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Report No: PAD1199

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 50.2 MILLION
(US\$70.00 MILLION EQUIVALENT)

TO THE

REPUBLIC OF CAMEROON

FOR A

COMMUNITY DEVELOPMENT PROGRAM SUPPORT PROJECT-PHASE III

September 4, 2015

Social, Urban, Rural and Resilience Global Practice
Country Department AFCC1
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective, July 2015)

Currency Unit = CFA Francs
FCFA 597 = US\$1
US\$0.71 = SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AFD	<i>Agence Française de Développement</i> (French Development Agency)
AfDB	African Development Bank
AIP	Annual Investment Plans
ANAFOR	<i>Agence Nationale des Forêts</i> (National Forest Agency)
APL	Adaptable Program Loan
ARMP	<i>Agence de Régulation des Marchés Publics</i> (Procurement Regulatory Agency)
CAA	<i>Caisse Autonome d'Amortissement</i> (National Debt Management Agency)
CAC	<i>Centimes Additionnels Communaux</i>
CAR	Central African Republic
CDP	Communal Development Plan
CEFAM	<i>Centre de Formation de l'Administration Municipale</i> (Local Government Training Center)
CLS	<i>Comité Local de Suivi du Budget d'Investissement Public</i> (Local PIB Monitoring Committee)
COMES	<i>Conseil Municipal Elargi aux Sectoriels</i> (Municipal Council Expanded to Sector)
CONAFIL	<i>Comité National des Finances Locaux</i> (National Committee of Local Finance)
CVUC	<i>Communes et Villes du Cameroun</i> (United Councils and Cities of Cameroon)
CSO	Civil Society Organization
ECAM II	<i>Enquête Camerounaise des Ménages</i> (Household Survey II)
EIA	Environmental Impact Assessment
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
EU	European Union
FEICOM	<i>Fonds Spécial d'Équipement et d'Intervention Intercommunale</i> (Special Fund for Council Management)
FM	Financial Management
GESP	Growth and Employment Strategy Paper
GIZ	German Agency for Technical Cooperation
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
GPS	Global Positioning System
GOC	Government of Cameroon
ICR	Implementation Completion and Results Report
IDA	International Development Association
IFMIS	Integrated Financial Management Information System

IFR	Interim Unaudited Financial Report
IPP	Indigenous People Plan
IPSAS	International Public Sector Accounting Standards
LSP	Local Service Provider
M&E	Monitoring and Evaluation
MINFI	<i>Ministère des Finances</i> (Ministry of Finance)
MINMAP	<i>Ministère des Marchés Publics</i> (Ministry of Public Contracts)
MINAS	<i>Ministère des Affaires Sociales</i> (Ministry of Social Affairs)
MINATD	<i>Ministère de l'Administration Territoriale et de la Décentralisation</i> (Ministry of Territorial Administration and Decentralization)
MINEPDED	<i>Ministère de l'Environnement, de la Protection de la Nature et du Développement Durable</i> (Ministry of Environment, Protection of Nature and Sustainable Development)
MINEPAT	<i>Ministère de l'Economie, de la Planification et de l'Amenagement du Territoire</i> (Ministry of Economy, Planning and Regional Development)
MIS	Management Information System
MTEF	Medium Term Expenditure Framework
MTR	Mid-Term Review
NACC	National Anti-Corruption Commission
NCD	National Council for Decentralization
NCU	National Coordination Unit
NGO	Non-Governmental Organization
O&M	Operations and Maintenance
PACA	Agricultural Competitiveness Project
PAD	Project Appraisal Document
PCU	Project Coordination Unit
PDO	Project Development Objective
PFM	<i>Public Finance Management</i>
PEFA	<i>Public Expenditure and Financial Accountability</i>
PEMFAR	<i>Public Expenditure Management and Financial Accountability Review</i>
PIB	Public Investment Budget
PIDMA	Agricultural Investment and Market Development Project
PIU	Project Implementation Unit
PIM	Project Implementation Manual
PMP	Pest Management Plan
PNDP	<i>Programme National de Développement Participatif</i> (National Community Development Program)
PNSC	Project's National Steering Committee
RAP	Resettlement Action Plan
RCU	Regional Coordination Unit
RDPC	Cameroon People Democratic Movement
RPF	Resettlement Policy Framework
SOP	Series of Projects
TSP	Technical Service Provider

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REPUBLIC OF CAMEROON
Community Development Program Support Project-Phase III

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PAD DATA SHEET

Cameroon

Community Development Program Support Project-Phase III (P144637)

PROJECT APPRAISAL DOCUMENT

AFRICA

Report No.: PAD1199

Basic Information			
Project ID P144637	EA Category B - Partial Assessment	Team Leader(s) Amadou Nchare	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects [X]		
Project Implementation Start Date 29-Sept-2015	Project Implementation End Date 30-Aug-2019		
Expected Effectiveness Date 16-Nov-2015	Expected Closing Date 30-Nov-2019		
Joint IFC No			
Practice Manager/Manager Jan Weetjens	Senior Global Practice Director Ede Jorge Ijjasz-Vasquez	Country Director Elisabeth Huybens	Regional Vice President Makhtar Diop
Borrower: REPUBLIC OF CAMEROON			
Responsible Agency: PNDP			
Contact: Telephone No.: 694899091	Ministry of Economy, Planning and Regional Development	Title: Email: pndp@pndp.org	Minister of Economy, Planning and Regional Development
Project Financing Data(in USD Million)			
[] Loan	[] IDA Grant	[] Guarantee	
[X] Credit	[] Grant	[] Other	
Total Project Cost:	133.00	Total Bank Financing:	70.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	56.00
International Development Association (IDA)	70.00
LOCAL BENEFICIARIES	7.00
Total	133.00

Expected Disbursements (in USD Million)

Fiscal Year	2016	2017	2018	2019	2020					
Annual	7.00	21.00	35.00	7.00	0.00					
Cumulative	7.00	28.00	63.00	70.00	70.00					

Institutional Data

Practice Area (Lead)

Social, Urban, Rural and Resilience Global Practice

Contributing Practice Areas

Cross Cutting Topics

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

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Agriculture, fishing, and forestry	General agriculture, fishing and forestry sector	35		
Education	General education sector	20		
Health and other social services	Health	20		
Water, sanitation and flood protection	Water supply	20		
Health and other social services	Other social services	5		
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes		
Theme (Maximum 5 and total % must equal 100)		
Major theme	Theme	%
Rural development	Rural services and infrastructure	35
Social dev/gender/inclusion	Participation and civic engagement	20
Urban development	Municipal governance and institution building	20
Public sector governance	Decentralization	20
Social dev/gender/inclusion	Indigenous peoples	5
Total		100
Proposed Development Objective(s)		
The development objective of phase 3 (PNDP III) is to strengthen local public finance management and participatory development processes in communes for the delivery of quality and sustainable social and economic infrastructure.		
Components		
Component Name	Cost (USD Millions)	
Component A: Local development support	46.77	
Component B: Support to the decentralization process	14.02	
Component C: Coordination, management, monitoring and evaluation and communication	9.21	
Systematic Operations Risk- Rating Tool (SORT)		
Risk Category	Rating	
1. Political and Governance	Substantial	
2. Macroeconomic	Moderate	
3. Sector Strategies and Policies	Moderate	
4. Technical Design of Project or Program	Moderate	
5. Institutional Capacity for Implementation and Sustainability	High	
6. Fiduciary	Substantial	
7. Environment and Social	Moderate	
8. Stakeholders	Moderate	
9. Other-Violence related risk	Substantial	
OVERALL	Substantial	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes [<input type="checkbox"/>] No [X <input type="checkbox"/>]	

Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No []
Is approval for any policy waiver sought from the Board?	Yes []	No []
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []
Safeguard Policies Triggered by the Project		
	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36	X	
Pest Management OP 4.09	X	
Physical Cultural Resources OP/BP 4.11	X	
Indigenous Peoples OP/BP 4.10	X	
Involuntary Resettlement OP/BP 4.12	X	
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50	X	
Projects in Disputed Areas OP/BP 7.60		X
Legal Covenants		
Name	Recurrent	Due Date
Recruitment of External Auditor		31-Mar-2016
Description of Covenant		
The Recipient has recruited an independent external auditor no later than 4 months after effectiveness, with qualifications, experience and terms of reference acceptable to the Association		
Conditions		
Source Of Fund	Name	Type
IDA	Balance of ineligible expenditure related to PNDPII	Effectiveness
Description of Condition		
The Recipient has fully reimbursed to the Association, the proceeds of the PNDP II financing applied to ineligible expenditures, in accordance with Section V.B of Schedule 2 to the Financing Agreement.		
Source Of Fund	Name	Type
IDA	Project Implementation <i>Arrêté</i>	Effectiveness
Description of Condition		
The Recipient has amended the Project Implementation <i>Arrêté</i> to put in place the institutional and organizational arrangements described in Section I of Schedule 2 to the Financing Agreement and to expand the geographic coverage of the Project, in form and substance satisfactory to the Association.		
Source Of Fund	Name	Type
IDA	Project Implementation Manual	Effectiveness

Description of Condition				
The Recipient has updated the Project Implementation Manual in form and substance satisfactory to the Association.				
Source Of Fund	Name			Type
IDA	Mandate of the Tender Board			Effectiveness
Description of Condition				
The Recipient has expanded the mandate of the Tender Board in accordance with Section I.A.4 of Schedule 2 of the Financing Agreement.				
Source Of Fund	Name			Type
IDA	Recruitment of Internal Auditor			Effectiveness
Description of Condition				
The Recipient has recruited an internal auditor in accordance with Section II.B.4 of Schedule 2 to the Financing Agreement.				
Team Composition				
Bank Staff				
Name	Role	Title	Specialization	Unit
Amadou Nchare	Team Leader (ADM Responsible)	Agric. Economist		GFADR
Kouami Hounsinou Messan	Procurement Specialist	Senior Procurement Specialist		GGODR
Enagnon Ernest Eric Adda	Financial Management Specialist	Sr Financial Management Specialist		GGODR
Abel Paul Basile Bove	Team Member	Governance Specialist	Governance Specialist	GGODR
Emeran Serge M. Menang Evouna	Safeguards Specialist	Senior Environmental Specialist		GENDR
Jeanne d'Arc Edima	Team Member	Program Assistant		AFCC1
Lucienne M. M'Baipor	Safeguards Specialist	Senior Social Development Specialist		GSURR
Luis M. Schwarz	Team Member	Senior Finance Officer	Senior Finance Officer	WFALA
Manievel Sene	Team Member	Senior Rural Development Specialist		GFADR
Mary Lisbeth Gonzalez	Team Member	Senior Social Development Specialist		GSURR

Mohamed El Hafedh Hendar	Team Member	Procurement Specialist		GGODR
Nneoma Veronica Nwogu	Counsel	Senior Counsel		LEGAM
Jorge A Munoz	Practice Manager	Practice Manager		GSURR
Helene Simone Ndjebet Yaka	Team member	Operation Analyst		AFCC1

Extended Team

Name	Title	Office Phone	Location

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Cameroon	South-West Region	South-West Region	X		
Cameroon	South Region	South Region	X		
Cameroon	West	West Region	X		
Cameroon	North-West Region	North-West Region	X		
Cameroon	North Region	North Region	X		
Cameroon	Littoral	Littoral Region	X		
Cameroon	Far North	Far North Region	X		
Cameroon	East	East Region	X		
Cameroon	Centre	Centre Region	X		
Cameroon	Adamaoua	Adamaoua Region	X		

Consultants (Will be disclosed in the Monthly Operational Summary)

Consultants Required	Consulting services to be determined
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I. STRATEGIC CONTEXT

A. Country Context

1. Cameroon is a lower middle income country with persistently high poverty levels and low social and human indicators. Cameroon is geographically and culturally diverse, with over 250 different ethnic groups and endowed with significant natural resources, including oil, timber and agricultural products including coffee, cotton, and cocoa. Despite these resources, Cameroon's economic growth is lagging behind its potential and has not, in recent years, had a significant impact on poverty. Poor infrastructure, an unfavorable business environment, and weak governance all hamper economic activities and impede growth.

2. The level of poverty in Cameroon has stayed at about 40 percent since 2001 and there are significant regional disparities. In the Far North and East regions, the incidence of chronic poverty is 67 and 52.6 percent respectively, compared to between 0 and 10 percent in urban areas. Fifty-five percent of rural households are poor, compared to 12 percent of urban households. The North and East also lag significantly behind the rest of the country in terms of access to health, water and sanitation, education services and economic infrastructure. These areas have also been affected by an influx of refugees from neighboring countries, putting a further strain on resources. In spite of some progress, Cameroon is not likely to meet any of the Millennium Development Goals.

B. Sectoral and Institutional Context

3. The Government of Cameroon (GOC) is addressing rural poverty and local development primarily through decentralized provision of social services and infrastructure. Decentralization is focused on improving local service delivery and accountability, generating more equitable distribution of resources leading to a reduction in regional tension, facilitating a more efficient use of natural resources, and promoting more effective provision of services for the most vulnerable and marginalized groups (*Cameroon Growth and Employment Strategy Paper, 2010-2035*).

4. In 2004, the GOC, in collaboration with the World Bank and other development partners, launched the ***Community Development Program*** (*Programme National de Développement Participatif*, PNDP). The objective is to reduce poverty and promote sustainable rural development by strengthening local governance and empowering communities in rural areas, including marginalized groups. The program seeks to mainstream participatory approaches into the decentralization agenda and since its launch, there has been an impressive involvement of the rural population in the identification and implementation of solutions for local development.

5. The Bank's first contribution to this program was a US\$20.0 million IDA Credit for the ***Community Development Program Support Project—Phase I*** (PNDP I, 2004-09), designed as an Adaptable Program Loan (now Series of Projects, SOP) with three four-year phases. PNDP I covered communes in five out of the ten regions, reaching 155 communes. The first phase created a new environment for local development planning, financing and management, strengthened the capacity of communities and local

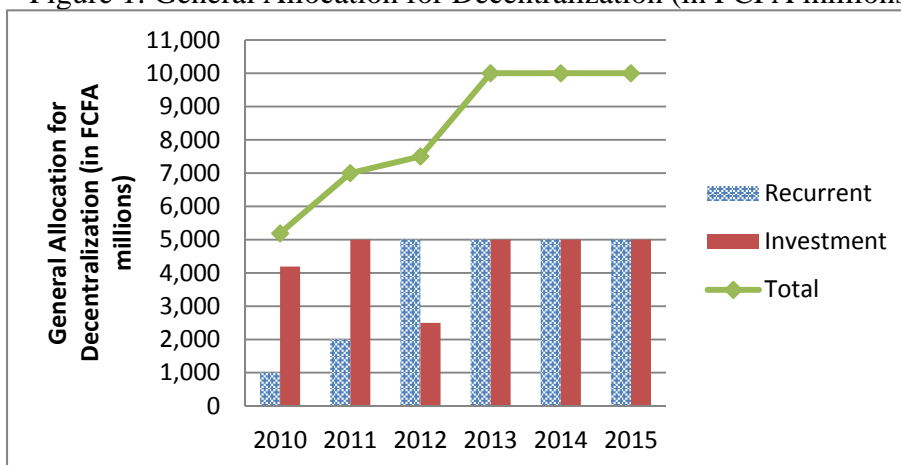
governments to plan and manage their own development, improved the legal and regulatory framework for decentralized rural development, and increased access to basic social services in rural areas (340 subprojects). The PNDP supported community-based approaches to prepare *Communal Development Plans* (CDPs) as a tool for identifying priority investments and establishing a shared vision for local development. The success of the PNDP I led to high demand from all regions for a second phase of the program.

6. The *Community Development Program Support Project Phase II* (PNDP II, 2009-2013, US\$40.0 million IDA) improved access to basic social services, continued local capacity building efforts and established a mechanism for decentralized funding through the allocation of funds to municipalities to finance their development activities. At closing, 329 rural communities had developed participatory CDPs as the main tool for public investment planning at the local level. In recognition of this achievement, in 2012 the President of the Republic included CDPs among the main instruments that should guide the preparation of the national public investment budget (PIB) for fiscal years 2013 and 2014. The project created many temporary and permanent jobs in rural areas by using local service providers (LSP) and local contractors in the construction of small-scale socioeconomic infrastructure. The overall outcome was rated ‘Satisfactory’ in the 2014 Implementation Completion and Results Report (ICR). An impact assessment shows significant results for rural poor related to access to water, classrooms, health care centers and roads (see Annex 8). About 93 percent of beneficiaries are satisfied with PNDP services. A technical and financial audit revealed the project was cost effective.

7. **Decentralization.** Since 2010, Cameroon has deepened the decentralization process. Cameroon is a unitary state. Decentralization, including partial devolution to locally elected councils (*communes*) and local councils’ representation to the National Assembly through regional assemblies, is provided for in a 1996 revision of the Constitution. While the Decentralization law was passed in 2004, it was not until the adoption of a 2009 law on local councils’ financial management that transfers of competencies and resources started. The public finance management capacity of local councils has increased as local treasurers (*receveur municipal*) were recruited and trained with PNDP support. The overall budget allocated to local councils increased from US\$8 to US\$16 million from 2010 to 2015. Local councils also benefit from the per-capita equalization transfers (CAC) through Special Funds for Council Management (FEICOM), local taxes and decentralized Public Investment Budget (see Figure 1).

8. While the ruling party, Cameroon People Democratic Movement (RDPC) dominates 85 percent of the local councils (ruling 305 out of 360 communes), more than 70 percent of local council members were renewed between the 2007 and 2013 elections. In the 2013 election, voter turn-out was officially reported at 75 percent. Over the last eight years, citizens were actively involved—through PNDP—in the development of CDPs in 329 local councils. Furthermore, the Local PIB Monitoring Committee (*Comité Local de Suivi du BIP – CLS*) has, since 2006, provided a space for civil society and citizens to be directly involved in quarterly monitoring of PIB execution at the district, regional and national levels. However, citizens still have limited access to the CLSs, creating a lack of trust in local council members in comparison to other elected and government bodies (Afrobarometer 2014).

Figure 1: General Allocation for Decentralization (in FCFA millions)



9. Challenges remain related to the devolution of competences to local councils and public financial management. Cameroon lacks a Decentralization Strategy for the 2004 law. So far, 18 ministries have transferred investment budget execution to local councils (on average 14 percent of their respective investment budget in 2015, see Table 6 in Annex 8).¹ Local preferences, expressed through the local councils' Local Development Plans or annual provisional budget, tend not to be taken into account at the central level for the decentralized PIB. As a result, local councils are little more than the implementation branch of the central Government's investment budget. In addition, the 2011/2012 Procurement reform, which centralized processes in the new Ministry of Public Procurement (MINMAP), significantly affected the capacity of local councils to deliver until the contract threshold requiring MINMAP involvement was increased to FCFA 100 million in 2013. Overall, local council decision-making and investment is mostly limited to equalization transfers (CAC) because: (i) PIB decision-making is centralized, (ii) appropriation of the investment part of the overall decentralization allocation is uncertain, and (iii) local tax compliance is very low.

10. **PNDP Phase III.** In August 2013, the GOC requested IDA funding for the third phase of the PNDP program, in support of the long-term program objective. The achievements of the first two phases will be consolidated and extended nationwide, with greater attention to sustainability and governance issues. PNDP III will emphasize ownership of the entire process by beneficiary communes, from planning to implementation and operation and maintenance of the facilities. Special efforts will be made to develop management committees and maintenance funds that will ensure greater sustainability and operation of infrastructure. Governance also remains an important challenge for the promotion of local development. The transfer of responsibilities and resources to municipality level is not yet achieved. The project will support capacity-building activities to develop and strengthen institutional and financial mechanisms that will support long-term local development, including strengthened

¹ The larger budgets transferred to local councils were the Min. of Basic Education and Min. of Public Works with respectively XAF 9.3 billion (i.e. 40% of its PIB) and XAF 8.6 billion (i.e. 3.4% of its PIB).

citizen engagement and social and environmental screening processes, and communicate the results to encourage the adoption of good practices. This third phase is built on the success and lessons learned from the implementation of Phases I and II and the Government has already initiated discussions to transform the PNDP into a National Participatory Development Agency to ensure its sustainability.

C. Higher Level Objectives to which the Project Contributes

11. The PNDP III is well aligned with the Strategic Theme Two (Improving Service Delivery) of the Country Assistance Strategy for 2010-2014 and with the Banks Twin Goals of reducing extreme poverty and promoting shared prosperity. More in particular, the proposed project would contribute to (i) increasing access to basic services (education, health, water and sanitation) and basic infrastructure, (ii) strengthening the legal framework for decentralization, and iii) improving capacities of local entities (communes and communities) to manage their local development in a sustainable manner. A new Country Partnership Framework is under preparation and the proposed project will fall squarely within its purview.

12. The PNDP III also supports the following policies: (a) the Cameroon Growth and Employment Strategy Paper (2010-2035) that prioritizes the development of basic socio-economic infrastructure in a sustainable environment; (b) the Rural Development Strategy (2005) that seeks to ensure the security and food self-sufficiency of households and the nation, increase the income of rural producers and improve the living conditions of rural populations; and (c) the decentralization policies (1996 law and recent decrees) that seek to formalize and strengthen the regional and communal structure and improve their ability to take responsibility for local development.

13. The project will likely contribute to the Bank's twin goals of ending extreme poverty and promoting shared prosperity by contributing to improvement of basic social services and infrastructure. The program has already contributed to social inclusion in some of the poorest and most vulnerable communes. The provision of basic social services is very important in the fight against poverty and in the promotion of human development. The new services and infrastructure are intended to provide favorable conditions for the diversification of economic activities through the development of agricultural and non-farm activities. These rural services will strengthen the capacity of the poor to seek employment and income opportunities created by the expansion of economic activities and therefore contribute to rural livelihood diversification.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

14. The development objective of phase 3 (PNDP III) is to strengthen local public finance management and participatory development processes in communes for the delivery of quality and sustainable social and economic infrastructure.

B. Project Beneficiaries

15. The direct beneficiaries will be the residents of the 329 communes that already have CDPs, plus 31 additional communes. At the end of this phase, the program will have achieved 100 percent coverage of all 360 communes, potentially benefitting over one million people (50 percent women). Similar to the previous phases, Phase III will target vulnerable groups, including women and ethnic minorities. Other beneficiaries include local service providers, NGOs, decentralized ministries, private contractors, civil society, communal staff, municipal councilors and other elected officials.

C. PDO Level Results Indicators

16. The PDO-level indicators include indicators that have been measured throughout the SOP and the Bank's Core Sector Indicators: (a) share of decentralized Public Investment Budget projects derived from Local Development Plans (percentage); (b) share of local councils whose financial accounts are submitted to the Audit Bench (*Chambre des Comptes*) (percentage); (c) Subprojects or investments for which arrangements for community engagement in post-project sustainability and/or operations and maintenance are established (percentage); (d) Beneficiaries that feel project investments reflected their needs (percentage); (e) Eligible new communes (31) that have prepared CDPs of a quality acceptable to the association; (f) Direct project beneficiaries (number), of which female (percentage)

III. PROJECT DESCRIPTION

A. Project Components

17. **Component A: Local Development Support (US\$87.83 million equivalent of which: US\$46.77 million IDA; US\$34.06 million government, US\$7 million beneficiaries).** To ensure equity, the project authorities will allocate funds to communes annually, using criteria agreed upon beforehand and only investments not supported by other projects and programs will be eligible for project financing (see Annex 2).

18. **Sub-component A.1: Local Development Investments for Communes (US\$47.37 million equivalent of which: US\$16.77 million IDA; US\$23.61 million Government, US\$7 million Beneficiaries).** This sub-component will support the implementation of a program of activities to support local development through:

- (a) **Provision of CDP-Subproject Grants to participating communes** in six regions (Center, South, West, North-West, South-West, Littoral) to finance: (i) social infrastructure subprojects in health, education, water and sanitation; and (ii) economic infrastructure subprojects including the construction or rehabilitation of rural markets, community storage facilities, rural roads, small bridges, culverts, and small irrigation schemes, all as identified in the respective CDP and Annual Investment Plan (AIP). Funds would be transferred to participating communes to finance priority investments identified in their CDPs. Communes will be fully responsible for the selection and implementation of subprojects in a participatory manner, with technical assistance from the PNDP to ensure citizens' participation (cf. sub-component 2.2). The mechanism of transfer of funds into the accounts of communes will be detailed in the Project Implementation Manual (PIM).

(b) Provision of CDP Preparation Grants for the preparation of CDPs and CDP-related activities by additional communes (31 additional communes of Cameroon). Multidisciplinary teams consisting of representatives of the decentralized units of technical ministries or LSPs will assist communes to prepare/update CDPs through a participatory approach. The decentralized services of sectoral ministries will also be closely involved in the planning process to ensure that CDPs and subprojects comply with national standards and policies and that the quality of investment is adequate. Communes will also benefit from support to adapt the CDPs to the Program Budget in Cameroon. The municipal council of every commune will be responsible for approving the CDP 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).

19. Sub-component A.2: Targeted Investments for the Poorest and Vulnerable Populations in the Adamaoua, North, Far North and Eastern regions (US\$40.46 million equivalent of which: US\$30 million IDA, US\$10.46 million Government).

20. **Poor and Vulnerable Investment Support Grants.** This sub-component will strengthen the level and quality of socio-economic infrastructure for poor and vulnerable populations in the Adamaoua, North, Far North and Eastern regions, which includes areas with refugees from the Central African Republic and from Nigeria. These grants will finance: (i) social infrastructure including health, education, water and sanitation; and (ii) economic or productive investments such as the construction/rehabilitation of rural markets, communities' storage facilities, rural roads, small bridges, culverts, and small scale irrigation schemes. Investments will be identified in consultation with communities in the CDPs and appraised according to technical, financial, social, economic, institutional, and environmental criteria set out in the PIM. Generally, communes/communities will be responsible for all phases of the subproject, including preparation of the proposal, contracting, implementation, and operation and maintenance. As needed, LSPs will provide support.

21. Activities related to the completion of feasibility studies and construction of socio-economic infrastructure will likely create jobs for local people, especially young people and women as they will be used as local services providers and, even as agents for operational support to municipalities. If requested, local artisans will also benefit from capacity building that will provide more opportunities to expand their business. Moreover, PNDP III will explore potential synergies and complementarities with the forthcoming intervention under preparation (Labor Intensive Public Works Projects) by the French Development Agency which aims to create opportunities for work for unemployed youth in the Adamaoua, North and Far North regions of Cameroon

22. Component B: Support to the Decentralization Process: (US\$25.23 million equivalent of which: US\$14.02 million IDA; US\$11.21 million Government). This component will seek to facilitate the sustainability of the PNDP's benefits and strengthen the capacity of institutions that support the decentralization process.

23. Sub-component B.1: Institutional support to the decentralization process: (US\$2.42 million equivalent of which: US\$1.34 million IDA; US\$1.08 million Government). This

sub-component will provide institutional support to the GOC's institutions responsible for the design and implementation of the decentralization process through: (a) provision of technical assistance and implementation of studies in support of MINATD in connection with the drafting of implementing decrees under the Decentralization Laws and the finalization of the Decentralization Charter; (b) organization of workshops and dissemination of the Decentralization Laws and corresponding implementing decrees; (c) Provision of consultant services and acquisition of small cartographic equipment required for the mapping of communes; (d) organization of study tours on decentralization and local development for the technical secretariat of the Inter-Ministerial Committee on Local Services, the National Council for Decentralization and the Mayors' Association; and development and deployment by MINATD and MINFI of a financial management and accounting software for communes.

24. **Sub-component B.2: Capacity Building (US\$17.86 million equivalent of which: US\$9.92 million IDA; US\$7.94 million Government).** This sub-component will support implementation of capacity building activities for communes and other local stakeholders as follows:

(a) Strengthening the operational capacities of communes. Capacity building activities are detailed in Annex 2, but generally include: (a) promotion of nationwide competitions for local governments on best practices for enhancing good governance and transparency; (b) acquisition of computer equipment for communes that did not benefit in the second phase, (c) building capacity of the communal councils in monitoring environmental and social impact of subprojects; (d) enhancing social accountability of communes and civil society and citizens' engagement, with regards to annual budget planning and execution – including subprojects and annual investment budget selection and execution monitoring, (e) updating and disseminating standard technical designs for constructing basic socio-economic infrastructure; and (f) defining and supporting the communes in the implementation of a sustainable mechanism for operations and maintenance (O&M) of infrastructure with clear responsibilities and clear financing sources for O&M activities. For activities related to local economic development, the PNDP III will continue to support the initiative started under PNDP II which focuses on participatory development of land use plans.

(b) Capacity building for local stakeholders. This activity will strengthen and enhance the capacity of local stakeholders that support the decentralization process namely: local elected officials (parliament, municipal councils), communal staff, and multidisciplinary teams of sectoral ministries, administrative authorities, technical service providers and local services providers. Workshops will be organized to inform all stakeholders about the objectives and strategy of the project and to promote the participation and engagement of civil society in planning, implementing, and monitoring local development actions. 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, parliamentarians and project staff. Finally, exchange visits will be organized for stakeholders of decentralization. A capacity building plan will be elaborated prior to the implementation of these activities.

25. **Sub-component B.3: Local Public Financial Management System (US\$4.96 million equivalent of which: US\$2.76 million IDA; US\$2.20 million Government).** This sub-component will implement a program of activities to strengthen the public financial management systems of the communes including:

(a) *Scaling up of the implementation of local Integrated Financial Management Information System (IFMIS) (SIMBA) at communes (31) and remaining rural communes (276).* During PNDP II, 53 out of 329 rural communes benefited from the setting up of the information management system (SIMBA) which has improved the production of commune financial information. PNDP III will support capacity building and technical assistance activities to improve communes' staff skills in the use of SIMBA with support from the Directorate of Treasury.

(b) *Effective external scrutiny of local accounts:* The external scrutiny of local financial accounts is ensured by the Audit Bench of the Supreme Court of Cameroon "*Chambre des comptes*". The introduction of SIMBA at the local level will affect the role of the "*Chambre des comptes*." The project will fill this gap by financing capacity building sessions for auditors at the "*Chambre des comptes*" to gain the required skills to understand SIMBA and to audit the communes' accounts. The project will also finance workshops to be organized by the "*Chambre des comptes*" for local public accountants and mayors to increase awareness.

(c) *Transparency.* Cameroon legislation provides for access to information regarding the local councils' budget. However, this right to information is not always known and budget literacy can be low. The project will harness the lessons learned from the Budget Transparency Initiative, which developed a 'citizen budget' template simplifying budget information, and produce those simplified budget easily through SIMBA. Dissemination of the budget through: (i) local council members; (ii) public dashboard; and (iii) local media communication means will be conditionalities for the last transfer to subprojects.

26. **Component C: Project Coordination, Management, Monitoring and Evaluation and Communication (US\$19.94 million equivalent of which: US\$9.22 million IDA; US\$10.72 million Government).** This component will finance project coordination, administrative, technical, and financial management of the project, monitoring and evaluation (M&E) and communication and dissemination activities. Based on the experiences of Phases I and II, an effective grievance redress mechanism (GRM) has been prepared.

B. Project Financing

27. The PNDP III will be financed as an IDA credit, continuing the SOP instrument that financed the first two phases of the program. This arrangement will ensure that the Bank's initial long-term commitment remains in place, with continuity in institutional and implementation arrangements and the flexibility to adjust technical details as needed to address evolving local development and decentralization processes. The total cost of the PNDP III is estimated to be US\$133.00 million. The proposed Bank financing is US\$70.00 million, whereas the Borrower will contribute US\$56.00 million and the beneficiaries will contribute up to US\$7.00 million. In

addition, the project will benefit from a parallel financing from the French Development Agency, which will be mainly directed towards agricultural activities identified in the CDPs.

Project Cost and Financing

Table 1: Project Cost and Financing (US\$ million)

Project Components	Project cost	Financing			Percentage Financing (IDA)
		IDA	Government contribution	Beneficiaries contribution	
A. Local development support	87.83	46.77	34.06	7	53.25%
B. Support to the decentralization process	25.23	14.02	11.21	0	55.56%
C. Coordination, management, monitoring and evaluation and communication	19.94	9.22	10.72	0	46.23%
Total Project Costs	133	70	56	7	52.63%
Front-End Fees	-	-	-	-	
Total Financing Required	133	70	56	7	

C. Series of Project Objectives and Phases

28. The objective of the overall Community Development Program (PNDP), a 12-year program with three four-year phases, 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. Phase 1 (PNDP I) (2004-2009) successfully defined the approach and methods, supported implementation in five of the ten regions, and 151 CDPs were prepared. The project funded studies that led to laws and regulations and the development of several planning tools for regional and communal planning. During PNDP II (2010-2013), the local development responsibilities were gradually transferred from project entities to communes where community investment decisions were made based on priorities identified in the CDP. This phase covered all 10 regions, except for 31 communes. The program supported the recruitment of 262 financial agents responsible for tracking fiscal assets and 259 development agents responsible for M&E of communes. These agents are still operational and their 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, bringing the total to 329. These CDPs have revealed significant needs in basic social services (health, education, water and sanitation), productive infrastructure and capacity building.

29. The program has made significant progress on the four SOP triggers agreed between the GOC and the 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. Annex

8 provides detailed information on the performance of the previous two phases of the program, lessons learned and decentralization in Cameroon.

D. Lessons Learned and Reflected in the Project Design

30. PNDP III draws on the lessons learned from previous phases, ICRs, independent impact assessments and the beneficiary survey for the PNDP II. The design also includes lessons learned from similar operations in other countries, in particular in Burkina Faso and Niger, and worldwide. See Annex 8 for detailed lessons learned.

31. **Local governance and transparency.** PNDP III will develop tools, mechanisms and training to stimulate good governance, particularly in procurement and fiduciary processes. The substantial risk of corruption at the subproject level should be mitigated by the GRM, the citizen scorecard mechanism, participatory monitoring, and periodic detailed technical and financial audits. The pilot citizen satisfaction mechanism implemented in 10 communes in PNDP II will be extended to other communes during PNDP III.

32. **Support for local development.** The CDPs should serve as important tools in budget and prioritization processes, but current community-level plans do not take into account the constraints and opportunities of the external environment. At this stage of the decentralization process, the preparation of CDPs should therefore be refocused, reinforcing the bottom-up approach—from communities (villages or village clusters) to the communes—to be consistent with the decentralization law.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

33. **Project oversight and supervision.** The Ministry of Economy, Planning, and Regional Development (MINEPAT) will be responsible for overall project oversight. Implementation arrangements are essentially the same as for PNDP II and in compliance with the decentralization framework (see Annex 3). The Project's National Steering Committee (PNSC), with a broad representation of stakeholders, will be responsible for approving the annual work plans and budgets, as well as examining annual internal auditor reports and financial audit reports, and guiding the overall project implementation. The PNSC would meet twice a year.

34. **Project Coordination and Management.** The coordination and management of the project is organized at two levels: The National Coordination Unit (NCU) prepares work and budget plans and monitors and evaluates project activities while the Regional Coordination Units (RCU) prepare work and budget plans, monitor and evaluate the activities and manage the project in their regions (Pursuant to Order No. 22/CAB/PM of 7 October 2009). However, as the communes take on an increasingly pivotal role in program implementation, the operational framework of the project will adjust to meet requirements.

35. **Planning and implementation at the commune level.** Communes will have the principal responsibility for preparing local development plans, preparing grant applications, and implementing and monitoring subprojects. To ensure sustainability, Municipal Councils Expanded to Sector (COMES) will continue their missions of deliberation and approval of CDP at the

municipal level. Moreover, in addition to participating in deliberations, representatives of decentralized services of sectoral ministries related to project operations will participate more actively in the CDP preparation process to ensure that subprojects comply with sectoral guidelines. PNDP III will continue to help recruit technical support staff for financial and development planning duties in communes, and provide them with office equipment.

36. **Technical assistance to communes.** Under PNDP III, communes will receive technical assistance for planning from Technical Service Provider (TSP) (NGOs, consulting firms) and multidisciplinary teams of the decentralized services of technical ministries. Private-sector TSP will help communes identify subprojects, prepare detailed project proposals, and prepare funding applications. The **Project Implementation Manual** (PIM) details the organizational and technical procedures that govern the project, including financial management, procurement, and the Grievance Redress Mechanism (GRM). This manual will be based on the PNDP II's PIM and updated to reflect lessons learned during implementation of PNDP II. The GRM will allow the NCU to address issues in a timely manner.

B. Results Monitoring and Evaluation

37. The M&E system of PNDP III is informed by the prior phases. The NCU will be responsible for carrying out M&E activities and for meeting the agreed reporting requirements. The M&E manual will provide details on the results framework, environmental monitoring indicators, social/gender-specific indicators, the methodology and tools for data collection, the institutional arrangements for M&E activities, and the mechanism for information dissemination. The project management information system (MIS) set up during PNDP II will be adjusted to the needs of the proposed project. See Annexes 1 and 3 for details.

38. **Evaluation.** Baseline data has been established based on studies and surveys conducted during PNDP II. Two impact assessments using the difference-in-difference method (or other relevant method) will be conducted during the implementation of the project: one at the mid-term review, and another one at project completion. Impact studies will assess the impacts of the project on poverty reduction in rural areas, with attention to the role of women. Moreover, a survey of beneficiary satisfaction with services provided by the project will be conducted every two years.

C. Sustainability

39. The sustainability of the project will depend on: (a) Government commitment to effective decentralization, which will require further devolution of competencies and resources to local governments; (b) strengthened capacity of local actors including communes, decentralized technical services and civil society to manage local development; (c) community engagement and ownership of local development activities; (d) quality of local investments; and (e) integration of environmental sustainability into investments and planning.

40. Moreover, the institutional sustainability of project investments in decentralization and socioeconomic subprojects depends on how quickly the beneficiary communes can take responsibility for operating the institutional and physical structures created with project financing. Experience from PNDP I and II has demonstrated that the regions and communes can plan and execute subprojects once the key people have received appropriate training. This type of capacity building and manpower assistance would continue in the third phase of the program.

41. Financial sustainability will depend on the long-term availability of fiscal resources to finance local development in Cameroon. In the beginning and probably for a fairly long period, the government will need to provide funds to the communes to run their activities and operate the socioeconomic infrastructure constructed. In addition, the donor community has shown great interest in building on the experience gained on the first and second phases of the program, providing resources for partially financing the initial administrative cost, and expanding the program to new communes and activities not covered hitherto. However, for long-run sustainability, people at the provincial and commune levels must understand their fiscal responsibility for the viability and functioning of local governments. The project would support activities that aim at lasting improvements in these respects, such as providing financial and audit staff and improving local tax collection mechanisms.

42. As indicated, for subprojects implemented at the local level to be sustainable, the project must emphasize ownership of the entire process by beneficiary communes, from planning to implementation and operation of the facilities, with their capacity enhanced to ensure adequate resources for maintaining and operating these infrastructures. Special efforts will be made during PNDP III to develop management committees and maintenance funds that would ensure greater sustainability and operation of infrastructures.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Risk Category	Rating
1. Political and Governance risk	Substantial
2. Macroeconomic risk	Moderate
3. Sector strategies and policies	Moderate
4. Technical design of project or program	Moderate
5. Institutional capacity for implementation and sustainability	High
6. Fiduciary	Substantial
7. Environmental and Social	Moderate
8. Stakeholders	Moderate
9. Other- Violence-related risks	Substantial
Overall	Substantial

B. Overall Risk Rating Explanation

43. The overall risk rating of the project is Substantial. All risks are rated before mitigation: (i) the institutional capacity for implementation and sustainability is rated high; meanwhile, the political and governance, the technical design of project or program, the fiduciary and the other (security) risks are considered substantial. The most important risks and mitigating measures are below:

- a) **Political and Governance risks** are substantial: Cameroon is characterized by a dominant party-system and the 2013 twin elections (legislative and local elections) did not change the power balance. Election organization improved (unique electoral code, use of biometry for voters registrations, improved better logistics), and even though independent observers raised issues, results are unlikely to lead to political or social unrest. Next elections will be in 2018 (legislative, local, and presidential). Spill-over from Northern Nigeria and CAR conflicts raised security issues in the northern regions of Cameroon since 2012. Regarding corruption, Cameroon has ranked below the 25th percentile in all worldwide governance indicators (2012), below LMICs and Sub-Sahara Africa averages. Furthermore, Cameroon ranks 161 out of 183 countries in the 2012 Doing Business report. This is in large part a result of poor ranking in the business-related “rule of law” areas (e.g. registering property, enforcing contracts, starting a business). Cameroon’s 2013 CPIA scores on “transparency, accountability, and corruption in the public sector” and “property rights and rule-based governance” were at 2.5—compared to an average of 2.9 among IDA borrowers. According to 2010-2011 Transparency International’s survey, 57% of interviewees paid a bribe in the last 12 months. Investment in conflict-affected regions, where poverty is high will contribute to mitigate the impact of the conflict. Furthermore, the Government has undertaken several initiatives against corruption and fraud in recent years: (i) the fight against corruption has been stepped up since 2012 by holding former ministers and high public officials accountable through the administrative and criminal justice systems; and (ii) civil society is increasingly involved in budget tracking and dialogue with local authorities is stronger. The project team will engage in transparent dialogue with stakeholders regarding the allocation of resources. Strategic focus and objectives will be clearly defined to resist pressures to spread support too thinly.
- b) **Technical design of project or program risk is substantial.** This risk is related to: (i) poor quality of contracts and service delivery to communes; and (ii) delay in preparation and poor budget execution at the communal levels. To mitigate these risks, the PIU will develop an operation manual for communes that include the quality norms, such as region-specific unit costs for each type of investments. It will provide support for communes to improve budget planning and control.
- c) **Violence-related risks are substantial.** Violence spill-over from Central African Republic (CAR) and Northern Nigeria increases the chances of civil conflict and violence in Cameroon. Overall, Cameroon is doing well in terms of peace and security (e.g. low criminality and urban violence, no rebel movements, etc.). The GOC officially engaged military actions against Boko Haram starting in May 2014. As a result, violence has increased in Nigeria and Cameroon. Approximately 66,000 refugees from Nigeria are currently present in Cameroon (UNHCR, March 2015), while the CAR conflict has generated a growing and steady flow of refugees since 2013. As of January 2015, 198,890 refugees from CAR are present in Cameroon (UNHCR). An increase in weapons and fighters, combined with the existing grievances from part of the northern elite and citizens, a high rate of poverty and weak human indicators in the North, together with pressure from refugees and Internally Displaced persons (IDPs) increase the prevalence and chance of violence and unrest. The PNDP program contributes to mitigating these risks by investing in service delivery and citizens’ participation at the local level. In the conflict-affected areas, the NCU will adopt a flexible approach, working with local authorities to ensure both the safety of its team and project implementation in all local councils.

- d) **Fiduciary risks. The risks of ineligible expenditures, weak FM and procurement capacities at commune level and the risks of fraud and corruption are substantial.** To mitigate these risks, the project will: (a) rely on the existing country arrangements to manage donor-funded projects relying on *Caisse Autonome d'Amortissement* (CAA); (b) build a strong internal audit function; (c) involve the chamber of accounts to provide support to communes to improve the quality of their accounts; (d) enable external scrutiny through the publication of local councils' accounts; and (e) facilitate community participatory monitoring of subprojects. Moreover, the project will finance: (a) a procurement consultant and a dedicated IFMIS team to provide technical assistance for procurement planning, preparation and evaluation of bid documentation, contract management, reporting and capacity building; and (b) a survey to ascertain indicative costs for commonly procured items and establishing an Item Master that would be used by the Purchasing Module of the IFMIS.
- e) **Institutional capacity of the implementing agencies, implementation arrangements, and M&E.** The risk that the development outcome in terms of organizational set up, budget, political, and environment will not be maintained is **High**. Indeed, Cameroon organizes municipal elections every 5 years and during every election, there is a renewal of about 70 to 80 percent of the members of the municipal executive in all regions. The low capacity of these municipal executives could have a negative impact on the short-, medium-, and long-term sustainability of the project benefits. To mitigate these risks, the PIU must train new municipal executives on the participatory approach and the implementation procedures for project activities after each municipal election.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

44. The PNDP III does not lend itself to economic or cost-benefit analysis. All investments would be demand-driven, and their nature cannot be known beforehand. Therefore, an ex-ante estimation of their cost-effectiveness, economic rate of return, and fiscal impact is not possible. All eligible subprojects would be of a service nature or linked with decentralization, and their benefits in economic or financial terms cannot be estimated in advance. Similarly, the economic benefits of capacity building at the individual or the commune level are difficult to quantify with any reasonable accuracy while they are expected to be significant. Therefore the team did not have enough information to undertake ex ante economic and financial analysis. However, given that the key costs and benefits parameters of the third phase will be similar to those of Phases I and II, the results of the ex-post economic analysis of the first and second phases were used to inform the ex-ante economic analysis of the PNDP III. The ex-post economic analysis carried out during the preparation of the ICR (2010) of the PNDP I revealed that this project was an efficient and effective use of scarce resources. Furthermore, it appears from results of ICR (2014) that PNDP II was cost effective (See Annex 6 for information).

B. Technical

45. Experience from the earlier phases demonstrates that the regions and communes have enough technical know-how (in technical ministries and through LSPs and TSPs) to handle the relatively small scale infrastructure that would be financed under the project, as well as for the preparation of Communal Development Plans (CDPs) and Annual Investment Plans (AIPs). Support from PNDP III RCUs and technical decentralized services from various sectoral ministries and high levels of community involvement are expected to lead to improved technical quality of

the project. Eligibility criteria in the PIM would be used to appraise the technical quality of subproject proposals. To ensure adequate technical quality and consistency with national standards, technical ministries, such as the Ministries of Health, Education, and Public Works, would participate in the review and approval process. Specifically, all subprojects would be subjected to technical review by the divisional units of the Ministry of Environment. Moreover, regular internal and external independent technical audits will be undertaken to ensure that the construction is of appropriate quality and meets the required technical standards.

C. Financial Management

46. In line with paragraphs on FM policy in **OP/BP 10.00** on Investment Project Financing, the current FM arrangements have been assessed to determine whether they are acceptable to the Bank and that, as part of the overall arrangements in place for implementing the Project, it provides reasonable assurance that the proceeds of the Investment Project Financing are used for the purposes for which they are granted.

47. The objective of the assessment was to determine whether: (i) the program still has adequate financial management arrangements to ensure that the project funds will be used for their intended purpose in an efficient and economical way; (ii) the financial reports will be prepared in an accurate, reliable, and timely manner; and (iii) project's assets will be safeguarded.

48. The assessment concludes that the financial management system is adequate provided that the mitigating measures outlined below are well implemented.

49. The overall FM risk is assessed as **Substantial**. The assessment recommends as mitigation measures: (i) the updating of the existing administrative and financial manual of procedures to clarify and mention the transfer of funds, accounting and reporting mechanisms between the communes, the regional coordination unit and national coordination unit. As such the funds transferred should be recorded as expenses only for goods, works, and services delivered to communes, unspent funds held at the commune's level, at the end of the grace period of the project should be transferred to the national coordination unit, (ii) the recruitment of the regional accountant in a competitive manner with the Bank's no objection, (iii) the competitive recruitment of one skilled internal auditor, (iv) the recruitment of an independent external auditor according to terms of reference (ToRs) acceptable to the Bank; (v) the updating of project's accounting software to ensure the compatibility with CAA's information system developed with World Bank support; (vi) the scaling up of SIMBA to all beneficiary communes, and (vii) the involvement of the Directorate of Treasury and the chamber of accounts to support the communes in order to improve the quality of their bookkeeping and their financial reporting for better transparency and accountability. The "chamber of accounts" will audit randomly the communes' accounts to provide an opinion on their quality. The detailed financial management arrangements are described in Annex 3.

D. Procurement

50. Recent changes in the Cameroon legislation have modified the institutional architecture for public procurement in the country via three decrees issued on March 8, 2012, and on August 5, 2013. No special exceptions, permits or licenses need to be specified in the Financing Agreement since the procurement code, approved by the President of the Republic in September 2004 allows IDA procedures to take precedence over any contrary provisions in local regulations. Procurement

will be the responsibility of the NCU with the technical support of the special tenders board placed under its authority and set up by MINMAP Decree N 006/A/MINMAP on May 8, 2013. The mandate of this body should be broadened to cover the procurement of this project (PNDP III). The overall procurement risk for the project is rated as **High**, mainly due to the country environment risk of corruption in procurement, especially in public contracts, the relatively limited experience of MINMAP with Bank-financed projects, the potential conflict of interest for MINMAP in relation to the management of complaints linked to contracts directly handled by MINMAP, and shortcomings in procurement operations and practices at the level of communes. Mitigation action plans have been agreed upon, which, if properly implemented and monitored, will bring this risk down to **Substantial**.

E. Social (including Safeguards)

51. **Social and cultural context.** Cameroon has an extremely heterogeneous population, consisting of approximately 250 ethnic groups. As subproject selection responds to demand from beneficiaries, three main social development outcomes are expected: (a) improved and sustainable access to basic services (classrooms, water supply, health care facilities, rural roads); (b) short-term and permanent employment for the locally available skilled or unskilled labor; and (c) community participation in the subproject cycle. Women in rural areas will derive direct benefits from improvements in water supply, enabling more productive use of their time, since, on average, they devote as much as two to four hours a day to fetch water. The refugees and possible conflicts in the North and East regions may lead to an increase in the poverty rates, the displacement of people, food insecurity, less access to basic social services, environmental issues related to greater pressure on natural resources and conflicts with local people for the use of available resources (water, health, education, hygiene and sanitation and housing). The PNDP III includes targeted investment support grants for the poorest and most vulnerable populations in these areas.

52. **Citizen engagement throughout the project cycle.** Project preparation is based on broad-based participatory and consultation processes. Several workshops have been organized at the national level and field missions have visited communes/communities to collect information about their expectations vis-a-vis the project. During implementation, communes and beneficiaries will be involved in all phases of the subprojects. The communes and beneficiaries will also be engaged through the community scorecard, the community oversight, the GRM, the participatory physical audit, and the management committees of socio-economic infrastructure that will be implemented in the project. Social characteristics such as languages, culture, community-based forms of organization, and governance will be taken into account during project implementation. The main social impacts of the project will be monitored through social impact assessments that will include outcome indicators. The project will build on the gender approach of the PNDP II to create awareness and build capacity within the project team and among beneficiaries. See Annex 3 for more information.

53. **OP 4.10 Indigenous Peoples:** Even though the location of subprojects could not be determined prior to implementation, it is well known that Indigenous People are mainly located in Eastern and Southern regions of Cameroon. The Borrower has updated the Indigenous Peoples Action Plan (IPP) prepared under PNDP II. This IPP takes advantage of the lessons learned during the implementation of the previous phases. The final version was approved and disclosed on March 26, 2015.

54. **OP 4.12 Involuntary Resettlement:** This policy is triggered as the project is likely to finance activities that could lead to Involuntary Resettlement. Voluntary land contribution might be expected from targeted beneficiaries as is sometimes the case with community-driven interventions. For this reason, the Resettlement Policy Framework (RPF) might need to include special provision for land acquisition; and accepting and recording such voluntary contributions. The RPF from the PNDP II was updated and disclosed on March 26, 2015. During PNDP II, no subproject triggered the execution of a Resettlement Action Plan (RAP). If a RAP proves necessary under PNDP III, it will be prepared by project-financed consultants and submitted to the Bank and the National Coordination Unit during first project year to check its quality. The IPP and RPF include a GRM which will address complaints received from the populations.

F. Environment (including Safeguards)

55. The project is designated Category B per the Bank's policy on Environmental Assessment (OP/BP 4.01). This designation suggests that the environmental and social impacts of the project, for the most part, will be minimal, site-specific, and manageable to an acceptable level. In consideration of the activities likely to be supported, the project has triggered the following environmental safeguard policies: OP 4.01: Environmental Assessment; OP 4.09: Pest Management; OP 4.11: Physical Cultural Resources; and OP 4.36: Forests. See Annex 3 for detailed information.

56. **OP 4.01 Environmental Assessment:** Since the exact nature and location of the activities was not identified prior to appraisal, to ensure that potential negative environmental and social impacts of future subprojects are identified and appropriately mitigated, the Borrower has updated the existing Environmental and Social Management Framework (ESMF) prepared during phase 2. The revised ESMF document was approved and disclosed in Cameroon and at the Bank's Infoshop on March 26, 2015. The ESMF has outlined the environmental and social screening process for subprojects (see Annex 3). In consideration of the activities likely to be supported, the following environmental safeguard policies are triggered:

57. **OP 4.09 Pest Management:** While the project will not finance the purchase of pesticides, the project activities under component 1 may induce the increase of pesticides use in the communities' storage facilities. To ensure safe pest management under future subprojects promoting storage facilities, a pest management plan (PMP) of the Agriculture Investment and Market Development Project (P143417) approved in 2014 was adapted and customized to reflect measures that need to be taken during the project implementation (storage facilities; protective gear for pesticide application; safe handling and disposal of packaging materials; and relevant training). The final customized version was approved and disclosed on March 26, 2015.

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

59. **OP 4.36 Forests:** This policy is triggered as the project may finance small scale reforestation activities based on communes' demand. The ongoing program has signed a Memorandum of Understanding with the national agency in charge of leading the reforestation program. During the previous phase, no communes invested in the afforestation subproject, yet if this occurs, mostly indigenous and adapted species will be used.

60. **Public Consultations, disclosure, and capacity.** Extensive public consultations were carried out during the update process of the ESMF, the RPF and the IPP and will continue during implementation. A national validation workshop was organized prior to appraisal with participation of the main stakeholders (mayors, community-based organizations, civil society, as well as relevant public sector organizations). The Bank team and the National Coordination Unit of Project will ensure that the same consultation process will be maintained for the specific safeguards instruments as needed (ESIAs, ESMPs, RAPs, and IPPs). The revised safeguards documents were disclosed in country and at the InfoShop on March 26, 2015. Related to project safeguards instruments management and capacity building, the Environmental and Social institutional arrangements of PNDP II will be maintained (Annex 3).

G. Other Safeguards Policies Triggered (if required)

61. **OP 7.50 Projects on International Waterways:** This policy is triggered because the project is likely to support rehabilitation of irrigation schemes in the North and Far North of Cameroon close to Chad and Niger watershed basins. Even though the technical evaluation confirms that negative impacts against mentioned international waterways are limited, the Bank has advised the Borrower to proceed with notification to riparians. By letter dated January 30, 2015 addressed to the governments of Chad, Niger, and Nigeria through the Lake Chad Basin Commission and the Niger River Authority the Minister of Economy, Planning and Regional Development (MINEPAT) notified the riparian countries. On May 8, 2015, MINEPAT sent the reminder letters to these Secretaries General. The countries were requested to respond to the Government of Cameroon with their comments by May 18, 2015. In response to the MINEPAT, the Lake Chad Basin Commission and the Niger River Authority have respectively granted their no-objections on May 21 and 25, 2015.

H. World Bank Grievance Redress

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

Annex 1: Results Framework and Monitoring

CAMEROON: Community Development Program Support Project-Phase III (P144637)

Results Framework.

Project Development Objectives

PDO Statement: The development objective of phase 3 (PNDP III) is to strengthen local public finance management and participatory development processes in communes for the delivery of quality and sustainable social and economic infrastructure.

These results are at Core Level Project Level

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Share of decentralized Public Investment Budget projects derived from Local Development Plans	<input checked="" type="checkbox"/>	Percentage	0	5	15	30	50	50	annually	M&E system	NCU, RCUs, communes
Share of local councils which financial accounts are submitted to the Audit Bench (Chambre des Comptes)	<input type="checkbox"/>	Percentage	0	5	20	30	50	50	annually	M&E system	NCU, RCUs, communes
Subprojects or investments for which arrangements for community	<input checked="" type="checkbox"/>	Percentage	0.00	60	80	90	100	100	Bi-annually	M&E system	NCU, RCUs, communes

engagement in post-project sustainability and/or operations and maintenance are established											
Eligible 31 new communes that have prepared CDPs of a quality acceptable to the association	<input type="checkbox"/>	Number	0	0	11	20	31	31	Bi-annually	M&E system	NCU, RCUs, communes
Beneficiaries that feel project investments reflected their needs	<input checked="" type="checkbox"/>	Percentage Sub-type Breakdown	0	-	55	-	80	80	MTR and at the end of the project	Beneficiary assessments, qualitative analysis	NCU, RCUs
Of which male		Percentage	0	-	60	-	80	80			
Of which female		Percentage	0		50		80	80			
Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	0	20,000	200,000	600,000	1,300,000	1,300,000	Bi-annually	M&E system	NCU, RCUs, communes
Of which female beneficiaries		Percentage	0	20	30	40	50	50			

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target ²			
Component 1: Local development support											
Subprojects that have implemented	<input type="checkbox"/>	Percentage	0.00	100	100	100	100	100	Bi-annually	M&E system	NCU, RCUs, communes

² Target values are estimated on the basis of the achievements of the two previous phases of the program.

the required environmental and social risk mitigation measures and are functional											
Improved community water points constructed/rehabilitated under the project	<input checked="" type="checkbox"/>	Number	1,721	1,721	2,502	2,940	3,275	3,275	Bi-annually	M&E system	NCU, RCUs, communes
Rural roads constructed/rehabilitated under the project	<input checked="" type="checkbox"/>	Kilometers	465	465	465	618	770	770	Bi-annually	M&E system	NCU, RCUs, communes
Classrooms built and/or rehabilitated	<input type="checkbox"/>	Number	971	971	1,386	1,608	1,830	1,830	Bi-annually	M&E system	NCU, RCUs, communes
Health facilities constructed, renovated or equipped	<input type="checkbox"/>	Number	38	38	56	68	79	79	Bi-annually	M&E system	NCU, RCUs, communes
Rural markets constructed under the project	<input type="checkbox"/>	Number	12	12	14	16	18	18	Bi-annually	M&E system	NCU, RCUs, communes
Community storage facilities constructed under the project	<input type="checkbox"/>	Number	34	34	44	49	52	52	Bi-annually	M&E system	NCU, RCUs, communes
Communes benefiting from the project grant	<input type="checkbox"/>	Number	0.00	90	90	90	90	360	Bi-annually	M&E system	NCU, RCUs, communes

Component 2: Decentralization support for communes

Commune's land use plans prepared	<input type="checkbox"/>	Number	91	91	113	135	135	135	Bi-annually	M&E system	NCU, RCUs, communes
Communes with a public information and citizen control mechanism of grant management in place and operational	<input type="checkbox"/>	Number	10	60	110	140	160	160	Bi-annually	M&E system	NCU, RCUs, communes
Communes publishing their Simplified Budget		Number	0	90	90	90	90	300	Bi-annually	M&E system	NCU, RCUs, communes
Number of beneficiaries trained		Number	1,720	2,170	2,620	3,070	3,520	3,520	Bi-annually	M&E system	NCU, RCUs
Of which female		Percentage									

Component 3: Coordination, management, monitoring and communication

External financial audit reports are produced on time and without any major reservations	<input type="checkbox"/>	Yes/No	Yes	Yes	Yes	Yes	Yes	Yes	Yearly	Annual reports	NCU, RCUs, communes
One technical audit on the quality of achievements is carried out randomly each year.	<input type="checkbox"/>	Yes/No	Yes	Yes	Yes	Yes	Yes	Yes	Yearly	Annual reports	NCU, RCUs, communes

Biannual monitoring/ evaluation reports are produced within the agreed time frames	<input type="checkbox"/>	Yes/No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Bi-annually	Biannual reports	NCU, RCUs, communes
Grievances registered related to delivery of project benefits that are actually addressed	<input checked="" type="checkbox"/>	Percentage	0.00	50	60	70	80	80	80	Bi-annually	M&E system	NCU, RCUs, communes
Communes with investment procedures manual-including planning, budgeting, contracting and financial management	<input type="checkbox"/>	Number	0.00	81	162	243	325	325	325	Bi-annually	M&E system	NCU, RCUs, communes

Results Framework: Indicators Description

Indicator	Description (indicator definition)
PDO Indicators	
Share of decentralized Public Investment Budget projects derived from Local Development Plans	This indicator measures the cumulative percentage decentralized Public Investment Budget projects derived from Local Development Plans
Share of local councils which financial accounts are submitted to the Audit Bench (<i>Chambre des Comptes</i>)	This indicator measures the cumulative percentage of local councils which financial accounts are submitted to the Audit Bench
Subprojects or investments for which arrangements for community engagement in post-project sustainability and/or operations and maintenance are established	This indicator is likely to be the most relevant for CDD-type projects and will measure the existence of specific arrangements created under the project to ensure ownership by project beneficiaries.
Eligible 31 new communes that have prepared CDPs of a quality acceptable to the association	Measures the cumulative number of new CDPs prepared under the project
Beneficiaries that feel project investments reflected their needs	This will measure the extent to which decisions about the project reflected community preferences in a consistent manner
Direct project beneficiaries	Direct beneficiaries are people or groups who directly derive benefits from an intervention. This indicator requires supplemental information. Supplemental value: Female beneficiaries (percentage)
Female beneficiaries	Based on the assessment and definition of direct Project beneficiaries, specify what percentage of the beneficiaries are female.
Intermediate Results Indicators	
Component 1. Local development support	
Subprojects that have implemented the required environmental and social risk mitigation measures and are functional	Assesses the extent to which subprojects are implemented in an environmentally and socially sustainable manner.
Improved community water points constructed/rehabilitated under the project	Measures the number of water points constructed/rehabilitated under the project
Rural roads constructed/rehabilitated under the project	Measures the cumulative number of kilometers of rural roads constructed/rehabilitated under the project
Classrooms built and/or rehabilitated	Measures the number of classrooms build/rehabilitated under the project
Health facilities constructed, renovated or equipped	Measures the number of health care facilities constructed/renovated or equipped under the project
Rural markets constructed under the project	Measures the number of rural markets constructed under the project
Community storage facilities constructed under the project	Measures the number of storage facilities constructed under the project
Market stands constructed under the project	Measures the number of market stands constructed under the project
Communes benefiting from the project grant	Measures the number of communes benefiting from the project grant
Component 2. Decentralization support for communes	
Land use plans prepared	Measures the number of commune-level Land use plans prepared under the project

Communes publishing their Simplified Budget	Measures the number of Communes publishing the Communes Simplified Budget at least annually through local counselors, local media and public dashboard.
Communes with a public information and citizen control mechanism of grant management in place and operational	Measures the number of communes with a public information and citizen control mechanism of grant
Component 3. Coordination, management, monitoring and communication	
External financial audit reports are produced on time and without any major reservations	This indicator enables to ensure that the audit has been done
One technical audit on the quality of achievements is carried out randomly each year.	This indicator enables to ensure that technical and financial audits on the use of the grant have been done
Biannual monitoring/ evaluation reports are produced within the agreed time frames	This indicator enables to ensure that the Biannual monitoring/evaluation reports are produced regularly
Grievances registered related to delivery of project benefits that are actually addressed	Measures the transparency and accountability mechanisms establish by the project so the target beneficiaries have trust in the process and are willing to participate, and feel that their grievances are attended to promptly.
Communes with investment procedures manual-including planning, budgeting, contracting and financial management	Measures the number of communes with investment procedures manual-including planning, budgeting, contracting and financial management

Annex 2: Detailed Project Description

CAMEROON: Community Development Program Support Project-Phase III (P144637)

Project Components

1. The PNDP III has three components: (1) Local Development Support, (2) Support to the Decentralization Process, (3) Project Coordination, Management, Monitoring and Evaluation and Communication.
2. **Component A: Local Development Support (US\$87.83 million equivalent of which: US\$46.77 million IDA; US\$34.06 million government, US\$7 million beneficiaries).** There are two subcomponents: (a) Local Development Investments for Communes; and (b) Targeted Investments for the Poorest and Vulnerable Populations.
3. **Sub-component A.1: Local Development Investments for Communes (US\$47.37 million equivalent of which: US\$16.77 million IDA; US\$23.61 million Government, US\$7 million Beneficiaries).** This sub-component will support the implementation of a program of activities to support local development.
 - a) *Provision of CDP-Subproject Grants to participating communes.* Sub-component 1.1 will support communes in promoting socio-economic growth through the financing of strategic local development investments for communes in six regions (Center, South, West, North-West, South-West, and Littoral). Under this component, funds would be transferred to communes to finance priority investments identified in their CDPs. Communes will be fully responsible for the selection and implementation of subprojects in a participatory manner, with technical assistance from the PNDP to ensure citizens' participation (cf. sub-component 2.2). The mechanism of transfer of funds into the accounts of communes will be detailed in the PIM. Subproject grants will finance: (i) social infrastructure subprojects in sectors including health, education, water and sanitation; and (ii) economic infrastructure subprojects including the construction or rehabilitation of rural markets, community storage facilities, rural roads, small bridges, culverts, small scale irrigation schemes, all as identified in the respective CDP and Annual Investment Plan. This social and productive infrastructure is 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.
 - b) *Provision of CDP Preparation Grants for the preparation of CDPs and CDP-related activities by eligible communes* (31 additional communes of Cameroon). Multidisciplinary teams consisting of representatives of the decentralized units of technical ministries or Local Service providers (LSP) will assist communes to prepare/update communal development plans through a participatory approach. The decentralized services of sectoral ministries will also be closely involved in the planning process to ensure that CDPs and subprojects comply with national standards and policies and that the quality of investment is adequate. Also, the pilot experience of Bamboutos and Koung-khi districts that enabled to track the share of CDP projects into the annual Public Investment Budget will be scaled up. Communes will also benefit from support to adapt the CDPs to the Program Budget in Cameroon. The municipal council of every commune will be responsible for approving the CDP 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).

4. *Allocation of funds.* To ensure equity, the project authorities will allocate funds to communes annually, using criteria agreed upon beforehand. The annual allocation is determined in accordance with the following factors: the demographics of the population, the poverty level of the commune (administrative account, Household Survey-ECAM-III, 2007), the existing allocation system from the government, and the size of the commune. The allocation will cover the following: (a) expenditures for CDP preparation activities: (i) LSP contracts and the travel expenses of multidisciplinary sectoral teams for the preparation of the CDPs for the new communes and for the updating of CDPs of communes covered in the two previous phases; (ii) technical and environmental studies related to the design of feasibility studies of CDP subprojects; (iii) payment of salaries of newly recruited commune support staff on a gradual declining scale; (iv) partial payment for meetings of the Municipal Council that examine and approve development plans and subprojects, and for the sessions of the commune procurement commissions (for a maximum period of two years); (b) expenditures for implementation of CDP-subprojects for 360 communes, including quality control; (c) the production of a quarterly information newsletter of the commune; (d) the payment of financial expenses related to the management of joint accounts; and (e) the establishment of a functional mechanism for operation and maintenance. The commune will be notified of its allocated amount well ahead of time to allow it to be integrated into its budget. Depending on the allocation for the implementation of the CDP-subprojects, the commune executive board will prepare an annual investment plan in accordance with the investment priorities of the commune (including the priority subprojects to be financed under the project).

5. The allocation of funds to communes will be released as follows: The allocation for CDP preparation will cover hundred percent of: (a) as described above. The allocation for the financing of sub-projects will be disbursed in two instalments. The first and second payments will cover 60 percent and 40 percent of (b), (c) and (d) respectively. The provision of the second payment will be subject to approval of the implementation progress report of the subprojects. The conditions for providing the grants and the eligibility criteria for subprojects will be described in detail in the Project Implementation Manual.

6. *Flow of funds and monitoring.* Funds will henceforth be transferred from the project's Designated Account directly to a commune account, opened at a local bank for this purpose. This account will be operated jointly by the mayor of the commune, the "Receveur Municipal", and the PNDP regional coordinator, requiring the signatures of all three. To ensure adequate financial management and disbursement arrangements are in place for the communes, a public accountant "Receveur Municipal" will be designated/recruited to ensure the adequate bookkeeping of accounts and prepare financial reports needed for the monitoring of the commune's activities. Transfers of the funds to communes will not be made unless and until the said accountant has been identified and trained. The last transfer will be conditional to the local council's simplified budget dissemination, which will comprise PNDP transfers and subprojects. In any case, these transfers of cash will be accounted for by appropriate supporting documents to record in the project's accounting books the expenses incurred and determine the cash balance held in the commune's accounts. Activities will be monitored closely to ensure that transfers are made only for activities that can be completed on time prior to the end of project implementation. The commune's budget summary, the technical and financial project execution reports, as well as the expenditure

statements on the communal joint account will be posted on the commune's information board, the website of civil society NGOs involved in budget transparency and accountability and made available to the public for transparency and good governance at the local level. Beneficiary communes would have to contribute 0 percent to 15 percent (depending on the type of subproject), and deposit these funds in a bank account set up by the commune specifically for this purpose.

7. Sub-component A.2: Targeted Investments for the Poorest and Vulnerable Populations in the Adamaoua, North, Far North and Eastern regions (US\$40.46 million equivalent of which: US\$30 million IDA, US\$10.46 million Government).

8. *Poor and Vulnerable Investment Support Grants.* The objective of this sub-component is to strengthen the level and quality of social economic infrastructure in the Adamaoua, North, Far North and East regions, which includes areas with refugees. It will increase the access of the rural poor to essential physical assets and social services and thereby creating an environment for economic and social activities in these regions. Targeted support to these regions meets several strategic objectives such as: (a) target the poorest; (b) develop social infrastructure to provide minimum basic services to refugee camps, contributing to control spread of sickness and epidemics such as malaria, cholera, etc.; (c) provide economic infrastructure to support agricultural production to reduce the impact of food insecurity; and (d) help to support other industries such as tourism, which are sources of local employment.

9. These grants will finance: (i) social infrastructure including health, education, water and sanitation; (ii) economic or productive investments such as the construction/rehabilitation of rural markets, communities' storage facilities, rural roads, small bridges, culverts, small scale irrigation schemes for grassroots communities. Investments will be identified in consultation with communities in the CDPs, and appraised according to technical, financial, social, economic, institutional, and environmental criteria set out in the PIM. Generally, communes/communities will be responsible for all phases of the subproject, including preparation of the proposal, contracting, implementation, and operation and maintenance. As needed, local service providers will provide support.

10. The amount will be divided as follows: US\$13 million for the Far North, US\$5 million for the Adamaoua, US\$5 million for the North and US\$7 million for the Eastern Region. Funding will be provided for 100 percent of the investment costs. Therefore, no beneficiary's contribution is planned in this sub-component.

11. Compared to other localities in Cameroon, the people living in rural areas in these regions are the poorest and have limited access to socio-economic infrastructure. Moreover the Far North is a region affected by the influence of Boko Haram. This situation may lead to increase of the poverty rates, the displacement of people, food insecurity and lack of access to basic social services. In these regions, there is a massive influx of refugees from the Central African Republic and from Nigeria. This situation may lead to: (i) environmental issues related to greater pressure on natural resources; and (ii) conflicts with local people for the use of available resources (water, health, education, housing, hygiene and sanitation). Therefore, providing targeted support to these regions meets several strategic objectives such as: (i) reaching the poorest; (ii) contributing to disease control such as malaria, cholera, etc.; (iii) providing

economic infrastructure to support agricultural production to reduce the impact of food insecurity.

12. Component B: Support to the Decentralization Process: (US\$25.23 million equivalent of which: US\$14.02 million IDA; US\$ 11.21 million Government). 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 three sub-components: (i) institutional support to the decentralization process; (ii) capacity building of stakeholders in the decentralization process; and (iii) local public financial management system.

13. Sub-component B.1: Institutional support to the decentralization process: (US\$2.42 million equivalent of which: US\$1.34 million IDA; US\$ 1.08 million Government). 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 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 inter-communes 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.

14. The project will support specific studies and the preparation of draft decrees for the implementation of the mentioned decentralization laws. 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. It will finance and support: (a) a study on the definition of a planning methodology at regional level taking into account the Communal Development Plans – drawing the lessons from Bamboutos and Koung-khi districts; (b) a study on the definition of a planning methodology for urban communities and rural communes; (c) study on the establishment of a local public service for communes; and (d) a study on the sustainability strategy of the program benefits. 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. In addition, this subcomponent will finance and support: (a) the finalization of the national decentralization strategy; (b) alignment of municipal budgets with program budget nomenclature; (c) alignment of annual decentralized Public Investment Budget with CDPs through pilots and scaling up; (d) improvement of the civil registration system (document archiving); (e) inter-municipal coordination; and (f) evaluation of the progress of the decentralization process in Cameroon. Finally, the project will assist the Government to establish technical and financial information systems to improve budgetary and accounting performance and financial accountability in each participant communes. It will scale

up deployment of the financial management information system for local authorities (SIMBA) tested in the second phase in many communes covered.

15. In order to pool efforts to support the decentralization process in Cameroon, the project will also put an emphasis on collaboration and synergy with all the organizations that are responsible for driving the process of decentralization, including: (i) the National Council for Decentralization (NCD) chaired by the Prime Minister, with a view to improving the legislative and regulatory framework for decentralization; (ii) the Inter-ministerial Committee for Local Services (CISL), chaired by the Minister of Territorial Administration and Decentralization, to facilitate the exercise of the powers transferred to local governments; (iii) the National Committee of Local Finance (CONAFIL), chaired by the Minister of Territorial Administration and Decentralization; (iv) the Divisional Committees of Local Finance (CODEFIL), chaired by the Divisional Officer (*Prefet*) for improving collection and securing local taxes; (v) the technical Monitoring Committees of the physical and financial execution of the Public Investment established by Decree No. 2013/7987 of 13 September 2013, chaired by the mayor; and (vi) the United Councils and Cities of Cameroon (*Association des Communes et Villes du Cameroun-CVUC*) in order to harmonize and systematize existing experiences of citizen control at the local level.

16. Sub-component B.2: Capacity Building (US\$17.86 million equivalent of which: US\$9.92 million IDA; US\$7.94 million Government). This sub-component will support implementation of capacity building activities for communes and other local stakeholders as follows:

17. ***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, the understanding and adoption of their new roles and efficient accomplishment of their missions, and, on the other, the right aptitude and adequate capabilities to assume responsibilities for the accountable 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)*” to inform and train the members of the commune councils and committees, including civil society, on how to play their roles efficiently, 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.

18. 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 benefit in the second phase; (v) building capacity of the communal council in monitoring environmental and social impact of subprojects; (vi) enhancing social accountability and civil society and citizens' engagement, with regards to annual budget planning and execution – including subprojects and annual investment budget selection and execution monitoring; (vii) updating and dissemination of standard technical designs for constructing basic socio-economic infrastructure; (viii) training of the stakeholders on topics related to the local economy; (ix) promotion of inter-communal and decentralized cooperation;

and (x) defining and supporting the communes in the implementation of a sustainable mechanism of maintenance and management of infrastructure.

To ensure that the investments financed are well maintained for lasting and sustainable results, this subcomponent will support capacity building of communes to sustain the project's benefits through the development and implementation of an operation and maintenance (O&M) plan for socio-economic infrastructure with clear responsibilities and financing sources for O&M. The functioning of O&M organizations will be closely monitored during project implementation. Furthermore, for effective implementation of activities related to the development of the local economy, the PNDPIII will continue to support the initiative started under PNDP II which focuses on participatory development of land use plans.

19. ***Capacity building for local stakeholders.*** This activity will strengthen and enhance the capacity of local stakeholders that support the decentralization process namely: local elected officials (parliament, municipal councils), communal staff, multidisciplinary teams, administrative authorities, 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, parliamentarians and project staff. Finally, exchange visits will be organized for stakeholders of decentralization. A capacity building plan will be elaborated prior to the implementation of these activities.

20. **Sub-component B.3: Local Public Financial Management System (US\$4.96 million equivalent of which: US\$2.76 million IDA; US\$2.2 million Government).** This sub-component will implement a program of activities to strengthen the public financial management systems of the communes.

21. Deepening of decentralization is a way to improve the performance of service delivery to citizens; yet it implies the achievement of a certain number of conditions. The transfer of resources requires that communes have strengthened their management capacity. For this purpose, the existence of a minimum set of skills related to three competences is crucial: (i) budget management, financial and accounting capabilities; (ii) procurement capacity; and (iii) human resources management. Thus, this sub-component will be allocated to activities to improve local public financial management.

22. Under this subcomponent, the following activities will be undertaken:

a) ***Scaling up of the implementation of local IFMIS (SIMBA) at communes (31) and remaining rural communes (276).*** During PNDP II, 53 out of 329 rural communes benefited from the information management system (SIMBA), which has improved the production of commune financial information. The PNDP III will support intense and sustainable capacity building and technical assistance activities aiming at improving communes' staff skills in the ownership and the use of the IFMIS with support from the Directorate of Treasury.

- b) **Effective external scrutiny of local accounts:** The external scrutiny of local financial accounts is ensured by the Audit Bench of the Supreme Court of Cameroon “*Chambre des comptes*”. The introduction of SIMBA at the local level and the production of local accounts constitute an improvement that will affect the role of the “*Chambre des comptes*” which is not endowed with adequate skills. The project will fill this gap by financing capacity building sessions for auditors at the “*Chambre des comptes*” to gain the required skills to understand SIMBA and to audit the communes’ accounts. The project will also finance workshops to be organized by the “*Chambre des comptes*” for local public accountants and mayors to discuss weaknesses identified during their controls and increase awareness. The last workshop held in 2011 demonstrated its pedagogical value and has improved the quality of financial reports submitted by the communes.
- c) **Transparency.** Cameroon legislation provides for access to information with regards to local councils’ budget. However, this right to access information is not always known nor enforced, and budget literacy can be low. To facilitate access to information and social accountability, the project will harness the lessons learned from the Budget Transparency Initiative which developed a ‘citizen budget’ template to simplify budget information and develop a way to produce these simplified budgets easily through SIMBA. Dissemination of budget through: (i) local council members; (ii) public dashboard; and (iii) local media communication means will be conditionalities of the last transfers to subprojects.

23. Component C: Project Coordination, Management, Monitoring and Evaluation and Communication (US\$19.94 million equivalent of which: US\$9.22 million IDA; US\$10.72 million Government). 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 implementation; (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 results, local development potential and best 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 tool for 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. 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.

24. Under this component, the project will finance the: (i) rehabilitation of office spaces; (ii) 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) various audits (technical, procurement, and financial management audits); (v) consultant services, including the preparation and publishing of manuals, establishment of an electronic library; and (vi) monitoring and evaluation of the implementation of environmental and social mitigation measures. Also, it will support the program’s statutory supervisory and coordination groups meetings as well as the operating costs of NCU and RCUs. Based on the experience of PNDP I and II, an effective

grievance redress mechanism (GRM) has been developed and will be used by the project team during the implementation to address complaints of all stakeholders on project activities in a timely manner.

Annex 3: Implementation Arrangements

CAMEROON: Community Development Program Support Project-Phase III (P144637)

Project Institutional and Implementation Arrangements

- 1. Project oversight and supervision.** The Ministry of Economy, Planning, and Regional Development (MINEPAT) will have responsibility for the overall oversight of the project. It will harmonize methodological approaches in CDPs and make them consistent with investment planning at the regional and central levels. In addition, MINEPAT will ensure that commune development maps are aligned with sustainable regional development master plans and that they serve as the basis for the elaboration of CDPs. More generally, the ministry will organize periodic coordination meetings with technical and financial partners, the National Council for Decentralization (NCD), United Councils and Cities of Cameroon (CVUC), and sector ministries.
- 2.** The Project's National Steering Committee (PNSC), with a broad representation of stakeholders, will be responsible for approving the annual work plans and budgets, as well as examining the annual internal auditor report and the financial audit report for steering the overall implementation of the project's activities. The PNSC would meet twice a year.
- 3.** At the decentralized level, the Divisional Officer (*Prefet*) will be in charge of administrative coordination. The Officer will organize the decentralized technical staff under his or her authority into multisectoral teams, particularly for the planning process. After the Municipal Council has processed a CDP, the Divisional Officer will approve it after being satisfied that it meets the required standards as a programming and budgeting tool. The Divisional Officer also makes sure that neighboring communes cooperate and that infrastructure is equitably distributed.
- 4. Project Coordination and Management.** Pursuant to Order No. 002PM of 9 January 2004, the coordination and management of the project are organized at two levels: The National Coordination Unit (NCU) prepares work and budget plans and monitors and evaluates project activities while the Regional Coordination Units (RCU) prepare work and budget plans, monitor and evaluate the activities and manage the project in their regions. The terms of reference for executive staff will be fine-tuned to facilitate evaluation of their performance.
- 5. Planning and implementation at the commune level.** Communes will have the principal responsibility for preparing communal development plans, preparing grant applications, and implementing and monitoring subprojects. To ensure sustainability, Municipal Councils extended to Sector (COMES) will continue their missions of deliberation and approval of CDPs at the municipal level. Moreover, in addition to participating in deliberations, representatives of decentralized services of sectoral ministries related to project operations will participate more actively in the CDP preparation process to ensure that subprojects comply with sectoral guidelines. PNDP III will continue to help recruit technical support staff for financial and development planning duties in communes, and provide them with office equipment.
- 6. Technical assistance to communes.** Under PNDP III, communes will receive technical assistance for planning from TSPs (NGOs, consulting firms) and multidisciplinary teams of the decentralized services of technical ministries. Private-sector TSPs will help communes identify subprojects, prepare detailed project proposals, and prepare funding applications.

7. **Local governance and transparency.** Good governance will enhance the legitimacy of communes in the eyes of the citizenry, and thus encourage them to support local development through co-financing and joint management of local investments (subprojects) and payment of local taxes. The PNDP III will develop appropriate tools and mechanisms to stimulate good governance in all of the project activities.

8. To ensure synergy and efficiency, only investments not supported by other projects and programs will be eligible for the Project's financing. This is the case, for example, with the agricultural production (plant and animal production) subprojects which already receive substantial funding from the Agricultural Competitiveness (PACA) and Agricultural Investment and Market Development (PIDMA) projects. Similarly, the project will explore potential synergies with the Lom Pangar operation, including through harmonizing the preparation and implementation of CDPs and envisioned regional development plans in the Eastern region. Regular consultations will also be maintained with the Urban and Water Development Project (PDUE); the Energy Sector Development Project (PDSEN); the Agricultural Competitiveness Project, the Sanitation Project, the Social Safety Nets Project and the Agriculture Investment and Market Development Project. Information sharing, including the Annual Work Plan and Budget (AWPB) and periodic joint monitoring missions will be organized as necessary amongst these projects.

9. The PIM details the organizational and technical procedures that govern the project, including financial management, procurement, and the Grievance Redress Mechanism (GRM). This manual will be based on the PNDP II's PIM and updated to reflect lessons learned during implementation of PNDP II. The GRM will allow the NCU to address issues in a timely manner.

Financial Management, Disbursements and Procurement

Country PFM situation and Use of Country System

10. Following the 2006 Public Expenditure Management and Financial Accountability Review (PEMFAR) and the 2007 Public Expenditure and Financial Accountability (PEFA) that identified several weaknesses in Cameroon's Public Financial System (budget credibility, comprehensiveness and transparency, policy-based budgeting, budget execution, accounting and reporting, auditing and external scrutiny), the country has embarked on comprehensive reforms to improve budget transparency and efficiency. This effort resulted in the *Nouveau Régime Financier de l'Etat* (2007) and a public financial management modernization plan covering 2009-2015 (PMFP). The GOC has also introduced program budgeting in the 2013 budget year as part of the reforms. The public financial management modernization plan is composed of seven strategic pillars (planning, budget execution-revenue, donors financing, budget execution-expenses, accounting, cash and debt management and internal and external control) which are achieved through the implementation of 170 actions, under the leadership of a dedicated high level Committee (*Comité de Pilotage des Réformes des Finances Publiques*).

11. The independent midterm review of the PMFP concludes that 18 percent of the actions were implemented, about 37 percent are ongoing and the remaining 45 percent are lagging behind. The review has pointed out the need to undertake a country system assessment to determine modalities that could be used for the donor-financed projects.

12. To support the ongoing PFM reform process, the World Bank is preparing a Governance and Accountability Project aiming at (i) enhancing transparency and efficiency in public financial management, and (ii) improving public procurement performance to achieve efficiency, transparency, competition and better value for money. The implementation of the governance project will sustain the results already achieved and contribute to the improvement of the overall PFM environment in Cameroon.

13. Finally, a Bank Institutional Development Fund (IDF) grant has supported the development of a harmonized FM manual and an integrated information system for investment projects aiming at ensuring better integration of an investment project FM system to the country system. The information system will contribute to improved synergy between a project's accounting system and the Government information system by allowing automated transmission and integration of a project's financial information to the Government system, and thus enhance transparency of donor-funded projects' funds management. The detailed financial management arrangements are described below.

Financial Management

14. The program's financial management arrangements are coherent with its decentralized feature and involve the PNDP NCU, RCUs, and communes' financial management system. The financial management arrangements are the planning, budgeting, accounting, internal control, funds flow, financial reporting, and auditing arrangements of the borrower or entities responsible for Project implementation. It relies on the borrower's existing institutions and systems (this financial platform is already in place for the PNDP II), with due consideration of the capacity of those institutions.

15. In line with paragraphs on FM policy in **OP/BP 10.00** on Investment Project Financing, the current FM platform has been assessed to determine whether the latter is acceptable to the Bank and that, as part of the overall arrangements in place for implementing the Project, it provides reasonable assurance that the proceeds of the Investment Project Financing are used for the purposes for which they are granted.

16. The objective of the assessment was to determine whether, (i) the program still has adequate financial management arrangements to ensure that the project funds will be used for their intended purpose in an efficient and economical way; (ii) the financial reports will be prepared in an accurate, reliable, and timely manner; and (iii) project's assets will be safeguarded. The assessment concludes that the financial management system is *adequate* provided that the mitigating measures outlined below are well implemented.

Risk Assessment and Mitigation Measures. The overall FM risk is assessed as *Substantial*. The assessment recommends as mitigation measures,

(i) the updating of the existing administrative and financial manual of procedures to clarify and mention the transfer of funds, accounting and reporting mechanisms between the communes, the regional coordination unit and national coordination unit. As such the funds transferred should be recorded as expenses only for goods, works, and services delivered at communes, unspent funds

held at the commune’s level, at the end of the grace period of the project should be transferred at the national coordination unit, (ii) the recruitment of the regional accountant in a competitive manner with the Bank’s no objection, (iii) the competitive recruitment of one skilled internal auditor, (iv) the recruitment of an independent external auditor according to ToRs acceptable to the Bank, (v) the updating of project’s accounting software to ensure the compatibility with CAA’s information system developed with World Bank support, (vi) the scaling up of SIMBA to all beneficiary communes; and (vii) the involvement of the Directorate of Treasury and the chamber of accounts to support the communes in order to improve the quality of their bookkeeping and their financial reporting for better transparency and accountability. The “chamber of accounts” will audit randomly the communes’ accounts to provide an opinion on their quality.

Risk	Risk Mitigating Measures Incorporated into Project Design	Residual Risk/ (Risk) rating	Preparation/Implementation
Inherent risk		High	
Country level Delay in the implementation of the PFM master plan could hamper governance.	Implement PFM reform agenda with the support of World Bank and others donors (AfDB and EU).	High	
Entity level Weak capacity at commune level which affects their ability to assume their fiduciary role effectively	Provide training to elected authorities in the domain of fiduciary and governance in order to allow them perform the assigned functions and be accountable for their performance	Substantial	Implementation
Project level Lack of effective coordination between national coordination, regional coordination and communes	Maintain dialogue and monitoring mechanism between all these actors	Substantial	Implementation
Control Risk		Substantial	
Budgeting Delay in preparing yearly budget and inappropriate monitoring of budget execution resulting in delay in achieving project objectives both at Project level but also at communes’ level.	Follow strict budget procedures and timeline as per administrative and financial manual of procedures. Ensure that the annual work program is in line with the procurement plan and feasibility studies for subproject to prevent any delay due to the procurement process Track budget variances and take proactive decisions at Project and communes’ level	Substantial	Implementation Implementation Implementation

Risk	Risk Mitigating Measures Incorporated into Project Design	Residual Risk/ (Risk) rating	Preparation/Implementation
<p>Accounting Inappropriate accounting of expenses incurred at communes and project’s level and delay in bookkeeping</p>	<p>Define clear accounting procedures for funds transferred to communes and train all FM staff (communes and project level) on these procedures.</p> <p>Fill competitively all vacant FM positions Appoint the “receveur municipal” in all beneficiary communes and provide training to them on FM</p>	Substantial	Implementation
<p>Internal Controls and Internal audit Weakness in the existing manual of procedures related to accounting and reporting of funds transferred to the communes</p> <p>Absence of earlier identification of operational and financial risk and inadequate management of the latters</p>	<p>Update the existing manual of procedures (expenses accounted only after receiving works, services or goods, interim financial report at communes and project level should display funds received, funds expenses, advance, and cash balance)</p> <p>Provide training to FM staff to master these procedures</p> <p>Scale up SIMBA at communes level and update project’s existing software to be compatible with CAA’s software</p> <p>Recruit a skilled internal auditor upon ToRs agreed with the World Bank</p>	Substantial	<p>Implementation</p> <p>Implementation</p> <p>Implementation</p> <p>Implementation</p>
<p>Funds Flow Funds may be diverted or used for ineligible expenditures</p>	<p>Open a Designated Account in acceptable commercial bank into which funds will be deposited.</p> <p>Provide joint signature (Mayor, regional coordinator, and “Receveur municipal”) on account opened at communes level</p>	Substantial	<p>Implementation</p> <p>Implementation</p>
<p>Financial Reporting and Monitoring Delay in the submission of reliable IFRs and annual project financial statements</p>	<p>Update the accounting software to handle the project’s transactions and generate the required financial information.</p> <p>Agree on IFR template at project level and communes level</p>	Substantial	<p>Implementation</p> <p>Negotiation</p>
<p>External Auditing Inadequate audit opinion</p>	<p>Recruit qualified and independent external auditors under TORs satisfactory to the Bank. The audit will be performed according to internationally recognized standards, the scope and the objectives of the audit tailored to the particularity of the project.</p>	Substantial	Implementation
<p>Fraud & Corruption Risk of fraud & corruption in the contracts management</p>	<p>Ex post controls: Perform internal audit and external audit, and integrated fiduciary review will be performed.</p>	Substantial	Implementation

Risk	Risk Mitigating Measures Incorporated into Project Design	Residual Risk/ (Risk) rating	Preparation/Implementation
	<p>Ex-ante controls: Undertake a technical audit by third party</p> <p>Ensure citizen participation in term of social audit of subproject</p> <p>Set up grievance mechanism to ensure effective treatment of complaints</p>		<p>Implementation</p> <p>Implementation</p> <p>Implementation</p>

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

18. **Strengths.** Financial management arrangements already exist with some FM staff familiar with World Bank FM procedures and an existing administrative and financial manual of procedures.

19. **Staffing.** The existing staffing arrangements at national and regional level will be used. Nevertheless, for all vacant positions to be financed under IDA resources the recruitment procedures should be competitive according the World Bank’s procedures of selection of consultant and the ToRs need to be agreed with IDA. The role and responsibilities of FM staff will include; (i) preparation of Withdrawal applications; (ii) preparation of periodic financial reports and annual financial statements, (iii) bookkeeping; and (iv) project’s assets safeguard.

20. **Budgeting.** The overall responsibility for preparing a consolidated annual work plan and budget will lie with PNDP under the leadership of the PNDP’s Financial and Administrative Manager. This will be done in line with the program-based budget currently in place in Cameroon. The different steps of budget management (preparation, revision, adoption, and execution) are detailed in the PIM. The annual work plan and budget will be prepared yearly, submitted to the Bank for review by December 31 in each calendar year, and then approved by the Steering Committee. The annual work program will be in line with the procurement plan and feasibility studies of subprojects to prevent any delay due to the procurement process. A budget execution report will be included in a quarterly interim financial report to enable the project’s implementation to be monitored.

21. **Accounting Arrangements and System.** FM staff will have the responsibility for maintaining the accounts of the project and ensuring that the annual financial statements are produced in a timely manner and in accordance with the accounting standards that are in effect in Cameroon. The existing computerized accounting system will be upgraded to be compatible with CAA’s software and to record the project’s transactions and to produce the required periodic financial reports. The accounting procedures related to funds transferred to communes to be integrated in the manual of procedures will indicate clearly that transactions will be recorded as expenses only after completion of goods, services and works. These procedures will apply at communes and project coordination unit level. Each commune will produce a quarterly financial report comprising funds received, funds expenses, advances to suppliers, consultants and others providers not yet justified, and period-end cash balance. Communes’ financial reports along with

the technical certification of the completion to be sent to the project coordination unit will serve as the basis for recording funds transferred to communes as expenses in the project’s quarterly IFR and annual financial statements. The project coordination unit will ensure that the cash balance is reconciled with communes’ joint account bank statement. At communes’ level, SIMBA will be scaled up and communes’ staff trained to gained necessary skill for effective use of all SIMBA’s modules.

Key weaknesses and Action Plan to reinforce the control environment

Significant Weaknesses or risks	Actions	Responsible	Completion
Weaknesses in the existing manual of procedures related to accounting and reporting of funds transferred to the communes	Update the existing manual of procedures (expenses accounted only after receiving works, services or goods, interim financial report at communes and project level should display funds received, funds expenses, advance, and cash balance)	PNDP	Effectiveness
Absence of earlier identification of operational and financial risk and inadequate management of these risks	Recruit a skilled internal auditor and an independent external auditor upon ToRs agreed with the World Bank	PNDP	By effectiveness
Current accounting systems needs to be strengthened and made compatible with the CAA information systems	The upgrading of the current computerized accounting system to ensure its compatibility with the information system developed by CAA with the World Bank support	PNDP	3 months after effectiveness
Some FM positions are vacant at project level	Fill competitively all vacant FM positions	PNDP	3 months after effectiveness
Absence of “receveur municipal” at certain communes level	Appoint the “receveur municipal” in all beneficiaries communes and provide training to them on FM	PNDP	Conditions of funds transfer to the Communes

22. **Internal Control.** The existing administrative and financial procedures are defined in the administrative, accounting, and financial procedures manual. The manual includes a description of the initiation and approval processes with respect to segregation of duties. Nevertheless, the manual of procedures will be updated to take into account weaknesses identified during the phase II of the program (expenses accounted only after receiving works, services or goods, interim financial report at communes and project level should display funds received, funds expenses, advance, and cash balance). The FM staff responsibility in terms of internal control includes maintaining all necessary FM controls to ensure: (i) that the project funds are used only for the intended purposes in an efficient and economical way; (ii) the preparation of accurate, reliable, and timely periodic financial reports; and (iii) that the project’s assets are adequately safeguarded.

Internal Audit

23. A skilled internal auditor will be recruited by effectiveness upon ToRs agreed with the World Bank and will perform a risk-based audit. The internal auditor will submit periodic reports on his or her findings and recommendations to strengthen the internal control system to the project coordination unit and the World Bank. The auditor annual report will be transmitted to the Steering Committee.

Financial Reporting and Monitoring

24. The country's financial reports are not made available in a timely manner and are not compliant with International Public Sector Accounting Standards (IPSAS). As result, tailored Quarterly financial reports were agreed during negotiation. The quarterly interim financial reports (IFRs) to be generated from the computerized financial management system will be presented in accordance with the format agreed with IDA and submitted to IDA within 45 days of the end of each calendar quarter. The IFRs will include: (i) sources and uses of funds (IDA and counterpart funds) by the classifications of project expenditures; (ii) a comparison of budgeted and actual project expenditures (commitment and disbursement) to date and for the quarter; (iii) a statement of the use of funds by component or activity; (iv) designated account activity; and (v) a physical progress report on the implementation of the project.

External Auditing

25. The annual financial statements and quarterly IFRs prepared by the PNDP as well as the internal control system will be subject to an annual audit by a reputable and independent auditing firm based on terms of reference that are satisfactory to IDA. The scope of the audit will be tailored to the project's specific risks in accordance with World Bank requirements and will be agreed upon with the government. In particular, the independent auditor will audit the use of all funds flowing from the designated account to the ultimate beneficiaries. The project will comply with the World Bank's access to information and disclosure policies by making of all disclosable audit reports publicly available promptly after receiving them. The project's external auditor will be hired within four months of effectiveness. A single audit opinion, in compliance with International Standards on Auditing, will be issued and will cover all project receipts, payments, and accounts. The audited financial statements, along with the auditor's report and management letter (incorporating management's comments) covering any identified internal control and accounting system weaknesses, will be submitted to IDA within six months of the end of each financial year. The chamber of account will also provide support to the communes to ensure the reliability of their accounts, and thus increase transparency and accountability.

Technical audits or third party verification

26. An audit firm will be recruited to ensure third party verification of infrastructure realized at communes' level. One of these technical audits will be performed at the project's closure to ensure the effective completion or delivery of works, goods and services. The terms of reference of these verifications will be agreed with the World Bank.

Funds flow arrangements

27. **Funds Flow and Disbursement Arrangements:** Three Designated Accounts (DA-A, DA-B and DA-C) in C.F.A Francs BEAC (XAF) will be opened in a commercial Bank acceptable to the Bank and managed by the joint signature of the *Caisse Autonome d'Amortissement* or CAA's General Manager and Deputy Manager. The DAs will receive an initial deposit equivalent to four month expenditures forecast and will be replenished regularly through monthly Withdrawal Applications.

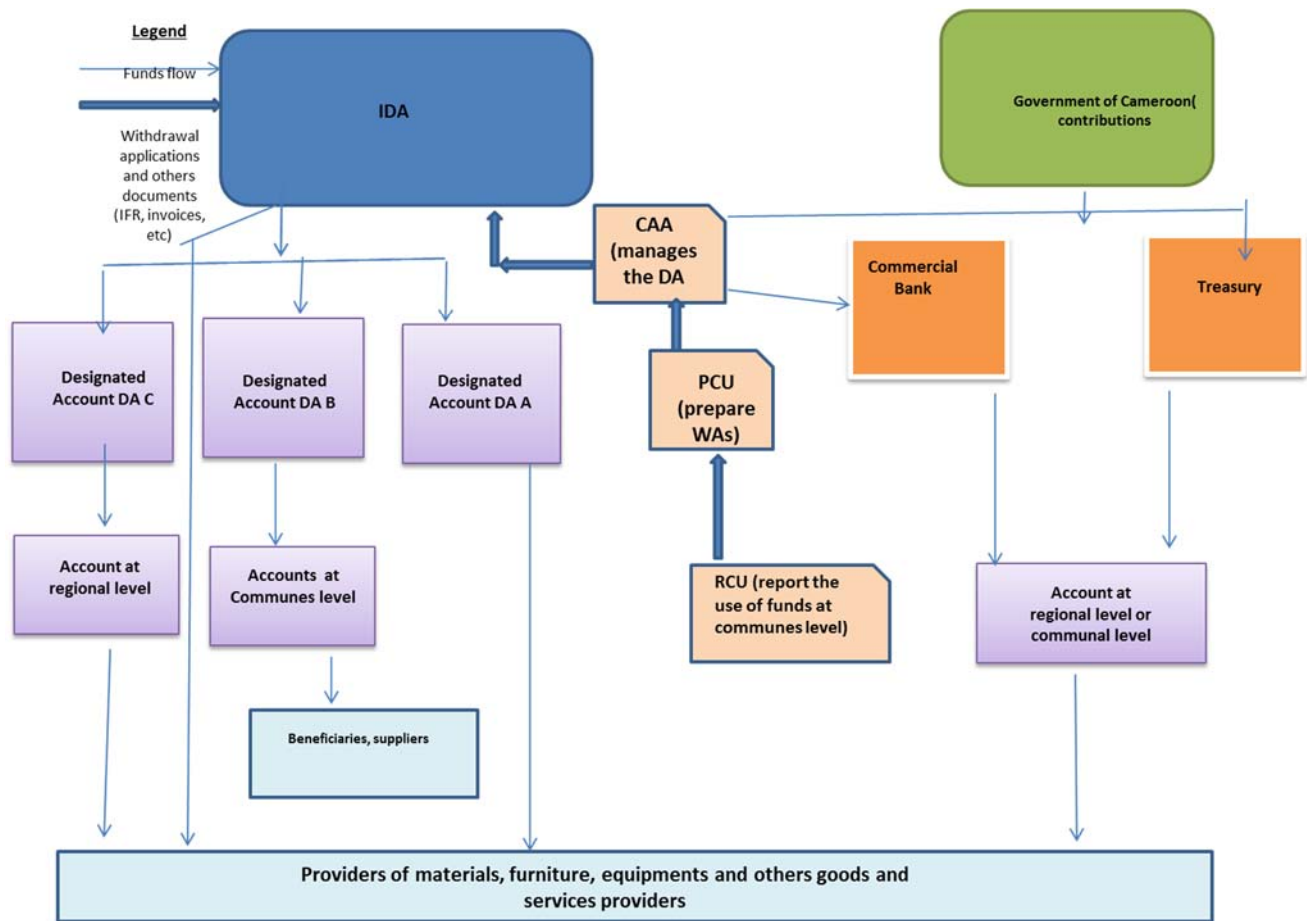
28. The DA-A will be used for category 1 or Part A except grants, B, C, the DA-B for Category 2 or Part A.1(a) CDP and the DA-C for Category 3 and 4 or Parts A.1(b) and A.2 . The withdrawal applications on the DAs will be submitted to IDA monthly. For funds transferred to communes, a "Customized SOE" will be used as per the form attached to the disbursement letter. The Customized SOE will reflect payments made by the communes to beneficiaries pursuant to the terms and conditions of the use of funds which will include milestones linked to the completion of outputs as triggers for subsequent payments to the beneficiaries (until full payment made).

Transfer of funds from DA to communes

29. After the signature of the conventions with communes, the funds will be transferred from the DA to communes' accounts according to modalities defined in the PIM. The triggers of subsequent transfer of funds will include the certification of satisfactory completion of activities or subproject. Citizen participation in this process is envisaged.

30. **Government contribution.** Government agrees to provide its contribution to pay for expenditures not covered by the financing. The estimated total amount to be released is US\$56 million over the lifetime of the project. The funds will be transferred annually to the designated account to be opened in a commercial bank/Treasury directorate and the payments will be made via CAA. Reporting of the use of these funds will be provided in the IFRs and the annual financial statements.

Funds flow diagram



Disbursements by category: The table below sets out the expenditure categories to be financed out of the Loan/Credit proceeds. This table takes into account the prevailing Country Financing Parameter for Cameroon in setting out the financing levels.

Table 3: Disbursements by category

Categories	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
(1) Goods, minor works, non-consulting services, consultants' services, Operating Costs and Training for the Project except (a) CDP-Subproject Grants under Part A.1(a) of the Project, (b) CDP Preparation Grants under Part A.1(b) of the Project and (c) Poor and Vulnerable Investment Support Grants under Part A.2 of the Project	17,000,000	100%
(2) CDP-Subproject Grants under Part A.1(a) of the Project	10,400,000	100% of amounts paid by the Recipient under the CDP-Subproject Grants
(3) CDP Preparation Grants under Part A.1(b) of the Project	1,300,000	100% of amounts paid by the Recipient under the CDP Preparation Grants
(4) Poor and Vulnerable Investment Support Grants under Part A.2 of the Project	21,500,000	100% of amounts paid by the Recipient under the Poor and Vulnerable Investment Support Grants
TOTAL AMOUNT	50,200,000	

FM Conditions and FM covenants

- (i) The updating of the existing administrative and financial manual of procedures as a condition of effectiveness;
- (ii) the recruitment of a skilled internal auditor competitively, as an effectiveness condition;
- (iii) The filling of vacant FM positions not later than 3 months after effectiveness;
- (iv) The transfer of funds to communes is conditioned on the appointment and training of the "receveur municipal";
- (v) The recruitment of an independent external auditor no later than 4 months after effectiveness;
- (vi) The upgrading of the current computerized accounting system to ensure its compatibility with the information system developed by CAA with World Bank support.

31. **Implementation Support Plan:** FM implementation support missions will be consistent with a risk-based approach, and will involve a collaborative approach with the entire Task Team

(including the procurement specialist). A first implementation support mission will be performed three months after the project's effectiveness. Afterwards, the missions will be scheduled by using the Governance-Global Practice risk based approach model and will include the following diligences: (i) monitoring of the financial management arrangements during the supervision process at intervals determined by the risk rating assigned to the overall FM Assessment at entry and subsequently during Implementation Status Reports (ISRs); (ii) review the IFRs; (iii) review the audit reports and management letters from the external auditors and follow-up on material accountability issues by engaging with the task team leader, Client, and/or Auditors; the quality of the audit also is to be monitored closely to ensure that it covers all relevant aspects and provides enough assurance on the appropriate use of funds by recipients; and, (iv) physical supervision on the ground; and (v) intensive assistance to build or maintain appropriate financial management capacity.

32. **Conclusions of the FM Assessment:** The overall FM risk is considered to be *Substantial*. The proposed financial management arrangements for this project are considered adequate to meet the Bank's minimum FM requirements under OP/BP10.00: (i) the updating of existing administrative and financial manual of procedures to clarify and mention the reporting mechanism between the communes, the regional coordination unit and national coordination unit related to the accounting of funds transferred and expensed (funds should be recorded as expenses only for goods, works, and services delivered at communes); (ii) the recruitment of FM staff to fill vacant positions at project coordination unit in competitive manner with the Bank's no objection; (iii) the effective appointment of a "receveur municipal" at beneficiary communes, (iv) the competitive recruitment of a skilled internal auditor according to ToRs agreed with the Bank; (v) the recruitment of an independent external auditor according to ToRs acceptable to the Bank; (vi) the updating of project's accounting software to ensure compatibility and communication with CAA's information system developed with World Bank support; (vii) the scaling up of SIMBA to all beneficiary communes; and (viii) the involvement of the "chamber of accounts" to provide support to communes in order to improve the financial reporting for better transparency and accountability.

Procurement

Guidelines

33. Procurement for phase III of the Project will be carried out in accordance with the World Bank "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under International Bank for Reconstruction and Development (IBRD) Loans and IDA Credits & Grants by World Bank Borrowers" dated January, 2011, revised July 2014; and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credit & Grants by World Bank Borrowers", dated January, 2011, revised July 2014, and the provisions stipulated in the Legal Agreement. Procurement (works, goods and non-consulting services) or Consultant Selection methods, prequalification, estimated costs, prior review requirements, and time-frame are agreed in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation. The Bank's Standard Bidding Documents (SBD) or Cameroon National Standard Bidding Documents satisfactory to the Association will be used. To the extent practicable the Bank's Standard Bidding Documents for works, goods and Non-Consulting Services and Standard Request for Proposals, as well as all standard evaluation forms, will be used throughout project implementation.

34. Procurement (works, goods and services) for subprojects of communes, such as small infrastructure, social infrastructure, classrooms, health centers, community halls, , minor works or rehabilitation, will be procured on the basis of community participation in accordance with the clause 3.19 of the World Bank Procurement Guidelines (Community Participation in Procurement), and the Guidelines for Simplified Procurement and Disbursement for Community-Based Investments (March 3, 1998) detailed in the specific manual or guidelines to communes approved by the Bank.

Advertising:

35. The Borrower is required to prepare and submit to the Bank a General Procurement Notice (GPN). The Bank will arrange for its publication in UN Development Business online (UNDB online) and on the Bank's external website. The General Procurement Notice shall contain information concerning the Borrower, amount and purpose of the credit, scope of procurement reflecting the Procurement Plan, and the name, telephone (or fax) number, and address (es) of the Borrower's agency (ies) responsible for procurement, and the address of a widely used electronic portal with free national and international access or website where the subsequent Specific Procurement Notices will be posted. If known, the scheduled date for availability of prequalification or bidding documents should be indicated. The related prequalification or bidding documents, as the case may be, shall not be released to the public earlier than the date of publication of the General Procurement Notice.

36. In the case of ICB or LIB, invitations to prequalify or to bid, as the case may be, shall be advertised as Specific Procurement Notices in at least one newspaper of national circulation in the Borrower's country, or in the official gazette, or on a widely used website or electronic portal with free national and international access, in English, French, or Spanish, or at the option of the Borrower, in a national language. Such invitations shall also be published in UNDB online. Notification shall be given in sufficient time to enable prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses. The Bank will arrange the simultaneous publication of all Specific Procurement Notices prepared and submitted by the Borrowers on the Bank's external website.

37. In the case of National Competitive Bidding (NCB), the complete text of advertisement shall be published in a national newspaper of wide circulation in the National Language, or in the official gazette, provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access. The Borrower may publish a shorter version of the advertisement text, including the minimum relevant information, in the national press provided that the full text is simultaneously published in the official gazette or on a widely used website or electronic portal with free national and international access. Notification shall be given to prospective bidders in sufficient time to enable them to obtain relevant documents.

38. To obtain expressions of interest (EOIs), the Borrower shall include a list of expected consulting assignments in the General Procurement Notice, and shall advertise a request for expressions of interest (REOI) for each contract for consulting firms in the national gazette, provided that it is of wide circulation, or in at least one newspaper, or technical or financial magazine, of national circulation in the Borrower's country, or in a widely used electronic portal with free national and international access in English, French, or Spanish. In addition, assignments

expected to cost more than US\$300,000 shall be advertised in UNDB online. Borrowers may also in such cases advertise REOIs in an international newspaper or a technical or financial magazine. The information requested shall be the minimum required to make a judgment on the firm's suitability and not be so complex as to discourage consultants from expressing interest. REOIs shall at a minimum include the following information applicable to the assignment: required qualifications and experience of the firm, but not individual experts' bio data; short-listing criteria; and conflict of interest provisions. No less than 14 (fourteen) days from date of posting on UNDB online shall be provided for responses, before preparation of the short list. The late submission of a response to an REOI shall not be a cause for its rejection unless the Borrower has already prepared a short list, based on received EOIs, that meets the relevant qualifications. The Bank will arrange the simultaneous publication of all REOIs prepared and submitted by the Borrowers on the Bank's external website. Contract awards will also be published in UNDB, in accordance with the Bank's Procurement Guidelines (para. 2.60) and Consultants Guidelines (para. 2.31).

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

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

- Invitations to bid shall be advertised in national newspapers with wide circulation.
- The bid evaluation, qualification of bidders, and contract award criteria shall be clearly indicated in the bidding documents.
- Bidders shall be given adequate response time (at least four weeks) to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later.
- Eligible bidders, including foreign bidders, shall be allowed to participate.
- No domestic preference shall be given to domestic contractors or to domestically process manufacturing goods; and association with a national firm shall not be a condition for participation in a bidding process.
- Bids are awarded to the most substantially responsive and the lowest evaluated bidder proven this bidder is qualified. No scoring system shall be allowed for the evaluation of bids and no "blanket" limitation to the number of lots that can be awarded to a bidder shall apply.
- Qualification criteria shall only concern the bidder's capability and resources to perform the contract, taking into account objective and measurable factors.

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

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

42. Procurement arrangements for Bank-financed projects in Cameroon have been under discussion for some time as the national system has been revised to shift responsibility for the bulk of procurement and contract management from decentralized agencies to a newly created MINMAP. IDA fielded a procurement mission between October 31 and November 10, 2012 to assess the potential effects of these changes and notably the possible consequences on Bank financed projects in Cameroon. The mission concluded that the new centralized system could lead to a number of positive outcomes. However, concerns were raised with respect to technical and legal responsibilities as well as regulatory issues. This mission was followed by another one conducted jointly with other Development Partners based in Cameroon during the period of January 28 to February 3, 2013, in order to: (a) discuss the recommendations of the initial mission; (b) facilitate the transition from the old to the new procurement system; and (c) ensure the smooth implementation of the Bank financed projects. MINMAP has confirmed in writing to the Bank that it accepts the proposed short term measures of the donors concerning existing projects as identified in the documents of negotiations and the legal agreements, which consist of the creation of special tender boards with full procurement responsibility and the Program Coordination Unit (“*Maître d’Ouvrage*”) in charge of the publication of tenders, contracts award and signature of all contracts.

43. Specific procurement arrangements for this Project: Procurement for activities to be carried out for the project, will be the responsibility of the NCU with the technical support of the special tenders board placed under its authority and set up by MINMAP Decree N 006/A/MINMAP on May 8, 2013. The mandate of this body should be broadened to cover the procurement of this project (PNDP III).

44. **Procurement of Works:** Each contract estimated to cost more than US\$200,000 and less than US\$10,000,000 will be conducted through national competitive bidding, in accordance with national procedures using standard bidding document acceptable to IDA. Small works estimated to cost less than US\$200,000 equivalent per contract may be procured through shopping, based on price quotation obtained from at least three contractors in response to a written invitation to qualified contractors.

45. The other procurements will entail minor works to be carried out as part of commune subprojects. Given its size, the amount and the fact that commune works are generated by demand, these contracts will be procured through national competitive bidding procedures, with procedures and bidding document acceptable to IDA, or when the amount of these small works are estimated to cost less than US\$200,000 per contract, by the "Guidelines for Simplified Procurement and Disbursement for Community-Based Investments" (March 3, 1998), as further detailed in the

specific operations manual or guidelines to communes. They may be procured under the shopping procurement method for works. Under this procedure, lump sum, fixed price contracts are awarded on the basis of quotations solicited in writing from at least three qualified domestic contractors. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to IDA, and relevant drawings where applicable. Quotations should be opened at the same time and to the extent possible in the presence of community members. The awards will be made to the contractor offering the lowest price quotes and having the experience and resources to complete the contract successfully. In some remote areas, it may be difficult to obtain three quotations. Under such circumstances, direct contracting could be considered when the cost to the community of another procedure would be disproportionately high relative to the value of the procurement itself, and where only one contractor is available locally. The contractor can thus be chosen without going through the shopping procedures, provided the costs are in line with the local market rates.

46. **Procurement of Goods and Non Consulting Services:** Goods procured under this Project would include vehicles, furniture and office equipment. Taking into account (level of value added) manufacturing/producers capacity in the country, procurement of goods will be bulked where feasible (similar nature and need at same time period) into bid packages of at least US\$1 million equivalent, so that they can be procured through suitable methods to secure competitive prices. Goods estimated to cost US\$1 million equivalent and above per contract will be procured through ICB, which will use the Bank's Standard Bidding Documents. For other goods contracts costing less than US\$1.0 million equivalent, NCB procurement methods will be used in accordance with national procedures using Standard Bidding Document acceptable to World Bank and subject to the additional requirements set forth or referred to above in paragraph on Requirements for National Competitive Bidding.

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

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

49. At the beginning of the project, vehicles procurement packages estimated to cost US\$200,000 or less can be procured through UNOPS or other United Nations agencies.

50. **Community participation in procurement:** During Phase III, the Project will finance commune subprojects including works such as small works and equipment for social infrastructure, IEC activities and materials, capacity building, etc. These subprojects would be financed through matching grants and its activities are expected to cost less than US\$200,000 which would be procured with procurement methods according to Section D of the "Guidelines for Simplified Procurement and Disbursement for Community-Based Investments" (March 3, 1998), which are:

- Local shopping for goods

- Local shopping for works
- Local call for tenders for goods and works
- Direct Contracting/Off the shelf purchases

The simplified communal operational manual will be updated and will outline the procedures, standard documents and tools to be used.

51. **Selection of Consultants:** Consulting services will be needed for the following activities: (a) technical assistance; (b) feasibility studies and any other critical studies; (c) technical and financial audit. These consulting services will be procured with the most appropriate method among the following which are allowed by Bank guidelines and included in the approved procurement plan: Quality-and Cost-Based Selection (QCBS), Quality-Based Selection (QBS), Selection under a Fixed Budget (SFB), Least-Cost Selection (LCS). Selection based on Consultants' Qualifications (CQS) will be used for assignments that shall not exceed US\$300,000. Single Source selection shall also be used in accordance with the provisions of paragraphs 3.9 to 3.13 of the Consultant Guidelines, with World Bank's prior agreement. All terms of reference will be subject to World Bank Prior Review.

52. Assignments of Engineering Designs & Contract Supervision in excess of US\$300,000, and all other technical Assistance assignments above US\$100,000, must be procured on the basis of international short-lists and in accordance with the provisions of the paragraph 2.6 of the consultants' guidelines.

53. Consultants for services meeting the requirements of Section V of the consultant guidelines will be selected under the provisions for the Selection of Individual Consultants, through comparison of qualifications among candidates expressing interest in the assignment or approached directly.

54. **Operating Costs** financed by the project include, inter alia, utilities and offices supplies, vehicle operation, maintenance and insurance, building and equipment maintenance costs. They will be procured using the project's financial and administrative procedures included in the operation manual and based on the annual work plan and budget. For services (car maintenance, computers maintenance, etc.) to be financed through operating costs, the project will proceed by service contracting for a defined period.

55. **Trainings, Workshops, Seminars, Conferences and Study Tours** will be carried out on the basis of approved annual work plan and budget that will identify the general framework of training and similar activities for the year, including the nature of training, study tours, workshops, the number of participants, and cost estimates.

Capacity assessment of the Implementation Arrangements for procurement

56. The National Project Coordination Unit (NCU) will be responsible for the administration, coordination, and monitoring of the project, including compliance with procurement procedures. Management and the procurement process for community subprojects will be carried out by communal tender boards for communes with these tender boards or by departmental/regional tender boards for other communes. The procurement unit of the NCU comprises a procurement specialist and an assistant. The procurement unit, if overloaded, may request assistance of external

Consultants' services. Procurement for activities to be carried at the national level will be the responsibility of the NCU with the technical support of special tender boards mentioned above under its authority. Meanwhile, regarding procurement realized at the level of local authorities covered by PNDP several shortcomings in procurement operations and practices linked especially to the implementation of the new procurement reform. The procurement risk in subprojects remains **High** and should be mitigated by periodic and selected capacity building, close supervision by the MINMAP and the NCU, and performance technical audits.

57. The two manuals (Project Implementation Manual PIM-and the Administrative, Financial and Accounting Manual) used during Phase II of the program will be revised to take into account existence of MINMAP and the new procurement environment.

58. Activities for communes and subprojects are not expected to be subject to IDA no-objection. At the central level, the NCU is responsible to ensure that the necessary national clearances and approvals have been received before the No-Objection requests are transmitted to the World Bank

59. To ensure that the above mentioned procurement corrective measures will be met in due time, an action plan is proposed hereafter with tasks to be performed, responsible body as well as time-frame:

Schedule of actions to be carried out

ACTION TO BE UNDERTAKEN	TIME-FRAME	RESPONSIBLE BODY
1.Elaboration and submission of a procurement plan to the World Bank	Final version was discussed during negotiations	<i>NCU</i>
2. Training for the communes, the Project Regional Units, and other project stakeholders involved in procurement on the procurement filing system and on management tools detailed in the specific operations manual or guidelines to communes	As needed during project's life and in accordance with an approved annual program	National Coordination Unit through its procurement unit, with as needed the support from international procurement consultant and the participation of the World Bank procurement staff
3. Updating and submitting to IDA the project Implementation Manual and the Administrative Financial and Accountant Manual, including specific operations manual or guidelines to communes gathering all the major procurement dispositions	First draft by negotiations, and the final documents by effectiveness	NCU
4. Maintain during the project's life an acceptable procurement arrangement to the Bank, comprising at the NCU level a procurement specialist and a procurement	By effectiveness	NCU

assistant, and at the RCUs level, an infrastructure expert per region with procurement knowledge.		
5. Recommendation for the amendment of the special tender board (<i>CSPM</i>) of PNDP II, or the creation of a new <i>CSPM</i> within the implementing entity and attached to the project to supervise project procurement, which is acceptable to the Bank.	By effectiveness	NCU/MINMAP

60. **Overall project procurement risks:** The overall procurement risk for the project is rated as *High*. This is due to, among other factors, the country environment risk of corruption in procurement, especially in public contracts, the relatively limited experience in the implementation of Bank-financed projects for MINMAP, the potential conflict of interest for MINMAP in relation to the management of complaints linked to contracts directly handled by MINMAP, and shortcomings in procurement operations and practices at the level of communes. Mitigation action plans have been agreed upon, which, if properly implemented and monitored, will bring this risk down to *Substantial*.

61. **Procurement plan:** A procurement plan satisfactory to the Bank for project implementation, providing the basis for the procurement methods was prepared during appraisal. This plan which covers the first 18 months of project implementation was discussed and agreed upon by the Borrower and the project team at negotiations. It will be available in the Project's database and a summary will be disclosed on the Bank's external website once the project is approved by IDA Board of Executive Directors. The Procurement Plan will be updated in agreement with the Project Team at least annually or as required to reflect the actual project implementation needs and improvement in institutional capacity. In communes, the commune procurement plan will be developed on the basis of a standard simplified plan placed at the disposal of local PNDP authorities. This plan will be part of the commune's request for the allocation of funds addressed to the Project.

62. **Publication of Results and Debriefing:** The Borrower shall publish information on UNDB online for all contracts under ICB and LIB, and all direct contracts, and in the National press for all contracts under NCB. Such publication shall be within two weeks of receiving the Bank's no objection to the award recommendation for contracts subject to the Bank's prior review, and within two weeks of the Borrower's award decision for contracts subject to the Bank's post review. The disclosure of results is also required for selection of consultants. The Borrower shall publish information on UNDB online for all contracts when the short list included any foreign firm and all single-source selection contracts awarded to foreign firms, and in the National press all contracts where the short list comprises only National firms and all single-source selection contracts awarded to National firms. Such publication shall be within two weeks after receiving the Bank's no objection for award of the contract subject to the Bank's prior review, and within two weeks of successful negotiations with the selected firm for contracts subject to the Bank's post review.

63. **Fraud and Corruption:** The procuring entity as well as Bidders /Suppliers/Contractors/Services Providers shall observe the highest standard of ethics during the procurement and execution of contracts financed under the program in accordance with paragraphs 1.16 and 1.17 of the Procurement Guidelines and paragraphs 1.23 and 1.24 of the Consultants Guidelines. The Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January, 2011, will apply to this project.

64. **Frequency of Procurement Supervision:** The capacity assessment of the implementing agency has recommended supervision missions to visit the field at least twice a year and a post review of procurement actions will be conducted on an annual basis. In addition, there will be monthly supervisory field visits (based on the level of field activities for each commune) by the NCU (to selected regions) to carry out the post procurement review and monitoring of commune activities.

65. **Performance technical audit:** Grants provided to beneficiaries within the context of subprojects will be subject to performance technical audits including post-delivery inspection and verification of completion/installation. The latter will focus on subprojects selected at random each year by independent auditors recruited by the NCU. During the execution of the Project and up to two years after the closing date of the Credit Agreement, all documentation with respect to each activity carried including the subprojects shall be kept by the borrower for review and examination.

Summarized Procurement Plan

Table 4: List of Works, Goods and Non-Consulting Services contract packages to be procured in the project

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated cost (US\$ equivalent)	Procurement Method	Pre qualification (yes/no)	Domestic Preference (yes/no)	Review by the Bank (Prior/Post)	Expected Bid-Opening date	Comment/Completion date
1	Acquisition of computer equipment for (1) NCU and RCU; (2) monitoring and evaluation system (3) Field works of M&E and (4) equipment and accessories (network) for the implementation and support of software Sim_ba in 82 communes	700,000	NCB	NO	NO	Prior	02/02/16	<i>First NCB/ 05/06/16 IDA: 70% ETAT: 30%</i>
2	Acquisition of Solar Energy for the implementation and support of software Sim_ba in 20 communes	52,000	Shopping	NO	NO	Post	10/3/16	<i>15/05/16 IDA : 100%</i>
3	Acquisition of generators for the implementation and support of software Sim_ba for 62 communes	68,000	Shopping	NO	NO	Post	10/3/16	<i>15/05/16 IDA : 100%</i>
3	Procurement of 33 vehicles	2,142,000	ICB	NO	NA	Prior	15/11/2015	<i>10/02/15 IDA: 40%</i>

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated cost (US\$ equivalent)	Procurement Method	Pre qualification (yes/no)	Domestic Preference (yes/no)	Review by the Bank (Prior/Post)	Expected Bid-Opening date	Comment/Completion date
								<i>ETAT: 60%</i>
4	Acquisition of office supplies and various supplies per semester NCU & 10 RCU	40,000	Shopping	NO	NO	Post	22/02/16	<i>20/08/16 IDA: 100%</i>
5	Equipment and Office furniture for NCU & 10 CRU	266,000	NCB	NO	NO	Post	01/12/15	<i>04/02/16 IDA: 70% ETAT: 30%</i>
6	Procurement of 31 motos for districts councils	186,000	DC/Procurement from United Nations Agencies	NO	NO	Prior	NA	<i>10/03/2016 IDA: 56% ETAT: 44%</i>
7	Production of communication tools (tablets, leaflet, badges)	20,000	Shopping	NO	NO	Post	7/12/15	<i>15/01/2016 IDA:100%</i>
8	Small equipment of mapping for 75 communes	150,000	NCB	NO	NO	Post	01/03/2016	<i>04/04/2016 IDA:100%</i>
9	Automobile, Health and office insurance	218,000	NCB	NO	NO	Post	15/06/2016	<i>20/07/16 IDA: 100%</i>
10	Editing the Guide for municipal authorities and partners in the PNDP procurement & contract management	30,000	shopping	NO	NO	Post	20/10/2015	<i>15/11/2015 IDA:100%</i>
11	Editing the Guide for communal authorities to monitor the implementation	10,000	shopping	NO	NO	Post	15/07/2016	<i>12/09/16 IDA:100%</i>

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated cost (US\$ equivalent)	Procurement Method	Pre qualification (yes/no)	Domestic Preference (yes/no)	Review by the Bank (Prior/Post)	Expected Bid-Opening date	Comment/Completion date
	on of sub-project							
12	Editing the Guide for Guide & practitioner's manual for the 31 district communes	20,000	shopping	NO	NO	Post	20/09/2016	<i>25/11/16 IDA:100%</i>

Prior review thresholds for Works, Goods and Non-consultant services: Contracts estimated to cost above US\$5 million for works and US\$500,000 for goods per contract, the first ICB and NCB contracts for works and goods, eventually others as identified in the procurement plan and Direct Contracting to cost above US\$100,000 will be subject to prior review by the World Bank.

Table 5: List of consulting assignments with selection methods and time schedule

1	2	3	4	5	6	7
Ref. No	Description of Assignment	Estimated cost (US\$ equivalent)	Selection method	Review by the Bank (prior/post)	Expected proposals submission date	Comments/ completion date
1	Selection of a consultant to develop the manual & practitioner's manual for the 31 district communes	30,000	IC	Post	25/01/2016	22/04/2016 IDA: 100%
2	Selection of Local Support Organization (LSO) on the Preparation of CDPs for the 31 districts communes and urban communities: one OAL/one contract per commune	20,000	FBS	Post	22/02/2016	28/10/2016 IDA: 56% ETAT: 44%
3	Selection of a consultant for updating the manual for municipal authorities and partners in the PNDP procurement & contract management	20,000	IC	Post	22/07/15	28/09/2015 IDA: 100%
4	Selection of consultant to Elaborated of manual for communal authorities to monitor the implementation of sub-project	15,000	IC	Post	12/04/16	28/06/2016 IDA: 100%
5	Follow-up of training deployment and technical assistance to Simba software in 82 communes	70,000	SSS	Prior	NA	25/08/16 IDA : 100%
6	Financial Audits of the project for the first 2 years	80,000	LCS	Prior	10/6/15	23/08/2015 IDA : 100%
7	Legal advice	10,000	IC	post	28/12/2015	29/01/2016 IDA : 100%
8	Maintenance and animation of an internet portal on the PNDP and communes	6,000	IC	Post	12/02/16	22/08/16 IDA : 100%
9	Updating of geographical data of 100 communes	100,000	CQS	Post	11/05/16	20/09/16 IDA : 100%
10	Selection of consultant to Elaborate management and maintenance templates for infrastructures	100,000	QCBS	Post	03/01/16	10/03/16 IDA: 50% ETAT: 50%
11	Performance Technical auditor	300,000	QCBS	Prior	8/10/16	

Prior review thresholds for consultant services: Consultant services estimated to cost above US\$200,000 for firms and US\$200,000 for individuals per contract, and Single Source selection of consultants (firms and individuals) to cost above US\$100,000 will be subject to prior review by

the World Bank. Similarly, all audit contracts will be subject to prior review as will be any other contract identify in the procurement plan.

Environmental and Social (including safeguards).

66. The project is designated Category B per the Bank’s policy on Environmental Assessment (OP/BP 4.01). This suggests that the environmental and social impacts of the project, for the most part, will be minimal, site-specific, and manageable to an acceptable level. In consideration of the activities likely to be supported, the project has triggered the following safeguard policies: OP 4.01: Environmental Assessment; OP 4.09: Pest Management; OP 4.10: Indigenous Peoples; OP 4.11: Physical Cultural Resources; OP 4.36: Forests; OP 4.12: Involuntary Resettlement; OP 7.50 Projects on International Waterways.

67. The project will finance various social infrastructure and economic investments. Funds transferred to communes will 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. Regarding social infrastructure, subprojects will be funded in the field of health, education, water and sanitation. Subprojects on economic investments will be focused on productive investments such as the construction/rehabilitation of rural markets, communities’ storage facilities, rural roads, small bridges, culverts, small scale irrigation schemes for grassroots communities. These social and productive infrastructure subprojects 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.

68. As the project will finance both social infrastructure and economic investments, potential negative environmental and social impacts of these subprojects are likely to include: (a) solid and liquid wastes, ineffective medical waste management, water and soil pollution due to construction activities, increase of use of pesticides and herbicides; (b) forest degradation and deforestation, loss of flora and fauna; (c) soil erosion and silting due to the rehabilitation of water management structures for irrigated schemes, as well as to poor agricultural practices; (d) pressures on natural resources as the population increases in those areas that have access to water; (e) social conflict due to reduction in land available; (f) HIV expansion, increase in the incidence of malaria and bilharzias due to increase in the surface of water management structures; pesticide poisoning due to the unsafe application and management of pesticides and herbicides by untrained personnel, exposure to dust and noise of the population near construction sites.

69. **Environmental management capacity.** As discussed in the Environmental Audit Report (January 2014), experience under PNDP II has shown that: (a) the subprojects had contributed to an improvement in the quality of life among the project beneficiaries as malaria declined; access to health care had increased; access to markets had improved; (b) future subprojects will need to be screened consistently for potential adverse localized environmental and social impacts before a decision is made to finance them; and (c) PNDP’s institutional arrangements for the environmental and social management of subprojects were basically sound but needed some improvements to strengthen coordination between MINEPDED, MINAS, and MINEPAT/PNDP at the regional and departmental levels.

70. **OP 4.01 Environmental Assessment:** Since the exact nature and location of the activities was not identified prior to appraisal, to ensure that potential negative environmental and social impacts of future subprojects are identified and appropriately mitigated, the Borrower has updated the existing Environmental and Social Management Framework (ESMF) prepared during PNDP II. The revised ESMF document was approved and disclosed in Cameroon and at the Bank's Infoshop on March 26, 2015.

71. The ESMF has outlined the environmental and social screening process for subprojects. It describes in detail the steps required to: (i) screen subprojects for potential negative social and environmental impacts; (ii) assign the appropriate environmental category to subprojects; (iii) carry out the appropriate environmental work based on the screening results; (iv) review and approve the screening results, and, as required, environmental impact assessments; (v) carry out public consultations; (vi) carry out environmental monitoring and evaluation; and (vii) establish and follow-up on environmental monitoring indicators. In addition to existing Cameroonian environmental screening procedures that are based on a list of activities subject to Environmental Impact Assessment (*Arrêté n°0070/MINEP du 22 avril 2005*), the ESMF has prepared a more detailed screening form in compliance with OP 4.01 Environmental Assessment. This form will guide the subproject screening process during the project implementation. To assist subproject implementers in managing the potential negative environmental and social impacts, the ESMF includes the following sections/annexes: (a) environmental guidelines for contractors to be used during construction and rehabilitation activities; (b) a summary of the Bank's safeguard policies to be taken into account during subproject design and implementation; and (c) an Environmental Social Management Plan (ESMP) which proposes mitigation measures and institutional arrangements as well time horizons and cost estimates for the effective implementation and monitoring of mitigation measures for subprojects. The ESMF proposes institutional arrangements that remain the same as proposed in phase 2 (see below), including cost estimates for the implementation of institutional and technical measures as well as environmental training and public-awareness raising. The specific EMPs for each subproject will propose relevant mitigation measures according to identified subproject environmental and social impacts. The ESMF will be included in the PIM.

72. **OP 4.09 Pest Management:** While the project will not finance the purchase of pesticides, the project activities under component 1 may induce the increase of pesticides use in the communities' storages facilities. To ensure safe pest management under future subprojects promoting storages facilities, a pest management plan (PMP) of the Agriculture Investment and Market Development Project (P143417) approved in 2014 was adapted and customized to reflect measures that need to be taken during the project implementation (storage facilities; protective gear for pesticide application; safe handling and disposal of packaging materials; and relevant training). The final customized version was approved and disclosed on March 26, 2015.

73. **OP 4.11 Physical Cultural Resources:** The proposed operation will involve excavations and movement of earth for the planned rural roads construction and rehabilitation. Although the ongoing ESMF has not yet anticipated any threat against physical cultural resources, the ESMF includes clear procedures required for identification and protection of cultural property from theft and treatment of discovered artifacts; these will be included in standard bidding documents (SBD).

Each Subproject's ESIA/ESMP will provide specific procedures for handling "chance finds" during implementation.

74. **OP 4.36 Forests:** This policy is triggered as the project is likely to finance small scale reforestation activities based on communes demand. The ongoing program has signed a Memorandum of Understanding with the National Forest Agency (ANAFOR) in charge to lead reforestation program. It is worthy to note that, during the previous phase, no communes invested in the afforestation subproject. In case that happens, mostly indigenous and adapted species will be used.

75. **OP 7.50 Projects on International Waterways:** This policy is triggered because the project is likely to support rehabilitation of irrigation schemes in the North and Far North of Cameroon close to Chad and Niger watershed basins. Even though the technical evaluation confirms that negative impacts against mentioned international waterways are limited, the Bank has advised the Borrower to proceed with notification to riparian. By letter dated January 30, 2015 addressed to the governments of Chad, Niger, and Nigeria through the Lake Chad Basin Commission and the Niger River Authority the Minister of Economy, Planning and Regional Development notified the riparian countries. On May 8, 2015, MINEPAT sent the reminders letters to these Secretaries General. The countries were requested to respond to the Government of Cameroon with their comments by May 18, 2015. In response to the MINEPAT, the Lake Chad Basin Commission and the Niger River Authority have respectively granted their no-objections on May 21 and 25, 2015.

76. **Public Consultations.** Extensive public consultations were carried out during the update process of the ESMF, the RPF and the IPP. A national validation workshop was organized prior to appraisal with participation of the main stakeholders (mayors, communities based organizations, civil society), as well as relevant public services involved in the project implementation. The consultation process will continue throughout project implementation. The Bank team and the National Coordination Unit of the Project Implementation Unit will ensure that the same consultation process will be maintained for the specific safeguards instruments as needed (ESIAs, ESMPs, Resettlement Action Plans (RAPs), and Indigenous People Action Plans (IPPs).

77. **Documents disclosure:** The revised Safeguards documents were disclosed in country and at the InfoShop on March 26, 2015.

78. **Project safeguards instruments management and capacity building.** The implementation arrangements for the relevant safeguards instruments are fully integrated with the overall implementation arrangements of the Project. The Environmental and Social institutional arrangement of PNDP II will be maintained. It is composed of: (i) a Senior Environmental and Social Specialist and an Assistant Environmental and Social Specialist at the central level; and (ii) 10 environmental and social specialists in the 10 regional offices of the project. External consultants will be hired to carry out specific environmental and social studies including bi-annual environmental and social audits. The Ministry of Economy, Planning and regional Development, through the National Coordination Unit of the Project, has the ultimate responsibility for the Project's compliance with Cameroonian legislation and Bank safeguards guidelines. The PIU coordinates closely with the ministries involved in the Project, notably Ministry of Environment, Ministry of

Social Affairs, and the Ministry in Charge of Land and Domain. In addition the Bank team will systematically include environmental and social safeguard members during the project support missions. Relevant environmental and social safeguards capacity building sessions will be organized by the PIU and when needed by the Bank safeguards specialists during the support missions.

79. **Social and cultural context.** Cameroon has an extremely heterogeneous population, consisting of approximately 250 ethnic groups. Cameroon Highlanders constitute the plurality at 38 percent of the total population. They include the Bamileke and the Bamoun. The coastal tropical forest peoples, including the Bassa, Douala, and many smaller entities account for about 12 percent of the population. In the southern tropical forest, ethnic groups include the Ewondo, Bulu, and Fang who are known all as Beti groups. The Maka and Pygmies or Bakas account for about 18 percent of the population. Finally, the Peul are about 14 percent of the population while the Kirdi are estimated to be about 18 percent. Consistent with ethnic variety and richness, there are about 230 different languages. English and French are official languages. But, in reality, few Cameroonians speak both French and English, and many speak neither. The refugees and possible conflicts in the North and East regions may lead to an increase in the poverty rates, the displacement of people, food insecurity, less access to basic social services, environmental issues related to greater pressure on natural resources and conflicts with local people for the use of available resources (water, health, education, hygiene and sanitation and housing). The PNDP includes targeted investment support grants for the poorest and most vulnerable populations in these areas.

80. As subproject selection responds to demand from beneficiaries, three main social development outcomes are expected: (a) improved and sustainable access to basic services (class rooms, water supply, health care facilities, and rural roads); (b) short-term and permanent employment for the locally available skilled or unskilled labor during project implementation; and (c) community participation through direct involvement in subproject cycle. Women in rural areas will derive direct benefits from improvements in water supply, enabling more productive use of their time, since, on average, they devote as much as two to four hours a day to fetch water.

81. **Citizen engagement throughout the project cycle.** The preparation of this project is based on broad-based participatory and consultation processes. The preparation group includes representatives of the government, the private sector, civil society, development partners, mayors and municipal council of communes. Several workshops have been organized at national level, and field missions have visited communes/communities to collect information about their expectations about the project. All these actors were involved in the definition of the scope of the project and the activities included in the Project Appraisal Document (PAD). During implementation, communes and beneficiaries will be involved in all phases of the subproject, for instance through consultation and participation in subproject planning, preparation, contracting, implementation, and operation and maintenance; and feedback regarding satisfaction with the completed subprojects and service delivery. As needed, local service providers (NGOs, Civil Society, government agencies, independent contractors, etc.) will provide support. The communes and beneficiaries will also be engaged through the community scorecard, the community oversight, the grievance redress mechanisms, the participatory physical audit, and the management committees of socio-economic infrastructure that will be implemented in the project. Three

indicators related to citizen engagement are presented in Annex 1 of the PAD. The main social results of the project will be monitored through social impact assessments that will include outcome indicators. This assessment will be done at the mid-term review and repeated before completion of the project.

82. **Gender approach.** The project will build on the gender approach of the PNDP II to create awareness and build capacity within the project team and among beneficiaries. To support implementation of the gender approach it is recommended that the field team is properly trained and up to date in the operational and methodological aspects of the gender approach. Part of the responsibility of the field team is to provide ongoing monitoring and evaluation of training activities and the inclusion of women and to ensure that their priorities are properly taken into account. The M&E system will include gender aspects. The project communications should include dissemination of a gender approach and promotion of equal participation of men and women in project activities, with sensitivity to local culture, beliefs and norms.

83. **OP 4.10 Indigenous Peoples:** Even though the location of subprojects could not be determined prior to implementation, it is well known that Indigenous People are mainly located in Eastern and Southern regions of Cameroon. An Indigenous People Plan (IPP) was prepared for the PNDP I and II with focus in the following areas: (a) Citizenship; (b) Education; (c) Health; (d) Agriculture; and (e) Dialogue between communities and land security. The IPP action plan was implemented in 31 communes in the Center, South and East regions of the country. The Borrower has updated the Indigenous Peoples Action Plan (IPP) prepared under PNDP II. This IPP takes advantage of the lessons learned during the implementation of the previous phases. The final version was approved and disclosed on March 26, 2015.

84. **OP 4.12 Involuntary Resettlement:** This policy is triggered as the project is likely to finance activities that could lead to Involuntary Resettlement. Voluntary land contribution might be expected from targeted beneficiaries as is sometimes the case with community driven interventions. For this reason, the Resettlement Policy Framework (RPF) might need to include special provision for land acquisition; and accepting and recording such voluntary contributions. The RPF of the PNDP II was updated and disclosed on March 26, 2015. During PNDP II, no subproject triggered the execution of a Resettlement Action Plan (RAP). None of the implemented subprojects acquired land, resettled and/or displaced people. If a RAP proves necessary under PNDP III, it will be prepared by project-financed consultants and submitted to the World Bank and the National Coordination Unit during the first project year to check its quality. In the event of inadequate quality, the project will finance additional training. After the first year, the RAP will be examined and approved by the Municipal Councils, with support from decentralized services of the concerned sectoral ministries and the project's regional project coordination teams. The IPP and RPF include a Grievance Redress Mechanism which will address complaints received from the populations and the IP.

Monitoring & Evaluation

85. The M&E system of PNDP III will be based on lessons learned from the implementation of the M&E systems developed under Phases 1 and 2 of the program. The results framework presented in Annex 1 defines higher-level PDO indicators, as well as intermediate performance

indicators for each component and sub-component. Progress toward achievement of the PDO will be measured by means of key outcome indicators.

86. The NCU will be responsible for carrying out M&E activities and for meeting the agreed reporting requirements. The Monitoring and Evaluation specialist at the central level and the M&E specialist at the regional level facilitate and coordinate the PNDP III Monitoring and Evaluation activities.

87. The project M&E system will link technical and financial data on project progress and impact. The system will be a mechanism for assessing project results and a day-to-day management tool, supporting project supervision by ensuring that baseline and follow-up surveys and data collection for the key performance indicators are available and regularly updated. The M&E manual will provide details with regard to the definition of the results framework, the methodology and tools for data collection, the institutional arrangements for M&E activities, and the mechanism for information dissemination. The M&E specialist at the central level and the M&E specialist at the regional level will facilitate and coordinate the PNDP III M&E activities.

88. The objectives of the M&E activities are to provide PNDP III staff and stakeholders with regular information on project implementation and outputs; identify bottlenecks and impediments in the project implementation; ensure that all the activities under PNDP III are implemented in compliance with the PIM; determine to what extent the NCU achieves its goals and objectives, and how it affects the intended beneficiaries' social conditions and capacities; and maintain acceptable performance standards for environmental and social impacts. The arrangements for M&E are critical given the multitude of capacity building and subproject activities that will take place under the project.

89. The project management information system (MIS) set up during PNDP II will be adjusted to the needs of the proposed project. Indeed, the new MIS will include the following adjustments: (i) complete on-line connection with RCUs and NCU to strengthen decentralized supervision; (ii) extend MIS to allow comparison of planned versus actual performance (i.e., physical and financial) in a format that can also be used in reports to be presented to government and Bank; (iii) integrate financial management system, and (iv) launching of the MIS on the internet for public access with the aim of promoting transparency.

90. The monitoring and evaluation system of PNDP III is designed to consolidate and improve the system used during the first and second phase of the program. It will be organized at four levels: communal, departmental, regional, and national. It will use the PRO-ADP software (Progiciel d'Appui au Développement Participatif) developed during phase 2 to facilitate the monitoring of the implementation of CDP at the communal level.

91. The communal level will be the operational level of the system. Communal development agents will be trained to monitor the implementation of CDPs and to collect data and transmit them to the departmental level. These data will include feedback from communes on PNDP implementation as well as environmental monitoring indicators to determine the effectiveness of environmental mitigation measures implemented under subprojects and the extent to which the

completed subprojects have been maintained in an environmentally and socially sustainable manner. The data collected at the commune level will be consolidated at the departmental level.

92. The departmental level is the first level of consolidation. Data collected at the municipal level will be consolidated and analyzed in each department by the departmental Delegate of MINEPAT (for municipalities under its jurisdiction), and transmitted to the Regional Coordination Unit (RCU) of the project with a copy to the Divisional Office (Prefecture).

93. The regional level is the second level of consolidation. The data collected at the departmental levels will be consolidated and analyzed at the level of each region by the regional officer in charge of monitoring/evaluation of the project. Data collected, consolidated, and analyzed in each region will be channeled to the M&E specialist in charge at the central M&E system.

94. The national level is the third level of consolidation of data from regions. These data will be analyzed by the central M&E specialist in order to develop guidance and remedial actions for improving the performance of the project.

95. **Evaluation.** Baseline data has been established based on studies and surveys conducted during PNDP II. Two impact assessments using the difference-in-difference method (or other relevant method) will be conducted during the implementation of the project: one at the mid-term review, and another one at project completion. Impact studies will assess the impacts of the project on poverty reduction in rural areas. Moreover, the survey of beneficiary's satisfaction with services provided by the project will be conducted every two years. All these assessments will be carried out by independent consultants under the coordination of the project team. Reports to be produced will enable the government and development partners to carry out necessary adjustments in implementation arrangements of the project and to orient the design of future projects.

96. **Participatory monitoring and evaluation.** The communes and beneficiaries will participate in qualitative self-evaluation to measure their satisfaction with improvements resulting from the subproject. They will also assess the subproject's physical achievements (infrastructure). In this way, the communes and beneficiaries will provide inputs to the monitoring and evaluation system of the project.

97. During the biannual joint supervision missions, World Bank staff, government officials, and members of beneficiary communes will assess the status of key project outcomes and update legal covenant compliance. The Mid-term Review will be conducted two years after the first disbursement. A final independent evaluation will be conducted during the last semester of project implementation to assess overall achievement of expected project results. Monitoring and evaluation reports, including environmental monitoring results, will be produced quarterly at the regional and commune levels, and every six months at the central level. Biannual and annual reports will be circulated to sectoral ministries and to the concerned development partners. Furthermore, sectoral ministries will be closely associated with all internal and external monitoring and with supervision missions, during which they assure that the activities undertaken comply with the national standards and policies. The project will also carry out specific studies and independent impact assessments at mid-term and at the end of PNDP III, to measure the social and

environmental impact of subprojects financed. A final evaluation/review at the end of project implementation will be carried out and an ICR will be prepared. The project will support a stakeholder ICR review and validation process. No later than four months after the credit closing date, the NCU will prepare and provide to IDA a report on the execution of the project, its costs and sustainability, and current and future benefits to be derived from it, which is to be attached to the Bank's ICR in accordance with IDA guidelines.

98. **Environmental monitoring.** At the project level, PNDP's M&E System will include environmental monitoring indicators to determine: (a) the use of the environmental screening for subprojects and investments; (b) the effectiveness of environmental mitigation measures implemented under subprojects, and (c) the extent to which subprojects under implementation are maintained in an environmentally and socially sustainable manner. They will also include gender aspects. At the subproject level, environmental monitoring indicators will focus on: (a) the number of subprojects maintained in an environmentally and socially sustainable manner; (b) the number of health centers that have adopted appropriate medical waste management measures; (c) the number of market subprojects that have adopted appropriate waste management measures; (d) the number of women participating in subproject design; and (e) the number of women managing water points; to determine how well gender issues and mitigation measures are being incorporated into subproject design and implementation.

Role of Partners. The French Development Agency, German cooperation (GIZ), and the European Union are partners. To ensure and enhanced action synergy and more efficiency, only investments not supported by other projects and programs will be eligible for the project's financing. PNDP III will explore potential synergies and complementarities with the forthcoming intervention under preparation (Labor Intensive Public Works Project) by the French Development Agency in the Adamaoua, North and Far North regions of Cameroon. This will be reflected in the Project implementation Manual.

Annex 4: Implementation Support Plan

CAMEROON: Community Development Program Support Project-Phase III

Strategy and Approach for Implementation Support

1. The strategy of the Implementation Support Plan (ISP) has been developed according to the nature and the characteristics of the project, as well as its risk profile. The strategy will basically aim at making implementation support to the client more flexible and efficient, and will focus on the principal risks identified and the agreed risk mitigation measures described in the SORT. It will also provide the technical advice necessary to facilitate achieving the PDO. The ISP also identifies the minimum requirements to meet the Bank's fiduciary obligations.
2. Project management and implementation will continue to be conducted at the national level through the NCU, at the regional level through the RCUs and at the local level through the communes. The TTL is based in-country and will ensure regular engagement with the NCU, government agencies and development partners. The Bank will continue to participate actively in the thematic group for decentralization to strengthen collaboration and synergies with other development partner activities and contribute to policy dialogue.
3. Through the ISP, the Bank will complement the client's M&E system by conducting biannual supervision missions with a team comprised of wide-ranging expertise (safeguards, environment, FM and procurement, governance, etc.). Field visits and spot checks will be carried out during supervision missions.
4. The main elements of the strategy are the following:
 - i. **Technical support.** Technical support will be provided to the participating agencies, in general, and the NCU, in particular. This will ensure compliance with different agreed modalities and procedures. Experts of the NCU will provide regular inputs to the agencies in each of these activities.
 - ii. **Procurement.** Implementation support will include the following elements: (a) providing training; (b) reviewing procurement documents and providing timely feedback to the NCU; and (c) providing detailed guidance on the Bank's Procurement Guidelines to the NCU; and (d) monitoring procurement progress against the detailed Procurement Plan.
 - iii. **Financial management.** Support will include the provision of training to the clients, and reviewing the project financial management system (on a semi-annual basis), including accounting, reporting, and internal controls.
 - iv. **Safeguards:** Support to environmental and social safeguards will need staffed missions to project sites twice a year. Support will include capacity building on safeguards requirements and supervision of the application of all frameworks and plans (EMPs, RAPs, etc.), and ESMP implementation.

- v. **M&E:** Adequate support to M&E activities will staff missions to project sites at least twice a year to closely monitor and assess project performance.
- vi. **Technical support.** The Bank will provide continuous extensive technical support through participation in the supervision missions, MTR and eventual ad hoc advisory services. This support will be crucial to the identification of the main factors that may hinder the proper implementation of the activities. The support will include a continuous assessment of risks (outlined in the SORT), fiduciary requirements and inputs, and safeguards.

Implementation Support Plan

Table 6: Implementation support plan

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Focus on all key aspects of the activities of all the components, mainly related to: (i) Assisting communes in planning activities and implementing investments, (ii) Building and strengthening local capacities, (iii) Establishing grievance mechanisms at project level, (iv) Implementing M&E system,	Organizational, leadership, social and environmental safeguards, and procurement. Overall experience on local development, decentralization, community development and community sensitization.	TTL (15 SWs); Environmental safeguard specialist (4 SWs); Social development specialist (4 SWs); M&E specialist (4 SWs); Rural development specialist (4 SWs); Procurement specialist (4 SWs); Financial Management Specialist (4 SWs); Governance specialist (1 SW); Communication specialist (1 SW)	Coordination with European Union, GIZ and AFD
12-48 months	Focus on all key aspects of the activities of all the components, mainly related to: (i) Assisting communes in planning activities and implementing investments, (ii) Building and strengthening local capacities, (iii) Implementing M&E system, (iv) Carrying out supervision missions, (v) Carrying out mid-term independent audits, impact assessment, and beneficiary assessment.	Organizational, leadership, social and environmental Safeguards, and procurement. Overall experience on local development, decentralization, community development and community sensitization. Experience on M&E, Experience in impact assessment	TTL (15 SWs); Environmental safeguard specialist (4 SWs); Social development specialist (4 SWs); M&E specialist (4 SWs); Rural development specialist (4 SWs); Procurement specialist (4 SWs); Financial Management Specialist (4 SWs); Governance specialist (1 SW); Communication specialist (1 SW); Impact assessment specialist (12 SWs).	Coordination with European Union, GIZ and AFD

Supervision Arrangements

5. It is projected that a total of 8 supervision missions will be required over the project period. The ISP will be reviewed at least once a year to ensure that it continues to meet the implementation support needs of the project. Skills mix required are summarized in the table below:

Table 7: Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
TTL	15 SWs annually	As required	Country office based
Procurement Specialist	4 SWs annually	As required	Country office based
Financial Management Specialist	4 SWs annually	As required	Country office based
Social Development Specialist	4 SWs annually	As required	International
Environmental Safeguard Specialist	4 SWs annually	As required	Country office based
M&E Specialist	4 SWs annually	As required	Country office based
Rural development Specialist	4 SWs annually	As required	Country office based
Governance specialist	4 SWs annually	As required	International
Communication Specialist	2 SWs annually	As required	Country office based
Health Specialist	2 SWs annually	As required	Country office based
Education Specialist	2 SWs annually	As required	Country office based

Table 8: Partners

Name	Institution/Country	Role
French Development Agency	France	Coordination on decentralization
GIZ (German Cooperation)	Germany	Coordination on decentralization
European Union	Europe	Synergy/complementarity

Annex 5: Economic and Financial Analysis

CAMEROON: Community Development Program Support Project-Phase III

1. The PNDP III does not lend itself to economic or cost-benefit analysis. All investments would be demand-driven, and their nature cannot be known beforehand. Therefore, an ex-ante estimation of their cost-effectiveness, economic rate of return, and fiscal impact is not possible. All eligible subprojects would be of a service nature or linked with decentralization, and their benefits in economic or financial terms cannot be estimated in advance. Similarly, the economic benefits of capacity building at the individual or the commune level are difficult to quantify with any reasonable accuracy while they are expected to be significant. Therefore the team did not have enough information to undertake ex ante economic and financial analysis. However, given that the key costs and benefits parameters of the third phase will be similar to those of Phases I and II, the results of the ex-post economic analysis of the first and second phases were used to inform the ex-ante economic analysis of the PNDP III.

Financial

Not applicable for this project

2. **Cost-benefit analysis.** The ex-post economic analysis carried out during the preparation of the ICR (2010) of the PNDP I revealed that this project was an efficient and effective use of scarce resources. Indeed, it emerges from the results obtained that on average, PNDP I subprojects generated impressive economic benefits. The average economic rate of return (ERR) was 45.6 percent, ranging from a high of 78.1 percent for rural market construction to a low of 16.2 percent for investments in the education sector. The average net present value (NPV) of Project-supported subprojects was found to be positive and significant (around CFAF 340 million), assuming an opportunity cost of capital of 8 percent. Assuming that the type and mix of subprojects to be financed under PNDP III are similar to those financed under PNDP I, we expect similar performance of subprojects during PNDP III.

3. **Cost-effectiveness analysis.** Several aspects of project design help to ensure that the socio-economic infrastructure subprojects that will be supported under component 1 represent the least-cost, best alternatives. Firstly, the demand-driven nature of each subproject permits scarce resources to flow where they are most needed. Secondly, the use of standard technical designs for the most common types of infrastructure ensures that communes/communities employ least-cost models for subprojects implementation and also decrease search and information costs. Thirdly, the direct implementation of subprojects by communes/communities with support from local service providers and consultants has proven to generate cost-savings when compared to comparable quality works implemented by government agencies.

4. In line with observations made in other countries (such as Burkina Faso) regarding the cost-effectiveness of social infrastructure and services delivery through CDD projects, the PNDP I and II were considered as efficient projects. Furthermore, it appears from results of the ICR (2014) that PNDP II was cost effective. Indeed, the technical and financial audit of the project, carried out on a random sample of 30 percent of communes by an independent auditor for the fiscal years 2010,

2011, and 2012, revealed that the PNDP II generated cost efficiencies, with savings on unit costs that were channeled into additional community infrastructure initiatives. Indeed, the average unit costs of constructing the social infrastructure subprojects were lower than those charged by government departments. For example, the average Project cost of building a classroom with standard dimensions amounted to CFAF7,213,829 versus CFAF9,000,000 by state services and CFAF11,165,000 by FEICOM (*Fonds Spécial d'Équipement et d'Intervention Intercommunal-Special Fund for Council Management*). The unit costs for classrooms constructed by government departments and FEICOM were 25-55 percent higher than those built through the CDD approach in the PNDP II. In addition, the audit found that overall, socioeconomic infrastructures were built according to sectoral standards.

5. Other numerous non-monetary benefits are expected from the project (e.g., decentralization of government administration, education, water supply, and health, etc.). The PIM contains criteria for evaluating the benefits of the CDP-subprojects.

Fiscal Impact: Public-sector resources are needed at two levels, local and national.

6. **Local level.** The financing mechanism for subprojects requires that PNDP dispense financial support through matching grants. Beneficiary communes would have to contribute 0 percent to 15 percent (depending on the type of subproject), and deposit these funds in a bank account set up by the commune specifically for this purpose. Once a subproject is approved by the Communal Council and validated by the Divisional Officer Committee, the relevant regional coordination unit and commune would sign a financing contract. A grant would then be transferred to a bank account set up by the commune.

7. **National level.** PNDP III would support fiscal decentralization by helping the government finalize the legal and regulatory framework and strengthen the communes' financial management capacities. The Government would provide counterpart funds for operational training, and other activities of the project in the amount of US\$56 million equivalent.

8. Overall, the potential positive fiscal impact of the project will be substantial in the long run, mainly due to the diversification of economic activities and employment, which will foster the creation of wealth (income) and the increase in tax revenues in rural areas.

9. **Rationale for public provision.** In Cameroon, the provision of basic social services and productive infrastructures in rural areas is experiencing a market failure, whereas these services and infrastructures are important for the improvement of living conditions of the rural population and the fight against poverty. This could be justified by the restricted engagement of the private sector in providing these services to the rural areas due to the low purchasing power of rural populations, and secondly, the low profitability of basic social services and productive infrastructure in the short-term. Moreover, these services and infrastructures are often public goods that are supposed to be used by all members of rural communities without exclusion. Therefore, public action is required to correct market failures and promote the provision of basic social services and productive infrastructure in rural areas.

10. Value added of the Bank's support. The value added of the Bank's support is as follows:

- (i) The Bank has extensive multisectoral experiences in Cameroon, allowing it to participate in efforts to harmonize support to community action plans;
- (ii) The Bank has acquired broad experience with community-driven development projects in Africa, thus being in a good position to draw lessons from similar development efforts;
- (iii) The Bank has been striving for better donor coordination in rural development in Cameroon. PNDP III, which benefits from the support of multiple donors, can become an opportunity to build a programmatic approach to support rural development in Cameroon.

Annex 6: Proposed Grievance Redress Mechanism

CAMEROON: Community Development Program Support Project-Phase III

1. The importance of a grievance redress mechanism (GRM) in the implementation of projects

The existence of a functional GRM has many advantages in project implementation, including to:

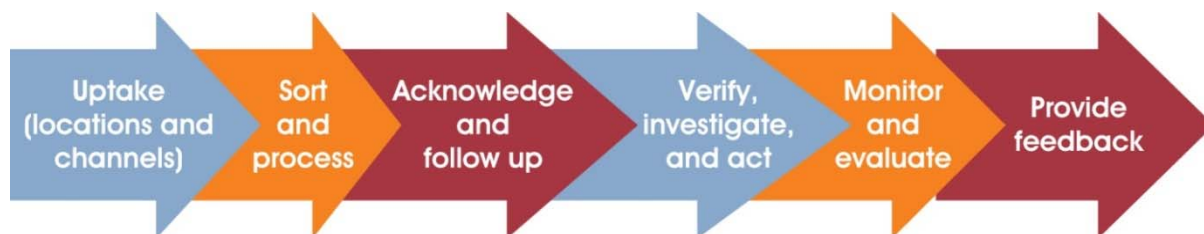
- Create and reinforce trust between different stakeholders involved in a project (Project Management Unit, beneficiaries, and intermediate actors) through information of the public on the activities to be implemented within the framework of the project;
- Promote transparency, accountability and responsibility of the PMU's members;
- Prevent fraud and corruption;
- Facilitate the involvement of all the different stakeholders (and specially the beneficiaries) in the implementation of the project;
- Define and catch problems before they become more serious and impact negatively the achievement of project objectives.

The PNDP Project seeks to support the process of decentralization in Cameroon. The existence of a positive and functional GRM shall help provide the above mentioned advantages in the PNDP III.

A positive and functional GRM is characterized by:

- Many channels to receive complaints and the existence of a reporting system;
- Basic standards on which grievances are treated and problems raised in grievances resolved;
- Deadlines and clear procedures of treatment of grievances;
- Existence of monitoring and evaluation mechanism of the process of grievances management;
- Existence of response system matching with the deadline that can inform the plaintiff of each action undertaking following the grievances.

According to these characteristics, the chain of grievance management can be summarized in the figure below.



A consultant was recruited by the World Bank to establish a mechanism to manage grievances that is reliable and easy to implement and adapted to the specificities of the PNDP III. An evaluation

of the GRM existing in PNDP I and II has been carried out according to international standards and good practices in the domain. The findings are below.

2. Evaluation of GRM's implementation in PNDP I and II

Feedback Management Area	Existing Practices
<p>Uptake (Locations and Channels)</p>	<p>The grievances get to PNDP through the following bodies:</p> <p>The regional coordination of PNDP: Regional coordination of PNDP receives most of the grievances. The plaintiffs are essentially service providers already contracted by PNDP or people who have not succeed to be contracted.</p> <p>MINEPAT: The Ministry of Economy, Planning and Regional Development which supervises PNDP equally receives numbers of complaints concerning the project. These complaints are then transmitted to the National Coordination of PNDP for treatment.</p> <p>Other channels (MINMAP; MINFI): Other channels of receiving grievances have been observed within the framework of the phases 1& 2 of PNDP project. They are constituted by MINMAP and MINFI.</p> <p>The means used by plaintiff to complain are as follows:</p> <p>Oral complaints: Oral complaints are in most cases received by the regional coordination of PNDP.</p> <p>Written complaints: Written complaints are the format mostly used by plaintiff.</p> <p>Complaints made through telephones (telephones calls and SMS): Complaints through the phone are essentially received by regional coordinators.</p> <p>However the existence of all these channels does not really favor the treatment of complaints received within the framework of PNDP project.</p> <p>There exists another possibility of addressing complaints through the website of PNDP, but this means has not been really used by the different parties according to PMU's members. There have been only 5 complaints since the creation of the website.</p>
<p>Sorting and processing</p>	<p>No policy or procedures of standardization exist to treat complaints and ensure reporting to plaintiff.</p> <p>The services that receive written complaints treat them as others letters addressed to PNDP: They systematically transfer them to national or regional coordinators. They next transfer them to the competent services for treatment or they resolve the grievance raised in the complaints themselves. Oral complaints and those made through telephone (calls and sms) are not registered.</p> <p>The system of complaints' registration does not match with the international standards of GRM. Indeed, only written complaints are registered in the same way as other letters received by PNDP and, other forms of complaints (oral and telephone) are not registered.</p> <p>The classification system is not specific to the grievances complaints and, consequently not functional.</p> <p>The deadlines for complaints treatment are neither formalized nor standardized.</p>

Acknowledgement and follow up	There is no systematic means of receiving complaints and ensuring reporting and feedback to plaintiff. Most of the plaintiff made themselves the follow up of complaints' treatment through regular reminders to the PMU's members.
Verify, investigate, and act	Investigations are not always carried out when there is a complaint because the PMU sometimes considers the treatment of complaints as a boring and secondary activity. When investigations are carried out, they sometimes take too much time and key aspects of complaints treatment as confidentiality are not always respected because the whole chain of treatment of letters of PNDP is awarded of the content of investigation report. At the end of the investigation, reparative actions aren't systematically taken to correct the problems raised in the complaint.
Monitor and evaluate	No monitoring system of complaints' treatment and reporting system of investigation results to plaintiff exist. Complaints are archived in the same way as other letters that get to PNDP. There is no report on the state of complaints treatment (that integrates statistics on the complaints received, treated and grievances solved) by the PMU.
Provide responses and communicate	There are no procedures and specific standards favoring reporting of the treatment of grievances to plaintiff. There is no tool or policy of communication that has been developed in the framework of GRM.
Capacity Building	Personnel of PNDP directly or indirectly involved in the management of complaints have not been trained to carry out this mission. There have been cases of lack of courtesy by personnel of PNDP towards plaintiff.

3. Types of grievances observed during the implementation of PNDP I and II

The types of complaints registered during the implementation of PNDP I and II are summarized in the table below.

Types of grievances	Category of Plaintiffs
Grievances linked to the treatment of payments files	Service Providers
Grievances linked to the award of public contract procedures	
Grievances or complaints related to the quality of service	Local Councils
Grievances or denunciations linked to corruption	Service providers, media and other ordinary citizens
Grievances linked to the reimbursement of finances of technical service	Sectorial Components

4. Recommendations to improve the GRM in PNDP III

Following an exchange of information with different project stakeholders (PNDP, beneficiaries of the project, civil society), many recommendations were made to improve the existing GRM to make it more effective and above all more efficient within the framework of PNDP III.

The recommendations are the following:

- **The Involvement of the Civil Society in the GRM process:** The analysis of the existing GRM showed that the constraints of the PNDP team are many and that they perceive the treatment of complaints as a supplementary and boring task. Members of the PMU would be more interested if there was a neutral actor to observe the process and report on its efficiency. This role could be played by civil society. In conclusion, civil society could have several different roles:
 - **Vigilance of PNDP:** Civil society could review PNDP's engagement on matters concerning the management of complaints and resolution of grievances. Elsewhere, civil society would ensure an independent follow-up of the PNDP's activities;
 - **Partners with PNDP:** At this level, civil society could collaborate with the PNDP in the field to disseminate and communicate on the mechanisms of resolution of grievances, participate in the resolution when that is necessary and based on the conditions defined in the partnership agreement with PNDP (this would contribute to reducing the work load on the PMU);
 - **Service Providers to the PNDP:** Civil society could be a client of the PNDP for a specific task such as the collection, selection, follow-up and feedback on grievances or complaints.
- **Informing users of the existence of a GRM in PNDP project:** During PNDP I and II, grievances against the program were addressed to institutions which were not in a position to address the complaints (MINMAP, MINFI or MINEPAT). This situation had two main consequences: long deadline of resolution of problems raised in the grievances and the difficulties for the plaintiff to follow-up on the feedback. When users are informed, the risk of dispersion of complaints is reduced because users will know:
 - To whom to complain in case of a problem;
 - The channels through which they can complain (email, website, letter, oral means, face to face or through phone);
 - Where they can complain;
 - How to complain (the content of a good complaint or denunciation).
- **Training PNDP teams on the grievance management process:** It was noted in the evaluation of the PNDP I and II GRM that some PNDP workers were unpleasant with plaintiffs and the situation became adversarial. It is urgent to train members of the PMU team on how to handle the treatment of complaints with some of the following topics:
 - The importance of the existence of a functional and positive GRM for the project;
 - The importance of the GRM on the results of the PNDP III;
 - The techniques of treating complaints;

- The archiving of complaints and the organization of statistics according the standards on GRM;
- The approach of collaboration with others stakeholders intervening in the process of grievances management (civil society for example);
- The use of tools of treating and managing the complaints.
- **The development of appropriate tools to facilitate the treatment of complaints:** These tools are varied and can be:
 - The “placement” of grievances boxes and how managed;
 - The use of telephone (calls and SMS) and the computer (complaints through email).

5. PROPOSAL FOR A NEW GRM FOR PNDP III

a. GRIEVANCE RESOLUTION APPROACH

On the basis of information gathered during the evaluation of the existing GRM, a new mechanism has been proposed as follows:

Stage 1: A plaintiff informs authorities (PNDP regional or national authorities and other administrations) on a grievance observed during the implementation of the PNDP project. This can be done through multiple channels and the complaints or denunciations can be collected at different places. The complaints and denunciations can be done through email, telephone, PNDP’s website and letters or mails. When these complaints and/or denunciations of grievances are received by these administrations other than PNDP, they immediately transmit them to PNDP for action. These complaints and denunciations shall be directed to the monitoring and evaluation Officer (at national or regional level) who is in charge of their treatment.

Stage 2: Capture: The monitoring and evaluation Officer carries out the following actions when a complaint or a denunciation is received:

- Register all complaints, denunciations, petitions and suggestions in registers at different levels;
- Issue a unique code for each complaint, denunciation, petition and suggestion received;
- Communicate on the different options, channels and contact with different communication tools;
- Give an account to the National or regional coordinator of the arrival of complaint and its content.

Stage 3: There are two hypotheses at this level:

Hypothesis 1: If the complaint or denunciation is not connected to the project’s activities, the plaintiff is referred to the appropriate services capable of addressing the complaint.

Hypothesis 2: If the grievances or denunciation concern the project’s activities, the monitoring and evaluation Officer should carry out the following operations as follows:

- **Select and transmit :**

- Clearly identify those in PNDP (services and persons) who are better placed to look for a solution to problems raised in different complaints;
- Establish a clear deadline for each stage of the process of treatment of complaints.

N.B: The monitoring and evaluation Officer at the regional level must transmit all the complaints linked to grievances to the National Coordination every month to constitute a national database.

- **Acknowledge reception and follow-up:**

- Inform users at every stage of the complaint treatment process;
- Try to resolve grievances at the first point of contact: To do this, the monitoring and evaluation Officer must involve all the competent stakeholders in the process (including the civil society in zones where the civil society organizations (CSOs) are well established and if their intervention can help to solve the grievance raised in the complaint at the reasonable deadline);
- Respect issued deadlines to respond to users.

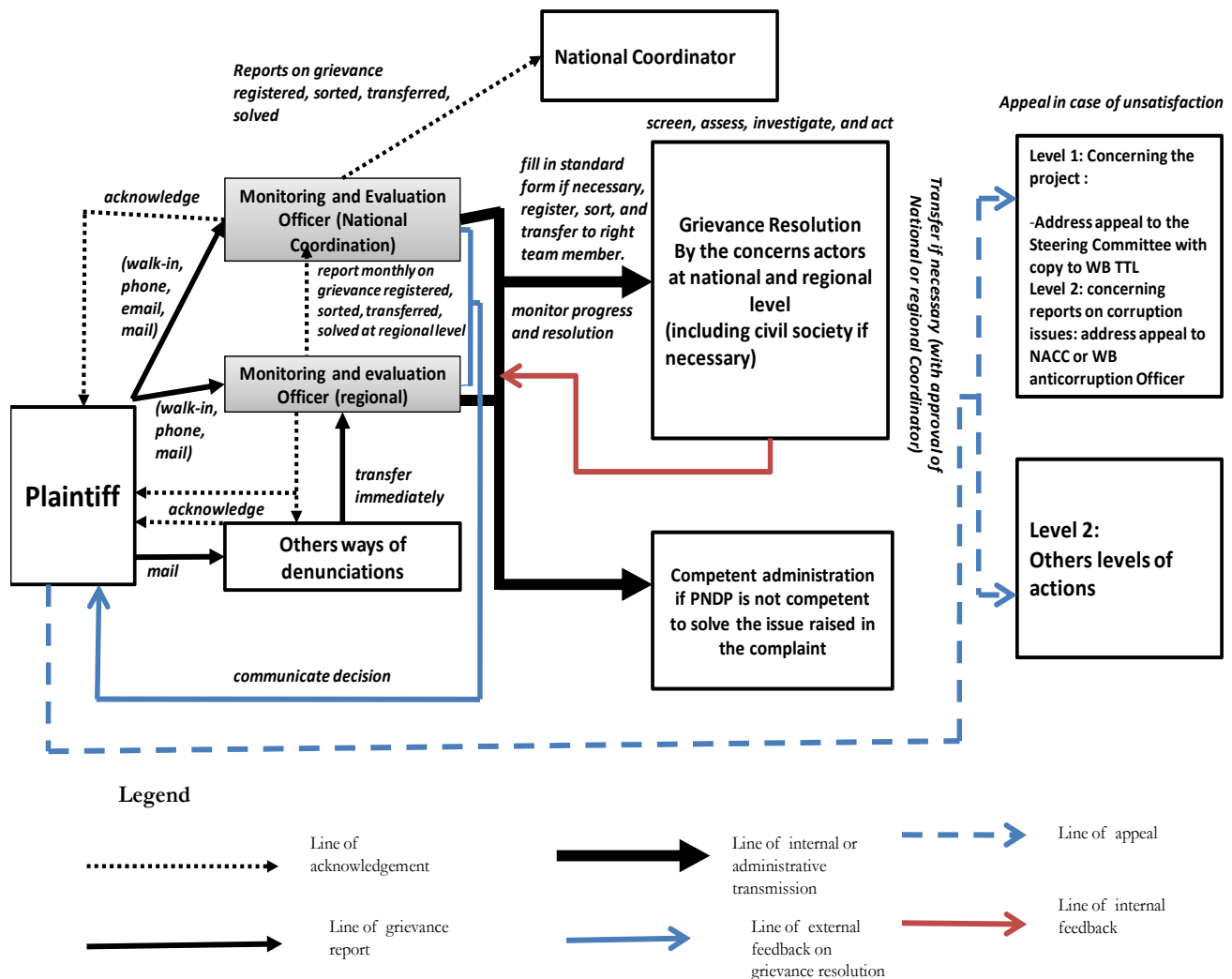
Stage 4: Verify, Investigate and Act: Here, the actions to be carried out are:

- Objectively evaluate the validity of the complaint on facts and evidence;
- Ensure that the persons involved in the investigation are neutral and impartial;
- Act in proportion to the petition or grievance.

Stage 5: Follow-up and Evaluate: This activity is done by the monitoring and evaluation Officer:

- Show the importance of the system of grievances by inscribing it in the agenda of meetings of the project;
- Put in place a system of follow-up that includes traceability in order to archive and classify progress of resolution of the grievance and evaluate trends;
- Analyze the data (trends), improve the GRM and eventually adjustment management of the project if necessary in case of clear trends or the location of the grievances;
- Act in proportion to the petition or the complaint;
- Inform the plaintiff;
- Contact users to explain how their grievances have been resolved and indicate to them how to appeal if the decision taken was not satisfactory to them. Within the framework of the project and related to the problems raised, they can call on the brigade to follow-up on the public investment budget (PIB) and the Steering Committee of the project with a copy to the TTL of the project at the World Bank (for infractions linked to the execution of the project). They can also refer to the NACC, the anti-corruption unit of MINEPAT or the World Bank Anticorruption Officer when the concern raised in the complaint is about corruption.
- Publish results of investigation so that the grievance management system gains in terms of visibility and credibility.

The process described above is summarized in the following diagram:



b. GRM INDICATORS FOR THE PNDP III

- The number of complaints registered;
- The percentage of complaints concerning the project transmitted by other stakeholders;
- The percentage of grievances resolved;
- The percentage of grievances resolved in the respect of deadline defines for this task.

6. Standards to be respected in the framework of the GRM implementation

- **Celerity in the treatment of complaints:** Institute reasonable deadlines to treat and find a solution to problems raised by the plaintiff. This deadline must be in function of the types of problems that are raised in the complaints.

- **Transparency in the treatment of complaints:** This supposes that information on the level of treatment of the complaint must be regularly transmitted to the plaintiff whether when requested or not;
- **Equity in the treatment of complaints:** All the complaints must be considered and treated without discrimination;
- **Traceability in the treatment of complaints:** Dispositions must be taken to make sure that all grievances are registered from their receipt, classification and archiving after their treatment and resolution;
- **Accountability of persons involved in the treatment of complaints:** The members of the PMU in charge of managing complaints and solving grievances raised by those complaints must give an account of the process;
- **Probity in the treatment of complaints:** The members of the PMU involved in the treatment of complaints must respect all the standards outlined to this effect.

Annex 7: Series of Projects Performance and Lessons Learned

CAMEROON: Community Development Program Support Project-Phase III

1. 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 a Series of Project (SOP) consisting of three four-year phases. The purpose of this three-phase SOP, 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. The PNDP supports decentralization by strengthening local technical and financial capacity and building social capital to improve delivery of basic services, generate economic opportunity, and address poverty and growth.
2. **Phase 1 (2004-2009).** The IDA Credit for the Community Development Program Support Project—Phase 1 (PNDP 1) 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). This phase was closed on November 30, 2009.
3. The Community Development Program Support Project (PNDPI) was the first phase of the program. Its objective was to assist the GOC in setting up and implementing a decentralized financing mechanism to ensure participatory community development in rural areas. It would (i) establish a system for channeling funds to rural communities to finance prioritized collective infrastructures; (ii) strengthen the capacity of communities and local governments to plan and manage their own development; and (iii) improve the legal and regulatory framework for decentralized rural development. Communities and communes would be engaged in a participatory appraisal of their needs, culminating in the implementation of subprojects cofinanced by the project. Efforts would be made to clarify procedures and build local governance capacity for communes so that resources and local development responsibilities could be transferred to them. Special efforts will be undertaken for enable marginalized people (indigenous communities, nomads, women, etc.) to participate in the project.
4. Over the four-year implementation period, the project refined its approach and methods and initiated project activities in five of the ten regions (the North; the West; Adamaoua; the Center, and the South). Successful implementation of the project during the period 2004-2008 made it possible to achieve the main projected results. The first phase also provided an opportunity to test, confirm, and firmly establish participation of the communes and local communities as a viable and large-scale grassroots development option. Table 1 presents the PDO indicators and their levels of achievement.

Table 1. Performance of Key PDO indicators.

	Key PDO indicators	Target end-of phase values		Realized	
		PAPNDP (IDA)	PNDP (Total)	PAPNDP (IDA)	PNDP (Total)
1	(a) Number of subprojects implemented (financed)	100	500	340	691
	(b) Number of subprojects implemented (completed)	-	-	150	350
2	Number of Local Development Plans prepared (50% of the 2300 target)	285	1150	2996	3096
3	Number of Communal Development Plans prepared (75% of the 153 target)	29	115	90	135
4	Number of health centers rehabilitated or built	-	50	20	32
5	Number of classrooms rehabilitated or built	-	150	103	247
6	Number of improved rural roads subprojects	-	30	-	80
7	Number of water supply infrastructure rehabilitated or built	-	150	190	467
8	Decentralization legal texts have been prepared	*See note	*See note	*See note	*See note
9	Number of communes in which staffs and/or elected authorities have benefited from training sessions or sensitization campaigns	38	153	90	161
10	Percent of targeted communes that have a rate of implementation of their budget higher than 50%	50%	50%	68%	68%
11	Number of infrastructure carried out under the subprojects that are maintained and operational	70	350	159	350
12	Percent of targeted communes that have achieved a rate of tax covering higher than 50% as compared to the baseline	50%	50%	77%	77%
13	Percent of subprojects submitted to Communal and Provincial Decision Committees upon which a properly grounded decision has been rendered	95%	95%	100%	100%
14	Number of targeted communes	38	153	155	155
15	Number of direct beneficiaries of Project-financed infrastructure				
16	Total number of beneficiaries	0	0	674,312	1,613,241
	(a) Education	0	0	98,415	209,472
	(b) Health	0	0	116,916	168,891
	(c) Electrification	0	0	89,629	230,577
	(d) Water and Sanitation	0	0	164,778	391,646
	(e) Economic infrastructure	0	0	128,169	439,438
	(f) Women and gender promotion	0	0	8,764	11,685
	(g) Sport & Leisure	0	0	21,780	36,300
	(h) Transportation	0	0	45,861	124,932
	(i) Natural Resources Management	0	0	-	300

Notes. * The legal texts include: (i) Laws and application decrees on local taxation and the financial regime of decentralized territorial committees (CTD); (ii) Directives on employment types and organization charts of CTD; (iii) Decrees on deconcentration chart and the use of the deconcentrated public services by CTDs; and (iv) Drafting of the national and sectoral strategy on decentralization.

Sources: From ICR (2010), page 18

5. According to an independent survey carried out on December 2008 and sectoral data collected from recipients and consolidated by the provincial units of the project, the overall impact of the project on beneficiaries is considered satisfactory. For instance:

- In the education sector, nearly 9,900 students have improved access to education facilities through the construction of 116 classrooms and provision of 6,415 textbooks to 13 primary and two secondary schools. These facilities have substantially reduced the average number of students per classroom to an estimated 45 (compared to 70-80 students outside of the project area). However, this average hides the disparities from one province to another, which can be as large as 70 students in the Western Province and only 30 students per classroom in the South;
- In the health sector, about 28,000 people now have access to better health care through 16 integrated health centers, including maternity hospitals built or rehabilitated. As a result, the distance for the rural population to access the nearest health center in the project area has declined from about 10 km to about 5 km on average, leading to an increase of the frequency of consultations from 253 to 376 patients per month;
- About 11,500 households now have access to safe drinking water, following the development of 262 water points, thus bringing the number of inhabitants per water point to 265 that are close to the sectoral standard of 300. This has led, for instance, to a decrease in some water associated diseases such as diarrhea and typhoid and decrease in time and difficulty of finding drinking water (long distance to water sources have also been associated with the risk of rape of women);
- In the transport sector, rehabilitation of approximately 159 km of rural roads has facilitated access to markets and basic social services for an estimated 206,804 persons in 118 villages;
- Through 15 electrification subprojects, more than 5,000 households now have access to electricity.

6. **Triggers from phase 1 to phase 2.** The Project had satisfactory performance on Phase 2 triggers (Table 2)

Table 2: Performance of Phase 2 Triggers

	Phase 2 Triggers	Target end-of-phase		Values December 2009	
		PAPNDP	PNDP	PAPNDP	PNDP
1	Number of targeted communities that have defined and adopted a local development plan and elected a local committee	285	1150	2996	3096
2	Number of communities that have fully and successfully implemented one subproject	140	575	151	282
3	Number of targeted communes that have defined	19	75	131	135

	Phase 2 Triggers	Target end-of-phase		Values December 2009	
		PAPNDP	PNDP	PAPNDP	PNDP
	and adopted a local development plan and elected a local committee				
4	Number of commune that have fully and successfully implemented one subproject	5	19	8	61
5	Number of targeted communes that have acquired enough capacity to receive and manage PAPNDP funds	4	15	5	53
6	Percent of the [resources allocated to] Component 1 have been disbursed	25% [US\$2,5 million]	25% [US\$13,25 million]	66.2% [US\$6,62 million]	45.1% [US\$23,89 million]
7	Number of targeted communes that have profited from training programs	19	75	90	161
8	Legal texts on decentralization have been drafted	Draft legal texts prepared*		Yes	
9	Status and organization charts of communes have been prepared	Organization chart of communes prepared		Yes	

*See notes to table 1

Source: ICR (2010), page 19

7. **Phase 2 (2010-2013):** The second phase of the program (Phase 2) 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.

8. The Project Development Objective (PDO) of Phase 2 was to improve the delivery of specified basic social services (health, education, water and sanitation) in targeted communes and to extend the ongoing process in support of decentralization to new regions. The main beneficiaries were the communes and communities supported during PNDP I (155) plus 167 non-covered communes, of which 110 were in the five remaining regions.

9. Phase 2 was expected: (i) to sustain efforts launched during the first phase and to support the scaling up of project interventions to more of Cameroon's regions, communes, and populations; (ii) to complete key institutional reforms on decentralization and local development, thus paving the way for a programmatic approach to implementing the country's Rural Development Strategy; (iii) to maintain PNDP support to communes from the previous phase and target new eligible communes to reach at least one community (village or village cluster) per rural commune; (iv) to promote collaboration among communes supported during the previous phase. Table 3 presents the PDO indicators and their levels of achievement.

Table 3. Performance of Key PDO indicators

Outcome Indicators	Target Values at the end of the phase	Achievement
Eligible communes (147) which have implemented subprojects (295) have increased the rate of coverage of basic social services by at least 5 percent in at least one of the following four sectors: health, education, water, and sanitation (number, %)	147 50% of communes	133 (45% communes)
Students in Project area with improved access to education facilities (number)	20,100	44,340
People in Project area with improved access to health care facilities (number)	102,000	428,925
People with access to an improved water source (number)	70,000	437,100
Households in Project area with better road access to markets and social services (number)	193,000	211,682
Eligible communes (99) in the new five regions that have prepared CDPs of a quality acceptable to the Association (%)	90%	100%

Source: ICR (2014), Section 3.2., pages 19-21

10. Furthermore, the results of the impact assessment of the Project carried out by the National Institute of Statistics (2013) at the end of the Project indicate that:

- In the area of water and sanitation, the Project improved the living conditions of 437,100 people through the construction of 1,457 water points. This intervention helped to reduce the prevalence of waterborne diseases;
- In the education sector, the Project improved the conditions for education of 44,340 students through the construction of 739 classrooms and the provision of 13,710 benches. Moreover, the rate of success of students in examinations in schools of beneficiary villages rose by 2.76 percent, to 82.4 percent versus 79.8 percent for non-beneficiary villages;
- In the field of health, access to health care improved for 428,925 people through the construction and equipment of 28 health care centers. About 41 percent of households in beneficiary villages are now within 500 m of the nearest health center and 93 percent of beneficiary villages are within 5 km of the first health center versus 87 percent of non-beneficiary villages;
- In the transport sector, 18 villages comprising 25,873 households benefited from better transport conditions and travel through the construction or rehabilitation of 306 km of road and the construction of five culverts. The direct impact of the construction of rural roads in the communes was the reduction of transportation costs. Overall, these costs decreased from 400 CFAF to 200 CFAF per km by motorcycle in the Littoral region and from 200 CFAF to 100 CFAF per km by car in the Centre region, based on the NIS (2013) survey results.

11. **Regarding support for decentralization**, the actions of PNDP II strengthened the technical and operational capacities of communes so that they can effectively promote local development. Indeed, the Project supported:
- (i) Deployment of the financial and accounting management software (SIMBA) in 53 communes. Based on the results of the first wave of implementation, a deployment plan was prepared and will be implemented in other communes;
 - (ii) Training of 1,720 members of municipal procurement committees;
 - (iii) Training of the decentralized state services' staff, municipal staff, and LSPs on the inclusion of social and environmental aspects in the preparation and implementation of CDPs and subprojects;
 - (iv) Preparation of 91 land use and management plans for communes;
 - (v) Production of additional official documents for Pygmies (673 birth certificates, 415 National Identity Cards, 17 marriage certificates, etc.), which allowed them to become full citizens in Cameroon;
 - (vi) The equipment of 329 municipalities with computers and GPS and of 209 communes with motorcycles, which improved data collection and working conditions in communes;
 - (vii) Establishment of a mechanism for decentralized funding through the allocation of funds to municipalities to finance their development activities;
 - (viii) Organization in April 2013 of a sub-regional seminar to exchange experiences on decentralization;
 - (ix) Development and production of 325 CDPs, used by mayors to prepare AIPs that reflect the priority needs of communities. The Minister of Economy, Planning, and Regional Development (MINEPAT) stated in the PNDP newspaper ("*Echos du PNDP*," No. 2) that: "The PNDP's experience in planning has been spreading in Cameroon as evidenced by the numerous requests expressed by some urban communes to benefit from this important planning tool;"
 - (x) Recruitment of communal agents to enable local government to have access to qualified personnel. A total of 521 municipal employees, including 259 technicians and 262 financial officers, are currently stationed in communes. These staff are responsible for tracking fiscal assets and for M&E at the communal level. Their personal contribution to the improvement of communal management is already noticeable. The data collected show that the contribution of these staff is particularly visible in the improvement of tax revenues, budget execution, archiving, and monitoring the implementation of CDPs and Micro-projects (MPs), as well as in the collection of communes' socioeconomic data. The payroll of these new staff was supported by the Project during the first two years and later by communes themselves. According to the performance assessment of these communal staff, most communes concluded that their provision was a pertinent response to the recurrent lack of qualified human resources in numerous communes. Ninety-one percent of these staff had at least two years of experiences in community development-related issues, including local planning, project management, civil and rural engineering, accounting and management, banking, and insurance. Moreover, 91 percent of mayors interviewed were satisfied with the work done by communal staff made available by the Project. Financial officers favored the increase in tax revenues of communes. Indeed, municipalities have broadened their tax base and increased the level of tax collection. Overall, the performance of technical officers and financial officers was rated satisfactory. Specifically:

- (a) In the municipality of Mfou, the financial officer helped to increase the fiscal revenue by 300 percent, from 100 million CFAF in 2008 (without the financial officer) to 300 million CFAF in 2013 (with the presence of the financial officer);
- (b) In the municipality of Figuil, the financial officer helped to increase the fiscal revenue by 245 percent, from 162 million CFAF in 2010 (without the financial officer) to 397 million CFAF in 2013 (with the presence of the financial officer);
- (c) In the municipality of Moyuka, the financial officer helped to increase the fiscal revenue by 150 percent, from 340 million CFAF in 2010 (without the financial officer) to 510 million CFAF in 2013 (with the presence of financial officer). The contribution of the technical officer is particularly visible in the improvement of M&E, the implementation of CPDs, and in the collection of social infrastructure data.

12. The balance of services offered by the PNDP II, as perceived by respondent beneficiaries, is encouraging and is characterized by:

- (i) Excellent coverage of program interventions at the national level. In addition to the supply of equipment to communes, almost all targeted communes received four other services offered by the PNDP II, including: (a) development of their CDPs (100 percent); (b) funding and implementation of their MPs (94 percent); (c) provision of communal agents (77 percent); and (d) training/capacity building of their staff (96 percent).
- (ii) Strong ownership by communes of the CDP development process. Nearly three out of four target communes have a CDP aligned to the Growth and Employment Strategy Paper (GESP) and the CDPs is being updated to align them to the GESP with the support of the program in all communes that have a former CDP.
- (iii) A satisfactory level of budget absorption. The level of consumption of global resource allocations to municipalities in PNDP II was 100 percent for IDA resources. In addition, IDA resources allocated for funding and implementation of MPs, totaling 8.7 billion CFAF (or about 57 percent of budget funds for this activity) were fully consumed.
- (iv) Strong ownership by communes of planning and management mechanisms. Thanks to the capacity enhancement/training program, 53 communes benefited from the installation of the SIMBA software to improve their accounting. The pilot introduction of a mechanism for citizen control of public action in 10 municipalities (one per region) was duplicated in other municipalities. In addition, a database of service providers was available in all target communes and to the public.
- (v) The different categories of beneficiaries (communes, service providers, sectoral ministries and population) appeared generally satisfied with the support received from the program. Overall, 93 percent of beneficiary communes were satisfied with the program's services.

13. **Triggers from phase II to phase III.** The level of achievement of trigger indicators needed for the third phase is satisfactory. Of the four trigger indicators, three have already been fully met, including:

- (i) Draft laws and decrees on decentralization prepared during the first phase of the Project were adopted and promulgated: (a) Law No. 2009 of December 15, 2009, on local taxation and its decree; (b) Law No. 011 of July 10, 2009, on the financial regime of communes; and (c) Rule No. 00136/A/MINATD/DCTD of August 24, 2009, making enforceable standard tables of municipal employment;

(ii) At least 90 percent of communes supported by the Project reflected priority investments in their CDP and budget. At this stage, all new 178 communes with a CDP also have an AIP;

(iii) About 93 percent of beneficiaries are satisfied with PNDP services (CDPs, provision of communal agents, funding of MPs, capacity enhancement, and supply of equipment to communes);

(iv) With regards to the fourth trigger indicator (preparation and approval by the government of the Charter on Decentralization), the draft charter was prepared and is awaiting government approval. Given the Project's positive track record, the GOC requested (by Letter No. 003356/MINEPAT/CAB of August 13, 2013) IDA funds to finance the third phase of the program (APL3). The third phase will be built on the success and lessons learned from the implementation of Phases I and II. It will consolidate what has been achieved and prepare an exit strategy. Meanwhile, the government has initiated discussions to transform the PNDP into a National Participatory Development Agency to ensure its sustainability.

14. **Phase III (2015-2019):** As envisaged in 2004, Phase 3 was supposed to focus on consolidation with: (a) complete national coverage, and (b) institutional support and capacity-building activities aimed at developing a sustainable institutional and financial mechanism that would support local development. At the end of this phase, local development responsibilities would be totally transferred to communes.

Lessons Learned and Reflected in the Project Design

15. The proposed project design draws on lessons from the strengths and weaknesses of previous phases, from similar-on-going and past operations in other countries in the region, and in particular, the experiences gained from the on-going experience in Burkina Faso and Niger. Key lessons reflected in the project design are the following:

16. **Involve key stakeholders at all levels early in project design and preparation.** The project was developed with participation of government agencies, development partners (French Development Agency, German cooperation etc.) and local stakeholders, including civil society, NGOs, and parliamentarians. Strategies to work with stakeholders at community level and build government commitment were developed during phases I and II and integrated into project design.

17. **Improvement of regulatory framework.** Based on the achievements of the first phase, it is clear that the involvement of government authorities and sectoral ministries does not by itself improve the quality of services. For a program like the CDP to be truly effective, it must be accompanied by an improved legal and regulatory framework for decentralization, including a clear definition of the responsibilities of each participant (administration, communes, civil societies, the Program Management Unit) and adequate resources to help municipalities prepare technical records, manage contracts, and monitor and control investment and other activities. Further efforts in this respect are still needed to improve the legal and regulatory framework of decentralization in Cameroon. Experience from the previous phases, however, has already shown that the communes, working in synergy with sectoral ministries, can play a leading role in local development.

18. **Quality of subproject documents.** The quality of feasibility studies for some subprojects and bidding documents is highly correlated with the selection criteria for consultants and contract

management. Having high-quality documents and the right consultants depends largely on the capabilities of the communes to plan and manage service contracts (“*maitrise d’ouvrage*”). Close support during the preparation and implementation of bidding instruments and documents contributed to develop more transparent processes, such as the selection of consultants, contracts and in management of subprojects. These instruments contributed to build the capacity of communes to plan and manage infrastructures.

19. **Local development plans.** Local development plans can be very important tools, but current community-level plans do not take into account the constraints and opportunities of the external environment. At this stage of decentralization, therefore, the preparation of local development plans should be refocused from communities (villages or village clusters) to the communes because they represent the lowest level of actual structure of decentralization and provide a better oversight for the development of the communal territory.

20. **Streamlining funds transfers.** The experience in the two previous phases of PNDP demonstrated the feasibility of setting up a mechanism to channel resources directly to communes. However, this action must be accompanied by a well-established system for monitoring and control of resources. The transfer of resources should be aligned with a robust mechanism of activities planning to ensure the effective implementation and completion of all activities at communes’ level.

21. **Addressing poor governance.** The most recent rating for the procurement risk of PNDP I and PNDP II was substantial. Despite attempts to develop local procurement capacity during PNDP I and PNDP II, the independent procurement reviews carried out during project supervision showed that the agreed procedures are not consistently applied or are insufficiently documented to justify the awards made by the local tender boards. The substantial risk of corruption at the micro-project level should be mitigated by the grievance redress mechanism, the citizen scorecard mechanism, the participatory monitoring, and the periodic detailed technical and financial audits.

22. **The CDP can be considered as a reference tool for planning and dialogue to support local development, but its level of ownership by line ministries remains weak.** Indeed, participatory planning has identified sectoral priorities for local development but those need to be better taken into account in the PIB to consolidate and sustain the financing of local development. In addition, the level of coordination of support to local development is still insufficient. PNDP III will coordinate with the various organizations involved in local development to ensure complementarity and synergy on the ground. Using the Investment Budget Monitoring committee at the local council’s level could be a good way to ensure both (i) multi-sectoral monitoring of BIP and PNDP investment at the local council level and (ii) securing ownership of the PNDP micro-projects by sectoral administration.

23. **Funding and implementation of multisectoral development priorities can improve access to basic social services, but mobilization of beneficiaries' contributions remains insufficient and the demand for economic investments very important.** The Phase II impact study showed that the project improved access to basic social services in different sectors (education, health, water, sanitation, and transport) and generated many temporary and permanent

jobs. However, households' access to basic social services provided by the project may still be limited by their low incomes.

24. **The funding allocation system improves resource management by municipalities.** Indeed, given the competition in the procurement process, mayors were able to achieve a greater number of micro-projects for their populations within their allocations.

25. **The citizen control mechanism improves communes' governance.** The pilot citizen control mechanism implemented in 10 communes allowed the communes to better understand their populations' perceptions of the services provided and to consider improvements. This operation is considered an effective tool of governance through which significant changes can be capitalized in communes. A computer application was developed and put online. The pilot operation will be extended to other communes during the implementation of PNDP III.

26. **Governance remains an important challenge for the promotion of local development in Cameroon.** Despite IDA procedures, the participatory approach, and the capacity building of stakeholders, the project failed to prevent governance issues that were raised during implementation. The project focused on access to basic social services and placed little effort on the prevention, treatment, and management of complaints. An effective grievance redress mechanism has been designed and put in place for PNDP III.

27. **Decentralization is a very long-term process, exceeding project deadlines despite the use of a Series of Projects.** The long process justified the limited objectives for decentralization in PNDP II. Although Phases I and II helped to define the legislative and regulatory framework for decentralization by supporting the preparation of several draft laws and decrees, considerable work still needs to be done to stimulate sustainable local development. Indeed, the transfers of responsibilities and resources to the municipalities are not yet being done optimally.

28. The following tables present additional information on the decentralization process in Cameroon.

Table 4: Institutions that implement the decentralization process

Institution	Under the authority of	Created	Responsible for	Level of activity
Conseil National de la Décentralisation (CND)	Prime Minister Office	2008	Monitoring effective implementation of decentralization	9 meetings in 2008-2014
Conseil Interministériel des Services Locaux (CISL)	Min. of Territorial Administration (MINADT)	2008	Implementing and monitoring the transfer of skills and resources to regional and local authorities	10 meetings in 2008-2014
Conseil National des Finances Locales (CONAFIL)	Min. of Finance (MINFI) with Annual report on local public financial management (PFM) sent to CISL	2011	Monitoring local councils' revenue mobilization and good management of local finances	Annual reports produced for 2012 and 2013

Table 5: Main Legislation and Regulations related to Decentralization in Cameroon

year	Number of act	Date	Title
1967	Law 62/2/COR	1 March 1967	Law creating the Special Urban Communes headed by an appointed Delegate (Douala, Yaoundé and Nkongsamba).
1974	Law 74/023	8 December 1974	Municipal organization and various subsequent modifications.
1977	Decree 77/091	25 Mars 1997	Organizing supervision over municipalities, municipal association and unions, and municipal institutions, as well as subsequent modifications.
1987	Law 87/015	15 July 1987	Creation of urban metropolitan areas
1992	Law 92/002	14 August 1992	Condition for election of municipal councilors
1996	Law 96/06	18 January 1996	Revision of the constitution 2 June 1992 – providing for Decentralized Unitary State
	Decree 77/85	7 May 1996	Modifying certain measure of decree 77/85 of 22 March 1977 establishing the functioning and management of FEICOM and its subsequent modifications
2004	Law 2004/017	22 July 2004	Orientation of decentralization
	Law 2004/018	22 July 2004	Rules applicable to municipalities
	Law 2004/019	22 July 2004	Rules applicable to regions (<i>not enforced as of Apr. 2015</i>)
2006	Decree 2006/18	31 May 2006	Reorganization of FEICOM and modifying decree 2000/365 of pertaining to the same subject
	Law 2006/04	4 July 2006	Rule for election of regional councilor (<i>not enforced as of Apr. 2015</i>)
	Law 2006/05	14 July 2006	Rule for election of senators (<i>first Senate election in 2013</i>)
2007	Decree 2007-1139-PM	3 September 2007	The process of issuing, collecting, centralizing, distributing and transferring additional council taxes
	Code	16 November 2007	Code and intervention of FEICOM
2008	Decree 2008/013	17 January 2008	Organization and functioning of the National Decentralization Council (CND)
	Decree 2008/0752/PM	24 April 2008	Specifying certain procedures pertaining to organization and functioning of deliberative and executive bodies of municipalities, urban metropolitan areas, and municipal associations
	Decree 2008/376	12 November 2008	Administrative organization of the Republic of Cameroon
	Decree 2008/377	12 November 2008	Duties of heads of administrative divisions and the organization and functioning of their services
2009	Decree 2009/248	5 August 2009	Assessment and distribution procedures for the allocation of central funds to decentralized entities.
	Law 2009/011	10 July 2009	Financial regime of decentralized entities.
	Law 2009/019	15 December 2009	On the local tax system.
	Decree 2010/0165/PM	23 February 2010	Concerning the general funds for decentralization in 2010 Budget
2010	Various decrees 2010/239 to 247/PM	26 February 2010	Setting the terms for the exercise of certain powers transferred by the state: drinking water, rural roads, women and family, agricultural products and rural development, social aid to the poor, fish and pastoral production, culture, public health, basis education.
	Decree 2010/1734/PM	1 June 2010	Establishing the sectoral accounting plan for decentralized entities.

year	Number of act	Date	Title
	Decree 2010/1735/PM	1 June 2010	Establishing the budget nomenclature of decentralized entities.
2011	Various decrees 2011/0003/PM to 2011/0006/PM	13 January 2011	Setting the terms for the exercise of certain powers transferred by the state: vocational training; local handcraft production; local health centers construction, equipment and management; enhancing touristic sites; urban planning and rural roads.
	Decree 2011/0976/PM	23 April 2011	Establishing the 2011 Overall Decentralization Allocation (Dotation Générale de la Décentralisation - DGD)
	Decree 2011/1116/PM	26 April 2011	Setting the terms for decentralized cooperation
	Decree 2011/1339/PM	23 May 2011	Exonerating municipalities of procurement processes fees and giving the benefit of the acquisition fee for public procurement's Call for Proposal to municipalities
	Circular 105/CAB/PM	23 May 2011	Establishing indemnities of Procurement Commissions members at municipality level
2012	Decree 2012/0002/PM	10 January 2012	Establishing the 2012 Overall Decentralization Allocation (Dotation Générale de la Décentralisation - DGD)
	Decree 2012/0709/PM	20 March 2012	Setting the terms of 'Contrats-Plans' between State and Municipality
	Decree 2012/0878/PM 2012/0881/PM 2012/0881/PM 2012/0881/PM	27 March 2012	Setting the terms for the exercise of certain powers transferred by the state: re-forestation in urban and conservation area; sport; environment.
2013	Decree 2013/7987/PM	13 September 2013	Establishing Local Public Investment Physical Execution Monitoring (CLS) at the local level – creating CLS at municipality level.
2014	Decree 2014/0639/PM	8 August 2014	Establishing the 2014 Overall Decentralization Allocation (Dotation Générale de la Décentralisation - DGD)
2015	Decree 2015/0145/PM	10 February 2015	Establishing the 2015 Overall Decentralization Allocation (Dotation Generale de la Décentralisation - DGD)

Sources:

World Bank (2012) *Cameroon, The Path to Fiscal Decentralization, Opportunities and Challenges*, Report No. 63369-CM

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Table 6: Evolution of Ministries' Public Investment Budget transferred to Local Councils 2011-2015 (in thousands XAF)

N*	Ministry	2011			2012			2013		
		transferts (inv.)	budget Inv. total	% transfert/ budget	transferts (inv.)	budget Inv. total	% transfert/ budget	transferts (inv.)	budget Inv. total	% transfert/ budget
1	MINAC	45,000	1,200,000	3.8%	50,000	850,000	5.9%	50,000	850,000	5.9%
2	MINADER	1,512,800	39,033,000	3.9%	2,924,800	40,431,000	7.2%	2,757,500	55,129,000	5.0%
3	MINAS	179,100	600,000	29.9%	186,400	600,000	31.1%	186,400	650,000	28.7%
5	MINCOMMERCE	340,000	800,000	42.5%	390,000	1,300,000	30.0%	410,000	1,500,000	27.3%
6	MINEDUB	8,415,119	12,200,000	69.0%	8,120,824	19,100,000	42.5%	8,141,782	20,100,000	40.5%
7	MINEE	1,152,000	88,450,000	1.3%	1,862,600	79,125,000	2.4%	1,552,000	102,300,000	1.5%
8	MINEFOP	280,940	2,500,000	11.2%	324,300	11,000,000	2.9%	298,500	8,741,000	3.4%
9	MINEPDED		2,200,000		199,142	3,200,000	6.2%	269,551	3,500,000	7.7%
10	MINEPIA	850,000	9,768,000	8.7%	1,732,200	10,550,000	16.4%	1,655,400	14,652,000	11.3%
11	MINFOF		9,590,000		330,000	4,045,000	8.2%	430,000	3,500,000	12.3%
12	MINHDU	1,130,000	30,264,000	3.7%	202,750	33,400,000	0.6%	1,890,000	58,749,000	3.2%
13	MINPMEESA	100,000	3,580,000	2.8%	100,000	3,430,000	2.9%	200,000	5,989,000	3.3%
14	MINPROFF	428,632	800,000	53.6%	56,544	900,000	6.3%	621,090	650,000	95.6%
15	MINSANTE	6,322,500	53,870,000	11.7%	6,950,400	56,900,000	12.2%	7,280,800	71,500,000	10.2%
17	MINTOUL	100,000	800,000	12.5%	100,000	8,800,000	1.1%	470,000	6,300,000	7.5%
18	MINJEC	0	3,900,000	0%	Na.			52,000	3,600,000	1.4%
17	MINTP	1,100,000	14,262,000	7.7%	1,450,000	168,000,000	0.9%	3,800,000	184,000,000	2.1%
	Total (thousands XAF) / Average (%)	21,956,091		19%	24,979,960		11%	30,013,023		17%
		(Total)		(Average)	(Total)		(Average)	(Total)		(Average)

N*	Ministry	2014			2015		
		transferts (inv.)	budget Inv. total	% transfert/ budget	transferts (inv.)	budget Inv. total	% transfert/ budget
1	MINAC	95,000	1,000,000	9.5%	100,000	800,000	12.5%
2	MINADER	3,796,000	57,305,000	6.6%	3,156,000	65,171,000	4.8%
3	MINAS	150,000	1,666,000	9.0%	100,000	1,400,000	7.1%
5	MINCOMMERCE	420,000	1,500,000	28.0%	1,049,000	1,500,000	69.9%
6	MINEDUB	9,501,125	20,610,000	46.1%	9,305,708	23,510,000	39.6%
7	MINEE	2,990,500	103,217,000	2.9%	6,134,031	120,296,000	5.1%
8	MINEFOP	455,300	12,805,000	3.6%	302,300	14,113,000	2.1%
9	MINEPDED	500,000	3,500,000	14.3%	569,000	3,925,000	14.5%
10	MINEPIA	2,174,000	16,330,000	13.3%	3,045,000	16,671,000	18.3%
11	MINFOF	16,000	4,871,000	0.3%	446,500	4,910,000	9.1%
12	MINHDU	5,038,000	62,381,000	8.1%	1,770,000	81,173,000	2.2%
13	MINPMEESA	550,000	6,989,000	7.9%	605,000	7,347,000	8.2%
14	MINPROFF	0	733,000	0.0%	0	1,000,000	0.0%
15	MINSANTE	5,981,800	74,500,000	8.0%	5,417,628	100,370,000	5.4%
17	MINTOUL	525,000	6,300,000	8.3%	1,280,000	6,300,000	20.3%
18	MINJEC	348,000	3,673,000	9.5%	783,000	3,700,000	21.2%
17	MINTP	5,240,000	196,728,000	2.7%	8,669,227	254,044,000	3.4%
	Total (thousands XAF) / Average (%)	37,780,725		10%	42,732,394		14%
		(Total)		(Average)	(Total)		(Average)

Source: Cameroon Law of Finances, WB calculations

Annex 8: MAP

