

AFRICAN DEVELOPMENT BANK



REPUBLIC OF CAMEROON

LIVESTOCK AND FISH FARMING VALUE CHAINS DEVELOPMENT PROJECT (PD-CVEP)

APPRAISAL REPORT

RDGC/AHAI

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Translated document

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CURRENCY EQUIVALENTS

(September 2017)

UA 1	=	CFAF 784
UA 1	=	USD 1.41
UA 1	=	EUR 1.19
EUR 1	=	CFAF 655.96

FISCAL YEAR: 1 January - 31 December

WEIGHTS AND MEASURES

1 metric ton	=	2.204 pounds
1 kilogram (kg)	=	2.20 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

ACRONYMS AND ABBREVIATIONS

ADF	African Development Fund
AfDB	African Development Bank
AFD	French Development Agency
AFO	Administrative and Financial Officer
ANOR	Standards and Quality Agency
ANRC	African Natural Resources Centre
AVC-DP	Agriculture Value Chain Development Project
CAA	Autonomous Sinking Fund
CAPEF	Chamber of Agriculture, Fisheries, Livestock and Forestry
COCM	Country Office Cameroon
CSP	Country Strategy Paper
DEPCS	Department of Studies, Planning, Cooperation and Statistics
DIR	Department of Regional Integration
ECAM	Cameroon Households Survey
ERR	Economic Rate of Return
ESMP	Environmental and Social Management Plan
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FEICOM	Special Council Support Fund for Mutual Assistance
FO	Farmers' Organisation
GDP	Gross Domestic Product
GESP	Growth and Employment Strategy Paper
GRASSFIELD	Grassfields Participatory Development Project
IDEV	Former Operations Evaluation Department of the Bank (OPEV)
IFAD	International Fund for Agricultural Development
IRAD	Institute of Agricultural Research for Development
LAVC	Livestock and Fish Farming Value Chain
PD-CVEP	Livestock and Fish Farming Value Chains Development Project
LIFIDEP	Livestock and Fisheries Development Project

MFI	Micro-finance Institution
MINEPAT	Ministry of Economy, Planning and Regional Development
MINEPIA	Ministry of Livestock, Fisheries and Animal Industries
MINMIDT	Ministry of Mines, Industry and Technological Development
MPC	Multi-Partner Committee
NAIP	National Agricultural Investment Plan
NPV	Net Present Value
NTCF	Nigeria Technical Cooperation Fund
OFSD	Financial Sector Development Department
OITC	Transport, ICT and Urban Development Department of the Bank
ONG	Non-Governmental Organisations
OSAN	Agriculture and Agro-industry
OSGE	Sector Governance and Operations
PCU	Project Coordination Unit
PPBM	Planning-Programming-Budgeting-Monitoring
PRODEL	Livestock Development Project
RSDS	Rural Sector Development Strategy
SME /VSE	Small and Medium Size Enterprise / Very Small Enterprise
SODEPA	Animal Production Development and Expansion Company
TDCS	Tadu Dairy Cooperative Services
TFP	Technical and Financial Partners
UA	Unit of Account
VC	Value Chain

PROJECT BRIEF

Client Information

BORROWER:	Republic of Cameroon
EXECUTING AGENCY:	Ministry of Livestock, Fisheries and Animal Industries

Financing Plan

Source	Amount	Instrument
AfDB	EUR 84 million	AfDB Loan
Government and Beneficiaries	EUR 15.27 million	Counterpart funds
TOTAL COST	EUR 99.27 million	

AfDB Key Financing Information

AfDB Loan Currency	EUR
Loan Type	Total flexibility loan
Maturity	25 years
Grace Period	8 years
Interest Rate	Base rate + funding cost margin+ loan margin + maturity premium
Base rate	Floating (EURIBOR 6 months)
Loan margin	80 base points (0.8%)
Maturity premium	0.20%
ERR (Baseline scenario)	24%
NPV (12%)	CFAF 2.95 billion

Timeframe – Main Milestones (expected)

Concept Note Approval	October 2017
Project Approval	September 2018
Signature of Agreement	January 2019 *
First Disbursement	March 2019
Last Disbursement	December 2024
Completion	July 2025
Last reimbursement	2043

* Since the commitment ceiling authorized in the 2018 Finance Law has been reached, the Loan Agreement can only be signed after the promulgation of the 2019 Finance Law.

EXECUTIVE SUMMARY

General Project Overview: The Livestock and Fish Farming Value Chains Development Project (PD-CVEP) stems from the Cameroon Government's desire to make the livestock and fisheries sub-sector participate actively in the quest for economic growth capable of generating jobs and significant incomes in rural communities. It was studied after Government's request dated 13 July 2015 soliciting the Bank's financial support to achieve the 9.3% growth rate set for this sub-sector in the National Agricultural Development Plan (NAIP). The project was approved in April 2014 and its implementation requires additional resources of about CFAF 1,500 billion.

Initially, this operation was to be a component of the Agriculture Value Chains Programme (PD-CVA). However, it was agreed to separate PD-CVEP from PD-CVA, due to the principle of institutional anchoring of programmes and projects enshrined in Law No. 2007/06 instituting the State financial regime and the need to capture all the needs of the livestock sub-sector and maintain the operation's internal coherence.

This project, which will span five years and cost EUR 99.27 million (including EUR 84 million from the AfDB), addresses the need to modernise the production machinery, helping to ensure the population's food and nutritional security and the profitability of cattle, pig and fish farms. Further, it will boost the sub-sector's huge potential for consolidating sustainable and inclusive economic growth and enable Cameroon to fully play its role as the main production basin in the Central Africa sub-region.

The focus will be on strengthening segments of the selected sub-sector value chains ranging from genetic improvement, fattening to product marketing, thanks to appropriate feeding and the construction of slaughter, breeding and fish-farming facilities. The option of involving the commercial, industrial and financial private sector will facilitate the building of solid economic ties between the value chain actors concerned and banks and MFIs to facilitate their access to credit. It will also help to build the capacity of actors involved in these value chains.

The sub-sector diagnosis and ongoing operations helped to guide project interventions in three key sub-sectors: cattle, pigs and fish. The value chain approach was adopted in order to boost the productivity and competitiveness of these sub-sectors with the involvement of the commercial, industrial and banking private sector by offering young graduates opportunities to create businesses.

The project's economic rate of return is 24% while its internal rate of return is 22% with a net present value of CFAF 2.95 billion at the updated rate of 12%.

Needs Assessment: Consultations were held with actors of the agro-pastoral and fish-farming sub-sector including butchers/breeders/fish-farmers' professional organizations and unions, officials of sector ministries, local councils, FEICOM, ANOR, SODEPA, major retailers (CENTRAGEL, CASINO, MAHIMA and SANTA LUCIA), commercial banks and MFIs. This made it possible to assess the needs of the three sub-sectors. The outcomes of these consultations are summarised as follows: (i) urgent need to ensure the availability of high-yield cattle, pig and fish breeds/species and their proper feeding to rapidly boost production; (ii) need for infrastructure to ease access to slaughter facilities (clandestine slaughtering rate is 60% for cattle, 80% for goats, and 90% for pigs) and markets; (iii) need to strengthen and structure actors' organisations to ease their access to financing and innovative technology; (iv) need to support microfinance institutions (MFI) and commercial banks through guarantee and refinancing mechanisms put in place to ensure greater and more affordable credit; (v) need to reform the management of meat/fish transportation and distribution, based on improved logistics and compliance with sanitary and hygienic standards;

and (vi) the need to facilitate access to semen, feed and other inputs necessary for pastoral and fish-farming production.

Bank's Value Added: PD-CVEP contributes to the financing of the National Agricultural Investment Programme (NAIP, 2014-2020), assessed at CFAF 1,500 billion, with the Bank's commitment standing at nearly CFAF 300 billion. Furthermore, PD-CVEP strengthens the Bank's involvement in the diversification of the country's economy and will help to create synergy with other Bank interventions, especially PD-CVA, GRASSFIELD and transport corridor projects with prospects of creating inroads into external markets (Economic Community of Central African States (ECCAS) and Nigeria).

Knowledge Building: Given its innovative nature, PD-CVEP comprises several thrusts to integrate different livestock/fish-farming value chain segments by tackling impediments to their operation and fostering a collaborative framework among actors. Besides, PD-CVEP will conduct pilot experiments on these value chains: (a) inclusive funding mechanisms capable of stimulating private investment; and (b) youth entrepreneurship through incubation. Establishing a mechanism to monitor the dynamism of the fish farming and fishing sub-sector will enable Government to consolidate a policy to regulate fish imports so as to foster the development of local production. Lastly, the initiative to extend social protection to rural areas will help to more comfortably settle youths wishing to engage in agriculture. These interventions, serving as pilot experiments for the Bank, Government and other sub-sector actors, will generate valuable knowledge for the future development of agricultural sub-sectors in Cameroon and beyond.

LOGICAL FRAMEWORK

CAMEROON: Livestock and Fish Farming Value Chains Development Project (PD-CVEP)						
PROJECT GOAL : Improve the competitiveness and hygienic conditions of cattle, pork and fish products, increase stakeholders' incomes and create new jobs along the three value chains						
Results Chain		Performance Indicators			Means of Verification	Risks and Mitigation Measures
		Indicators (including CSI)	Baseline Situation	Target (End of Project)		
IMPACT	Contribute inclusively to improve food and nutritional security and reduce poverty	1. Rate of food insecurity 2. Growth rate of the sub-sector	9.6% (2015) 5.5% (2013)	3.5% in 2020 9.3% in 2020	ECAM Survey and census, NAIP assessment Nutritional surveys	
OUTCOMES	1. Increase in animal and fish production	Cattle 1.1 Weight of live animals (kg) 1.2 Age 1st delivery (year) 1.3 Litter (Number in two years) 1.4 Daily weight gain (gr) Pig 1.5 Weight gain (g)/day 1.6 Litter (No.) Fish 1.7 Production (t)	250 4 years 1 calf in 2 years 200 70 6 5,000	> 450 < 2.5 2 calves 700 700 At least 10 15,000 (2020)	Survey and data collected from stock breeders, IRAD, SODEPA, TADU Surveys and data collected from slaughterhouses and slaughtering areas	Risks: Genetic degeneration due to consanguinity Mitigation: Crossing of distant breeds/external gene inputs
	2. Increase in controlled slaughtering	Rate of controlled slaughtering cattle pigs	40% 90%	60% (2020) 40% (2020)	Surveys and reports of MINEPIA NAIP Monitoring Report	Risks: Insecurity in some project areas (English-speaking Regions and the Far North Region) Mitigation: Government efforts to combat insecurity
	3. Increase in private financing in the livestock and fish-farming sub-sectors	3.1 Leverage effect created by the guarantee on the mobilisation of commercial bank resources to finance SMEs 3.2 Volume of private financing of small enterprises and young entrepreneurs 3.3 Number of enterprises created by agripreneurs	X (TBD) TBD 0	4*X CFAF 9 billion 350		Risk: Fish imports continue Mitigation: Sensitise Government to adopt a less liberal policy towards fish imports Risks: Absence of veterinary inspections Mitigation: Strengthen the veterinary inspection mechanism in markets
OUTPUTS	Component I. Infrastructure Development 1. Slaughter houses 2. Insemination centres 3. Cattle stalling facilities 4. Fish markets 5. Fish farming stations, production of sires 6. Meat markets 7. Refrigerated warehouses	1. Number 2. Number 3. Number 4. Number 5. Number 6. Number 7. Number	Target (2022)		Project progress reports AM AfDB supervision missions Mid-term review report Project completion report	Risks: Adequate management of constructed or rehabilitated infrastructure Mitigation Measures : Proposal of management reforms and support measures in consultation with the stakeholders
		3 21 3 2 4 26 3				
	Component II. Capacity-building for sector actors 1. Support for FOs 2. SME/Cooperatives 3. Training of actors of the 3 sub-sectors 4. Strengthening of market supervision 5. Capacity of financial institutions to objectively assess and manage all agro-industry portfolio related risks 6. Value chain financing 7. Training of public service workers 8. Production flakes (dose) 9. Enrolment of insured people 10. Pure-breed animals 11. Production of standards	1. Number 2. Number 3. Number of sessions 4. Number of markets 5. Number of financial institutions having an agricultural credit and risk management office 6.1Volume of new loans granted by commercial banks 6.2 Volume of new loans to VSE/SME via micro-finance 6.3 Number of new young entrepreneurs established 7. Number of agents 8. Number 9. Number 10. Number 11. Number	50 200 340 26 5 CFAF 4.5 billion CFAF 6.5 billion 350 300 15,000,000 1,000,000 500 42	Project progress reports AM supervision mission MTR report Project completion report SODEPA report CNPS report ANOR report	Risks: a) Low involvement of banks and MFIs; b) Weak adherence and resistance of actors; c) Low participation of private sector actors Mitigation: a)Regularly exchange with these institutions and collect their views on the financial mechanism; b) Wide sensitisation of actors, local authorities and professional organisations/unions to elicit their involvement in the upgrading of the sub-sector; c) Wide sensitisation and strong involvement of the latter in the project design and implementation; d) Improve accessibility to suitably designed credit forms.	
ACTIVITIES BY COMPONENT	Component I. Development of infrastructure to upgrade the cattle, pig and fish sub-sectors EUR 45.72 million (50%) Component II. Capacity building for actors of the three sub-sectors: EUR 35.94 million (40%) Component III. Project coordination and management: EUR 8.96 million (10%)				Resources (in EUR million): 99.27 including AfDB loan (84%), Government and Beneficiaries 15.27 (16%)	

PROJECT IMPLEMENTATION SCHEDULE

	Year Quarter	2018				2019				2020				2021				2022				2023				2024				2025			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4				
INITIAL ACTIVITIES																																	
Negotiation and approval of AfDB Loan																																	
Signature of Loan Agreement																																	
First disbursement																																	
Publication of General Procurement Notice																																	
COMMENCEMENT ACTIVITIES																																	
Recruitment and confirmation of PMU																																	
Establishment of steering committee,																																	
Commencement mission																																	
Conventions with partner structures (IRAD, SODEPA, ANOR, etc.)																																	
INFRASTRUCTURE DEVELOPMENT																																	
Slaughterhouses and related structures																																	
Infrastructure to support production, processing and marketing																																	
CAPACITY-BUILDING																																	
Identification and sensitisation of candidates (private sector, professional organisations, youth and women)																																	
Building of the technical and managerial capacity of identified actors of the livestock and fishing sub-sectors																																	
Strengthening of technical public services																																	
Support for financing of pastoral and fish farming value chains																																	
YOUTH ENTREPRENEURSHIP																																	
Training of young graduates in incubation centres																																	
Development and support of youth enterprises in agro-business																																	
PROJECT MANAGEMENT																																	
Adaptation of the accounting system and procedures manual																																	
Procurement of works, goods and services																																	
Management, monitoring and evaluation and communication activities																																	
Annual accounts audit																																	
Assessment of impact and mid-term review																																	

REPORT AND RECOMMENDATION OF THE BANK GROUP MANAGEMENT TO THE BOARD OF DIRECTORS CONCERNING A LOAN TO THE REPUBLIC OF CAMEROON TO FINANCE THE LIVESTOCK AND FISH FARMING VALUE CHAINS DEVELOPMENT PROJECT (PD-CVEP)

Management hereby submits this report and its recommendation concerning a proposal to award a EUR 84 million loan to the Government of the Republic of Cameroon to finance the Livestock and Fish Farming Value Chains Development Project (PD-CVEP).

I. STRATEGIC THRUST AND RATIONALE

1.1 Project Linkages with Country Strategy and Objectives

The Livestock and Fish farming Value Chain Development Project (PD-CVEP) which seeks to build the capacity of actors of the cattle, pig and fish sub-sector, is aligned with the Bank's Country Strategy Paper (CSP, 2015-2020) for Cameroon, whose first pillar aims to create conditions for more robust growth based on economic diversification, and particularly support for value-chain development in the agro-pastoral and fishery sub-sectors. The project is also consistent with the guidelines of Cameroon's Growth and Employment Strategy (GESP, 2010-2020) which places emphasis on infrastructure development, modernisation of production machinery and trade diversification. The project will also contribute directly to the sector objectives contained in the Rural Sector Development Strategy (RSDS), especially pillars 2 and 3 aimed respectively at improving sub-sector productivity and competitiveness and modernising rural and agricultural production infrastructure. Lastly, the project is consistent with the thematic thrusts of the National Agricultural Investment Plan (NAIP 2014-2020), approved in April 2014, namely: (i) development of production sub-sectors and improvement of food and nutritional security; (ii) modernisation of production infrastructure in rural areas; and (iii) building rural development actors' capacity and development of natural resources.

1.2 Rationale for Bank's Involvement

1.2.1 The rationale for the Bank's involvement in PD-CVEP is that the pastoral and fish farming sub-sectors are crucial for economic growth in the country. Like the poultry sub-sector, they are sources of income and employment and contribute to food security at a rate of 9.6% in 2013. In that regard, the project is in line with various strategic frameworks, including the Bank's Ten-Year Strategy (2013-2022) aimed at reducing unemployment through more inclusive, job-creating growth and increasing household incomes; three of the Bank's High 5s: "Feed Africa", "Industrialise Africa" and "Improve the quality of life for the people of Africa"; and lastly the Bank's Country Strategy (2015-2020) for Cameroon which places emphasis on economic diversification and support for agro-pastoral and fishery value chain development.

1.2.2 NAIP projected growth in the rural sector at 10% in 2020 and in the livestock sub-sector at 9.3% between 2010-2020 against 5.5% in 2013. The sub-sector diagnosis indicates that growth will rest mainly on key sub-sectors such as poultry, cattle, pig and fish. As concern the performance of the cattle sub-sector, it is worth noting that the weight of live animals is between 150 and 350 kg with a dressing percentage estimated at 52%. The genetic yield of current cattle and pig breeds is poor, evidenced in very low growth. For example, the fertility rate of local cattle is low, standing at 75% against 95% for exotic breeds. This is compounded by a low dressing percentage of 250 kg compared to 750 kg for exotic breeds. To boost this performance, PD-CVEP interventions will target genetic improvement and animal feed. The fish sub-sector was also targeted since it negatively impacts the country's balance of trade (CFAF 98.636 billion in 2014). Fish imports are the second highest expenditure item after

petroleum products. Overall, these three sub-sectors show clear signs of progress towards achieving their production goals. Stockbreeders and fish-farmers account for slightly over 45% of the labour force of the entire pastoral and fishery sub-sector.

1.2.3 It is also noteworthy that the sub-sector suffers from insufficient slaughter, conservation (cold chain) and marketing facilities for animal and fish products. Where facilities exist, they are old and not operational. The proliferation of clandestine slaughtering (60% for cattle, 80% for goats and 90% for pigs) and the very precarious packaging, transportation, distribution and storage conditions are a major public health concern.

1.3 Aid Coordination

1.3.1 The Ministry of Economy, Planning and Regional Development (MINEPAT) is responsible for aid coordination and cooperation with Technical and Financial Partners (TFP). The GESP-monitoring Multi-Partner Committee (MPC), set up in June 2001, and which, in 2010, resumed monitoring of the Growth and Employment Strategy Paper (GESP, 2010-2020), is a platform of dialogue and exchange on all key issues related to the development of Cameroon. The Bank has played a leading role in the Public Finance Sector Committee from 2010 to 2014 and in the Transport Infrastructure Sector Committee since 2015. It also actively participates in all sector thematic groups, especially MPC-Rural and MPC-Forest/Environment. Discussions relate to specific subjects such as insurance and agricultural risk, youth integration in agriculture, and the implementation of the National Agricultural Investment Plan (NAIP), etc.

1.3.2 In the livestock and fish farming sub-sectors, apart from internally-funded programmes, a number of projects are being studied or financed by TFPs. The World Bank finances the Livestock Development Project (PRODEL) to the tune of USD 100 million, which supports efforts to: (i) strengthen animal health systems; (ii) secure access to natural resources and pastoral systems; (iii) intensify stockbreeding systems (goats and sheep); and (iv) build institutional capacity and implement the Agricultural Sector Competitiveness Improvement Project in Cameroon (PACA) focused on the pig sub-sector and completed in December 2015. The Islamic Development Bank financed the Livestock and Fishery Development Project (LIFIDEP) which was approved in May 2015. This project is located in the North-West Region of the country and targets: (i) the poultry sub-sector; and (ii) small ruminants (production and vaccination). A new Project aimed at Developing Livestock and Cattle Marketing Infrastructure is at commencement stage in the northern regions (Adamawa, North and Far-North) and targets the construction of livestock markets, rural finance, the construction of pastoral boreholes and creation of watering holes. An FAO technical assistance project to introduce in-cage Tilapia farming in Cameroon is ongoing and IFAD just started a fish farming entrepreneurship promotion project which will, in particular, train and “incubate” young entrepreneurs. An inventory of ongoing sector operations and others contemplated by partners shows that thematic and geographic complementarity with PD-CVEP is needed in order to boost the productivity of the targeted sub-sectors (cattle, pigs, fish-farming, etc.) and professionalise the actors of different segments.

1.3.3 Collaboration with PD-CVA is also planned in the areas of refinancing and risk-sharing.

Table 1 : TFP Interventions in the Livestock and Fishing Sector

Sector or sub-sector*		Significance (in 2015)		
		GDP	Exports	Jobs
Agriculture and rural development		22.8%	36.9%	66%
Stakeholders – Annual public expenditure (CFAF billion)**				
Government (Average 2010-2013)		Donors		
CFAF 622 billion (5% of total expenditure) (*)	World Bank		USD 160 million (2013-2016)	
	IFAD		USD 46 million(2013-2016)	
	AFD		USD 230 million(2010-2016)	
	FAO		USD 0.5 million	
	GIZ/KFW		USD 28million	
	EU		USD 58 million	
	IDB		USD 94.44 million	
Level of aid coordination				
Existence of thematic working groups		[Yes, established as part of NAIP and CMP]		
Existence of an overall sector programme		[Yes, a NAIP prepared along with a detailed investment plan		
AfDB's role in aid coordination		Member (not lead agency)		
(*) Sources: Detailed Investment Plan to implement NAIP, dated 09/04/2014 and MINADER/MINEPIA, National Indicative Programme under 11 th EDF				

II. PROJECT DESCRIPTION

2.1 Project Objective and Components

2.1.1 The project's sector objective is to inclusively contribute to better food and nutritional security and poverty reduction in the intervention area. Its specific objectives are to enhance the competitiveness and hygiene of beef, pork and fish farming products, improve actors' incomes and create new jobs in the three value chains.

2.1.2 Interviews with ministries and various stakeholders confirmed the relevance of the project and led to the consensual adoption of its geographic scope, thematic content and approach centred on supporting the development of the cattle, pig and fish farming sub-sectors with private sector involvement. Therefore, PD-CVEP will focus on segments that hinder the proper operation of these three value chains and limit their competitiveness, namely: (i) genetic improvement; (ii) feeding/fattening; (iii) slaughter and conservation; (iv) transportation, processing and distribution of meat; and (v) the rearing, conservation, storage and processing of fish.

2.1.3 These project objectives will be implemented through the components and activities summarized below:

Table 2.1: Project Components and Cost

Component	Description	Cost (EUR million)
Development of necessary facilities to upgrade the sub-sectors	(i) Construction or equipment of 3 slaughterhouses (Yaounde, Douala and Bamenda). The slaughterhouses will be the modular-type, built on metal frames with Sanwish-panel walls. The meat or pork line and cold rooms are part of the industrial construction's superstructure. Additional structures include: service roads (10.5 km) and connections to the electricity and drinking water supply networks;	45.72
	(ii) Construction and equipment of 21 community insemination centres for genetic improvement in the SODEPA ranch in Jakiri and among stockbreeders' cooperatives;	
	(iii) Construction of fish markets in Ebolowa and Idenau; and rehabilitation of 26 council markets specialized in the sale of meat	

Component	Description	Cost (EUR million)
Building of actors' capacity in the three sub-sectors	(i) Steering of the genetic improvement initiative through artificial insemination techniques and cattle embryo transfer. The outcome will be 15 million chaffs of bovine semen produced and 1,000 frozen embryos obtained for the production of 500 F1 calves and training of 506 SODEPA/MINEPIA breeders and technicians. For the pig sub-sector, procurement through importation of 720 sires to enhance the production capacity of 40 model private farms. For the fish-farming sub-sector, technical assistance for the genetic improvement of foundation stock of farmed fish. IRAD and World Fish will be called in to support genetic improvement activities with the possibility of mobilising technology from other research institutes. FAO will assist in collecting data on the sub-sector as well as in conducting technical studies, drafting procedures manuals at different levels of the sub-sector and updating the regulatory framework.	35.94
	(ii) Support in reforming the meat and fish transportation and distribution system by reviving the neighbourhood sanitary control mechanism through training and mobilisation of technical staff of MINEPIA and local councils (80). Upgrading of council markets (26) dedicated to the sale of meat and fish and modernization of equipment used to transport, conserve and market meat.	
	(iii) Assistance in upgrading and developing VSE/SMEs in different segments of the three sub-sectors (production of animal/fish semen, distribution of inputs, rearing in finishing ranch, and the transportation, conservation and processing of meat and fish, etc. This will be done through training sessions and the selected funding mechanism.	
	(iv) Rolling out of the <i>Enable Youth</i> incubation process to integrate young graduates in 10 existing professional schools through trainers' training and supervision, support for physical capacity-building, support for business development (350), support for access to financing with priority to youths, etc.).	
	(v) Development and implementation of a value-chain refinancing and risk-sharing mechanism (see Annex V). This mechanism will facilitate commercial bank involvement in the financing of the livestock and fish farming sectors and build the capacity of SMEs to support producers in rural areas (purchase of semen, purchase and production of feed, procurement of improved sires, transportation and conservation equipment, modernization of product marketing, etc.).	
	(vi) Establishment of sustainable mechanisms for managing infrastructure (slaughterhouses, insemination centres, markets, fingerling production station) and improved sires by involving the private sector and sub-sector actors.	
	(vii) Establishment of an information collection system to enable Government to adjust (reduce) fish imports as local fish farming production develops and becomes more competitive.	
	(viii) Support for the CNPS initiative to extend and raise awareness on the opening up of social security to informal sector workers (rural world) through social secretariats in farmers' cooperatives and associations. The enrolment of one (1) million voluntarily insured persons in rural areas will be facilitated, as adopted.	

Component	Description	Cost (EUR million)
	(ix) The targeted strengthening of public and parastatal institutions tasked with developing the sub-sector (veterinary services, animal and fish farming production services, sanitary police, SODEPA, IRAD, local councils) and standardisation agency (ANOR).	
Project coordination and management	(i) Establishment of a project coordination unit (ii) Administrative, accounts and financial management of the project (iii) Design of annual work plans and budgets, progress reports (iv) Procurement of project goods, works and services (v) Monitoring of project and ESMP implementation (vi) Monitoring of project outcomes and impact (vii) Organisation of audits, baseline studies, mid-term review and completion report (viii) Design and implementation of a communication strategy	8.96

2.2 *Technical Solutions Selected and Alternatives Explored*

2.2.1 The Livestock and Fish Farming Value Chain Development Project (PD-CVEP) is founded on the need to strengthen the productivity and competitiveness of value chains and increase their contribution to the Agricultural Gross Domestic Product (AGDP). The selected option is to focus on segments that limit the proper operation of value chains through: (i) genetic improvement of cattle and farmed fish in collaboration with SODEPA and IRAD; (ii) the better performance of cattle and pig fattening workshops and fish-farms, placing emphasis on technical supervision and feeding ; (iii) better conditions of slaughter of cattle and pigs (by constructing slaughterhouses, given the high clandestine slaughter rates of 60% and 90% respectively), and of processing, conservation and distribution of meat and fish; (iv) better inclusive and customized access to financing; and (v) building of technical capacity and logistical support to public services operating in the sub-sector to accomplish their supervisory mission (SODEPA, IRAD, ANOR). Besides, the spirit of the project is to stimulate and support private initiative and lend impetus to inclusive sub-sector development, mainly by fostering the involvement of women and youths (*Enable Youth*) and improving access to affordable and suitable financing.

Table 2.2: Project Alternatives Explored and Reasons for their Rejection

Alternative	Brief Description	Reasons for Rejection
Development of slaughter houses and related infrastructure	Due to obsolete slaughter and marketing facilities, the project is limited to the rehabilitation and/or construction of new slaughter facilities to be handed over to SODEPA and local councils.	(i) Risk of under-use of slaughterhouses because of the weakness of the upstream segments. (ii) Does not address the issue of meat transportation and distribution, an essential segment for the hygiene quality of meat (iii) No regard is given to the conditions of actors of upstream and downstream sub-sectors, including the private sector.
Integrated rural development project in a given territory	Intervention on all issues identified in the zone (agriculture, roads, health, education, water, electricity, etc.)	Untargeted intervention lacking selectiveness, which generally leads to a situation whereby resources are very thinly spread, with often limited outcomes and impacts

2.3 Project Type

This intervention is an autonomous investment project.

2.4 Project Cost and Financing Arrangement

2.4.1 The project's indicative cost, net of taxes, is estimated at about EUR 99.27million (CFAF 65.113 billion), of which 74.17% will be in foreign exchange and 25.82% in local currency. The project will be financed by an AfDB loan of EUR 84.00 million (CFAF 55.100 billion) (EUR 1 = CFAF 655.957) and Government's and beneficiaries' counterpart contribution of EUR 15.27 million. Project implementation will span five (5) years. The summary project cost is presented in Tables 2.3 and 2.4. The financing breakdown and expenditure schedule are presented in Tables 2.5 and 2.6.

Table 2.3: Summary Cost Estimates by Component

Components	CFAF Thousand			EUR Thousand			
	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total	% Base Cost
Component 1 : Development of infrastructure for sub-sector upgrading	23,690	6,297	29,987	36.12	9.60	45.72	50
Component 2 : Capacity building for actors of the three sub-sectors	16,976	6,602	23,578	25.88	10.06	35.94	40
Component 3 :Project coordination and management	3,643	2,233	5,876	5.55	3.41	8.96	10
Total Base Cost	44,309	15,132	59,441	67.55	23.07	90.62	100
Physical contingencies	2,278	842	3,120	3.47	1.29	4.76	5
Financial contingencies	1,712	841	2,553	2.61	1.28	3.89	4
Total Project Cost	48,299	16,815	65,114	73.63	25.64	99.27	-

Table 2.4: Summary Cost Estimates by Expenditure Category (in million)

Sources of Financing	AfDB			GOVERNMENT			Total		
	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total
Works	31.66	7.96	39.62	2.99	0.79	3.78	34.64	8.75	43.39
Goods	3.91	1.03	4.94	0.74	0.20	0.95	4.65	1.23	5.89
Services	15.42	3.56	18.98	6.20	3.00	9.20	21.62	6.56	28.18
Operating cost	0.33	0.15	0.48	0.01	0.02	0.03	0.34	0.17	0.51
Miscellaneous	11.59	8.39	19.98	0.79	0.53	1.32	12.38	8.92	21.30
Total	62.90	21.10	84.00	10.73	4.54	15.27	73.63	25.64	99.27

Table 2.5: Sources of Financing (EUR million)

Sources of Financing	Cost in Foreign Exchange	Cost in Local Currency	Total Cost	% Total
AfDB	62.90	21.10	84.00	84
Government	10.73	4.54	15.27	16
Total	73.63	25.64	99.27	100

The Justification of the Level of Counterpart Contribution to AfDB Project Financing in Cameroon is provided in annex VI

2.4.2 The AfDB loan will finance 100% of works, net of taxes, excluding community facilities which will require a 10% contribution by local councils (FEICOM will support beneficiary local authorities to mobilise this counterpart contribution). Goods and services will be financed 100% in accordance with the Financing Plan attached as Annex. Salaries of focal points (public staff), loss of fiscal receipts due to exemption of procurements by the project and part (1/3) of office rentals will be born by the Government. Staff recruited by the project on a competitive basis will be paid for by the loan resources.

Table 2.6: Expenditure Schedule by Component (EUR Million)

Components	Y1	Y2	Y3	Y4	Y5
Component 1 : Development of infrastructure for sub-sector upgrading	15.50	25.63	4.59	-	-
Component 2 : Capacity-building for actors of the three sub-sectors	9.75	8.41	5.45	7.99	4.34
Component 3 : Project coordination and management	2.75	1.65	1.54	1.51	1.51
Total base cost	28.01	35.69	11.77	9.50	5.66
Physical contingencies	1.38	1.00	2.08	0.02	0.27
Price escalation	1.13	0.82	1.70	0.02	0.22
Total project cost	30.52	37.51	15.55	9.54	6.15

2.5 *Project Area and Beneficiaries*

2.5.1 The project has a national scope. However, infrastructure will be developed in three main production and consumption areas of livestock (namely, the North-west for the production and the Center and Costal areas for consumption). Due to the newly introduced cattle and pig sub-sectors, the adoption of the sub-sector approach and given the cross-cutting actions to be carried out in different segments, especially private sector support via lending institutions (banks and MFIs), the other regions of the country where value chain actors are established will also be affected by the project. The consumption zones are the Littoral, South-West and Centre Regions where over 40% of the country's consumers reside and where the bulk of clandestine slaughtering is done (60% for cattle, 80% goats and 90% pigs). The main beneficiaries are stockbreeders and their cooperatives (45% of the pastoral sector labour force), fish farmers, input producers/sellers (fingerlings, feed), traders, women wholesale fishmongers and processing operators. In addition, higher education graduates will be trained and settled there as business leaders (350).

2.5.2 The project targets cooperative- or mutualist-type structures, SMEs and young graduates involved or desiring to enter these livestock sub-sectors and having a bankable business plan. A mechanism comprising financial incentives for value chain developers will be put in place with the participation of banks and micro-finance institutions (see Annex V).

2.6 Participatory Approach

2.6.1 The participatory approach used during the design of PD-CVEP will be continued during project implementation and the operationalization of activities, with beneficiaries steering management mechanisms. Pastoral sector actors, including the professional organisations and unions of butchers, breeders, fish-farmers and farmers contributed to project design and were consulted during meetings organised by missions during the project study phase. Governmental actors consulted are officials of technical ministries, local councils, FEICOM, ANOR and SODEPA. Private sector actors consulted are the Cameroon Chamber of Agriculture, Fisheries, Livestock and Forestry (CAPEF), fish/cattle feed sellers, fish farmers, commercial banks and MFIs in Douala, Bamenda and Yaounde. These consultations enabled the value chain actors to discuss their challenges, collaboration prospects and expectations vis-à-vis the project.

2.7 Consideration of Bank Group Experience

2.7.1 The active portfolio in Cameroon on 31 December 2017 comprised 22 projects for a total commitment of UA 1,002,990,590, broken down as follows: UA 878,117,236 for the public sector (12 national projects and 6 regional projects) and UA 124,873,355 for the private sector (4 projects).

2.7.2 The portfolio performance is satisfactory overall. The portfolio has one at-risk project: the Lom Pangar Hydropower Project. During the last review in 2017, the portfolio performance was scored 3.04 on a scale of 1 to 4. The review revealed the following major problems: (i) late commencement of projects; (ii) slow procurement and contract execution; (iii) low mobilisation of counterpart funds; and (iv) slow processing and transmittal of payment requests to the Bank. Thanks to completion reports of three agricultural projects and the report of IDEV's recent review of Bank interventions in Cameroon, the following lessons emerged: (i) the project's geographic spread was much too wide for available resources, leading to spatially dispersed achievements; (ii) the quality at entry of operations was inadequate, creating implementation delays; and (iii) emphasis needs to be placed on promoting market-oriented commercial and professionalized agriculture that will have greater impact in terms of income and job generation for youths and women.

2.7.3 The above lessons were reflected in the project design, through: (i) a targeted choice of value chains (3), with better concentration in terms of geography and stakeholders; and (ii) a market-oriented "value chain" approach and cross-cutting gender mainstreaming in all project components. To facilitate project commencement, Government also took measures to complete the final design and establish the coordinating team before presentation of the project to the Bank Board of Directors.

2.8 Key Performance Indicators

The key indicators presented in the project logical framework are: (i) impacts: the GDP growth rate of the livestock sub-sector (9.3%); (ii) outcomes: higher rate of controlled slaughtering (60% cattle, 40% pigs and 30% goats); and (iii) outputs: live weight of cattle (450 kg), daily weight gains of cattle (700 g/day) and pigs (70 g/day), production of farmed fish in 2020 (10,000 tons), and greater volume of private sector loans (CFAF 4.5 billion). The expected impact is that the guarantee should mobilise four times more commercial bank loans to the private sector sub-sector. PD-CVEP will offer refundable start-up subsidies to at least 350 new businesses created by young graduates (*Enable Youth*).

III. PROJECT FEASIBILITY

3.1 *Economic and Financial Performance*

The project will construct infrastructure for sub-sector upgrading, including slaughterhouses and markets for livestock and fish products. The project will also build the capacity of key sub-sector actors and promote youth entrepreneurship in the sector. This will translate into higher productivity and a quantitative and qualitative increase in products placed at the disposal of consumers. The project will also generate jobs. The economic and financial analysis rests on the “with-project and “without project” approach. Project activities will induce a 20% increase in zoo-technical parameters and pond production. The 12% discount rate applied to costs and benefits matches the supposed economic opportunity cost of capital in Cameroon. Market prices were used for the financial analysis. As cattle and fish products are import substitutes, a 0.9 conversion factor was applied to prices and production costs to reflect their economic value.

3.2 **Economic Rate of Return and Internal Rate of Return**

3.2.1 The project has an economic rate of return of 24% and internal rate of return of 22% with a net present value of CFAF2.95 billion.

ERR, NPV (12%)	24%; NPV: 2.95 billion
IRR	22%

3.2.2 The ERR and IRR are sensitive to variations in prices and costs. A 20% price increase will generate an ERR of 25.7% and IRR of 23.5%. Conversely, a 10% drop in production costs raises ERR to 25% and IRR to 23%. The details of the economic and financial analyses are given in the annex C.11 in the technical annexes.

3.3 *Environmental and Social Impact*

Environment

3.3.1 The livestock and fish farming value chain is presently driven by various actors in all the project regions. They include stock-breeders, associations/cooperatives, traders of both sexes, butchers, fish farmers, processing operators and transporters.

3.3.2 Project activities will help to secure and develop the livestock and fish farming value chain and create decent jobs in the project impact area. The project will also have major positive environmental and social impacts on: (i) the population’s health through better quality meat and fish; and (ii) higher incomes earned by stakeholders from developing value chains. However, the project also harbours environmental and social risks, including: (i) friction with actors (stockbreeders, traders, slaughterers, butchers, etc.) if their concerns are not adequately reflected in the investments made; (ii) the unsustainability of investments due to bad management and actors’ failure to support the underlying purpose of these investments; (iii) health problems due to limited capacity to conduct sanitary inspection even if visual; and (iv) contamination of the environment by solid and liquid wastes due to limited or no capacity to control and treat them.

3.3.3 To minimise these risks, the project will implement the following measures: (i) involve all relevant actors in the construction and commissioning phases of each infrastructure, including the choice of management method; (ii) start with existing value chain actors in

financing sub-projects, especially aimed at upscaling or strengthening their activities; (iii) build the organisational and technical capacity of cooperatives before financing their sub-projects ; (iv) ensure that works commence only after each slaughter-house or other construction site has obtained official site demarcation; (v) systematically include a wastewater/solid waste treatment system in slaughterhouse sub-projects to minimise negative environmental impacts; (vi) provide for capacity building in technical inspection and control by procuring analysis kits and establishing a system to control the quality of meat and fish; and (vii) design and roll out a suitable method of slaughter-house management to ensure their sustainability.

3.3.4 Incorporating the above measures in the project implementation phase will help not only to minimize the project's negative environmental and social impacts but to also maximize its expected benefits. However, since it will still have major potential negative impacts linked mainly to the construction and operation of slaughterhouses, the project is classified in Environmental Category 1, pursuant to the Bank's Environmental and Social Assessment Procedures (ESAP). A detailed Environmental and Social Impact Assessment for major infrastructure (slaughterhouses) and an Environmental and Social Management Framework (ESMF) for sub-projects were prepared, in accordance with the Bank's Integrated Safeguard System (ISS) and Cameroon's environmental regulations, including Order No. 0001/MINEPDED of 8 February 2016. ESIA compliance certificates were issued for the slaughterhouses by the Ministry in charge of the Environment on 19 February 2018 and posted on the Bank's website.

Adaptation to Climate Change

3.3.5 The livestock and fish farming value chain has diverse actors in all the project regions. These actors are faced with technical, material, organisational and financial constraints that hinder the development of their activities. These constraints make them very vulnerable, exacerbated by climate change which weakens animal production due to lack of water and pasture, and extreme weather events. The most vulnerable groups are women and youths at all segments of the chain. Since extensive stockbreeding is highly vulnerable which jeopardizes the entire livestock value chain, it is recommended that optimal intensification of livestock and fish farming systems should be supported by financing sub-sectors and diversifying actors' activities in these sub-sectors. Developing fish-farming ponds, which requires the harnessing of water resources, will enhance the rural population's resilience to climate change, as opposed to fishing in the natural environment.

Social

3.3.6 As they operate in the informal sector, farmers/breeders are not part of Cameroon's national social security system which guarantees the payment of workers' contributions in the form of pension.

3.3.7 Pursuant to Decree No. 2014/2377/PM of 13 August 2014 laying down conditions for managing the voluntarily insured under the old-age pension, disability and life insurance schemes, the National Social Insurance Fund (CNPS) undertook to extend coverage of voluntary insurance to the urban informal sector. In accordance with this decree (Article 2), the following are considered as voluntary insured: (i) persons with the contributive capacity, but who are not subject to obligatory insurance against old-age, disability and death; (ii) workers not fulfilling the conditions of liability to the general social security scheme or the State personnel scheme or a special scheme; and (iii) former social insured persons who cease to fulfil the conditions of liability to the general scheme. Holders or persons likely to benefit from obligatory old-age pension are excluded from voluntary insurance (Article 3). Therefore, voluntary insurance is a system that

guarantees the payment of a pension in return for the voluntary payment of a monthly contribution in the event of old age, disability or death.

3.3.8 To promote the voluntary insurance scheme instituted by Decree No. 2014/2377/PM of 13 August 2014 and make it an effective mechanism for extending social coverage to new segments of the population, CNPS concluded service contracts with local partner structures, which it approved, called social secretariats.

3.3.9 PD-CVEP will support this CNPS initiative by extending social secretariats (at least 280) to cooperatives and associations of farmers/breeders and butchers, etc. This involves identifying and sensitizing those involved in target segments of the cattle, pig and fish value chains. Awareness missions and information/training workshops will be organised to elicit the interest of breeders/butchers and others and explain to them how the mechanism works, its importance and how to subscribe. Each cooperative will set up an internal social secretariat approved by CNPS, which will be responsible for registering or enrolling at least 1,000,000 volunteers by the end of the project. To implement this initiative in rural areas, a partnership agreement will be signed between PD-CVEP and CNPS.

Gender

3.3.10 The cattle, pig and fish farming value chains are economic sub-sectors to which women and youth contribute quite significantly but to varying degrees. However, working sessions held with professional organisations show that women's presence is marginal (5%) in processing in the cattle sub-sector (milk, smoking and catering). Youths excel in escorting and slaughtering animals as well as in transportation and distribution where they make money. Women play a decisive role in the fish farming sub-sector: they market fresh and processed products, fish smoking and are involved in distribution and catering (70%). However, activities are carried out under very difficult working conditions characterised by old and even obsolete materials and equipment. At Idenau for instance, the mission saw the precarious working conditions under which professional organisations of fishermen and traders work during the catching, processing, conservation, transport and distribution of fish.

3.3.11 Although empirical data show that women and youths are present in different segments of the selected value chains, no reliable statistical data exists to characterize their involvement in these sub-sectors. PD-CVEP will support the conduct of studies on the participation of women and youths in the cattle, pig and fish farming value chains. Therefore, the project will help to prepare the gender profile in these value chains. It also plans to construct fish markets controlled mainly by women.

Involuntary Resettlement

3.3.12 The project will not lead to community resettlement or restriction of access to resources or livelihood.

IV. PROJECT IMPLEMENTATION

4.1 Implementation Arrangements

4.1.1 The project will be placed under the supervision of the Ministry of Livestock, Fisheries and Animal Industries (MINEPIA). At central level, the project will be attached to the MINEPIA Directorate of Development of Productions and Animal Industries (DDPIA). DDPIA will be reinforced by a Project Coordination Unit (PCU) whose members will be recruited on a

competitive basis, including: (i) a Coordinator with a profile in animal production and experienced in value chain development; (ii) an Infrastructure Engineer; (iii) a Monitoring and Evaluation Officer; (iv) an Animal Genetics Specialist; (v) a Fish Farming Specialist; (vi) an Administrative and Financial Officer (AFO); (vii) an Accountant; (viii) two Procurement Specialists; (ix) an Environmentalist; (x) a Social Issues and Gender Officer; (xi) an Entrepreneurship and Agriculture Financing Specialist; (xii) a Communication Assistant; and (xiii) Support Staff including drivers, secretaries, messengers and guards.

4.1.2 Some project activities will be implemented in partnership with other structures that will designate colleagues or focal points. These are: the Animal Production Development Company (SODEPA) (cattle genetic improvement, bovine fattening and promotion of fodder production); the Department of Fishery, Fish Farming and Fishing Industries (DPAIH) (supervision of fingerling production stations, monitoring of fingerling production, supervision of fish farmers and monitoring of fish framers' performance in the field); DDPIA for the cattle sub-sector (monitoring of multiplication, dissemination and monitoring of zoo-technical performance of improved breeds in the field); the Department in charge of Infrastructure (DPAIE) to monitor the construction of slaughterhouses and other infrastructure; the Department of Veterinary Services (DSV) for animal health and market surveillance; FEICOM will assist local councils to construct and manage community facilities (mobilisation of councils, choice of infrastructure sites, mobilisation of counterpart funds for communal infrastructure (10%), works supervision and assistance to manage built infrastructure); IRAD (harnessing of already developed techniques, promotion of fodder production and monitoring of the performance of genetic improvement of livestock in SODEPA, cooperatives and among individual breeders); CNPS (extension of social protection in rural areas); ANOR (development of standards, compliance assessment, sensitisation, and capacity building for value chain actors); FAO (assistance in designing standards in the fish farming and animal industries sub-sector); and ILO to support sub-sector actors (VSE/SMEs), train trainers in entrepreneurship and support training/incubation centres. The implementation of some activities will require the recruitment of short-term consultants (training in genetic improvement, training in cattle and pig production: feeding, reproduction, stock-farming, monitoring and evaluation, communication, fattening, marketing, etc.).

4.1.3 On the ground, four operational regional branches (Ngaoundere, Yaounde, Douala and Bamenda), covering the project impact area, will supervise activities in collaboration with the MINEPIA Regional Delegations concerned. The area office head with a profile in animal production, a specialist in agriculture and agro-industrial (preferably livestock) value chain development, and an accountant (solely for the Ngaoundere, Douala and Bamenda offices) will be recruited on a competitive basis. Their task will be to sensitise actors on project activities, collect their needs for the development of their activities, identify project ideas to invest, guide them and put them in contact with different project stakeholders and monitor overall implementation of project activities.

4.1.4 The project's external monitoring will be conducted jointly by the MINEPAT Department of Regional Integration (DIR), the MINEPIA Department of Studies, Planning, Cooperation and Statistics (DEPCS) and FEICOM. Similarly, local authorities and regional services of the Ministry of the Environment and MINEPIA will conduct monitoring within their areas of jurisdiction.

4.1.5 A Steering Committee (COPIL) will be set up by MINEPIA. This committee will be composed of representatives of Government institutions (MINEPIA, MINEPAT, MINDDEVEL, MINATD, MINTRADE, MINIMIDT, MINPROFF, MINFI, MINTSS, SODEPA, FEICOM, CNPS, ANOR and IRAD), the private sector (GICAM, ANEMCAM and APECAM) and non-governmental bodies (representatives of the three sub-sectors and the President of the National

Youth Council). Attention will be paid to female representation within COPIL whose task will be to review and approve annual work programmes and budgets (AWPB) and project progress reports. COPIL will also analyse the level of actual versus expected outcomes and propose necessary adjustments to MINEPIA and the Bank. It will meet twice every year in March and September.

4.1.6 As from May, the PCU will start preparing the next year's annual work programme and budget (AWPB) by source of financing, differentiating national counterpart financing resources from AfDB financing resources. This AWPB will be prepared after consulting the three Directorates (DDPIA, DPAIH, DSV) and external partners and submitted to COPIL and the Bank for approval. Procurement activities will be handled by the PCU on behalf of the project, taking into account technical specifications and ToR provided by each partner for procurements concerning them.

4.1.7 Procurement Arrangements

Applicable procurement policy and framework

4.1.7.1 All procurements of goods, works and consulting services financed by the Bank's resources under the project shall be in accordance with the Procurement Policy for Bank Group-financed Operations (ADB Procurement Policy, Edition October 2015) and in accordance with the provisions made ADB Acquisition Agreement. In accordance with this policy and following the various evaluations conducted, it was agreed that: (a) the following acquisitions of goods and works: meat market equipment, fish market equipment, CIA equipment, the computer and office equipment of the PCU, regional antennas and FEICOM, the equipment and supplies of the PCU and antennas offices, the refurbishing of the meat markets, the construction of the fish markets, the construction of artificial insemination centers and parks with the cooperatives, the construction Jakiri seed production center, construction of seed production centers (Ndokayo and Faro), works for the development and promotion of cattle fattening and establishment of a biotechnology center and construction and rehabilitation of public schools (Douala IV, Bamenda II) will be done in accordance with the country's procurement system "National System" embodied by Decree No. 2018/366 of 20 June 2018 on the Public Procurement Code (CMP); (b) the following acquisitions of goods and works: equipment for Analysis and quality control of aquaculture products and feeds to ISO standards, sanitary inspection kits, pig breeding stock, laboratory equipment centers Jakiri, Ndokayo and Faro, a refrigerated truck, vehicle and motorcycles, the mechanical machinery for the SODEPA (Tractors, baler, mower, ...), the construction of slaughterhouse and warehouse of Douala, the construction slaughterhouse and warehouse of Bamenda, the construction slaughterhouse and warehouse of Yaoundé, the Douala slaughterhouse access road construction, the construction of the Alah-Okoro- Alahta'a Mankon / Bamenda II section, the Yaoundé slaughterhouse road construction and all the consulting services will be done in accordance with the Bank's procurement system "ADB System".

4.1.7.2 The Bank reserves the right, however, to request the Borrower to return to the use of the Bank System if (i) the legal framework for Cameroonian public procurement changes to evolve into a system unsatisfactory for the Bank; (ii) the provisions in force were not complied with by the Executing Agency or (iii) the appropriate risk mitigation measures included in the Risk Assessment Action Plan were not complied with.

4.1.7.3 The use of the National System for the acquisition of certain needs will improve efficiency without abandoning the fiduciary responsibilities of the Bank through a series of

measures put in place and described in paragraph B.5.7. of the Technical Annex B.5. This improvement in efficiency will be achieved due to the following actions:

- i) better ownership of the procurement system to be used by the agency execution;
- ii) a saving of time with the absence of a second control (after that of the national entities) that represents the a priori review of the Bank.

Organization of the implementation of the acquisitions

4.1.7.4 The implementation of project procurement will be done by the PCU to be established within the DDPIA of the MINEPIA. Given the large volume of procurement activities planned under the project, the PCU will include an experienced procurement specialist and a junior specialist. They will be both recruited on a competitive basis. Specifically, the PCU will be responsible for (i) drawing up the procurement plan and regularly updating it and monitoring its implementation; (ii) preparing procurement documentation; (iii) monitoring of the procurement process; (iv) monitoring and management of contracts; (v) filing and archiving of procurement documentation; and (vi) preparation of quarterly activity reports. In addition, it will be created within the PCU by order of the Minister of Public Procurement pursuant to the provisions of Article 10 paragraph 3 of Decree 2018/366 of 20 June 2018, a Special Procurement Commission (SPC). The role of this SPC is: (i) to review and issue opinions on Bidding Documents (BDs) and Request For Proposals (RFPs); (ii) open the bids submissions; (iii) set up sub-committees for the analysis of bids; (iv) formulate proposals for the award of contracts to project management; and (v) review and issue opinions on draft contracts or amendments. A subcommittee responsible for the evaluation of tenders is constituted for each call for tenders by a memo from the SPC. Prior control will be exercised by the Central Controlling Commissions placed with the Ministry of Public Procurement for contracts falling within their competence threshold. The PCU must ensure compliance with the national procurement channels before submitting files to the Bank for no objection.

Risk and Capacity Assessment

4.1.7.5 In order to consider the specificities of the project, the Bank carried out risk assessments at the country, sector and project levels as well as the capacities of the DDPIA. The results of these evaluations found a substantial level of risk in procurement¹ and were used to guide the decision on the choice of the procurement system (Borrower, Bank, or Third Party) used for specific activities and permits the identification of appropriate mitigation measures proposed for the risk remedy as indicated in paragraph B.5.9 of Annex B5 to allow satisfactory implementation of the program. The resources needed to implement these measures have been secured at the level of the Bank loan.

4.1.8 Financial Management Arrangements

4.1.8.1 The project's fiduciary management will be the responsibility of the Department of Production Development and Animal Industries (DDPIA) of MINEPIA. The project's financial management system was assessed, pursuant to Bank guidelines, and covering aspects such as budgetary management, accounting, internal control, financial information and external audit. Account was also taken of the fiduciary risk assessment of Cameroon conducted during PEFA 2017, as well as the CFRA formulated during preparation of the budget support in October 2017. *This evaluation deemed that the initial global risk level of the financial management in*

¹ More details are provided in the Technical Annexes.

place is significant and financial management arrangements were formulated to reduce that risk level.

4.1.8.2 Financial Management Arrangements: The DDPIA of MINEPIA recommended that a Project Coordination Unit (PCU) be established and experts recruited on a competitive basis. The fiduciary team will comprise a National Coordinator, an Administrative and Financial Officer, two Procurement Specialists, Accountants, and a Monitoring and Evaluation Expert. The PCU will be responsible for the overall coordination, technical coordination and financial management of the project. The project's financial management will be concretized through the following measures: (i) preparing the administrative, budgetary, accounting and financial procedures manual, based on the management manual available at CAA applicable to all development projects in Cameroon and approved by technical and financial partners; (ii) procuring and configuring the TOM2PRO integrated management system, via the procurement facilities put in place by CAA ; (iii) preparing the project implementation manual containing the project's organisational chart laying down the role, responsibilities and activities of each of the actors involved in its implementation; (iv) preparing and having the Bank approve the procedures manual on the management of the Sub-sector Development Fund; (v) before disbursing resources meant for SODEPA capacity-building, ensuring that an integrated management system familiar to users is in place to produce periodic commercial, budgetary and financial reports of all SODEPA subsidiaries and consolidated annual financial statements.

4.1.9 Disbursement Arrangements

4.1.9.1 Disbursement of AfDB resources will be done pursuant to the provisions of the disbursement manual in force at the Bank. The proposed disbursement methods here are: (a) the special account method (for operating costs, capacity building activities, and management of partnership agreements); (b) direct payment method used to pay for works, goods and service contracts; and (c) reimbursement method, in case counterpart funds were used to pre-finance expenses chargeable to AfDB resources and authorized by the Bank.

4.1.9.2 In Cameroon, CAA is responsible for opening special accounts. It will open the following special accounts in the name of PD-CVEP, denominated in local currency (XAF), in financial institutions deemed acceptable to the Bank and pursuant to regulations in force in Cameroon: (i) one main special account to receive AfDB resources meant for PCU operating costs and capacity building; (ii) one special account dedicated to the management of partnership agreements; (iii) one main special account meant to receive counterpart funds from the State of Cameroon; and (iv) subsidiary accounts at the Ngaoundere, Douala and Bamenda regional branches to manage the operating costs of each branch. Transactions on these subsidiary accounts will require two signatories: a representative of MINEPIA and the branch manager.

4.1.9.3 An incentives-based financing system for value chain development will be set up with the involvement of banks (risk-sharing mechanism amounting to CFAF 1.5 billion) and micro-finance institutions (refinancing of an amount of CFAF 5 billion).

4.1.9.4 Disbursement mechanisms are summarised below, but a detailed description is available in a fund management procedures manual, hereto attached as Annex.

4.1.9.5 Project funds shall be transferable (by the Bank) into the dedicated accounts managed by the Financial Operator only when the operator would have signed collaboration agreements with the first batch of MFIs. To call for funds, the financial operator will submit a request to PCU for an amount corresponding to 30% of the direct credit resources. The PCU will give its opinion and the Supervisory Committee will validate the amount requested and submit a request

for the Bank's no-objection to replenish the credit line meant to finance partner MFIs. After approval, the Bank will transfer the amount requested into the dedicated account of the sub-sector fund managed by the financial operator opened for that purpose. The 30% granted will be for the financial operator to put up a treasury reserve to honour any request that partner financial institutions may make in excess of forecasts within a period of time to be determined.

4.1.9.6 The financial operator can solicit a supplementary disbursement whenever the balance in the credit fund falls below 40% of the account balance.

4.1.9.7 The incentive package for the financial operator will be as follows:

- i) Provision of 30% of funds for an average period of 6 months at zero interest rate;
- ii) Constitution of a float for a period equivalent to about 6 months. Any accrued interest will serve as remuneration for the expected services;
- iii) A fee corresponding to 50% of interest collected on loans will be granted in addition, to cover part of the cost of administration of project funds (dedicated staff and line management system). The fee shall be paid in full at the end of the year when portfolio quality is satisfactory (Portfolio at Risk (PAR) >90 days is below 5%). Any unpaid sums exceeding this performance level shall be deductible from the fee in determining the net amount payable;
- iv) Consignment charges levied by the MFI during fund request (1% of loan refundable in case of rejection).

Audit Arrangements

4.1.9.8 MINEPIA will officially request the Audit Bench of the Supreme Court of Cameroon, if available, to handle the financial and technical audit activity. Indeed, the country's Audit Bench has the required capacity to: (i) recruit the auditor with the support of the PCU's Procurement Expert; (ii) sign the auditor's contract; (iii) monitor the auditor's work ; and (iv) approve and submit audit reports to the Bank no later than six months after the close of the fiscal year concerned.

4.1.9.9 To that end, an agreement will be signed by MINEPIA and the Audit Bench within six months of the project's effectiveness. The auditor will be recruited on a competitive basis and in accordance with terms of reference approved by the Bank. The audit contract will not exceed three years and continuation of the auditor's service will be contingent on the Bank's acceptance of the first audit report. The scope of the audit will include all project activities, all sources of financing, as well as the activities of the sub-sector development fund.

4.2 *Project Monitoring and Evaluation*

4.2.1 Project monitoring and evaluation will comprise two aspects:

(i) physical and financial monitoring: The PCU's Monitoring and Evaluation Officer will be directly responsible for this task. He/she will collect and compile information on physical outputs and financial implementation of the project. To that end, he/she will have a master plan with outcome indicators from the logical framework to monitor the implementation progress of sub-components. Such monitoring will yield the following information on each activity every six months: physical objective, implementation status and explanations for potential discrepancies,

anticipated costs, actual costs, and financial data of the project. This information will be used to draft periodic project progress reports.

(ii) Evaluation of project outcomes: This will be done through periodic monitoring and evaluation surveys. A baseline study to obtain disaggregated data will be conducted at project commencement, while two specific surveys will be conducted at mid-term and at project completion.

4.2.2 The targets and impact indicators to be monitored are mentioned in the logical framework. Project performance will also be measured using key impact indicators, including gender-disaggregated climatic risk. Project implementation will be monitored internally while impacts will be monitored externally (recruitment of consultants for baseline situation studies, mid-term review and final evaluation).

Table 4.2: Project Implementation Schedule

Timeframe	Stages	Responsible Structure
September 2018	Board Approval	Bank
January 2019	Signing of the Loan Agreement	Borrower / Bank
March 2019	First disbursement	Borrower / Bank
December 2021	Mid-term review	Borrower / Bank
June 2020	Submission of project audit report	Borrower
July 2024	Completion	Borrower / Bank
December 2023	Project closure	Borrower / Bank

4.3 Governance

4.3.1 The agro-pastoral and fish farming sector was included in reforms under the budget support granted in November 2017, to enhance its performance and better attract the private sector (lower livestock slaughter age, preparation of technical regulations on fish farming, etc.).

4.3.2 This project's governance level is low and mostly limited to the selection of works contractors. Establishing a Project Coordination Unit, with enhanced financial management and procurement capacity, will help to mitigate the above-mentioned risk. Besides, the option of decentralising the implementation of project activities with well-established institutional partners, under agreement, will reduce the risk of poor governance.

4.4 Sustainability

4.4.1 The main guarantees of sustainability are that activities undertaken meet stakeholders' demands and overall sub-sector needs and are in line with national and local priority guidelines while empowering national partner institutions. Since the selected value chains exist already, the project's emphasis will be on strengthening their segments and integration, the aim being to upgrade and professionalise these sub-sectors. Actors of targeted value chains (stockbreeders, butchers, transporters, distribution chains (CENTRAGEL, MAHIMA, CASINO etc.), processing operators; financial institutions; research and supervision structures, etc.) participated in the project design and promised to also participate in its implementation and steering. The management and maintenance of facilities will be entrusted to SODEPA or local councils that offer services to butchers. There are plans to support, with FAO's technical assistance, the reform of the management of slaughterhouses to ensure their profitability and sustainability.

4.4.2 Although the operation mode of the refinancing and risk-sharing mechanism will rest on the professionalism and capacity of lending institutions, the project plans to provide assistance to ensure that lending institutions are well versed with the realities of the pastoral sub-sector.

4.5 *Risk Management*

4.5.1 The risks that can impede the achievement of project objectives are linked to: (i) insecurity in some project regions (Far-North, North-West and South-West); (ii) the weak support and resistance from project actors; (iii) the absence of controls by public authorities to check clandestine slaughtering and the sanitation of animal and fish products; (iv) the degeneration of germplasm and consanguinity of foundational herd animals; (v) the low participation of private sector actors due, among others, to the unattractive funding conditions proposed by the project; (vi) the poor involvement of banks and MFIs; and (vii) the unsustainable management of slaughterhouses.

4.5.2 Mitigation Measures: The above risks will be mitigated by the following measures: (i) Government's efforts to control insecurity; (ii) wide sensitisation of value chain actors, local authorities and professional organisations/unions; (iii) strengthening of the slaughterhouse inspection mechanism and veterinary control in slaughterhouses and markets; (iv) support to public services as they strive to improve the genetics and conservation of local breeds (mitigation by crossing distant breeds/inputs of exotic germplasm (embryo transfer and artificial insemination); (v) wide sensitisation and strong involvement of private sector operators in project design; (vi) consideration of financial sector actors' suggestions during appraisal and regular exchanges with banks and MFIs during implementation, supporting them through capacity building; and (vii) proposals to reform slaughterhouse management systems with stakeholders.

4.6 *Knowledge Building*

4.6.1 The project enhances the value chains approach in Bank operations and strengthens the Bank's capacity to rally industrial-, commercial- and bank-type private sector operators around the agricultural sector. Furthermore, the project's innovative character will enable it to seamlessly blend the development of "hard" public/community infrastructure with "soft" support through financing and capacity building of the relevant value-chain actors and stakeholders.

4.6.2 For Cameroon, the project supports the shift from subsistence agriculture to commercial agriculture (second-generation agriculture) by helping to make it attractive to the private sector and by offering assistance to producers through market-based partnerships.

4.6.3 Through a combination of actions, the project aims to promote entrepreneurship and create jobs for young graduates. The funding mechanisms established by the project (MFI refinancing fund and risk-sharing through partial risk guarantee) will be able to meet the medium- and long-term financing needs of very small and medium enterprises.

4.6.4 The information collected via the project's monitoring and evaluation system on the quality of financial services rendered and how it impacts the development of sub-sector activities and the creation of value-added and jobs will serve as basis for improving the design of operations in member countries. The lessons learned and good practices during implementation will be capitalised, shared and used in designing future projects.

V. LEGAL FRAMEWORK

5.1 *Legal Instrument*

The project will be financed with an AfDB loan granted to the Republic of Cameroon.

5.2 *Conditions Associated with the Bank's Intervention.*

Conditions precedent to loan effectiveness. Effectiveness of the Loan Agreement shall be subject to the Borrower fulfilling to the Bank's satisfaction the conditions provided for in Section 12.01 of the General Conditions for Loan Agreements and Bank Loan Guarantee.

Conditions precedent to first disbursement of the loan. In addition to effectiveness of the Loan Agreement, the first disbursement of Loan resources shall be contingent on the Borrower fulfilling the following conditions to the satisfaction of the Bank:

- (i) Submitting to the Bank the decision establishing the Steering Committee and Project Coordination Unit in the Department of Production Development and Animal Industries and
- (ii) Providing evidence of recruitment of the Coordinator, the Monitoring and Evaluation Specialist, the Animal Genetics Specialist, the Fish-Farming Specialist, the Infrastructure Specialist, the Administrative and Financial Officer, the Accountant and Procurement Specialist, an Environmentalist, a Social Issues and Gender Officer, an Entrepreneurship and Agricultural Financing Specialist whose qualifications and experience will first have to be approved by the Bank.

Conditions precedent to disbursement of funds earmarked for sub-sector development:

- (i) Selection on a competitive basis of the financial operator of the funding mechanism;
- (ii) Preparation, validation by Government, and approval by the Bank of the funds management manual.

Other conditions:

- (i) Put in place six months after entry in force, a management procedures manual and a computerized accounting system, allowing for adequate monitoring and financial reporting;
- (ii) Provide, annually, proof of the insertion in the Finance Act of the Project's resources for the relevant year;
- (iii) Provide proof of the signature of the agreements with the selected partners (the Company for the Development and Expansion of Animal Productions, the Agricultural Research Institute for Development, the National Social Welfare Fund, the Special Fund for Intercommunal Equipment, the Agency for Standards and Quality, the General Census of Agriculture and Livestock, the Food and Agriculture Organization of the United Nations, the International Labor Office and World Fish Center) ten (10) months after entry into force; and

- (iv) Submit to the Bank each quarter, a report on activities and financial monitoring of the Project.

Undertaking. The Borrower undertakes, to the satisfaction of the Bank, to:

(i) implement the project and have it implemented by its contractors in accordance with the recommendations, prescriptions and procedures contained in the Environmental and Social Management Plan (ESMP) of the project; and (ii) submit half-yearly reports on ESMP implementation, including any shortcomings and corrective actions initiated or to be initiated, as appropriate.

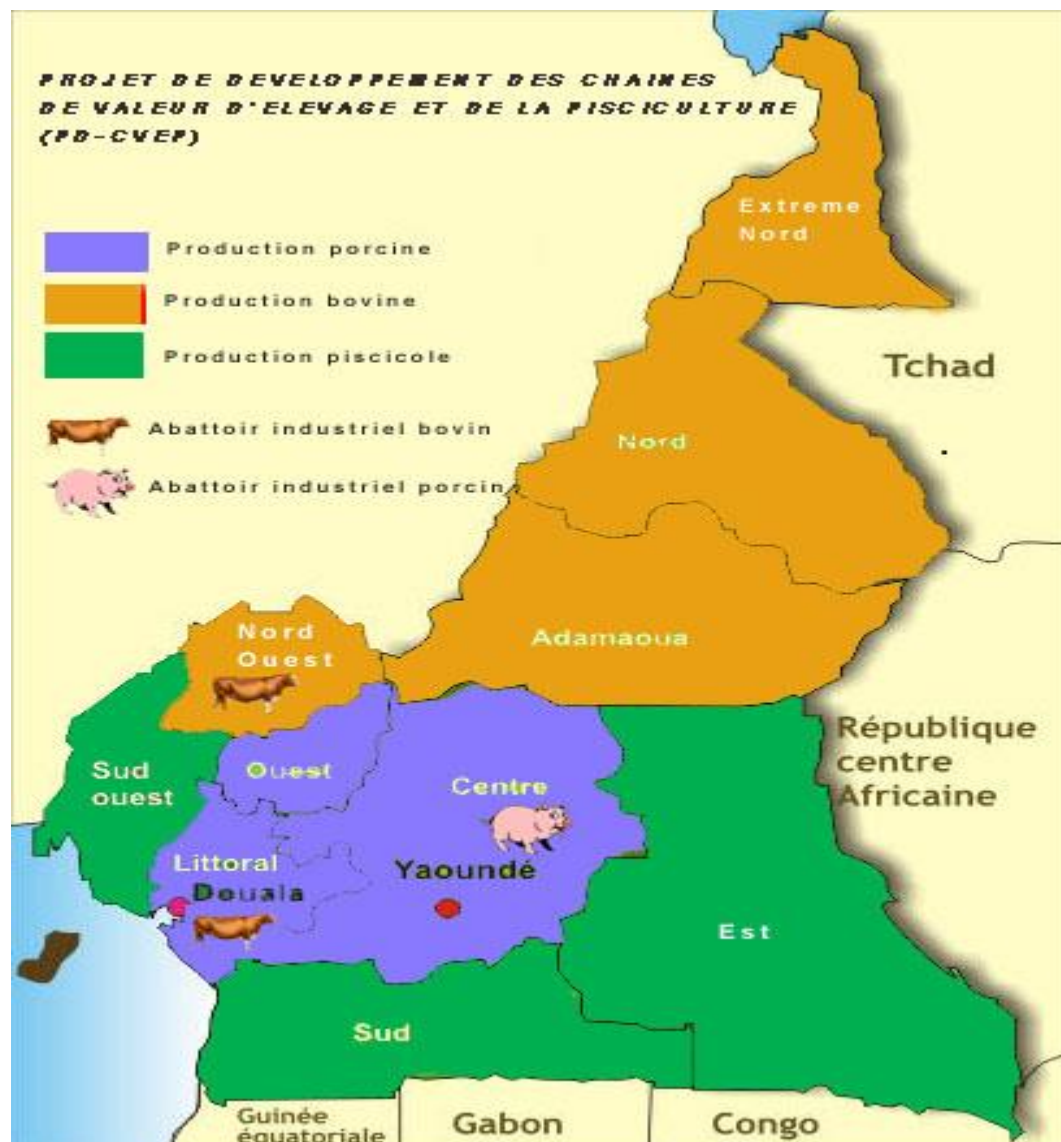
5.3 *Compliance with Bank Policies*

This project complies with all Bank policies.

VI. RECOMMENDATION

The Bank Management hereby recommends that the Board of Directors approves the proposal to grant an AfDB loan not exceeding EUR 84 million (CFAF 55,100 million) to the Republic of Cameroon in accordance with the conditions set out in this report.

Annex I: Project Area



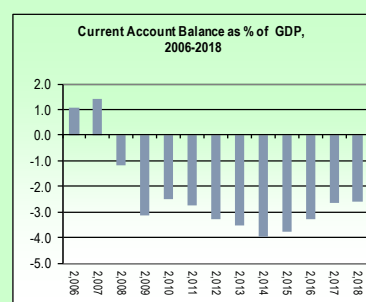
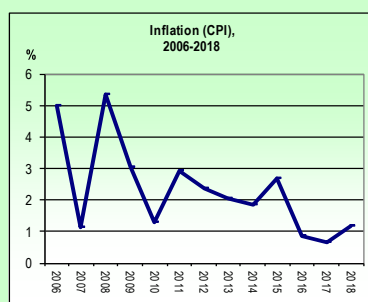
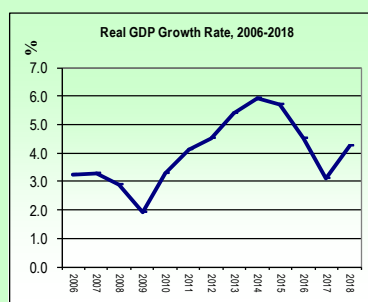
Annex II: Active Portfolio in Cameroon: 31 Dec. 2017

SECTORS	PROJECTS	Approval Date	Signature Date					Disbursement Deadline	Bank Financing (UA million)			
									AfDB Loan	ADF/FSN Loan	Grant	Disburs. Rate
Governance	Support Project for Modernization of the Land Registration System and Business. Climate (PAMOCCA 1).	15.11.2010	05.01.2011					30.12.2019		7.00		52.6%
	Support Project for Modernization of the Land Registration System and Business. Climate (PAMOCCA 2).	17.12.2013	08.06.2014					30.12.2019		5.00		14.9%
Transport	Kumba-Mamfe Road Project	21.11.2012	09.02.2013					30.11.2019		47.26		61.08%
	Road Programme 1: Batchenga-Léna	26.11.2014	28.03.2015					31.12.2019	128.96	12.45		5.2%
	Road Programme 2:Yaounde-Bafoussam	23.11.2016	08.06.2017					31.12.2020	223.51	12.82		0.0%
Tech Info-Com	Central African Backbone	09.07.2015	29.10.2015					31.12.2019	31.22		1.23	1.3%
Water and Sanitation	Yaounde Sanitation Project (PADY 2)	19.06.2013	11.09.2013					31.12.2018		20.99	2.84	24.7%
	Rain Water Mobilization Studies(PEMVEP)	20.06.2016	21.10.2016					31.12.2018			1.07	0.0%
Energy	Reinforcement of Electricity Transmission and Distribution Networks(PREREDT)	15.09.2010	15.10.2010					30.12.2017		31.64		34.4%
	Lom Pangar Hydropower Development Project	10.11.2011	18.01.2012					31.12.2017		44.93		11.6%
Agriculture	Rural Infrastructure Support - Grassfield 2	23.10.2013	16.12.2013					31.12.2019		13.61	3.19	29.6%
	Agricultural Value Chains Development Project (AVCD-DP)	20.01.2016	21.10.2016					31.01.2022	74.74			2.9%
Total National Public Operations									458.43	195.70	8.33	10.41%
Private Sector	Cameroon Shipyard and Industrial Engineering Company Ltd (CNIC)	12.12.2002	02.06.2003					31.12.2018	32.07			67.9%
	AES-SONEL Investment Programme	10.05.2006	08.12.2006					31.12.2020	50.22			100%
	Dibamba Thermal Power Plan	28.04.2010	11.05.2011					01.06.2023	18.64			100%
	Usine thermique de Kribi	15.07.2011	22.12.2011					15.11.2025	23.92			100 %
Total National Private Operations									124.87			86.89%
Regional Environment	Protection of Central African Elephants	22/07/2013	16.12.2013					30.06.2018		0.25		38.2%
	Lake Chad Basin Rehabilitation (PRESIBALT)	17/12/2014	02/07/2015					30.09.2019		12.5		7.9%
Regional Energy	Chad-Cameroon Electricity Interconnection Study	07.10.2013	29.01.2014					31.12.2017		1.25		74.02%
Regional Transport	Bamenda-Enugu Transport Facilitation	25.11.2008	13.05.2009					31.12.2019		90.39		56.9%
	Brazza -Yaounde Corridor (Ketta –Djoum 1)	25.09.2009	11.01.2010					30.11.2017		59.27		90.8%
	Brazza –Yaounde Corridor (Ketta –Djoum 2)	21.10.2015	05.04.2016					31.12.2020	51.94			0.2%
Total Multinational Public Operations									51.94	163.66		49.83%
GRAND TOTAL PORTFOLIO OPERATIONS: UA 1,002,990,590 = CFAF 785.916 billion									635.24	359.36	8.33	28.18%

Annex III: Key Macroeconomic Indicators

Cameroon **Selected Macroeconomic Indicators**

Indicators	Unit	2000	2013	2014	2015	2016	2017 (e)	2018 (p)
National Accounts								
GNI at Current Prices	Million US \$	10,831	32,206	34,387	34,316	33,494	...	...
GNI per Capita	US\$	680	1,450	1,510	1,470	1,400	...	...
GDP at Current Prices	Million US \$	9,290	32,359	34,998	30,932	32,234	32,531	34,151
GDP at 2000 Constant prices	Million US \$	9,290	14,751	15,621	16,512	17,255	17,793	18,547
Real GDP Growth Rate	%	4.2	5.4	5.9	5.7	4.5	3.1	4.2
Real per Capita GDP Growth Rate	%	1.4	2.8	3.3	3.1	2.0	0.6	1.8
Gross Domestic Investment	% GDP	16.7	23.1	24.1	22.4	22.2	23.0	24.4
Public Investment	% GDP	2.8	4.9	4.7	4.5	4.6	4.1	3.6
Private Investment	% GDP	13.9	18.1	19.3	17.9	17.6	18.9	20.8
Gross National Savings	% GDP	13.3	24.8	25.3	23.9	24.3	23.7	23.7
Prices and Money								
Inflation (CPI)	%	0.9	2.1	1.9	2.7	0.9	0.7	1.2
Exchange Rate (Annual Average)	local currency/US\$	732.5	493.9	493.6	591.2	592.7	617.5	619.4
Monetary Growth (M2)	%	68.4	10.5	9.6	9.1	5.4	2.9	...
Money and Quasi Money as % of GDP	%	20.9	29.2	29.6	30.5	30.8	30.1	...
Government Finance								
Total Revenue and Grants	% GDP	20.0	16.2	16.4	16.2	14.6	15.9	16.3
Total Expenditure and Net Lending	% GDP	15.6	20.0	20.3	19.0	20.4	19.0	18.4
Overall Deficit (-) / Surplus (+)	% GDP	4.4	-3.8	-3.9	-2.7	-5.8	-3.1	-2.0
External Sector								
Exports Volume Growth (Goods)	%	-3.3	7.1	17.6	17.8	-6.0	-0.3	4.0
Imports Volume Growth (Goods)	%	12.9	4.1	12.7	1.8	-5.7	-3.8	-3.5
Terms of Trade Growth	%	42.3	-1.4	-7.3	-13.8	2.4	-5.1	-7.3
Current Account Balance	Million US \$	-61	-1,150	-1,396	-1,174	-1,065	-865	-884
Current Account Balance	% GDP	-0.7	-3.6	-4.0	-3.8	-3.3	-2.7	-2.6
External Reserves	months of imports	1.0	4.6	3.9	5.4	3.8	4.3	4.1
Debt and Financial Flows								
Debt Service	% exports	24.3	3.0	3.5	6.1	5.9	7.3	8.0
External Debt	% GDP	62.2	11.4	14.9	19.4	19.9	23.2	23.2
Net Total Financial Flows	Million US \$	218	356	986	1,331	358	...	...
Net Official Development Assistance	Million US \$	377	752	856	663	756	...	...
Net Foreign Direct Investment	Million US \$	159	567	554	620	128	...	...



Source : AfDB Statistics Department; IMF: World Economic Outlook, April 2018 and International Financial Statistics, April 2018;
AfDB Statistics Department: Development Data Portal Database, April 2018. United Nations: OECD, Reporting System Division.

Notes: ... Data Not Available (e) Estimations (p) Projections

Last Update: May 2018

Annex IV: Succinct Presentation of Procurement Methods

Categories	Million de UC				Total
	Borrower Methods and Procedures		Bank Methods and Procedures		
	Open Bid Invitation	Others	Open Bid Invitation	Others*	
1. WORKS					
1.1. Construction slaughterhouse and warehouse of Douala			9.305 [9.305]		9.305 [9.305]
1.2 Construction slaughterhouse and warehouse of Bamenda			5.536[5.536]		5.536[5.536]
1.3 Construction slaughterhouse and warehouse of Yaoundé			6.818[6.818]		6.818[6.818]
1.4 Construction access road to Douala slaughter-house			1.594[1.594]		1.594[1.594]
1.5 Construction of Alah-Okoro - Alahta'a Mankon road stretch/ Bamenda II			1.760[1.760]		1.760 [1.760]
1.6 Construction service road to Yaounde slaughter-house			2.679[2.679]		2.679[2.679]
1.7 Development of meat markets (Yaounde, Douala, and 22 others) (see. Distribution by batch in PP)	2.244[2.244]				2.244[2.244]
1.8 Construction of fish stands (Idenau and Ebolowa)	0.420[0.420]				0.420[0.420]
1.9 Construction of artificial insemination centres and parks in cooperatives	0.604[0.604]				0.604[0.604]
1.10 Construction of semen production centre in Jakiri	0.165[0.133]				0.165[0.133]
1.11 Construction of semen production centres (Ndokayo and Faro)	0.445[0.445]				0.445[0.445]
1.12 Cattle fattening development and promotion works and construction of bio-technology centre	0.661[0.413]				0.661[0.413]
1.13 Construction and rehabilitation of public schools (Douala IV, Bamenda II)	0.128[0.128]				0.128[0.128]
2. GOODS					
2.1 Equipment of meat markets (Yaounde, Douala, and 22 others) (see distribution by batch in the PP)	0.829[0.829]				0.829[0.829]
2.2 Equipment of fish stands (Idenau and Ebolowa)	0.096[0.096]				0.096[0.096]
2.3Equipment of CIAs	0.134[0.134]				0.134[0.134]
2.4 Equipment for the analysis and quality control of fish products and feed aligned to ISO standards			0.128[0.128]		0.128[0.128]
2.5 Procurement of sanitary inspection kits			0.191[0.128]		0.191[0.128]
2.6 Procurement of pig sires			0.459[0.408]		0.459[0.408]
2.7 Equipment of Jakiri, Ndokayo and Faro laboratory centres			0.516[0.516]		0.516[0.516]
2.8 Refrigerated lorries				0.064[0.064]	0.064[0.064]
2.9 transport equipment (vehicle, motorcycles) – PCU/branches, SODEPA (Jakiri, Ndokayo and Faro centres), IRAD, CNPS, FEICOM			0.696[0.671]		0.696[0.671]
2.10 Mechanical equipment for SODEPA (Tractors, trussers, reaper,...)			0.473[0.473]		0.473[0.473]
2.11 Computer hardware and office equipment PCU, branches and FEICOM	0.117[0.117]				0.117[0.117]
2.12 Office equipment and supplies PCU and branches	0.191[0.191]				0.191[0.91]
3. CONSULTING SERVICES					
Supervision of works of cattle slaughterhouses, warehouse and access road Douala				0.877[0.877]	0.77[0.877]
Supervision of works of cattle slaughterhouse, warehouse and access road Bamenda				0.589[0.589]	0.589[0.589]
Supervision of works of pig slaughterhouse, warehouse and access road Yaounde				0.760[0.760]	0.760[0.760]
Supervision of other construction and rehabilitation works (meat markets, stands, schools, CIAs, boreholes, centres, ...)				0.360[0.360]	0.360[0.360]
Study for relocation of cattle slaughterhouse of Yaoundé				0.255[0.255]	0.255[0.255]
Study on traceability of animals and meat				0.191[0.191]	0.191[0.191]
Technical assistance in management of value chains development funds				0.255[0.255]	0.255[0.255]
Baseline situation study				0.102[0.102]	0.102[0.102]
Field surveys on gender profile in the cattle, pig and fish farming sub-sectors				0.191[0.191]	0.191[0.191]
Technical assistance for the organisation of actors (butchers, breeders, transporters, etc.), contracting, market development and financial management in each slaughter-house basin				0.255[0.191]	0.255[0.191]
Individual consultant (project implementation manual ;accounts, financial and administrative procedures manual ; support for the structuring of the three sub-sectors ; study for the preparation of drafts of sanitary regulations governing the transportation and distribution of meat from butchers' shop and fishing products ;preparation of national plans for the supervision and control of slaughter-house products ; feasibility study of fish farming development zones; update of regulatory framework for fish farming; preparation of a national plan of genetic improvement of tilapia and silurid stocks; Assistance in accounting and finance; technical assistance/infrastructure engineer; communication plan an completion report)				0.388[0.228]	0.388[0.228]
Upgrading of incubation centres				1.073[1.073]	1.073[1.073]
Accounts audit				0.096[0.096]	0.096[0.096]
Procurement audit				0.090[0.090]	0.090[0.090]
FAO technical assistance				0.660[0.660]	0.660[0.660]
ILO technical assistance				1.276[0.880]	1.276[0.880]
World Fish Center technical assistance				0.128[0.128]	0.128[0.128]
Sundry workshops and training sessions				1.183[0.764]	1.183[0.764]
Convention with SODEPA				0.495[0.367]	0.495[0.367]
Convention with FEICOM				0.665[0.295]	0.665[0.295]

Convention with IRAD				0.949[0.777]	0.949[0.777]
Convention with CNPS				0.797[0.797]	0.797[0.797]
Convention with ANOR				0.686[0.686]	0.686[0.686]
Convention with RGAE				2.710 [1.626]	2.710 [1.626]
Convention with incubation centres (8)				3.036[3.036]	3.036[3.036]
4. OPERATION AND MISCELLANEOUS					
Launch workshop				0.019[0.019]	0.019[0.019]
Project mid-term review workshop				0.019[0.019]	0.019[0.019]
Staff training				0.128[0.128]	0.128[0.128]
Staff of PCU and 4 branches				4.481 [4.481]	4.481 [4.481]
Operation and miscellaneous				1.827[1.827]	1.827[1.827]
Enrolment of voluntary insured persons (1,000,000) of the social security system (including the e-banking system platform)				0.772[0.772]	0.772[0.772]
Fund for livestock and fish farming value chain development				6.378[6.378]	6.378[6.378]
Guarantee Fund				1.913[1.913]	1.913[1.913]
Pre-employment allowances for young higher education graduates				0.478[0.478]	0.478[0.478]
Grant to agripreneurs				2.551[2.551]	2.551[2.551]
TOTAL					72.886[70.000]

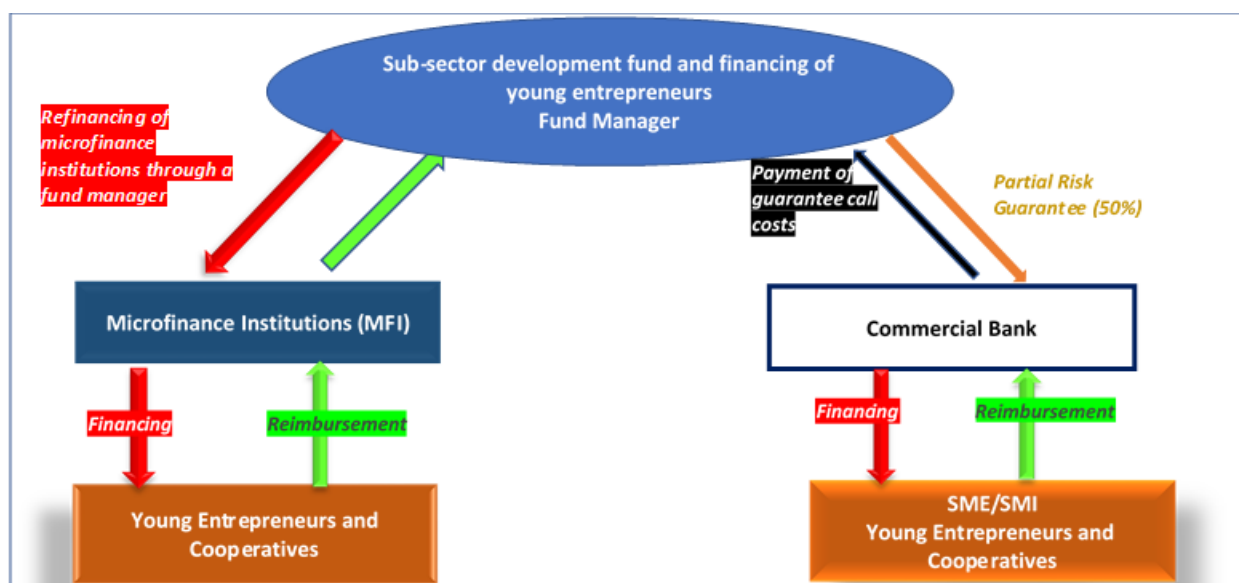
Note: The shortlist applies to the use of consultants only

"OTHER" refers to restricted bid invitations (RIT) local shopping, consultations, direct negotiation contract, shortlist

Figures in parentheses represent financing by the Bank, AfDB.

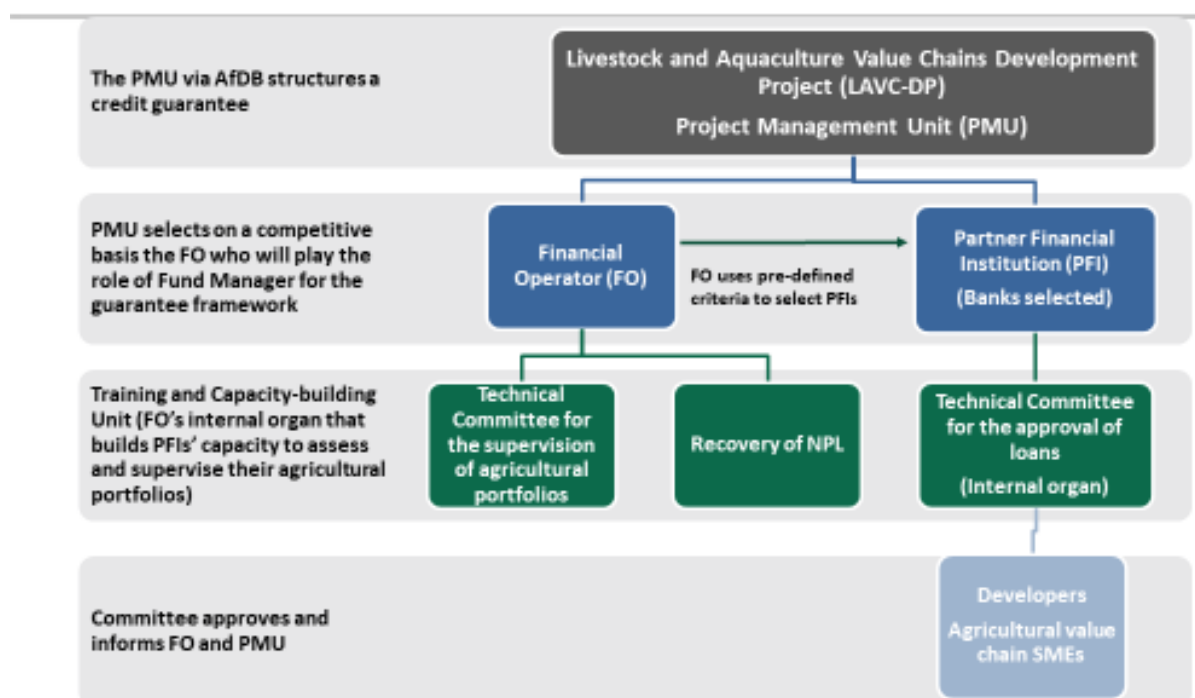
Annex V: Diagram of Refinancing Fund (A) and Guarantee Fund (B) Mechanism under PD-CVEP

(A)



(B)

Guarantee conditions (Commercial and Development banks)



Annex VI: Justification of the Level of Counterpart Contribution to AfDB Project Financing in Cameroon

1. In financing the Livestock and Fish Farming Value Chain Development Project (PD-CVEP), Government requested that its counterpart funding should be waived and limited to components financed by the Bank. This national counterpart is estimated at EUR 15.27 million, equivalent to 16% of the total project cost estimated at EUR 99.27 million. The level of Government counterpart funding is below 50% of the cost of components financed by the Bank, as required by the Policy on Expenditure Eligible for Bank Group Financing under the AfDB sovereign window. Therefore, pursuant to the provisions of Section 4.2.2 of the above Policy (revised version of 19 March 2008), the justification of this level of Government counterpart funding was based on the following four criteria:

- *the country's commitment to implement its overall development programme;*
- *the country's financial allocation to the private sector with Bank assistance;*
- *the country's fiscal situation and debt level;*
- *the upper cost-sharing limit and guidelines specified in the country financing parameters.*

Country's Commitment to Implement its Overall Development Programme

2. Drawing on lessons learned during the implementation of its poverty reduction strategy after reaching the completion point of the Heavily Indebted Poor Countries Initiative (HIPC) in 2006, the Government in 2010 prepared a Development Vision 2035. This long-term vision of the country aims to make Cameroon an emerging democratic country united in its diversity. Specifically, the 2035 Vision is the reference framework for: (i) significantly reducing poverty; (ii) achieving middle-income country status; (iii) becoming a newly industrialised country; and (iv) consolidating the democratization process and national unity.
3. These specific goals guided the thrusts of the Growth and Employment Strategy Paper (GESp, 2010-2020), which covers the first ten years of the 2035 Vision. The key GESp implementation issues include speeding up growth, creating formal jobs and reducing poverty. Therefore, it is expected to (i) raise growth to 5.5% on average annually during the 2010-20 period; (ii) reduce under-employment from 75.8% to less than 50% in 2020; and (iii) reduce the poverty rate from 39.9% in 2007 to 28.7% in 2020.
4. To achieve these goals, Government chose to implement a coherent and integrated three-thrust strategy with the support of Technical and Financial Partners, including the Bank. It comprises: (a) a growth strategy; (b) a strategy for improving governance and strategic State management; and (c) an employment strategy.
5. Presenting this project will help the country to finance the major pastoral and fish farming sub-sectors defined in its National Agricultural Investment Plan approved in April 2018.

Country's Private Sector Financial Allocation with Bank Assistance:

6. The agricultural sector continues to receive special attention in a bid to diversify the economy, on the one hand, and strengthen food security and farmers' incomes on the other. Although diversification has been achieved, the challenge remains improving the productivity and competitiveness of the agro-pastoral and fishery sub-sectors.
7. In 2017, the State budget allocation to the agricultural sector was CFAF 217.7 billion, representing less than 5% of the overall budget.

Country's Budgetary Situation and Debt Level:

8. The mid-term review of Cameroon's CSP 2015-2020, which wrapped up in end-July 2018, indicated that Cameroon faces a difficult economic and financial situation due to falling global commodity prices and the security and humanitarian crises at its borders. The adverse consequences of these have helped to slow down economic growth in the country. Growth, which averaged 5.8% over the 2013-2015 period, fell to 4.5% in 2016, then to 3.1% in 2017. Inflation, which stood at 0.9% in 2016, is expected to fall below the convergence rate fixed at 3% in the CEMAC area to 0.7% in 2017 and 1.5% in 2018.
9. Financing anchor infrastructural projects with non-concessional commercial and public loans contracted as part of the country's emergence policy has led to a rapid accumulation of the public debt. As at 31 January 2018, the outstanding public debt stood at CFAF 4,556 billion for the external debt and CFAF 1,571 billion for the internal debt, accounting for nearly 32% of the country's gross domestic product. The outstanding debt contracted but as yet undisbursed stood at 24.7% of GDP in December 2017 against 20.4% in December 2016, currently making it necessary to institute a more cautious and stringent debt management. To that end, a debt ceiling of CFAF 3,000 billion was instituted under the three-year Arrangement (2017-2019) backed by the Enhanced Credit Facility signed in June 2017 between the International Monetary Fund (IMF) and Government.

Upper Cost-sharing Limit and Guidelines Specified in the Country Financing parameters

10. The country financing parameters (CFP) for cost-sharing clearly indicate the country's commitment and ownership of Bank-financed project activities. These parameters also offer flexibility in determining the percentage of national counterpart fund. The Bank's consideration of the level of commitment and ownership was based on such criteria as: (i) the extent to which project activities contribute to achieving the development objectives outlined in the Growth and Employment Strategy (GESP) for the 2010-2020 period; (ii) the project's alignment and linkage with the strategic pillars of the Bank's Country Strategy Paper (CSP, 2015-2020) for Cameroon approved in July 2015 and the inclusion of costs in the State budget of project financed by the Bank and other technical and financial partners. As per the CFPs, the percentage of total costs financed by the Bank is assessed on a case-by-case basis depending on the specific project context and considerations, the demonstration of Government commitment and ownership vis-à-vis project implementation, the level of co-financing with other TFPs and the budgetary situation of the country. It is worth noting that the parameters are aligned with the World Bank's CFPs for Cameroon prepared in 2005 when the country was eligible only for concessional resources. The CFPs also indicated that World Bank financing can be up to 100% of total project cost (inclusive of taxes), despite the fact that co-financing can be obtained for certain projects, especially in the transport sector. These parameters have

not changed, although Cameroon graduated to IBRD/IDA “blend-country” status in April 2014 at the World Bank and AfDB/ADF in July 2014 at the Bank.

11. **In light of the foregoing and considering Government’s request, it is proposed that the national counterpart funding should be set at 16% of the total project cost, net of taxes.** The Cameroon Government’s contribution (EUR 15.27 million) to the project will serve to partly finance works, goods and services, and part of the implementation unit operating costs as well as project-related tax expenses arising from exemption from customs duty and other levies.