUE); the Energy Sector Development Project (PDSen); the Agricultural Competitiveness Project and the forthcoming Agriculture Investment and Market Development Project.

Component 1: Local development support:

20. The objective of Component 1 will be to improve the socio-economic conditions, to increase the productivity of the natural resource base of each of the rural communes, as well as to increase incomes. To achieve these goals requires putting in place various social infrastructures and economic investments. Therefore, under this component, funds would be transferred to communes to finance priority investments identified in their communal development plans. Communes would be fully responsible for the selection and implementation of subprojects in a participatory manner. However, the mechanism of transfer of funds in the accounts of communes will be specified during project preparation in the project implementation manual (PIM). Regarding social infrastructures, sub-projects will be funded in the field of health, education, water and sanitation. Sub-projects on economic investments will be focused on productive investments such as the construction/rehabilitation of rural markets, communities' storage facilities, rural roads, bridges, culverts, small scale irrigation schemes for grassroots communities. These social and productive infrastructures are intended to improve the agricultural production environment and to provide favorable conditions for the diversification of economic activities through the development of agricultural and non-farm activities by the grassroots communities.

21. The aforementioned rural investments will empower the poor to take advantage of income and employment opportunities created by the expansion of economic activities and therefore contribute to rural livelihood diversification, shared prosperity, extreme poverty reduction and to the diversification of rural employment opportunities in Cameroon.

22. In addition, the preparation of CDPs for the 31 additional district communes and related activities will be funded. Multidisciplinary teams comprising representatives of the decentralized services of sectoral ministries or Local Service providers (LSP) will assist communes to prepare communal development plans through a participatory approach. The municipal council of every commune will be responsible for approving the PCD and its transmission to the divisional officer for administrative validation. Communes covered will also receive support to develop their Annual Investment Plans and to update their Medium Term Expenditure Framework (MTEF).

Component 2: decentralization support for communes:

23. This component will seek to facilitate the sustainability of the PNDP's benefits and to strengthen the capacity of institutions that support the decentralization process. It will also provide assistance for the implementation of capacity building activities for communes and other stakeholders, such as Local Service Providers (LSPs), multidisciplinary teams of the sectoral ministries and Technical Services Providers (TSPs) to enable them to assume an effective role as promoters of local development. This component has two sub-components: (i) institutional support to the decentralization process, and (ii) capacity building of stakeholders in the decentralization process.

Sub-component 2.1: Institutional support to the decentralization process:

24. The efficiency of the use of funds provided by the various parties (the State, the private sector, and the civil society) to local governments, in particular to the rural communes, depends on the successful implementation of the decentralization process. This component would make it possible to: (i) further improve the legal and regulatory framework through specific activities and studies and improve implementation of the project at the communes and intercommunes levels, (ii) help build the case for decentralization (e.g., by using the M&E data on land use planning proactively to inform the public about the benefits of decentralization), and (iii) improve budget management to

increase performance of local tax collection for a sustained decentralization funding mechanism.

25. The project will support specific studies and the preparation of draft decrees for the implementation of decentralization laws mentioned. It will also finance workshops for the finalization of the decrees, including relevant consultancy services for the workshops and dissemination of the enacted laws and decrees. Furthermore, the subcomponent will finance the acquisition of small cartography equipment and consultant services required for the mapping of communes. The project will also finance study tours on decentralization and local development for the National Council of Decentralization and the Mayors' Association. Finally, the project will deploy financial and accounting management software developed in the second phase in all communes covered.

Sub-component 2.2: Capacity building:

26. Strengthening the operational capacities of communes. The actual responsibilities transferred to communes by the decentralization law require development of new capacities in order to ensure, on the one hand, understanding and adopting their new roles and efficient accomplishment of their missions, and, on the other hand, the right aptitude and adequate capabilities to assume responsibility for the management of local investments. The Project will join forces with the Training Center of the Municipal Administration "CEFAM (Centre de Formation de l'Administration Municipale)", and under this component would make it possible to inform and train the members of the commune councils and committees attached to it, including civil society in how to efficiently play their role, providing them with the tools necessary for managing the local governance institutions, for establishing an environment for local economic development and promoting public-private partnerships.

27. Under this sub-component, several capacity-building activities will be carried out, such as: (i) financing the development of a manual on the local economy, (ii) strengthening communal project ownership, (iii) promotion of nationwide competitions for local governments on best practices on CDPs and on enhancing good governance and transparency, (iv) acquisition of computer equipment for communes that did not benefited from these facilities in the second phase, (v) building capacity of the communal council in monitoring environmental and social impact of subprojects and, (vi) enhancing social accountability.

28. Capacity building for local stakeholders. This activity aims at strengthening and enhancing the skills of the participants so that they can effectively assist the municipalities in the decentralization process namely: local elected officials, communal staff, multidisciplinary teams, and local services providers. Workshops will be organized to inform all stakeholders about the objectives and strategy of the project and to equip ordinary citizens to participate in planning, implementing, and monitoring local development actions. To facilitate such capacity building, the project will finance technical assistance for training of local service providers and multidisciplinary teams to improve their quality of service. Furthermore, the project will promote cooperation among the Project Coordination Units, the decentralized offices of the Ministry of Environment, Nature Conservation and Sustainable Development (MINEPDED), and other relevant sector ministries, and will assist in the organization of an environmental training program for members of Municipal Councils, divisional administrative staff, and project staff. Finally, exchange visits will be organized for stakeholders of decentralization.

Component 3: Coordination, management, monitoring and communication:

29. This component will facilitate: (i) administrative, technical, and financial management of the project; (ii) coordination among all institutional partners to ensure efficient support to communes for local development; (iii) effective contractual arrangements with communes, sectoral ministries, and TSPs/private-sector operators, NGOs (TSPs), including the acquisition of the equipment required for project implementing; (iv) monitoring and evaluation of the performance and the financial, environmental, and social impact of the project (including developing monitoring scorecards to assess satisfaction of the beneficiaries with services provided by communes); and (v) development of communication activities to publicize and disseminate project implementation tools and local development potential and practices. The National council for decentralization (NCD) will be a member of the project's national steering committee. Compared to NCD, PNDP will position itself as a major support tools to communes in the implementation of the powers transferred by central government. At the end of this final phase, local development responsibilities would be totally transferred to communes.

30. The integrated financial management software will be upgraded with additional tools to enable permanent access to information in the accounting system of the regions for analysis and ensure timely synchronized consolidation of accounts.

31. Under this component, the project will finance: (i) the rehabilitation of office spaces; (ii) the purchase of office equipment and vehicles; (iii) training of the staff of the project's National Coordination Unit (NCU) and the Regional Coordination Units (RCUs); (iv) consultant services, including the preparation and publishing of manuals, establishment of an electronic library; and (v) monitoring of the implementation of environmental and social mitigation measures. Also, it will pay for meetings of the program's statutory supervisory and coordination organs and for the operating costs of NCU and RCUs.

32. Project costs. The total cost of the third phase of the Community Development Program is estimated to be about US\$103.00 million. The proposed Bank-financed Support would cost about US\$40.00 million. The Borrower will provide US\$ 56.00 million and the beneficiaries will contribute up to US\$ 7.00 million. In addition, the French Development Agency is preparing a parallel financing of agricultural production activities through the project, but the exact amount for this funding is not yet known.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09	x		
Physical Cultural Resources OP/BP 4.11	x		
Indigenous Peoples OP/BP 4.10	x		
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	

Projects on International Waterways OP/BP 7.50			x
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	103.00	Total Bank Financing:	40.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			56.00
International Development Association (IDA)			40.00
LOCAL BENEFICIARIES			7.00
Total			103.00

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