

AFRICAN DEVELOPMENT FUND



MULTINATIONAL

PROJECT TO SUPPORT THE SOCIO-ECONOMIC REINTEGRATION OF VULNERABLE GROUPS IN THE LAKE CHAD BASIN

RDGC/AHHD/PGCL DEPARTMENTS

September 2018

Translated Document

Currency Equivalents

(October 2017)

UA 1	=	CFAF 785.246
UA 1	=	EUR 1.1971
UA 1	=	USD 1.4133

Fiscal Year

January - December

Weights and Measures

1 metric tonne =		2 204 pounds
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 ares

Abbreviations and Acronyms

<u>Abbreviation and Acronym</u>	<u>Meaning</u>
ADF	African Development Fund
AFD	French Development Agency
AfDB	African Development Bank Group
FAO	Food and Agriculture Organization
GIZ	German Technical Cooperation
IsDB	Islamic Development Bank
LCBC	Lake Chad Basin Commission
MDGs	Millennium Development Goals
N.A.	Not applicable
NGO	Non-Governmental Organization
PRESIBALT	Programme to Rehabilitate and Strengthen the Resilience of Socio-ecological Systems in the Lake Chad Basin
PRODEBALT	Lake Chad Basin Sustainable Development Programme
SDGs	Sustainable Development Goals
SME	Small and Medium-Sized Enterprise
TFPs	Technical and Financial Partners
UA	Unit of Account
UNDP	United Nations Development Programme
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
USD	United States Dollar
WFP	World Food Programme

Project Information Sheet

Client Information

BORROWER : CAMEROON
DONEES : CENTRAL AFRICAN REPUBLIC, CHAD

EXECUTING AGENCY: LAKE CHAD BASIN COMMISSION (LCBC)

Financing Plan

Countries	Instrument	ADF-14 Country Allocation (in UA million)	ADF-14 Regional Envelope (in UA million)	Government of Cameroon (in UA million)	Total (in UA million)
Cameroon	ADF Loan	4	4	0.09782	8.09782
Central Africa	ADF Grant	1	1.5	Not applicable	2.5
Chad	ADF Grant	1	1.5	Not applicable	2.5
Government of Cameroon					
Total		6	7	0.09782	13.09782

Important ADF financial information – Lending conditions for blend countries

Loan/grant currency	Unit of account (UA)
Interest rate	1%
Interest rate margin	Not applicable
Service fee	0.75% annually on the disbursed loan amount not yet repaid
Commitment charge	0.5% on the loan amount still non-disbursed 120 days after the signing of the Loan Agreement
Other charges	Not applicable
Maturity	Up to 30 years
Grace period	Up to 5 years

Timeframe – Main Milestones (expected)

Concept note approval	November 2017
Project approval	September 2018
Effectiveness	November 2018
First disbursement	November 2018
Mid-term review	February 2020
Last disbursement deadline	March 2022
Closing date	December 2021

PROJECT SUMMARY

Project overview: The countries bordering Lake Chad (Nigeria, Niger, Cameroon and Chad) established in May 1964 an entity known as the Lake Chad Basin Commission (LCBC), based in Ndjamena, Chad. Its mandate is to ensure the sustainable and equitable management of Lake Chad and other shared water resources in the eponymous basin, as well as the preservation of the ecosystems of the Lake Chad Conventional Basin, the promotion of integration and the preservation of cross-border peace and security in the Lake Chad Basin. Subsequently, the LCBC opened its doors to the Central African Republic in 1996 and Libya in 2008 as member countries, as well as to Sudan, Egypt, the Republic of Congo and the DR Congo as observer members. Since the advent in 2009 of the Boko Haram sect in North-eastern Nigeria, the countries bordering Lake Chad have suffered exactions at the hands of this sect. The insurgency has caused more than 33,000 deaths in ten years, and the region has 2.3 million displaced persons and 200,000 refugees. The exactions by Boko Haram have been compounded by the effects of climate change and desert encroachment, which have caused Lake Chad to shrink from 25,000 km² to 2,500 km² in 60 years. As a result, 10.7 million people are in a situation of food insecurity, and 515,000 children are severely malnourished, according to Agencies of the United Nations system. The region has a high unemployment rate and poverty levels that are higher than in the rest of the countries concerned, and idleness, alcohol and drug abuse have taken root among the young people, who are thus tempted to enlist in armed groups or to emigrate.

The Programme to Rehabilitate and Strengthen the Resilience of Socio-Ecological Systems in the Lake Chad Basin (PARSEBALT) aims to contribute to the improvement of living conditions in the Lake Chad Basin, through the social and economic reintegration of the people most affected by insecurity and climatic hazards in the region. Specifically, the project will help to: (i) combat youth unemployment and idleness by improving the training provided and its relevance to local economic needs; (ii) revitalize economic activities in the region, by promoting and supporting the organization of youth and women's economic groups; and (iii) build the people's climate change resilience and adaptation capacity by increasing their incomes and raising their awareness regarding safety, the environment and social ills. The project cost stands at UA 13.09782 million. It will be financed by an ADF loan of UA 8 million to Cameroon, an ADF grant of UA 2.5 million to the Central African Republic, an ADF grant of UA 2.5 million to Chad and a contribution of Government of Cameroon of UA 0.09782 million. The project will be implemented by the LCBC over a three-year period, from 2018 to 2021.

Needs Assessment: The region's needs are immense. The main activities practised are agriculture (farming, stockbreeding and fishing). However, the shrinking of the Lake's surface area has reduced the fishing potential, while the Boko Haram assaults are characterised by the destruction of homes and farms, and theft of livestock. Despite the interventions of other partners and international NGOs, there are still unmet needs. The present Bank project is meant to be a pilot operation limited to a three-year period, and will pave the way for an investment operation of a wider scope.

Bank's value added: The Bank has extensive experience in community recovery and socio-economic reintegration operations. In particular, it financed the Post-Conflict Socio-economic Reintegration Support Project (PARSEC) in the DRC, the Disadvantaged Groups Socio-economic Reintegration Support Project (PARSEG) in Congo, or the Economic Rehabilitation and Recovery Project in Sierra Leone. In addition, the Bank has a good knowledge of the region. Indeed, it already has to its credit in the region the Lake Chad Basin

Sustainable Development Programme (PRODEBALT), approved in 2008, and the Programme for the Rehabilitation and Strengthening of the Programme to Rehabilitate and Strengthen the Resilience of Socio-ecological Systems in the Lake Chad Basin (PRESIBALT), approved in 2014, and Humanitarian Emergency Assistance to Refugees in the Far-North of Cameroon, approved in July 2017. The Chad-Cameroon Electrical Interconnection Project, another operation, is under preparation. The presence of a Bank Field Office in each of the three beneficiary countries of the project is also an added advantage.

Knowledge management: The project provides for the implementation of several training and capacity-building activities for the benefit of young people, women and farmers in its area of intervention. It also provides for a training and capacity-building component for LCBC managers and government officials in beneficiary States. Detailed reports will be prepared on these activities and made available to the public. Information relating to these activities will be included in the project's quarterly progress reports. Also, information on the progress of the project, the outcomes of supervision missions, the mid-term review and the completion report preparation will be disseminated and broadcast, highlighting the best practices developed by the project.

Results-Based Logical Framework

Country and Project Name: Multinational – Project to Support the Socio-Economic Reintegration of Vulnerable Groups in the Lake Chad Basin.						
Project Goal: Contribute to the improvement of the living conditions in the Lake Chad Basin, through the social and economic reintegration of the people most affected by insecurity and climatic hazards in the region.						
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATION MEASURES
		Indicator (including CSI)	Baseline (2017)	Target (2020)		
IMPACT	Living conditions are improved in the region	Percentage of people affected by food insecurity	39%	20% maximum	Surveys; NGO reports.	
	Persons who fled the region return and resume productive activities	Number of displaced persons who have returned	2.5 million persons displaced	At least ¼ of the 2.5 million people who fled the region have returned, at least 60% them young people and women	Surveys; NGO reports.	<u>Risk:</u> Resurgence of violence and armed conflict; <u>Mitigation measures:</u> In the Lake Chad Basin, the Joint Multinational Force has been strengthened and is being coordinated by LCBC; In the CAR, the Government is gradually extending its authority beyond Bangui. The localities covered by the project are currently considered secure or in the process of being secured.
OUTCOMES						
OUTPUTS	<u>Component 1:</u> 1.1 Young people are made aware of the risks of emigration, enlistment in armed groups, alcohol and drugs abuse, etc. 1.2 The populations receive civic training, support with monitoring and evaluation 1.3 The people's awareness is raised concerning illegal logging, poaching, illegal slaughtering of animals, etc. 1.4 A map of interventions in the Lake Chad Basin is prepared 1.5 The managers of VSEs, SMEs and small-scale enterprises are trained 1.6 Women are taught to read and write 1.7 Members of the PRODEBALT and PRESIBALT infrastructure management committees are trained; 1.8 The study on the appropriateness of the training provided at the centres is carried out.	1.1.1 Number of young people reached;	0	10,000, with girls making up at least 50%	Project Reports, reports from Implementing partners..	<u>Risk:</u> Lack of synergy with other Bank operations and those of other TFPs in the region; <u>Mitigation measures:</u> Dialogue is enhanced between Bank teams operating in the region and between the Bank and other TFPs. The project finances the mapping of TFP interventions in the Lake Chad Basin.
		1.2.1 Number of people with civic training and support with monitoring and evaluation	0	5,000, at least 40% of them women	Idem	
		1.3.1 Number of people reached;		5,000, at least 40% of them women	Idem	
		1.4.1 Number of maps ;	0		Idem	
		1.5.1 Number of managers of VSEs, SMEs and small-scale enterprises trained;	0	1	Idem	
		1.6.1 Number of women taught to read and write;	0	1 500, at least 30% of them women	Idem	
		1.7.1 Number of management committee members trained	0	5,000 1,000 1	Idem	
		1.8.1 Number of studies	0		Idem	

	<p>Component 2:</p> <p>2.1 Psychosocial follow-up if provided for fragile persons;</p> <p>2.2 Young people are identified and organized into production cooperatives;</p> <p>2.3 Women are identified and organized in groups;</p> <p>2.4 The Study on the situation of infrastructure in the project area is carried out;</p> <p>2.5 The study on the establishment of a micro project financing mechanism is carried out.</p>	<p>2.1.1 Number of people followed up</p> <p>2.2.1 Number of young people</p> <p>2.3.1 Number of women</p> <p>2.4.1 Availability of the study</p> <p>2.5.1 Availability of the study</p>	<p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p>	<p>2,000, at least 50% of them women;</p> <p>3,000, at least 50% of them girls;</p> <p>1,500</p> <p>1</p> <p>1</p>	<p>Project reports, reports by implementation partners.</p> <p>Idem.</p> <p>Idem.</p> <p>Idem.</p> <p>Idem</p>	
	<p><u>Component 3:</u></p> <p>3.1 Management of project activities</p>	<p>3.1.1 Number of quarterly reports</p> <p>3.1.2 Number of audit reports accepted</p>	<p>0</p> <p>0</p>	<p>12</p> <p>03</p>	<p>Project reports</p> <p>Idem.</p>	
KEY ACTIVITIES	COMPONENTS					RESOURCES
	<p>Component 1 / Capacity building</p> <p>Component 2 / Support for social and economic initiatives of beneficiaries</p> <p>Component 3 / Project management</p>					<p>Resources : UA 13.09782 million</p> <p>ADF Loan : UA 8 million</p> <p>ADF Grant : UA 5 million</p> <p>Government of Cameroon : UA 0.09782 million</p> <p>Uses: UA 13.09782 million</p> <p>Component 1 : UA 5.482 million</p> <p>Component 2 : UA 5.915 million</p> <p>Component 3 : UA 1.7 million</p>
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Project Implementation Schedule

Activities	2018				2019				2020				2021			
	T1	T2	T3	T4												
Recruitment of project staff				■												
Procurement of PIU equipment and furniture				■	■											
Study on the relevance of the training courses offered by the training centres established in the project area to needs of the local economy; revision of training programmes				■	■	■										
Procurement of equipment for training centres, JPN centres, primary schools, health centres, etc.							■	■								
Refresher training for teachers/trainers									■	■						
Women's functional literacy						■	■	■	■	■	■	■	■	■	■	■
Training of members of the committees responsible for the management of the infrastructure built by PRODEBALT and PRESIBALT						■							■	■	■	■
Training managers of SMEs and artisanal enterprises									■	■	■	■	■	■	■	■
Youth identification, support for the training of groups/cooperatives; mentoring					■	■	■	■	■	■	■	■	■	■	■	■
Identification and organization of women's groups for the processing / marketing of agricultural products					■	■	■	■	■	■	■	■	■	■	■	■
Identification of populations for civic training, with support and monitoring and evaluation					■	■	■	■	■	■	■	■	■	■	■	■
Psycho-social follow-up of former Boko Haram militants, alcohol and drugs abusers, de-radicalization, etc.					■	■	■	■	■	■	■	■	■	■	■	■
Preparatory studies for the PARSEBALT pilot post-project phase												■	■			
Project audit						■				■						■
Project mid-term review									■							■
Project completion report																■
Project closure																■

REPORT AND RECOMMENDATION OF THE MANAGEMENT TO THE BOARD OF DIRECTORS ON THE PROPOSED AWARD OF A LOAN TO CAMEROON AND GRANTS TO THE CENTRAL AFRICAN REPUBLIC AND CHAD FOR THE PROJECT TO SUPPORT THE SOCIO-ECONOMIC REINTEGRATION OF VULNERABLE GROUPS IN THE LAKE CHAD BASIN

Management submits the present reports and recommendation on a proposed award of ADF loans and grants totalling UA 13 million to finance the Project to Support the Socio-Economic Reintegration of Vulnerable Groups in the Lake Chad Basin (PARSEBALT).

I. STRATEGIC THRUST AND RATIONALE

1.1. Project linkages with Country Strategy and Objectives

1.1.1 Lake Chad is a vast body of water shared by Chad, Cameroon, Niger and Nigeria. In May 1964, these countries established a commission known as the Lake Chad Basin Commission (LCBC), based in Ndjamena, Chad, and mandated to ensure the sustainable and equitable management of Lake Chad and other shared water resources in the eponymous basin, the preservation of the ecosystems of the Lake Chad Conventional Basin, the promotion of integration and the preservation of cross-border peace and security in the Lake Chad Basin. The number of member countries subsequently increased to six with the accession of the Central African Republic in 1996 and Libya in 2008. Sudan, Egypt, the Republic of Congo and the DR Congo are observer members.

1.1.2 The LCBC founding members (Nigeria, Niger, Cameroon, and Chad) have, for several years, been enduring attacks from the Boko Haram sect, which was formed in 2009 in North-eastern Nigeria. They have also been suffering from the effects of climate change characterized by desert encroachment and the shrinking of Lake Chad's surface area. The combination of these situations has adversely impacted the living conditions of the region's inhabitants, and led to the destruction of homes, loss of means of production, and generated among these people a feeling of abandonment by the respective local and national authorities of the countries concerned. The result of this situation is a high unemployment rate in the region, higher levels of poverty than in other regions of the countries concerned, and young people indulge in idleness and excessive consumption of alcohol and drugs, and are tempted to enlist in armed groups or to emigrate.

1.1.3 The Project to Support the Socio-Economic Reintegration of Vulnerable Groups in the Lake Chad Basin (PARSEBALT) will help to cushion the adverse impacts of these situations. Its objective is to improve living conditions in the Lake Chad Basin through the social and economic reintegration of the communities most severely affected by insecurity and climatic hazards in the region. In terms of specific objectives, the project will help to: (I) combat youth unemployment and idleness by improving training and its relevance to local economic needs; (ii) revitalize economic activities in the region by promoting and supporting the organization of women's and youth economic groups; and (iii) build the people's resilience and adaptive capacity to climate-related hazards by increasing their incomes and raising their awareness of security, the environment and social ills.

1.1.4 Although all the countries bordering Lake Chad are subject to the same effects, the PARSEBALT project will only cover Cameroon and Chad, to which the Central African Republic has been added. Indeed, although not bordering Lake Chad, the Central African Republic has been a member of the LCBC since 1996 and indirectly suffers from the adverse

effects of the situation around Lake Chad characterized by population displacements, livestock losses, habitual conflicts between farmers and herders, and the resulting consequences on poverty levels. As for the other countries bordering Lake Chad (Nigeria and Niger), they benefited from separate operations. In December 2016, the Bank approved a major multi-donor reconstruction programme in North-eastern Nigeria totalling UA 2.88 billion, including UA 183.40 million from the Bank Group. As for Niger, it received USD 1 million in emergency aid from the Bank Group in August 2016 to improve sanitary conditions and access to drinking water and sanitation for the affected and/or displaced persons following Boko Haram attacks in the Diffa region, and in December 2016 it received financing worth UA 15.070 million for a rural, peri-urban and urban electrification project covering its Lake Chad borders.

1.1.5 The PARSEBALT project is aligned with Thrust 2 of the 2011-2015 Regional Integration Strategy Paper (RISP) for Central Africa, extended to 31 December 2017, which targets the building of institutional and human capacities at the regional level. Indeed, Component I of the project aims to build the capacities of State entities in the project area (devolved services and training centres), the LCBC (mapping of the partners' interventions in the Lake Chad Basin, which will shore up the LCBC's position as key player in the region and will enhance the Commission's leadership on issues concerning the Lake Chad Basin), and those of beneficiaries (awareness, functional literacy and training). The project is also aligned with the Bank's Ten-Year Strategy and the High Fives, which focus on the development of agricultural initiatives and social inclusion. The project will support the organization of youth and women's groups or cooperatives, and finance the psycho-social monitoring of former Boko Haram militants, alcohol and drug abusers and the de-radicalization of radicalized youth, in an effort to facilitate the social reintegration of these target groups and to promote more inclusive development of the regions of the countries concerned. By enabling young people and women to engage in productive activities, especially agricultural, and allowing other victims of Boko Haram abuses to resume their activities and increase their incomes, the project will contribute to meeting the expectations of the Bank's High Five 1 (Feed Africa) and 5 (Improve the quality of life for the people of Africa). With regard to national strategies, in Cameroon the project is aligned with Objective 1 of the Growth and Employment Strategy Paper (GESP 2010-2020) (Reduce poverty to a socially acceptable level), and in the Central African Republic, it is consistent with Pillar 3 (Ensure economic recovery and revival of the productive sectors) of the National Recovery and Peacebuilding Plan (PRCP 2017-2021), while in Chad it dovetails with Thrust 4 (Improve the quality of life of Chadians) of the National Development Plan (PND 2017-2021).

1.2. Rationale for Bank Intervention

1.2.1 The Lake Chad Basin is an area in crisis, with exactions by the armed group Boko Haram that have caused the death of more than 33,000 people in ten years, according to data from the University of Ibadan in Nigeria, the shrinking of the Lake Chad surface area, from 25,000 km² to 2,500 km² in 60 years, and desert encroachment. United Nations agencies estimate that the area is home to 2.3 million displaced people, 200,000 refugees, 10.7 million people experiencing food insecurity and 515,000 children suffering from severe malnutrition. Accordingly, employment or vocational integration opportunities are virtually non-existent, especially for young people and women, who endure all sorts of violence. The result is that the unemployment and poverty rates in the area are higher than those in the other provinces of the countries concerned, and the people who are still living in the region are enticed by emigration, voluntarily or even enforced enlisting in armed groups, as well as alcohol and drug abuse. The most vulnerable are young people and women.

1.2.2 Faced with this situation, the countries of the region are joining forces on both the military and the recovery fronts. On the military front, the Multinational Joint Task Force, based in Ndjamena and composed of 8,700 soldiers, has been established. With its resources being reinforced since 2015, the Multinational Joint Task Force has helped to recapture several localities from Boko Haram and peace is gradually returning to the region. On the recovery front, in Ndjamena in April 2015, Heads of State and Government of the LCBC recommended that the Commission design an emergency development programme for vulnerable groups in the region. In that vein, United Nations agencies have been able to intervene with humanitarian programmes and other partners, such as the World Bank, IsDB, AFD and UNDP, have initiated development programmes to that end. The present project is part of that process. However, given the size of the envelope mobilized (UA 13 million), the project is designed as a pilot operation that will precede and pave the way for a larger investment project. The Bank should undertake this new operation mainly for the following reasons: (i) the area is economically disadvantaged and the young people who have remained there are susceptible to voluntary or enforced enlistment in armed groups; (ii) United Nations agencies are engaged in humanitarian assistance, the other partners and previous operations of the Bank target traditional LCBC areas, namely sustainable management of Lake Chad and other water resources of the region, and preservation of ecosystems; and (iii) the Bank has experience in community recovery and socio-economic reintegration operations (the PARSEC project in RDC, the PARSEGD project in Congo and the Economic Rehabilitation and Recovery Project in Sierra Leone, etc.), and should support the peace and stabilization process in the region by offering young people viable social and economic alternatives.

1.3. Aid Coordination

Aid has been pouring into the region over the past few years from several technical and financial partners: World Bank, IsDB, European Union, AFD, GIZ and various other bilateral cooperation partners) as well as international NGOs. Initially geared towards humanitarian assistance through the agencies of the United Nations system (WFP, HCR, UNICEF, FAO) and international NGOs (Care, Oxfam, Action against Hunger, COOPI, the International Committee of the Red Cross in cooperation with the Chadian Red Cross, Doctors Without Borders, ACTED, Handicap International, etc.), the interventions are now geared towards development and recovery, owing to the gradual improvement in the security situation in the region. However, the Lake Chad Basin does not have a formal overall aid coordination framework, and several operations in the region are financed in a disparate manner, without the knowledge of the LCBC, which has been mandated by the States concerned to manage their activities in the Lake Chad Basin. Nonetheless, each country has its national aid coordination framework. Moreover, while initiatives have been undertaken to collect and centralize information on the interventions of partners in the region (World Bank and AFD), no truly exhaustive work has been completed to that end and, to date, there is no comprehensive database of financed projects in the region. The PARSEBALT project will help to correct that situation by mapping, for the LCBC, the interventions of partners in the Lake Chad Basin. It will strengthen the Bank's position in the Lake Chad Basin.

II. PROJECT DESCRIPTION

2.1. Project Objectives and Components

2.1.1 Sectoral objective of the project: The project objective is to help improve living conditions in the Lake Chad Basin through the social and economic reintegration of the people most affected by insecurity and climate-related hazards in the region.

2.1.2 Specific objectives: More specifically, the project will help to: (I) combat youth unemployment and idleness by improving training and its relevance to local economic needs; (ii) revitalize economic activities in the region by promoting and supporting the organization of women's and youth economic groups; and (iii) build the people's resilience and adaptive capacity to climate-related hazards by increasing their incomes and raising their awareness of security, the environment and social ills.

2.1.3 Components: The project is made up of the following three components: (i) building of institutional and beneficiary capacities; (ii) support of social reintegration and economic activities of beneficiaries; and (iii) project management.

2.14 **Component I** (33% of the project cost) is intended to ensure that State entities in the project area are functional and that they are strong enough to meet the people's expectations and needs. It is also intended to build beneficiary capacity, notably for improved understanding of the issues in the region relating to security, the environment and social life. The component will finance awareness-raising activities to that end, including youth awareness of the risks involved in the activities of armed groups, drug and alcohol abuse, early marriage and emigration. Other awareness-raising activities, designed for the population of the project area as a whole, will involve environment-related topics for stemming desert encroachment and limiting poaching. In addition, the project will help re-instil in people the patriotic spirit and civic values. The component will also finance: (i) training for officers of micro, small and medium-size and artisanal enterprises, to foster their development and unleash their job-creation potential; (ii) functional literacy sessions for women, to enhance their ability to keep track of their children's schooling and to manage their income-generating activities; and (iii) training for the members of committees managing community infrastructure developed by the PRODEBALT and PRESIBALT projects (wharfs, water points, solar panels, community radio stations, etc.), in order to build their capacities to maintain the said infrastructure and contribute to its sustainability.

2.1.5 Considering the existence in the project area of several infrastructure and structures that are of limited functionality owing to their dilapidated state or the absence of equipment, the project will help to correct the situation by supplying equipment to training centres offering young people training tailored to local needs; to community radio stations to enable them to contribute effectively to awareness-raising campaigns; and to devolved State services in order to improve their mobility on the ground. For Cameroon, this will involve the young farmers training centres (CFJA) of the Ministry of Agriculture, the multifunctional centres of the Ministry of Youth, and the rural artisanal centres (SAR) of the Ministry of Employment and Vocational Training located in the Far North Province, as well as the appropriate technology centres of the Ministry for Women's Advancement located in Maroua. It will also involve primary and secondary schools and health centres and dispensaries in the Far-North as well as the Employment and Vocational Training Observatory of the *Ecole polytechnique* and Faculty of Mines in Maroua. For the Central African Republic, this will involve three national pioneer youth (JPN) centres in Bangui built by the Bank-financed PARCB1 project, whose functionality will be enhanced by the PARSEBALT project with the equipping of refectories and the provision of equipment for the training of processing interns. It will also involve the regional pedagogical centres (CPRs) and practical and vocational training centers (CFPP) of the Ministry of Employment, Labour, Vocational Training and Social Protection, the Animal Husbandry Technical School of the Ministry of Animal Husbandry in Bouar, the basic health centres and dispensaries located in Ouham and Nana Mambéré, and primary and secondary schools of the 3rd district (PK5 neighbourhood) and 8th district (*Combattants* neighbourhood) of Bangui. For Chad, it will involve the training centres of the Ministry of Vocational Training and primary and secondary schools and health centres and dispensaries located in the project area. Lastly,

the component will finance the mapping, for the LCBC, of the partners' interventions in the Lake Chad Basin.

2.1.6 Component II (54% of the project cost) is aimed at the reintegration of socially marginalized people and promotion of the economic activities of project beneficiaries. Regarding the reintegration of marginalized people, it will provide psycho-social follow-up for former Boko Haram militants, drug and alcohol abusers, and inhabitants of the project area who lost their homes or means of production following attacks by Boko Haram and who had so far been left without support. The component will also provide support for renewed dialogue and mutual acceptance among the communities. To that end, it will develop spaces to promote social interaction, such as multi-purpose halls, which will be made available to the local authorities and to which the project will provide funds for the procurement of documents, IT equipment and television screens. The spaces may serve as a place for young people to get together to watch major sporting events, such as the UEFA Champions League and the soccer World Cup.

2.1.7 To support the economic activities of beneficiaries, the project will identify young graduates from training centres in the project area, support the training of groups or cooperatives and the entities created. It will also identify and organize women's groups, which it will support in the processing and marketing of farm products (spirulina, shear, cashew, onion, rice, milk, leather, fish and animal products, etc.). The component will supply kits comprising seeds, farm implements and processing equipment to identified youth and women's groups. It will also finance studies for the preparation of the PARSEBALT project post-pilot phase: a study on the status of the existing basic social infrastructure, the people's living conditions and new infrastructure needs; and a study on the establishment of a mechanism for the financing of micro-projects adapted to the local economic realities of the project area. It comprises a micro-project creation fund, the terms of operation of which will be set out in the project implementation manual, and which will be used to test the micro-project financing mechanism to be proposed by the study.

2.1.8 Component III (13% of the project cost) will provide the project with human, material and financial resources to undertake its activities. Information technology equipment, office furniture and rolling stock are expected to be procured. The component will prepare the quarterly activity reports and supervise the preparation of annual project accounts. It will also monitor activities on the ground.

2.2. Technical Solutions Adopted and Alternatives Explored

The project concerns three countries, all members of the LCBC. It was agreed to empower the LCBC as the project's executing agency. It already has experience from working with the Bank, under the PRODEBALT project nearing completion and the ongoing PRESIBALT project. In addition, the three beneficiary countries are also beneficiaries of the PRESIBALT project, whose Implementation Unit has a regional coordination unit within the LCBC and a national coordination unit in each of the countries concerned. Also, the implementation of the new PARSEBALT project has been entrusted to the Project Implementation Unit of the PRESIBALT project, which has been strengthened for that purpose. Other alternatives explored, but not adopted are presented below.

Table 2.2
Alternative solutions explored and reasons for rejection

<u>Alternative solutions</u>	<u>Brief description</u>	<u>Reasons rejection</u>
Separate management of national financing.	Each of the three countries separately manages the resources allocated to it.	<ul style="list-style-type: none"> • This solution is at variance with the community and solidarity spirit that led to the establishment of the LCBC; • The challenges posed by Boko Haram and climate hazards are common to all the States and call for collective responses; • Separate national financing would not have allowed access to the resources of the regional envelope. Yet, these resources are necessary given the magnitudes of the needs.
Set up a new Unit to manage this new project.	Set up a new Unit within the LCBC, with branch offices in the beneficiary States, to implement the project.	<ul style="list-style-type: none"> • The project implementation will be under the responsibility of the LCBC, which already has a Unit that manages other Bank financing in the same countries.

2.3. Project Type

The PARSEBALT is an investment project. This type of project was chosen because the identified activities cannot be financed using the budget support arrangement.

2.4. Project Cost and Financing Arrangements

2.4.1 The total project cost, net of taxes and customs duties, stands at UA 13.09782 million. It will be financed by: (i) an ADF loan to Cameroon of UA 8 million (of which UA 4 million will come from the country allocation and UA 4 million from the regional package); (ii) an ADF grant to the Central African Republic of UA 2.5 million (of which UA 1 million from the country allocation and UA 1.5 million from the regional envelope); (iii) an ADF grant to Chad of UA 2.5 million (of which UA 1 million from the country allocation and UA 1.5 million from the regional envelope); and (v) a contribution from the Government of Cameroon amounting to UA 0.09782 million.

2.4.2 Cameroon's national counterpart funding is not a new expenditure for the Government. It comprises the balance paid by the State to the Rural Development Expert and the Social Development Expert, who will be State employees seconded to the PRESIBALT national coordination entity in Cameroon. The project will allocate an allowance for these experts. Counterparts funding for all the countries are under the level requested by ADF procedures. Requests for a waiver of the Bank's policy on eligible expenditure are attached to this report. Indeed, the Bank's 2008 Eligible Expenditure Policy provides that the Bank may finance up to 90% of the cost of investment projects in ADF countries. However, Section 4.2.2 of the document stipulates that the Bank may exceed these thresholds, subject to consideration on a case-by-case basis, up to a limit that does not exceed 100%.

Table 2.3
Cost estimates by component [in UA thousand]

<u>Components</u>	<u>Total</u>	<u>Foreign Exchange (F.E.)</u>	<u>Local Currency (L.C.)</u>	<u>% F.E.</u>
Capacity-building for institutions and the beneficiaries.	5,527	3,631	1,896	66%
Support for the social re-integration of beneficiaries and the revival of their economic activities.	5,306	3,600	1,706	68%
Project management.	1,628.78	0	1,629	0%
Base Cost	12,461.78	7,231	5,231	58%
Provision for implementation contingencies (2.5%).	292	175	117	60%
Provision for price escalation (3%)	344.04	180	164	52%
Total Project Cost	13,097.82	7,586	5,511.82	58%

Table 2.4
Sources of financing [amounts in UA thousand]

<u>Sources of financing</u>	<u>Total Cost</u>	<u>F.E.</u>	<u>L.C.</u>	<u>% F.E.</u>
ADF Loans to Cameroon	8,000.00	4,750.00	3,250.00	59%
ADF Grant to Central African Republic	2,500.00	1,500.00	1,000.00	60%
ADF Grant to Chad	2,500.00	1,336.00	1,164.00	53%
Government of Cameroon	97.82	0.00	97.82	0%
Total Project Cost	13,097.82	7,586.00	5,511.82	58%

Table 2.5
Project cost by expenditure category, [amounts in UA thousand]

<u>Expenditure Categories</u>	<u>Total Cost</u>	<u>F.E.</u>	<u>L.C.</u>	<u>% F.E.</u>
Works	0	0	0	0%
Goods	8,602	5,731	2,871	67%
Services	2,420	1,500	920	62%
Operation	1,439.78	0	1,440	0%
Total Base Cost	12,461.78	7,231	5,231	58%
Provision implementation contingencies (2.5%)	292	175	117	60%
Provision for price escalation (3%)	344.04	180	164	52%
Total Project Cost	13,097.82	7,586	5,511.82	58%

Table 2.6
Project cost by component and by expenditure category, [amounts in UA thousand]

Component	Expenditure Categories				Total
	Works	Goods	Services	Operation	
Capacity-building for the institutions and beneficiaries.	0	4,351	1,040	100	5,491
Support for social re-integration and the economic activities of beneficiaries	0	3,800.00	1,150	24	4,974
Project management	0	301	80	1,248	1,629
Base Cost	0	8,602	2,420	1,439.78	12,461.78
Provision implementation contingencies (2.5%).	0	200	92	0	292
Provision for price escalation (3%).	0	300	44,04	0	344.04
Total Cost		9,102	2,556	1,439.78	13,097.82

Tableau 2.7
Expenditure schedule by component [amounts in UA million]

Components	2018	2019	2020	2021	Total
Capacity-building for the institutions and beneficiaries.	500	1,300	2,400	1,282	5,482
Support for social re-integration and the economic activities of beneficiaries.	750	1,470.82	2,495	1,200.00	5,915.82
Project management.	100	550	550	500	1,700
Total	1,350	3,320.82	5,445	2,982.00	13,097.82

2.5. Project Area and Beneficiaries

2.5.1 The project covers Cameroon, the Central African Republic, and Chad. Due to the pilot nature of the operation, a limited number of prefectures, regions or provinces were selected per country. In Cameroon, the project will be implemented in the Far-North Region, and particularly in 4 of the 6 divisions of this region: Logone-et-Chari (405,035 inhabitants), Mayo Sava (313,413 inhabitants), Mayo Tsanaga (574,864 inhabitants) and Diamaré (566,921 inhabitants). In the Central African Republic, the project will cover the prefectures of Ouham (464,174 inhabitants) and Nana-Mambéré (293,759 inhabitants), as well as in the 3rd district (PK5 neighbourhood) and the 8th district (*Combattants* neighbourhood) of the city of Bangui (98,398 and 80,337 inhabitants, respectively). In Chad, the project area consists of the Lake region (451,369 inhabitants) and the regions of Hadjer-Lamis (562,957 inhabitants) and the city of Ndjamena (1,243,994 inhabitants). Localities in the project area were selected because of their exposure to Boko Haram insurgencies, their level of climate change allocation, and the level of concentration of vulnerable persons. They were also selected based on interventions by the Bank and other partners in the Lake Chad Basin. They represent an overall population of about 5 million inhabitants.

2.5.2 The people of the Lake Chad Basin have all been made vulnerable or have witnessed an increase in their vulnerability levels because of Boko Haram attacks, and the consequences of the shrinking of the surface area of Lake Chad and desert encroachment. However, the project

will specifically target women and young people, who account for about 52% and 70%, respectively, of the total population of the project area,

2.6. Participatory Approach for the Project Identification, Design and Implementation

2.6.1 During all the project preparation phases, a consultative process was adopted through meetings and working sessions with stakeholders in the capital cities (N'Djamena, Bangui and Yaoundé). In these cities, meetings were held with representatives of the LCBC, representatives of the Ministries (agriculture, animal husbandry, fisheries, environment, youth, disarmament-demobilization-reintegration, women's advancement, social affairs, etc.), representatives of donors (World Bank, AFD, IsDB and ABEDA) and representatives of Agencies of the UN System (UNDP, UNHCR, ILO and FAO). The discussions made it possible to take stock of the situation, identify the needs, and determine Bank assistance possibilities. The views and opinions of the various entities and persons met were taken into account in the project formulation, and feedback meetings were organized. These meetings also made it possible to define possible synergies between this operation and ongoing or future operations.

2.6.1 Regarding direct project beneficiaries, it was planned that group discussions with associations, cooperatives, youth and women's groups will be held prior to the start of project activities. These direct beneficiaries (estimated at about 5 million people), 52% of them women and girls, will be informed about the project's content in order to encourage their commitment and involvement in the project implementation. This participatory approach will be maintained at the start and throughout the conduct of period activities.

2.7. Consideration of the Bank Group's Experience and Lessons Learned in the Project Design

2.7.1 The Bank has a good knowledge of the region and post-conflict or recovery operations. Indeed, it already has to its credit in the region the Lake Chad Sustainable Development Programme (PRODEBALT), approved in 2008, costing UA 30 million and which is nearing completion, and the Programme for the Rehabilitation and Strengthening of the Resilience of Socio-Ecological Systems in the Lake Chad Basin (PRESIBALT), approved in 2014, worth UA 71.23 million and which is ongoing. The Bank also approved in July 2017 humanitarian emergency assistance for refugees in the Far-North region of Cameroon, worth UA 0.7 million. Moreover, a Chad-Cameroon Electrical Interconnection Project, which will cover part of the PARSEBALT project area, is under preparation. The main difficulties in implementing ongoing operations in the region are: under-estimation of the costs of certain activities; inaccessibility of certain areas due to insecurity; lack of decentralization of approval and signing processes within the LCBC, which causes delays in the implementation of scheduled activities; the slow pace of use of the special account by some countries, which causes delays in the replenishment of the regional special account and penalizes high-performing countries; lack, by national co-ordination units, of key staff required for the implementation of activities.

2.7.2 These difficulties were taken into account in the formulation of the new PARSEBALT project as follows: (i) under-estimation of the costs of certain activities: the costing of the PARSEBALT project was made bearing in mind the actual costs recorded during ongoing operations and the information provided by beneficiary ministries and entities; (ii) inaccessibility of certain localities due to insecurity: The localities included in the project area were selected taking into account their accessibility in terms of security, and the progress achieved by the Joint Multinational Force; (iii) lack of decentralization of approval and signing processes within the LCBC, which causes delays in the implementation of scheduled activities:

Under the PARSEBALT project, signing authority at the regional level was limited to two persons - the PRESIBALT Regional Coordinator and the LCBC Administrative and Financial Director or Technical Director; (iv) slow pace of use of resources of the special account by some countries, which results in delays in the replenishment of the regional special account, thereby penalizing high-performing countries: under the PARSEBALT project, the national special sub-accounts will be limited to operating expenses (payment of allowances and salaries, office supplies, miscellaneous supplies, etc.), which are incurred on a monthly basis in the three countries. Funds for other operating expenses, such as study validation workshops or training costs, will be made available to countries only if the activity is ready for execution. All other payments will be made by the direct payment method. This arrangement will allow for a harmonized pace of resource use; (v) lack, by national co-ordination units, of key staff required for the implementation of activities: For the implementation of the PARSEBALT project, the staff of national co-ordination entities will be strengthened by recruiting a Rural Engineer. An Assistant Accountant will also be recruited for Cameroon to take into account the volume of bookkeeping to be handled given that Cameroon's share accounts for about 62% of the total cost of the project. In addition, the Bank's Field Offices are better involved in the PARSEBALT project, with the participation of Rural Development and Social Development Experts in all phases of project preparation and implementation.

2.8. Key Performance Indicators

The main indicators included in the project are: the poverty rate in the project area, the unemployment rate in the project area, the number of young people made aware of the risks of emigration, enlisting in armed groups, indulging in alcohol and drug abuse, the number of people trained in good citizenship and accompanied by the project, the number of people reached by the campaign against illegal logging, poaching, clandestine slaughtering of animals, number of managers of SMEs and artisanal enterprises trained, number of women that have become literate, number of members of infrastructure management committees trained, number of people who benefited from psycho-social follow-up, number of young people identified and organized into cooperatives, and number of women identified and organized into groups. The trend of these indicators will be measured during monitoring missions of the project executing agency. The indicators will also be monitored by project partners, as well as Bank and external audit missions.

III. PROJECT FEASIBILITY

3.1. Economic and Financial Performance

The economic rate of return (ERR), the financial rate of return (FRR) and the net present value (NPV) have not been calculated for this project. The PARSEBALT project is a social project, which will not generate direct financial flows and its economic and financial impact is difficult to determine. The project comes with a number of advantages, as listed below, and its cost-benefit analysis is deemed positive. The project will allow unemployed and idle people to become more self-reliant and to escape welfare. Accordingly, it will help beneficiaries regain their dignity and strengthen social cohesion and the peace process in the region.

3.2. Environmental and social impact

3.2.1 Environment: The project has been classified in category 3. It is designed to strengthen the capacity and autonomy of young people, women and other vulnerable groups, and will help to improve the quality of life in the Lake Chad Basin in a sustainable manner. The project will not have a negative impact on the environment, given that it does not entail any

construction or rehabilitation works, nor will it cause the displacement of people. Conversely, it will have a positive impact on the environment. It will include public awareness campaigns on aspects such as illegal logging, poaching and clandestine slaughtering of animals, and support for the Animal Husbandry Technical School in Bouar, Central African Republic. The support will enhance the quality of training and help to better resolve, or indeed pre-empt, the usual conflicts between herders and farmers in the region, and improve livestock management.

3.2.2 Adaptation and resilience of women and young people to climate change: They depend on a set of factors in the project area. The beneficiary communities, comprising 5 million people, more than 52% of whom are women, are particularly vulnerable because Lake Chad is drying up owing to the silting-up of the Oubangui riverbed in the Central African Republic, drought and deforestation in the north of Cameroon. These are the basic causes of the reduced productivity for all sectors – agriculture, fishery, trading, grazing, biodiversity and forestry – with a non-negligible impact on the domestic economy, on sources of income and on other means of subsistence.

3.2.3 Social development: According to 2016 data from the United Nations Economic Commission for Africa, the population of the target countries was estimated at 44.73 million inhabitants, 50.4% of whom were women. The annual average growth rate of the population was 2.7%: Cameroon (2.51%), Central African Republic (2.0%) and Chad (3.5%). On average, 48.73% of the population of the countries lives below the poverty line: Cameroon (37.5%), Central African Republic (62.0%) and Chad (46.7%), compared to the continental average of 48%. In 2016, in addition to Cameroon, the Central African Republic and Chad had some of the lowest scores on the Human Development Index (HDI): Cameroon (153rd out of 188 countries), the Central African Republic (188th out of 188 countries) and Chad (186th out of 188 countries). The regional Gini index was 45.6 on average, revealing deep inequalities in wealth distribution. Overall, these countries did not achieve the Millennium Development Goals (MDGs), despite making some progress in promoting gender equality and equal access to primary education for all. Regarding education, the net enrolment rate increased by 3.5 percentage points on average, identical to the completion rate recorded in 2015. Regarding health, despite a relative decline of 10 percentage points from 2011 to 2016, the maternal mortality rate remains very high: Cameroon (782 per 100,000 live births), Central African Republic (890 per 100 000 live births) and Chad (860 per 100,000 live births). The average infant mortality rate is estimated at 92 per 1 000 live births: Cameroon (66/1000), Central African Republic (139/1000) and Chad (72/1,000), after declining sharply from 2011 to 2016. With the supply of equipment for social infrastructure (health centres and dispensaries, day-care centres, primary and secondary schools), the project will help to improve these indicators and foster progress towards achieving the SDGs.

3.2.4 Gender: Women, who make up more than half (50.4%) of the population of the target countries, face several restrictions. The Economic Community of Central African States (ECCAS), of which all the project beneficiary countries are members, has had a gender policy since 2004, but that has led to no major changes. The West and Central Africa Council for Agricultural Research and Development (CORAF/WECARD) had also made a commitment to develop a gender policy along with a five-year (2014-2018) action plan. Yet, significant gaps between men and women remain. The overall score for the sub-region on the Gender Equality Index (GEI) in Africa is 48 points, where 100 points represent perfect gender equality. Despite some progress recorded in education, the enrolment rate for girls in primary and secondary schools remains lower than that for boys in all countries in the region. In Cameroon, for example, the gross secondary school enrolment rate is 53.6%, while the national average is 58.1%. In Chad, it stands at 14% compared with a national average of 22.4%. The rate of women's participation in parliamentary functions remains low, and stood at about 18% in 2016.

By contrast, in the agricultural sector, women in the sub-region account, on average, for 75% of the working population. They are highly involved throughout the value chain for basic commodities – from production and processing to marketing. They produce more than 80% of basic foodstuffs meant essentially for household consumption, while men are more involved in cash crop cultivation. The project will bolster their capacity through training activities and the supply of equipment suited to their production and processing needs. However, despite this strong presence in the agricultural sector, women still face legal difficulties in land ownership. In the fishery sector, they are involved mainly in the collection and processing of fish and other products from Lake Chad, notably spirulina. The project will also entail the supply of solar panel equipment for the drying of fish and spirulina, in an effort to increase production and improve the quality of these products. A study on the marketing of spirulina will also be conducted to identify the distribution circuit for the product at the national, regional and international levels, and to increase the incomes of beneficiary households.

3.2.5 In the livestock sector, women and young people are involved in grazing and general upkeep of cattle and in ensuring that they have access to drinking water. Young people herd cattle into the backcountry and then return to the lake basin around wintering time. Women also care for small ruminants. The project will involve the supply of kits for small ruminants to women and young people and vaccination kits for cattle. Animal health care will be provided in the area to ensure cattle production (an FAO study found that there were 94 million cattle in Chad in 2016). Many women are involved in micro-finance, which is considered a niche that should make it easier for women to obtain capital, set up and manage their own businesses, generate income, and reduce poverty in their families. However, according to surveys conducted in 2015 (MDG report, UNDP), a high proportion of women have very limited access to the services of micro-finance institutions (MFIs), owing to their level of poverty, itself sustained by socio-cultural barriers and their low level of education (average literacy rate of 49.6%): Cameroon (76%), Central African Republic (27%) and Chad (46%). The training and equipment to be provided under the project will enable young people and women to implement their micro-projects, which could strengthen their financial capacity and improve their access to MFIs. The project will also involve a study for the establishment of a micro-project financing mechanism tailored to the realities of the local economies of the project area.

3.2.6 **Forced relocation:** The project will not lead to any forced relocation of people.

IV. IMPLEMENTATION

4.1. Implementation Arrangements

4.1.1 **Project executing agency:** The project to support the reintegration of vulnerable groups in the Lake Chad Basin will be implemented by the LCBC, which will be responsible for all activities undertaken throughout the life of the project. Scheduled for implementation spanning three years, the Project Implementation Unit will be anchored to the existing unit that was set up for the implementation of the PRESIBALT project, which will be strengthened. The Regional Coordination Unit (RCU) established within the LCBC Technical Directorate for the implementation of the PRESIBALT comprises: (i) a regional coordinator (ii) an accounting manager (iii) a procurement specialist (iv) a monitoring and evaluation specialist; (v) a gender and local development specialist and (vi) support staff (cashier, driver and secretary). Following the evaluation of the team, the PARSEBALT project will be implemented with the same management unit, whose capacity will be bolstered with the additional recruitment of a junior accountant to support the accounting manager in the performance of his or her duties and a regional technical expert responsible for rural development matters

4.1.2 At the national level, the PRESIBALT project requires a small team in each country office composed of: (i) a national coordinator; (ii) a technical expert in natural resource management; and (iii) an accountant. The Project to Support the Reintegration of Vulnerable Groups in the Lake Chad Basin will be implemented by the same team, given its experience in the implementation of AfDB projects. In each country, the team will be strengthened by recruiting a rural development specialist and a social development specialist, with the latter being also responsible for monitoring and evaluation. Each national coordination unit will be equipped with a vehicle to facilitate the movement of team members and the monitoring of activities. For national coordination in Cameroon, the country that will receive the largest portion of the financing and will have a larger volume of activities, the plan is also to have a procurement specialist on staff. An integrated, multi-site and multi-project version of the TOM2PRO management software will be set up and used by national accountants for the accounting entries, to ensure consolidation within the Coordination Unit.

4.1.3 Steering Committee: A steering committee (SC) chaired by the host country's LCBC Commissioner will be set up for the governance of the programme. The committee will meet twice a year and the LCBC General Directorate of Operations will serve as its secretariat. Its mandate will be to examine and approve activity programmes and annual budgets, to examine and adopt activity reports, and to ensure that the recommendations of the different supervision missions are implemented. In each country, an inter-ministerial committee will be established. The steering committee of the PARSEBAL project will be the same as that set up for the PRESIBALT project, expanded to the key sector ministries of the PARSEBAL project. Similarly, at the national level, the inter-ministerial committees of the PARSEBAL project will be the same as those set up for the PRESIBALT project.

Procurement arrangements:

4.1.4 Applicable procurement policy and framework: The procurement of goods and services from consultants, financed by the Bank under the project, will be conducted in accordance with both the *Procurement Policy and Methodology for Bank Group-Funded Operations*, dated October 2015, and the provisions of financing agreements. In implementation of this policy and following a review of evaluations available in the LCBC procurement systems and in the sector, all procurement planned under the project will be made according to the **Bank's procurement methods and procedures (PMPs)**, using the appropriate Bank solicitation documents (SD).

4.1.5 Organization of procurement implementation: Procurement for the project will be implemented by the LCBC through the regional coordination unit of the PRESIBALT project, which is financed by the Bank and is currently being implemented. A procurement specialist is expected to be recruited to support the national coordination team in Cameroon, given the volume of procurements expected in the country.

4.1.6 Risk and procurement capacity assessment (RPCA): To reflect the project's specificities, the Bank assessed the risks for the LCBC, the sector and the project, as well as the capacities of the PRESIBALT regional coordination unit. The results of those evaluations showed **a substantial level of procurement risk**¹ and informed the decision on the choice of the procurement system (Lender, Bank or Third Party) used for given activities and helped to determine the appropriate mitigation measures proposed for the RPCA action plan indicated in paragraph B.5.9 of Annex B5. The resources needed for those measures are either already available or have been secured as a Bank grant.

¹ For more details, consult the technical annexes.

Financial management:

4.1.7 The fiduciary responsibility related to the implementation of the project lies with the LCBC as designated executing agency. It must therefore ensure that the team in place allows the project to guarantee effective budgetary, financial and accounting monitoring, with reliable data that will enable it to generate financial reports in keeping with generally accepted accounting standards. It will also be responsible for recruiting the external audit firm to perform annual external audits. The evaluation mission revealed that the overall fiduciary risk was deemed **substantial**. The evaluation brought out the following weaknesses that need to be addressed: (i) weak internal audit environment; (ii) ill-suited management system; and (iii) inefficient use of human resources. The following measures are recommended to mitigate the fiduciary risk:

4.1.8 For the LCBC regional coordination unit based in Ndjamena: Updating of the LCBC administrative, financial and accounting procedures manual, with incorporation of the project management segment that has been non-existent to date in the 2014 version of the manual submitted for assessment. For the reviewed manual to be applicable to all Bank projects implemented by the LCBC, it is recommended that it be presented in two volumes: (i) volume I will set out the Bank's internal procedures and the broad outline of the LCBC's role in development projects; (ii) volume II will describe the administrative, financial and accounting management procedures applicable to any Bank Group-financed project. The procedures manual will also be enhanced with the development of an implementation manual applicable to any new project under the Commission's responsibility, to reflect both the technical and the fiduciary specificities relating to the project implementation. Moreover, migration from the integrated management software to a version more suited to the multi-project and multi-site environment is inevitable.

4.1.9 The team will be reinforced at the regional level with the recruitment of a junior accountant to support the accounting manager, as well as a rural development expert. The rest of the team will be the same as that set up for the implementation of the PRESIBALT project, namely: (i) a regional coordinator; (ii) an accounting manager; (iii) a procurement specialist; (iv) a monitoring and evaluation specialist; (v) a gender and local development specialist; and (vi) support staff (cashier, driver and secretary).

4.1.10 In the respective countries (Chad, Central African Republic and Cameroon): Each accountant will have to be equipped with a computer, as indicated in the PRESIBALT appraisal report, which should have the management software to allow for monitoring and the entry of country-specific data. In all, three equipped computers will be provided to the accountants. The accounting capacity will need to be increased and supported with a view to optimizing the use of the TOM2PRO management software. The staff in the country management offices will be reinforced by recruiting a rural development specialist to handle technical issues. For the fiduciary segment, the project will rely on the PRESIBALT accountant.

Disbursement mechanisms

4.1.11 The management of special accounts by the LCBC in the implementation of projects, specifically those opened in connection with the implementation of the PRODEBALT, has shown major justification shortcomings that have led so far to the suspension of disbursements until they were corrected. As a result, the LCBC may not be able to use the special accounts disbursement method until satisfactory justification is provided for the working capital advances paid out for ongoing projects, including the PRODEBALT project. This will constitute a condition precedent to the first disbursement for the PARSEBALT project.

4.1.12 The following disbursement methods have been selected for the implementation of project activities: (i) direct payment, and (ii) special account method, subject to the fulfilment of the financial conditions. Disbursements will be made in accordance with the Bank's rules and procedures. To ensure the traceability of resources, the LCBC will open three special accounts in commercial banks acceptable to the Bank, in accordance with the on-lending agreements with States. The resources will be made fully available to the LCBC for the implementation of the activities. To ensure fluidity in the operations to be carried out, four auxiliary sub-accounts will be opened, as follows: (i) an account for the coordination unit; (ii) an account for each management office at the national level to fund operations, study validation and capacity-building activities. Each special account will be funded separately to cover the operating expenses of the country concerned and the country's share of regional expenses, as set out in the detailed costs table, and the auxiliary accounts will be funded based on an activity programme and three-to-six-month budget estimates. The direct payment method will be the preferred method used for payment of contracts relating to goods and services and agreements.

External audit

4.1.13 With due regard for transparency on the use of resources made available to the Bank for the project's implementation, an audit of all accounts opened will be conducted annually by an independent firm recruited by the LCBC. The LCBC will be responsible for the recruitment process in its capacity as project executing agency. The audit firm will be selected in accordance with the Bank's procedures. The auditor's terms of reference will be subject to prior validation by the Bank. The audit firm will be hired for a three-year non-renewable period. The firm's fees will not exceed XAF 15,000,000 per annum. The audit will cover three countries.

4.2. Monitoring

4.2.1 The implementation of the PARSEBALT project will span a three-year period from 2018 to 2021. After Board approval of the project, a formal project launch workshop will be organized in each beneficiary country. The project implementation will be monitored by the LCBC, and the PRESIBALT Regional and National Coordination Units. The outcomes of the monitoring will be reflected in the quarterly progress reports and an overall budget of UA 400,000 is earmarked for this monitoring.

4.2.2 Implementing partners and external audit missions will also be part of the monitoring mechanism, which will likewise involve Bank missions and receive support from the Bank's Field Offices in Cameroon, the Central African Republic and Chad (COCM, COCF and COTD). The main monitoring stages are presented in the table below:

<u>Timeline</u>	<u>Stages</u>	<u>Monitoring Activities/Feedback</u>
September 2018	Approval	Responses to Managers' questions; Preparation of the project launch mission
January 2019	Launching	Training of project staff on the Bank's Procurement, Disbursement and Financial Management Rules and Procedures
2018 - 2021	Implementation of activities	Review of project technical files, Supervision Missions, Disbursements and Audit
February 2020	Mid-Term Review	Update on the progress of the project; changes to be made to the project
October 2021	Completion Report	Review of project achievements: analysis of gaps between objectives and achievements; lessons to be learned.
December 2021	Closing	Closing of special accounts; cancellation of balances; return of special account balances to the Bank.

4.3. Governance

The fiduciary risk assessment revealed the existence of a substantial overall fiduciary risk. The assessment highlighted the following weaknesses: (i) the internal oversight environment; (ii) ill-adapted management system; and (iii) inefficient human resource use. The measures recommended to mitigate this risk are described in Paragraphs 4.1.8 to 4.1.11 above. A firm will be hired to update the LCBC Administrative, Accounting and Financial Procedures Manual and to develop an Implementation Manual for the PARSEBALT project. In addition, the project will be audited each year by external auditors who will be recruited for that purpose.

4.4. Sustainability

The project focuses on social infrastructure in its area of intervention. Although it does not carry out works, it equips existing infrastructure to ensure greater functionality. The infrastructure includes, in Cameroon, Young Farmers' Training Centres (CFJA) of the Ministry of Agriculture, Multi-purpose Centres of the Ministry of Youth, and the Rural Handicraft Sections (RAS) of the Ministry of Employment and Vocational Training established in the Far-North Province, as well as the Appropriate Technology Centre of the Ministry for the Advancement of Women in Maroua, and primary and secondary schools and health centres and dispensaries in the Far-North, as well as the Employment and Vocational Training Observatory and Maroua *Ecole Polytechnique* (School of Engineering) and its Faculty of Mines. In the Central African Republic, the infrastructure equipped comprise three National Pioneer Youth (JPN) Centres in Bangui, funded by Phase 1 of the Support Project for Reconstruction of Grassroots Communities (PARCB1), and Regional Pedagogic Centres (CPR) and practical and vocational training centers (CFPP) of the Ministry of Employment, Labour, Vocational Training and Social Welfare, the Stockbreeding Technical School of the Ministry of Animal Husbandry in Bouar, health centres and dispensaries based in Ouham and Nana Mambéré, and primary and secondary schools in the 3rd District (PK5 neighbourhood) and the 8th District (*Combattants* neighbourhood) of Bangui. In Chad, the infrastructure supported will comprise training centres of the Ministry of Vocational Training, as well as primary and secondary schools, health centres and dispensaries in the project area. The sustainability of the infrastructure is guaranteed because the establishments are known by their respective line Ministries and their operating budgets are covered by the State budget. In addition, the project will finance training for members of community infrastructure management committees developed by the PRODEBALT and PRESIBALT projects (wharfs, water points, solar panels, community radio stations, etc.). The training activities will build the capacities of management committee members and help ensure the proper maintenance of the infrastructure and contribute to its sustainability.

4.5. Risk Management

The main risks identified are presented in the table below along with mitigation measures

No.	Potential Risks	Level	Mitigation Measures
1	Resurgence of violence and armed conflicts.	Moderate	In the Lake Chad Basin, the Joint Multinational Force was strengthened and LCBC put in charge of its coordination. In the CAR, the Government is gradually extending its authority beyond Bangui. The localities chosen for the project are currently deemed to be secure or in the process of being secured.
2	Lack of synergy with other operations funded by the Bank and other partners.	Low	The enhanced dialogue between Bank teams operating in the region and between the Bank and other TFPs. The project is funding the mapping of the TFP interventions in the Lake Chad Basin

4.6. Knowledge Building

During the project implementation period, the beneficiary communities will improve their knowledge of such issues as enlistment into armed groups, risks related to drug and alcohol abuse, early marriages, emigration-related risks, illegal logging, poaching and illegal slaughtering of animals, civility and follow-up, thanks to the planned awareness campaigns. Similarly, the managers of SMEs and artisanal enterprises will improve their knowledge of the management of their businesses and women will undergo functional literacy training. The project will also organize validation workshops for the planned studies. All these activities will receive press and broadcast media coverage. Also, technical reports will be prepared after the training and made available to the public. Furthermore, the studies that will be conducted by the project, as well as the findings of the supervision, mid-term and completion report preparation missions will be widely disseminated.

V. LEGAL FRAMEWORK

5.1. Legal Instrument

Loan and grant instruments will be used for this project. An ADF loan for Cameroon and ADF grants for the Central African Republic and Chad.

5.2. Conditions Associated with Bank Intervention

5.2.1 Conditions Precedent to the effectiveness of the loan and grant

The effectiveness of the ADF Loan Agreement shall be subject to the fulfilment by the Borrower of the conditions set forth in Section 12.01 of the General Conditions Applicable to Loan Agreements and Guarantee Agreements of the Fund. The effectiveness of the Grant Protocol Agreements will be subject to their signature by the Donees and the ADF.

5.2.2 Conditions precedent to first disbursement of loan and grant resources

In addition to the effectiveness of the ADF Protocol Loan Agreements and the ADF Grant Agreement, the first disbursement of the loan and grant resources will be subject to the fulfilment by the Borrower or the Donees, subject to the full satisfaction of the Fund, of the following conditions.

- a) Provide evidence of the signing of the resource retrocession agreements to the Executing Agency, the terms and conditions of which will have been deemed satisfactory to the Fund;

5.2.3 Other conditions

The Borrower or the Donee shall, in addition, will provide to the Fund:

- a) Provide at least five (5) months after the first disbursement of the Grant or Loan, proof of the recruitment of a Rural Development Expert within the Regional Coordination of the project PRESIBALT at the LCBC, a Rural Development Expert and an Expert in Social Development within each of the PRESIBALT National Coordination units in Cameroon, Central Africa and Chad; and
- b) Provide, no later than six (6) months after the first disbursement of the Grant or the Loan, proof of the revision of the Executing Agency's Procedures Manual to integrate

the project management and development component of the Implementation Manual to ensure the implementation of projects taking into account the specificities of each of the projects executed by the Executing Agency.

5.3. Compliance with Bank Policies

The project is compliant with all applicable Bank policies.

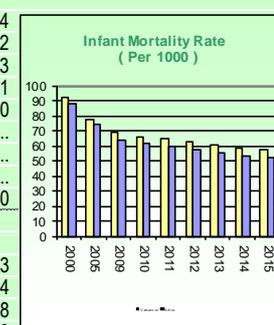
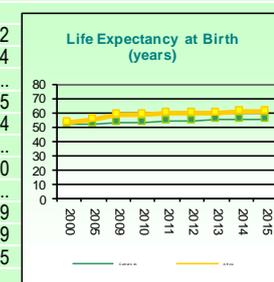
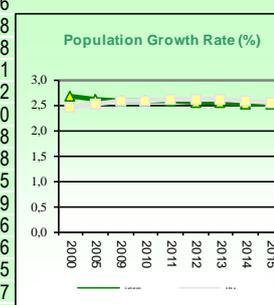
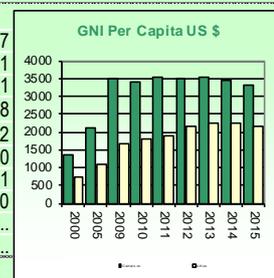
VI. RECOMMENDATION

Management recommends that the Board of Directors approves the award of the proposed ADF loan worth UA 8 million to Cameroon, the proposed ADF grant of UA 2.5 million to the Central African Republic, and the proposed ADF grant of UA 2.5 million to Chad for the purpose and under the conditions set out in this report.

Appendix I: Country Comparative Socioeconomic Indicators

Cameroon COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Cameroon	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)	2016	475	30 067	97 418	36 907
Total Population (millions)	2016	23,9	1 214,4	6 159,6	1 187,1
Urban Population (% of Total)	2016	55,1	40,1	48,7	81,1
Population Density (per Km ²)	2016	50,6	41,3	65,1	33,8
GNI per Capita (US \$)	2015	3290	2 153	4 509	41 932
Labor Force Participation *- Total (%)	2016	76,1	65,7	63,5	60,0
Labor Force Participation **- Female (%)	2016	71,1	55,7	48,9	52,1
Sex Ratio (per 100 female)	2016	100,0	100,1	106,0	105,0
Human Develop. Index (Rank among 187 countries)	2015	153	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2014	24,0	...	...	...
Demographic Indicators					
Population Growth Rate - Total (%)	2016	2,5	2,5	1,3	0,6
Population Growth Rate - Urban (%)	2016	3,5	3,6	2,4	0,8
Population < 15 years (%)	2016	42,3	40,9	27,9	16,8
Population 15-24 years (%)	2016	20,2	19,3	16,9	12,1
Population >= 65 years (%)	2016	3,2	3,5	6,6	17,2
Dependency Ratio (%)	2016	83,6	79,9	54,3	52,0
Female Population 15-49 years (% of total population)	2016	24,0	24,0	25,7	22,8
Life Expectancy at Birth - Total (years)	2016	56,4	61,5	69,9	80,8
Life Expectancy at Birth - Female (years)	2016	57,6	63,0	72,0	83,5
Crude Birth Rate (per 1,000)	2016	35,7	34,4	20,7	10,9
Crude Death Rate (per 1,000)	2016	10,9	9,1	7,6	8,6
Infant Mortality Rate (per 1,000)	2015	57,1	52,2	34,6	4,6
Child Mortality Rate (per 1,000)	2015	87,9	75,5	46,4	5,5
Total Fertility Rate (per woman)	2016	4,6	4,5	2,6	1,7
Maternal Mortality Rate (per 100,000)	2015	596,0	476,0	237,0	10,0
Women Using Contraception (%)	2016	34,1	31,0	62,2	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2005-2015	8,3	41,6	125,7	292,2
Nurses and midwives (per 100,000 people)	2005-2015	52,0	120,9	220,0	859,4
Births attended by Trained Health Personnel (%)	2010-2015	64,7	53,2	69,1	...
Access to Safe Water (% of Population)	2015	75,6	71,6	89,4	99,5
Access to Sanitation (% of Population)	2015	45,8	39,4	61,5	99,4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2015	4,5	3,4	...	...
Incidence of Tuberculosis (per 100,000)	2015	212,0	240,6	166,0	12,0
Child Immunization Against Tuberculosis (%)	2015	74,0	81,8	...	...
Child Immunization Against Measles (%)	2015	79,0	75,7	83,9	93,9
Underweight Children (% of children under 5 years)	2010-2015	14,8	18,1	15,3	0,9
Prevalence of stunting	2010-2014	31,7	33,3	25,0	2,5
Prevalence of undernourishment (% of pop.)	2015-2016	9,9	16,2	12,7	...
Public Expenditure on Health (as % of GDP)	2014	0,9	2,6	3,0	7,7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2016	117,1	101,2	104,9	102,4
Primary School - Female	2010-2016	110,7	98,4	104,4	102,2
Secondary School - Total	2010-2016	58,1	52,6	71,1	106,3
Secondary School - Female	2010-2016	53,5	50,2	70,5	106,1
Primary School Female Teaching Staff (% of Total)	2010-2016	54,2	47,1	59,8	81,0
Adult literacy Rate - Total (%)	2010-2015	75,0	66,8	82,3	...
Adult literacy Rate - Male (%)	2010-2015	81,2	74,3	87,1	...
Adult literacy Rate - Female (%)	2010-2015	68,9	59,4	77,6	...
Percentage of GDP Spent on Education	2010-2015	3,0	5,0	4,0	5,0
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2014	13,1	8,7	11,2	10,3
Agricultural Land (as % of land area)	2014	20,6	41,7	37,9	36,4
Forest (As % of Land Area)	2014	40,3	23,2	31,4	28,8
Per Capita CO2 Emissions (metric tons)	2014	1,6	1,1	3,5	11,0



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

June 2017

UNAIDS; UNSD; WHO; UNICEF, UNDP; Country Reports.

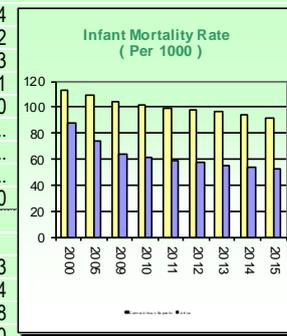
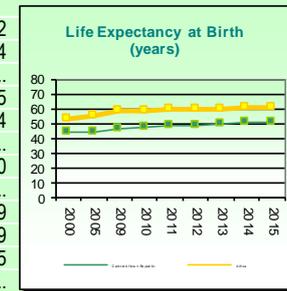
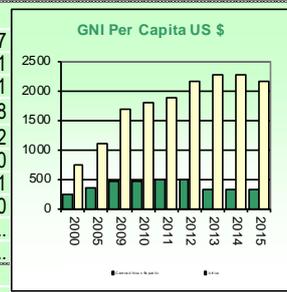
Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Central African Republic

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Central African Republic	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2016	623	30 067	97 418	36 907
Total Population (millions)	2016	5,0	1 214,4	6 159,6	1 187,1
Urban Population (% of Total)	2016	39,5	40,1	48,7	81,1
Population Density (per Km²)	2016	8,02	41,3	65,1	33,8
GNI per Capita (US \$)	2015	320	2 153	4 509	41 932
Labor Force Participation *- Total (%)	2016	78,1	65,7	63,5	60,0
Labor Force Participation ** - Female (%)	2016	71,8	55,7	48,9	52,1
Sex Ratio (per 100 female)	2016	97,2	100,1	106,0	105,0
Human Develop. Index (Rank among 187 countries)	2015	188	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2008	66,3	...	21,1	...
Demographic Indicators					
Population Growth Rate - Total (%)	2016	2,0	2,5	1,3	0,6
Population Growth Rate - Urban (%)	2016	2,7	3,6	2,4	0,8
Population < 15 years (%)	2016	38,8	40,9	27,9	16,8
Population 15-24 years (%)	2016	20,5	19,3	16,9	12,1
Population >= 65 years (%)	2016	3,9	3,5	6,6	17,2
Dependency Ratio (%)	2016	74,5	79,9	54,3	52,0
Female Population 15-49 years (% of total population)	2016	25,1	24,0	25,7	22,8
Life Expectancy at Birth - Total (years)	2016	52,2	61,5	69,9	80,8
Life Expectancy at Birth - Female (years)	2016	54,2	63,0	72,0	83,5
Crude Birth Rate (per 1,000)	2016	33,1	34,4	20,7	10,9
Crude Death Rate (per 1,000)	2016	13,7	9,1	7,6	8,6
Infant Mortality Rate (per 1,000)	2015	91,5	52,2	34,6	4,6
Child Mortality Rate (per 1,000)	2015	130,1	75,5	46,4	5,5
Total Fertility Rate (per woman)	2016	4,1	4,5	2,6	1,7
Maternal Mortality Rate (per 100,000)	2015	882,0	476,0	237,0	10,0
Women Using Contraception (%)	2016	24,3	31,0	62,2	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2005-2015	4,7	41,6	125,7	292,2
Nurses and midwives (per 100,000 people)	2005-2015	25,2	120,9	220,0	859,4
Births attended by Trained Health Personnel (%)	2010-2015	53,8	53,2	69,1	...
Access to Safe Water (% of Population)	2015	68,5	71,6	89,4	99,5
Access to Sanitation (% of Population)	2015	21,8	39,4	61,5	99,4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2015	3,7	3,4	...	...
Incidence of Tuberculosis (per 100,000)	2015	391,0	240,6	166,0	12,0
Child Immunization Against Tuberculosis (%)	2015	74,0	81,8	...	...
Child Immunization Against Measles (%)	2015	49,0	75,7	83,9	93,9
Underweight Children (% of children under 5 years)	2010-2015	23,5	18,1	15,3	0,9
Prevalence of stunting	2010-2014	40,7	33,3	25,0	2,5
Prevalence of undernourishment (% of pop.)	2015-2016	47,7	16,2	12,7	...
Public Expenditure on Health (as % of GDP)	2014	2,1	2,6	3,0	7,7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2016	93,5	101,2	104,9	102,4
Primary School - Female	2010-2016	79,8	98,4	104,4	102,2
Secondary School - Total	2010-2016	17,4	52,6	71,1	106,3
Secondary School - Female	2010-2016	11,8	50,2	70,5	106,1
Primary School Female Teaching Staff (% of Total)	2010-2016	19,9	47,1	59,8	81,0
Adult literacy Rate - Total (%)	2010-2015	36,8	66,8	82,3	...
Adult literacy Rate - Male (%)	2010-2015	50,7	74,3	87,1	...
Adult literacy Rate - Female (%)	2010-2015	24,4	59,4	77,6	...
Percentage of GDP Spent on Education	2010-2015	1,2	5,0	4,0	5,0
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2014	2,9	8,7	11,2	10,3
Agricultural Land (as % of land area)	2014	8,2	41,7	37,9	36,4
Forest (As % of Land Area)	2014	35,6	23,2	31,4	28,8
Per Capita CO2 Emissions (metric tons)	2014	0,1	1,1	3,5	11,0



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

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UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

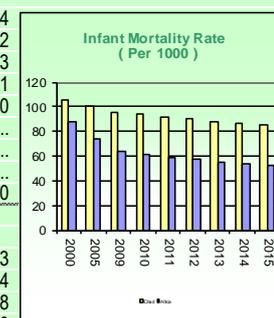
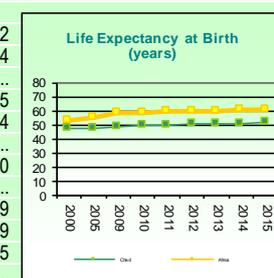
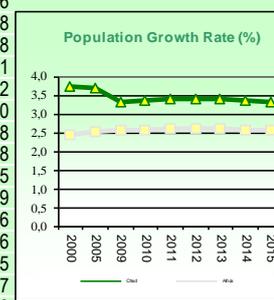
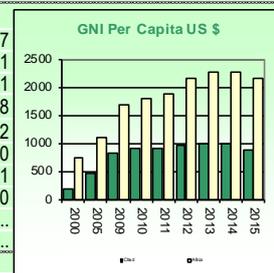
Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Chad

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Chad	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)	2016	1 284	30 067	97 418	36 907
Total Population (millions)	2016	14,5	1 214,4	6 159,6	1 187,1
Urban Population (% of Total)	2016	21,9	40,1	48,7	81,1
Population Density (per Km ²)	2016	11,51	41,3	65,1	33,8
GNI per Capita (US \$)	2015	880	2 153	4 509	41 932
Labor Force Participation* - Total (%)	2016	71,6	65,7	63,5	60,0
Labor Force Participation** - Female (%)	2016	64,0	55,7	48,9	52,1
Sex Ratio (per 100 female)	2016	100,3	100,1	106,0	105,0
Human Develop. Index (Rank among 187 countries)	2015	186	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2011	38,4	...	15,9	...
Demographic Indicators					
Population Growth Rate - Total (%)	2016	3,3	2,5	1,3	0,6
Population Growth Rate - Urban (%)	2016	3,6	3,6	2,4	0,8
Population < 15 years (%)	2016	47,6	40,9	27,9	16,8
Population 15-24 years (%)	2016	20,3	19,3	16,9	12,1
Population >= 65 years (%)	2016	2,5	3,5	6,6	17,2
Dependency Ratio (%)	2016	100,1	79,9	54,3	52,0
Female Population 15-49 years (% of total population)	2016	22,1	24,0	25,7	22,8
Life Expectancy at Birth - Total (years)	2016	52,2	61,5	69,9	80,8
Life Expectancy at Birth - Female (years)	2016	53,3	63,0	72,0	83,5
Crude Birth Rate (per 1,000)	2016	44,3	34,4	20,7	10,9
Crude Death Rate (per 1,000)	2016	13,6	9,1	7,6	8,6
Infant Mortality Rate (per 1,000)	2015	85,0	52,2	34,6	4,6
Child Mortality Rate (per 1,000)	2015	138,7	75,5	46,4	5,5
Total Fertility Rate (per woman)	2016	5,9	4,5	2,6	1,7
Maternal Mortality Rate (per 100,000)	2015	856,0	476,0	237,0	10,0
Women Using Contraception (%)	2016	6,9	31,0	62,2	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2005-2015	4,4	41,6	125,7	292,2
Nurses and midwives (per 100,000 people)	2005-2015	30,9	120,9	220,0	859,4
Births attended by Trained Health Personnel (%)	2010-2015	24,3	53,2	69,1	...
Access to Safe Water (% of Population)	2015	50,8	71,6	89,4	99,5
Access to Sanitation (% of Population)	2015	12,1	39,4	61,5	99,4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2015	2,0	3,4	...	...
Incidence of Tuberculosis (per 100,000)	2015	152,0	240,6	166,0	12,0
Child Immunization Against Tuberculosis (%)	2015	70,0	81,8	...	...
Child Immunization Against Measles (%)	2015	62,0	75,7	83,9	93,9
Underweight Children (% of children under 5 years)	2010-2015	28,8	18,1	15,3	0,9
Prevalence of stunting	2010-2014	38,7	33,3	25,0	2,5
Prevalence of undernourishment (% of pop.)	2015-2016	34,4	16,2	12,7	...
Public Expenditure on Health (as % of GDP)	2014	2,0	2,6	3,0	7,7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2016	101,4	101,2	104,9	102,4
Primary School - Female	2010-2016	88,0	98,4	104,4	102,2
Secondary School - Total	2010-2016	22,4	52,6	71,1	106,3
Secondary School - Female	2010-2016	14,0	50,2	70,5	106,1
Primary School Female Teaching Staff (% of Total)	2010-2016	15,4	47,1	59,8	81,0
Adult literacy Rate - Total (%)	2010-2015	40,0	66,8	82,3	...
Adult literacy Rate - Male (%)	2010-2015	48,4	74,3	87,1	...
Adult literacy Rate - Female (%)	2010-2015	31,8	59,4	77,6	...
Percentage of GDP Spent on Education	2010-2015	2,9	5,0	4,0	5,0
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2014	3,9	8,7	11,2	10,3
Agricultural Land (as % of land area)	2014	39,7	41,7	37,9	36,4
Forest (As % of Land Area)	2014	4,0	23,2	31,4	28,8
Per Capita CO2 Emissions (metric tons)	2014	0,0	1,1	3,5	11,0



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

June 2017

UNAIDS; UNSD; WHO; UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Appendix II: Table of AfDB Portfolio in the Country

CAMEROON: Table of AfDB Portfolio as at 30 June 2017 (in UA)

SECTORS	PROJECTS	AfDB Loan	ADF/NTF Loan	ADF Grant
Governance	Land Registration Support Project (PAMOCCA 1).		7.00	
	Land Registration Support Project (PAMOCCA 2).		5.00	
Transport	Kumba-Mamfe Road Project		47.26	
	Road Programme : Batchenga-Léna	126.43	12.45	
	Road Programme 2: Yaoundé-Bafoussam	221.71	12.82	
ICT	Central African Backbone	30.61		1.24
Water and Sanitation	Yaoundé Sanitation Project (PADY 2)		20.99	2.89
	Sub-urban DWSS Project		33.77	
	Storm Water Mobilisation Studies (PEMVEP)			1.06
Energy	Power Grid Enhancement (PREREDT)		31.64	
	Lom Pangar Hydroelectric Project		44.93	
Agriculture	Rural Infrastructure Support - Grassfield 2		13.61	3.19
	PD-CVA Agricultural Value Chain Project	73.28		
Total Public National Operations		452.03	229.47	8.38
Private Sector	Shipyards and Industrial Engineering (CNIC)	32.64		
	AES-SONEL Investment Programme	49.24		
	Dibamba Thermal Plant	18.27		
	Kribi Thermal Plant	23.45		
Total Private National Operations		123.60		
Regional Environment	Protection of Elephants in Central Africa		0.25	
	Lake Chad Basin Rehabilitation (PRESIBALT)		12.5	
Regional Energy	Chad - Cameroon Interconnection Study		1.25	
Regional Transport	Bamenda - Enugu Transport Facilitation.		90.39	
	Brazza -Yaoundé Corridor (Ketta –Djoum 1)		59.27	
	Brazza -Yaoundé Corridor (Ketta–Djoum 2)	50.92		
Total public multinational operations		50.92	163.66	
TOTAL OVERALL PORTFOLIO		626.55	393.13	8.38

CAR (as at 31 August 2017):

Sector	Project Name	Approval Date	Closing Date	Net Commitments (UA million)	Disbursed Amounts
A. NATIONAL PROJECTS					
Social	Support Project for The Socio-Economic Reintegration of Youth and Women	25-May-16	28-June-19	0.7	0.16
	Support Programme for Reconstruction of Grassroots Communities. Phase 1 (ADF)	24-June-15	31-Dec.-19	9.55	4.06
	Support Programme for Reconstruction of Grassroots Communities - Phase 1 (TAF)	24-June-15	31- Dec.-19	5.00	0.90
	Support Programme for Reconstruction of Grassroots Communities - Phase 1 (RWSSI)	24-June-15	31-Dec.-19	0.46	0.08
Sub-Total				15.7	5.2
Multi-sector	Economic and Financial Management Capacity Building Support Project (PARCGEF)	31-Jan.-11	30- Dec.-16	4.00	3.5
	Economic and Financial Management Capacity Building Support Project (PARCGEF)	31-Jan.-11	30- Dec.-16	0.50	0.43
	Targeted Technical Support - Capacity Building	25-Feb.-11	#N/A	1.26	0.5
Sub-Total				5.8	4.50
Water and Sanitation	First Sector Sub-Programme for Drinking Water Supply and Sanitation in Bangui and Four Prefectures (ADF Loan)	24-Oct.-12	31- Dec.-17	1.04	0.82
	First Sector Sub-Programme for Drinking Water Supply and Sanitation in Bangui and Four Prefectures (FSF Grant)	24-Oct.-12	31- Dec.-17	4.40	0.40
	First Sector Sub-Programme for Drinking Water Supply and Sanitation in Bangui and Four Prefectures (GEF Grant)	3- Dec.-15	31- Dec.-19	5.11	0.09
	Rural Drinking Water Supply	5- Dec.-16	31-Dec.-19	4.11	0.05
Sub-Total				14.63	2.46
NATIONAL PROJECT SUB-TOTAL				36.11	12.12
B. MULT-NATIONAL PROJECTS					
Energy	Electric Power Grids Interconnection Project from the Boali Hydroelectricity System - Phase I	19-Sept.-12	31-Dec.-17	29.73	2.95
Sub-Total				29.73	2.95
Environment.	Programme to Rehabilitate and Strengthen the Resilience of Socio-ecological Systems in the Lake Chad Basin - Chad - CAR	17-Dec.-14	30-Sept.-19	2.19	0.33
	Biodiversity Conservation Programme - CAR Component	22-July-13	31-Dec.-17	2.50	2.03
				4.69	2.36
SUB-TOTAL MULTINATIONAL PROJECTS				34.42	5.31
TOTAL				70.53	17.42

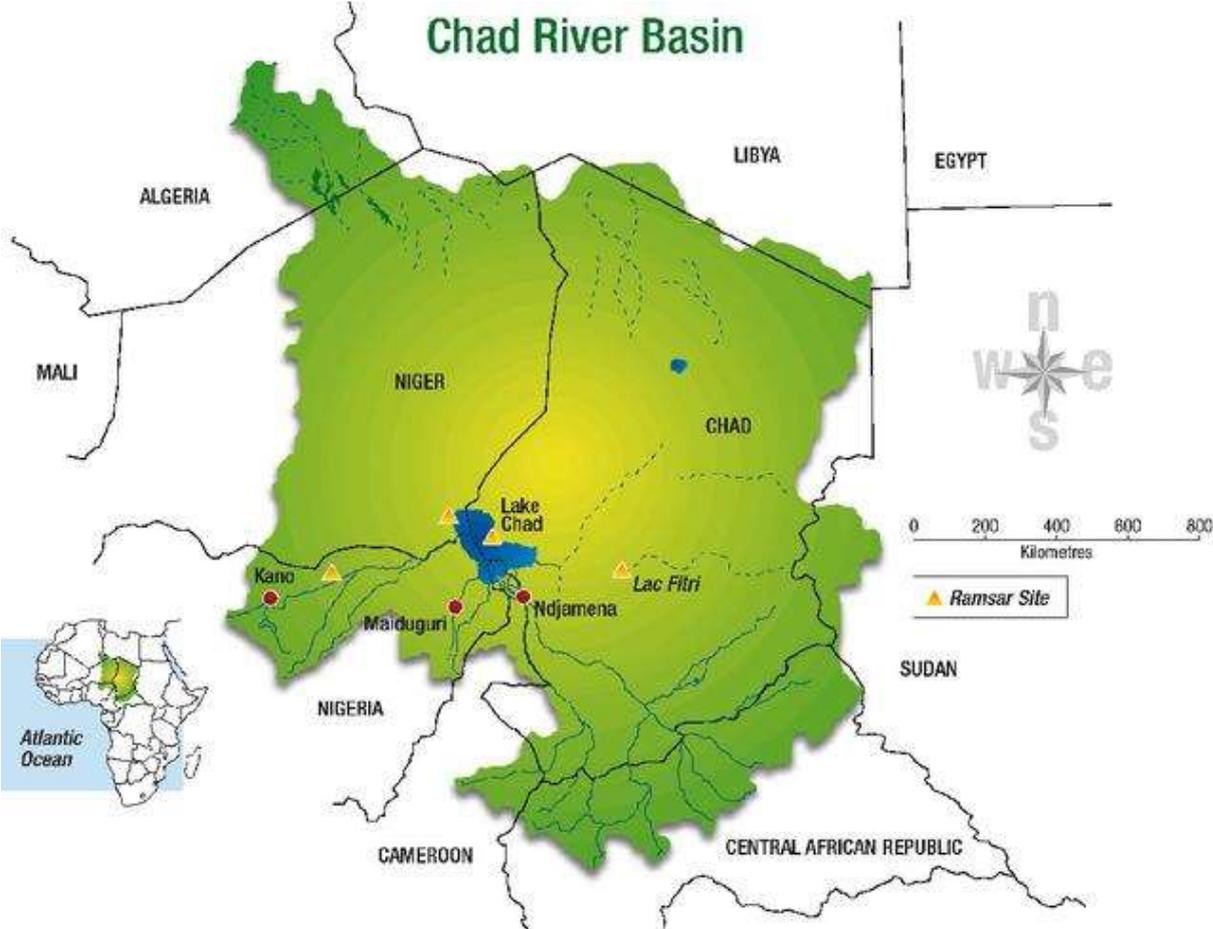
CHAD: Table of AfDB Portfolio as at 30 June 2017

SECTORS	PROJECTS	ADF Commitment (UA)
Governance	Business Climate Improvement (PACADET) - Loan	3,970,000
	Business Climate Improvement (PACADET) - Grant	1,920,000
	RoundTable	650,000
	Budget Support Programme II - ADF Grant	11,866,000
	Budget Support Programme II- ADF Loan	4,280,700
	Budget Support Programme II – TAF Grant	15,000,000
	HIPCI Completion Point – Grant	1,400,000
Total Governance ((Institutional Support and Capacity Building))		39,086,700
Social	Girls' Training and Literacy Promotion Project	1,000,000
Total Social		1,000,000
Transport	Algeria-Niger-Chad Multinational Trans-Sahara Highway Project (Loan)	20,900,000
	Algeria-Niger-Chad Multinational Trans-Sahara Highway Project (Grant)	20,400,000
	Kyabe-Singako Road Surfacing Project (Grant)	12,846,000
Total Transport		54,146,000
Water and Sanitation	DWSS Programme in 15 Secondary Centres (Grant)	6,900,000
	DWSS Programme in 15 Secondary Centres (RWSSI Grant)	2,460,569
	DWSS Programme in 15 Secondary Centres (Loan)	10,710,000
Total Water and Sanitation		20,070,569
Energy	Cameroon-Chad Electricity Interconnection Study (Grant)	1,250,000
Total Energy		1,250,000
Agriculture	Lake Chad Basin Sustainable Development Programme / Multinational /(Grant)	30,000,000
	Rural Infrastructure Support Project (Loan)	5,200,000
	Rural Infrastructure Support Project (Grant)	5,200,000
	Programme to Build Resilience to Food and Nutrition Insecurity in the Sahel (P2RS)	9,770,000
	Programme to Rehabilitate and Strengthen the Resilience of Socio-ecological Systems in the Lake Chad Basin (PRESIBALT) (Grant)	5,350,000
	Central Africa Biodiversity Conservation Programme (Grant)	250,000
Total Agriculture		55,770,000
TOTAL OVERALL PORTFOLIO		171,323,269

Appendix III: Major Ancillary Projects Financed by the Bank and Other Development Partners in the Lake Chad Basin

<u>Projects</u>	<u>Technical and Financial Partners</u>	<u>Amounts</u>	<u>Period</u>
LCBC: Programme to Rehabilitate and Strengthen the Resilience of Socio-ecological Systems in the Lake Chad Basin (PRESIBALT)	AfDB	UA 71.23 million	2015-2019
LCBC: Programme to improve Lake Chad management through building climate change resilience and reducing ecosystem stress	UNDP	USD 240 million	2017 – 2022
Cameroon: Emergency humanitarian assistance to refugees from the Far-North of Cameroon	AfDB	UA 0.7 million	2017-2018
Cameroon : Inclusive and Resilient Cities Development Project	World Bank	USD 160 million	2017-2024
Cameroon : Community Development Program Support Project-Phase III	World Bank	USD 133 M	2015-2019
CAR : Service Delivery and Support to Communities Affected by Displacement Project	World Bank	USD 28 million	2017-2021
CAR: Ex-Combatants Reintegration Project	World Bank	USD 30 million	2017-2020
Chad: Emergency Food and Livestock Crisis Response Project	World Bank	USD 16 million	2017-2021
Niger: Project to improve community security and resilience through peacebuilding and recovery in the Diffa Region	Japan (project implemented by UNDP)	USD 1.8 million	
Niger: Supplementary grant for the Community Development Programme	World Bank	USD 20.8 million	2017-2019
Nigeria: Inclusive Basic Social Service Delivery and Livelihood Empowerment Integrated Programme	AfDB	UA 2.88 billion (including UA 183.40 million for the Bank Group)	2017-2021

Appendix IV: Map of Project Area



ANNEX 1: Rationale for the level of the Governments' Counterpart Contribution

CAMEROON:

1. Cameroon's component of the project will be financed with an ADF loan of UA 8 million awarded to the country (including UA 4 million from the ADF window, UA 4 million from the regional envelope). The national counterpart stands at 1.22% of the project cost for the Cameroon component.

2. The level of the Government's counterpart contribution to Bank financing is less than 10% of the total project cost, as stipulated by Section 4.2.2. of the Bank Group Eligible Expenditure Policy. Thus, according to Section 4.2.2 of the Policy (revised in March 2008), the level of government counterpart contribution to the ADF window is determined on the basis of the following four criteria: (i) *the country's commitment to implement its overall development programme;* (ii) *the financing allocated by the country to the sector targeted by Bank assistance;* (iii) *the country's budget situation and debt level;* and (iv) *the upper cost-sharing limit and guidelines laid down in the country financing parameters.*

I- Country's commitment to implement its overall development programme

3. By drawing lessons from the implementation of its poverty reduction strategy, after reaching the completion point of the HIPC process, the Government has, for the first time, embarked in 2010 upon the formulation of a long-term development Vision for Cameroon. This Vision, which projects an image of the country up to 2035, aspires to make Cameroon a democratic emerging country, united in its diversity. Specifically, the Vision constitutes a reference framework for: (i) substantially reducing the poverty threshold; (ii) achieving middle-income country status; (iii) becoming a newly industrialized country; (iv) consolidating the democratic process and strengthening national unity.

4. These specific objectives have guided the orientations of the Growth and Employment Strategy Paper (GESP) for the 2010-2020 period, covering the first ten years of the 2035 Vision. The main issue concerning the implementation of the GESP will be to focus on growth acceleration, the creation of formal jobs and poverty reduction. It is, therefore, planned to: (i) increase growth to an annual average of 5.5% over the 2010-2020 period; (ii) reduce underemployment from 75.8% to below 50% in 2020, with the creation of tens of thousands of formal jobs every year in the next ten years; and (iii) reduce the monetary poverty rate from 39.9% in 2007 to 28.7% in 2020.

5. To achieve these objectives, the Government has opted to implement in a coherent and integrated manner, with the support of technical and financial partners (TFPs), including the Bank, a three-pronged strategy comprising: (a) a growth strategy; (b) a strategy to improve governance and central government's strategic management; and (c) an employment strategy.

6. The presentation of this operation to the Boards comes in a particular context marked by Cameroon's graduation to the ADB window as a "Blend Country" with effect from 1 July 2014. In view of its recent macro-economic performance, Cameroon moved in 2014 to the non-concessional windows of the World Bank and the AfDB Group, respectively. This double graduation marks the confidence of multilateral institutions and enables the country to benefit from the resources of the AfDB Group's concessional and non-concessional windows. It should help the country to finance its development, particularly its ambitious infrastructure programme, at less cost. The country's new ambition is to graduate from the status of "Blend

Country” to that of “AfDB Country”.

II- Financing allocated by the country to the sector targeted by Bank assistance:

7. As of 31 October 2017, Cameroon's ongoing public portfolio had no full-fledged social sector operations. However, investment projects in the areas of transport, agriculture, water and sanitation include components pertaining to the social sector. The types of activities financed are: construction/rehabilitation/equipment of socio-economic infrastructure (schools, health centres, markets, storage facilities, women's advancement centres, etc.); support for income-generating activities for women's groups (supply of agricultural processing equipment); training of young people in labour-intensive works; and HIV/AIDS and road safety awareness campaigns. It should be noted that on 12 July 2017, the Bank approved an emergency programme for refugees in the Far-North of Cameroon, worth USD 1 million. The programme will be implemented by UNHCR. The grant agreement is being signed.

8. With this new operation, the Bank will consolidate the gains of previous projects, with a view to achieving the set objectives of the country's infrastructure development strategy.

III- Country's budget situation and debt level;

9. **The budget policy over the last three years has been moderately expansionary, in order to close the infrastructure gap, especially in the energy and transport sectors.** The structuring projects in these sectors were financed mainly with external loans and oil revenue.

10. **The signing of a three-year programme supported by an Extended Credit Facility (ECF²) with the IMF should help to ensure greater stabilization of the macroeconomic framework over the medium term.** For 2016, growth was revised slightly downwards from 4.7% to 4.5%. For 2017, it should further decline to 3.7%, while inflation should remain low (0.5%). The budget deficit is expected to stand at 3.1% of GDP in 2017 and 2.3% in 2018. Public investment spending is expected to gradually stabilize, from around 8.8% of GDP in 2016 to 7.3% in 2017 and then to 6.7% in 2019 by the end of the programme. Revenues (including grants) are expected to increase moderately, from 16.3% of GDP in 2016 to 16.7% in 2017 and 17.6% in 2019.

11. **More prudent and rigorous debt management is called for in view of the deterioration of debt ratios.** According to the latest debt sustainability analysis conducted jointly by the International Monetary Fund (IMF) and the World Bank in 2015, 2016 and 2017, the country's debt distress risk has risen from "moderate" to "high". The sharp decline in the price of crude oil, the country's main export product, has, since 2015, led to a deterioration in the ratio of the net present value of debt to goods and services exports. Despite a debt ratio below the CEMAC ceiling of 70% of GDP, the financing of structuring infrastructure projects with commercial loans led to a sharp rise in the public debt, which reached 34.1% of GDP in 2016 when set against 15.6% in 2012.

12. **These findings call for more cautious and rigorous debt management. To mitigate debt distress risk, the debt management institutional framework has been enhanced.** The opinion of the National Public Debt Committee (CNDP), which was a consultative body at its inception, became mandatory in 2016 and a condition precedent to any decision to borrow. The measures envisaged by the Government will help to stabilize the public debt over the 2017-

² The Extended Credit Facility (ECF) concluded on 26 June 2017 with the IMF for the three-year period (2017-2019), more than a decade after the previous one that led to the HIPC Initiative completion point in 2006, shows a financing requirement estimated at CFAF 1,302 billion. This funding gap should be filled by the budgetary support from TFPs including the IMF, AfDB, World Bank, EU and AFD.

2029 period at the 2017 benchmark (36.1%), while avoiding the accumulation of arrears, particularly on domestic debt.

IV- The upper cost-sharing limit and guidelines laid down in the country financing parameters

13. Country financing parameters (CFP) concerning cost sharing highlight the country's commitment and ownership of Bank-financed activities under the project. These parameters also offer flexibility in determining the counterpart contribution percentage. The Bank examined the level of commitment and ownership based on criteria, including: (i) the contribution of project activities to the achievement of the country's development objectives set out in the Growth and Employment Strategy Paper (GESP) covering the 2010-2020 period; (ii) alignment and linkage with the strategic pillars of the Bank's Country Strategy Paper (CSP) for Cameroon approved in July 2015, for the 2015-2020 period, as well as the project's inclusion in the State budget financed by the Bank and other technical and financial partners.

14. CFPs specify that the percentage of total costs financed by the Bank will be assessed case-by-case, based on the context and project-specific considerations, evidence of Government commitment and ownership in project implementation, the level of co-financing with other TFPs and the country's budget situation. It should be noted that the parameters are aligned with World Bank CFPs in Cameroon prepared in 2005, when the country was only eligible for concessional resources. These CFPs indicated that World Bank financing could reach 100% of the total project cost (inclusive of all taxes), despite the fact that co-financing could be obtained for certain projects, especially in the transport sector. These parameters have not changed, despite Cameroon's graduation to the status of IBRD/IDA "Blend Country" with the World Bank in April 2014, and AfDB/ADF "Blend Country" with the Bank, in July 2014.

In conclusion, based on the foregoing and at the request of the Government, it is proposed that the national counterpart contribution be fixed at 1.22% of the total project cost, net of taxes for the component concerning Cameroon.

CENTRAL AFRICAN REPUBLIC:

Following the Government's request concerning its counterpart contribution, it was mutually agreed that the financing of the Optic Fibre Project will require no counterpart contribution from the Central African Republic. The level of the Government's contribution is supposed to be 10% of the total project for ADF countries, as stipulated in Section 4.2.2. of the Bank Group's Eligible Expenditure Policy. Thus, according to Section 4.2.2 of the Policy (revised version of March 19th 2008) and the SNVP/ECVP Directive of December 2014 relating to the implementation of the said policy in respect of counterpart funding, this annex presents the analysis that justifies the request for a waiver of the counterpart contribution, based on the following criteria stipulated by the above-mentioned Bank policy and directive: (i) CAR's persistent fragility; (ii) demonstrated willingness to implement a real development programme; (iii) commitment to reforms with the support of TFPs; (iv) the relatively tight budget situation; (v) high debt levels; and (vi) Bank support to the CAR.

A. Persistent Fragility of the CAR

The key factors of the CAR's persistent fragility are multiple, complex and inter-related. The violence that has marked its political history and the dysfunctional institutions, the failure of previous DDR programmes and spatial exclusion hinder social and national cohesion. Some of the main challenges facing the country include:

- ✓ Restoration of security nationwide, peace-building and national cohesion: Despite the return to constitutional order in 2016 and the establishment of the main democratic institutions provided for in the Constitution, insecurity is persistent and inter-community clashes continue to be recorded in several localities around the country. The Central African State now controls only a very small part of its territory, and the armed groups have splintered into countless uncontrolled rebel factions, increasing criminal activities.
- ✓ Limited productive capacity of enterprises and their weak financial situation due to looting and destruction of their production equipments: The CAR's limited economic diversification, notably based on primary products, makes it particularly vulnerable to external shocks. Private sector development is the cornerstone for economic expansion and diversification.
- ✓ The underdeveloped economic infrastructure (transport, energy, ICT, water and sanitation) in the context of a landlocked and vast territory such as the CAR, the availability in quantity and quality of such infrastructure constitute a major fragility and poverty reduction factor.

B. Willingness to implement a real development programme

The authorities have adopted a National Recovery and Peacebuilding Plan for the Central African Republic (RCPCA, 2017-2021), which seeks to lay the foundations for sustainable and inclusive economic and social development, in particular through "the restoration and extension of the authority of the State throughout the national territory and massive public investment, in order to consolidate peace". The three pillars of the RCPCA are: (i) Support peace, reconciliation and security; (ii) Renew the social contract between the State and the population; and (iii) Promote economic recovery and boost productive sectors.

In line with the plan's priorities, the authorities have made huge financial efforts to bridge the country's wide social and infrastructure gaps. Against this backdrop, an ambitious programme for average annual public investments of about CFAF 1,500 billion has been implemented. This programme will also support the development of the ICT sector by introducing reforms that will broaden connectivity, particularly the mobile phone penetration rate and mobile network coverage in the country.

C. Commitment to reforms with the support of the PTFs

At the macro-economic level, with the support of the PTFs, the progress that started since 2014 is gradually consolidating with a real GDP growth rate of 5.1% in 2016 versus 4.8% in 2015. Despite its limited diversification, the economy was boosted by the recovery in the extractive industries with a jump of 22.8%, following the partial lifting of suspension from the Kimberley process. While services grew by 7.5% in 2016, agriculture rose by merely 1.2%, owing mainly to the sluggish return of refugees and displaced persons, and unavailability of means of production and supervision. Besides the effects of insecurity, supply remains constrained by low agricultural sector productivity, advanced state of deterioration of infrastructure

(particularly in the energy sector), and limited access to credit. Growth in the banking sector estimated at 2.5% remains shaky, while the recovery in trade and transport accounts for tertiary sector growth estimated at 6% in 2016.

The CAR's macro-economic outlook remains good despite the deterioration of the security environment. Economic growth projections are based on the assumption that refugees and displaced persons will gradually return to their lands to continue their agricultural or artisanal mining activities. The total lifting of the ban on diamond exports from territories considered as conflict zones, as well as the entry into production of newly acquired logging concessions could boost the primary sector and mining activities, and thus stimulate real GDP growth by about 5.6% in 2018. The economic growth would then trigger an increase in imports and exports, with a surge in traffic on the corridor connecting Douala and Bangui, which will require a significant increase in the number of protected convoys.

D. Relatively tense budgetary situation

The authorities, supported by the TFPs, have continued to implement actions aimed at consolidating reforms in the area of public finance management since the transition period. Such efforts have helped to improve the mobilization of domestic public resources and to gradually restore a more sustainable public finance management framework. Domestic budget revenue actually improved during the transition period from 4.9% of GDP in 2014 to 7.1% and 8% in 2015 and 2016, respectively. As for public expenditure which had dropped to 12.7% of GDP in 2014, it rose to 14.9% in 2015 and reached 15.2% of GDP in 2016. The resulting budget deficit was financed by external budget support, which amounted to 4.9% of GDP in 2016.

However, the volume of budget support, mostly in the form of grants, is well below its 2014 and 2015 levels of 10.8% and 7.2 % of GDP, respectively. Despite efforts to mobilize tax revenue and control expenditure, including the wage bill following the census of civil servants, the country still needs support from TFPs to reduce the budget deficit.

The third review mission of the programme supported by the IMF Extended Credit Facility (ECF) concluded that the economic performance of the Central African Republic remains good, despite the country's worsening security environment. Public investment management, which is essential for supporting inclusive and employment-generating growth, will also need to be strengthened to promote social cohesion and political stability. The expansion of external budget support and technical support for capacity building will help the CAR to meet the enormous challenges it faces and to overcome the lingering fragility. The Government will need to speed up the clearance of the commercial and social debt in order to consolidate social cohesion and peace. An independent audit, whose recruitment will be finalized in October, will be essential in giving direction to the clearing arrears, including social arrears that make up the largest portion (CFAF 60 to 70 billion).

E. High debt level

CAR's debt distress risk remains high due to the structural trade imbalance, heightened by the country's chronic instability. The crisis has led to an accumulation of new domestic and external payment arrears. This has significantly worsened the public debt level, with a public-debt-to-GDP ratio that surged from 38.5% in 2013 to 51.1% in 2014 and 47.2% in 2016. Therefore, CAR has moved from a moderate debt risk situation to one of high debt risk overhang. In this regard, the IMF's May 2017 Debt Sustainability Analysis recommends that the country pursue prudent fiscal policies, with maximum concessionality of external financing, and that further concessional debts be negotiated only in exceptional cases for critical projects where grant

funding could not be secured. For such projects, costs and benefits should be thoroughly and independently analysed to ensure that they are profitable and without fiscal impact.

F. Bank support to the CAR

As a result of the high debt distress risk, the country can only obtain limited resources from the Bank. The financing of the indicative operations programme for the 2017-2021 CSP will come mainly from the ADF window. For the 2017-2019 period, the Performance-Based Allocation (PBA) under ADF-14 amounts to UA 15 million, will be supplemented by the TSF financing worth UA 15 million, which adds up to a total of UA 30 million. For the 2020-2021 period, the assumption is that the same allocations amounting to UA 30 million will be renewed. The Bank will also continue its efforts to mobilize additional resources, such as special/thematic and fiduciary funds, to increase the limited ADF allocations for the CAR. Lastly, the regional envelope, with its significant leverage, will be used to finance integration projects that are of paramount importance given the country's landlocked status. Co-financing will also be sought for large-scale infrastructure operations.

G. Conclusion

Based on the foregoing and at the request of the Government, we recommend that the Government of the Central African Republic should not directly contribute to the financing of the project through counterpart funding.

CHAD:

Fiscal and Financial situation of the country

Since 2014, Chad has been experiencing a dire fiscal situation following a fall in oil prices. According to data provided by the IMF, total income, including grants, went from 23% of GDP in 2014 to only 14.9% in 2016, while 19.9% is projected for 2017. This decrease in revenues was obviously reflected in spending, which went from 29.4% of GDP in 2014 to 18% in 2016, while 18.8% is projected for 2017. The brunt of the fiscal shock was borne mainly by capital expenditure, particularly domestic financing, which dropped from 9.9% of GDP in 2014 to only 1.1% of GDP in 2016 and 1.4% is projected for 2017. The overall fiscal balance including grants, remained negative throughout the 2014-2016 period, and stood at -6.2%; -5.9% and -3.0%, respectively. The country is saddled with huge domestic arrears of about CFAF 240 billion and external arrears of CFAF 27 billion.

In June 2017, Chad signed a three-year Extended Credit Facility (ECF) Programme with the IMF, which opened up significant fiscal support opportunities for the country, including from such key partners as the European Union, the World Bank and the United Nations and the AfDB. One of the greatest challenges for Chad remains that of improving the mobilization of domestic tax revenues which account for less than 10% of GDP. Fiscal "oil dependency" has extremely weakened Chad's fiscal position, making the country highly dependent on external budget support, without which it will hardly be able to maintain political and social stability.

In terms of debt, Chad reached the HIPC Initiative completion point in April 2015. The external public debt, which accounted for 29.1% of GDP in 2014, recorded a slight decline to 25% of GDP in 2015. Over the 2015-2021 period, it should remain below 30% of GDP. Despite reaching the HIPC completion point, Chad still has a high debt distress risk in the short term, according to the IMF debt sustainability analysis conducted in June 2017, and in 2016, it had accumulated arrears with some traditional donors.

Counterpart contribution disbursement situation

The disbursement situation for the Bank's active projects in Chad is presented in the table below. It may be recalled that during the AfDB President's visit to Chad in February 2016, the Chadian President had requested that the Bank reconsider the issue of counterpart contribution, given the socio-economic difficulties facing the country (drop in oil prices, security efforts, etc.) and which had significantly reduced its financial capacity. The country had been recommended to review the situation of the counterpart contribution and submit a request to the Bank.

In conclusion, based on the foregoing and at the request of the Government, we recommend that the Chadian Government should not directly contribute to the financing of the project through counterpart funding.

#	ACRONYM	SAP	No.	Commitment (UA)	Disbursement (UA)	Comment
1	PIRPT	P-TD-AB0-002	2 100 150 025 095	5,200,000.00	3,984,798.59	
			2 100 155 021 068	5,200,000.00	4,517,852.31	
			COUNTERPART CONTRIBUTION	1,040,000.00	919,575.00	UA 405 000.00 to be added contribution for the offices and other salaries
2	P2RS	P-Z1-AAZ-024	2 100 155 028 524	9,770,000.00	736,507.79	
			COUNTERPART CONTRIBUTION	1,490,000.00	0.00	No disbursement made. Change made to the LBS
3	PRODEBALT	P-Z1-CZ0-002	2 100 155 013 766	30,000,000.00	25,423,965.58	
			COUNTERPART CONTRIBUTION	600,000.00	580,000.00	
4	PRESIBALT	P-Z1-CZ0-016	2 100 155 029 066	5,350,000.00	592,173.81	
			COUNTERPART CONTRIBUTION	17,410,000.00	0.00	No disbursement made
5	DWSSP	P-TD-E00-003	2 100 155 023 116	6,900,000.00	4,372,864.45	
			5 800 155 000 951	2,438,449.47	1,695,534.23	
			2 100 150 027 193	10,710,000.00	7,057,580.25	
			COUNTERPART CONTRIBUTION	2,220,000.00	460,872.00	After the mid-term review carried out in May 2017. UA 879,515 was financed by ADF and RWSSI resources (see aide-mémoire); the remainder is just UA 879,515 payable by the Chadian Government
6	KYABE-SINGAKO	P-TD-DB0-011	6 540 654 001 132	13,013,114.33	2,012,990.41	
			2 100 155 028 118	12,846,000.00	2,040,667.99	
			COUNTERPART CONTRIBUTION	32,104,000.00	0.00	Government's request
7	RTS	P-Z1-DB0-144	2 100 150 030 846	20,900,000.00	4,283,852.60	
			2 100 155 026 868	20,400,000.00	3,922,309.08	
			COUNTERPART CONTRIBUTION	42,940,000.00	0.00	Government's request
8	EP2P2FAF	P-TD-IAG-001	5 900 155 011 054	1,000,000.00	24,071.78	
			COUNTERPART CONTRIBUTION	0.00	0.00	
9	PCBAC	P-Z1-C00-056	2 100 155 028 167	250,000.00	120,358.78	
			COUNTERPART CONTRIBUTION	0.00	0.00	
10	EIE T/C	P-Z1-FA0-048	2 100 155 027 967	1,250,000.00	788,256.02	
			COUNTERPART CONTRIBUTION	0.00	0.00	

11	ROUND TABLE	P-TD-KF0-014	5 900 155 011 951	650,000.00	351,815.12	
			COUNTERPART CONTRIBUTION	0.00	0.00	
12	HIPC	P-TD-KF0-009	5 900 155 006 553	1,400,000.00	354,761.83	
			COUNTERPART CONTRIBUTION	0.00	0.00	
13	PACADET	P-TD-KF0-010	2 100 150 030 444	3,970,000.00	383,493.56	
			2 100 155 026 419	1 920 000.00	250 554.46	
			COUNTERPART CONTRIBUTION	0.00	0.00	