Report Number : ICRR0020964

1. Project Data

Project ID	Project Name	
P112975	CM - Competitive Value Chains	
Country	**Practice Area(Lead)**	**Additional Financing**
Cameroon	Macroeconomics, Trade and Investment	P122772

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-47800	30-Mar-2016	24,376,723.95
Bank Approval Date	**Closing Date (Actual)**	
22-Jun-2010	31-Mar-2017	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	30,000,000.00	0.00
Revised Commitment	26,063,327.61	0.00
Actual	24,391,995.43	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

Original Project Development Objective (PDO): The objective of the project was "to contribute to the growth of the wood and tourism value chains within the territory of the Recipient" [Original Financing Agreement (FA), dated October 19, 2010, Schedule 1]

Revised Project Development Objective: At the first Level 1 restructuring the revised project objective was changed "to contribute to the growth of the wood transformation and tourism industries within the Recipient's territory" [Amended and Restated Financing Agreement (ARFA), dated Jan 27, 2014 , Schedule 1]

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

11-Dec-2013

c. Will a split evaluation be undertaken?

No

d. Components

Part A: Sustainable wood processing (appraisal cost US$2.2 million; actual expenditure: US$6.79 million)

A1: Reforms to promote processing of certified dry wood: (a) studies and technical assistance (TA) to promote demand and supply of competitive, certified, dry wood; and (b) TA for informal and formal operators in the wood value chain.
A2: Promotion of sustainable wood processing techniques and vocational training: (a) study and campaign to promote production and use of improved, processed wood products produced using high yield techniques involving (after restructuring) purchase of equipment for wood drying and processing; and (b) study and implementation of vocational training for wood workers and (after restructuring) training on the use of new equipment for design, production, and sale of improved wood products. At least two Wood Processing Centers (PWCs), in two cities would be established. A manual of procedures and study of fees to ensure adequate maintenance were to be financed by the project.
A3: Preparatory studies for Yaoundé wood cluster. Dropped at first Level 1 restructuring to reduce project complexity and environmental risk (ICR, p.14 and interview with Bank project task team)

Part B: Ecotourism (appraisal cost US$8.7 million; actual expenditure US$7.61 million)

B1. Upgrading of Tourist Sites including surveying, TA and equipment, updated management plans, improved infrastructure and communications, promotional campaigns, and protection of cultural artifacts, at 4 sites: (a) Mount Cameroon (b) Chiefdoms in the Northern Regions; (c) Kribi beaches; and (d) Campo Ma'an (wildlife park).
B2. Reforms of Tourism Institutional framework, promotion campaigns, and vocational training and studies. After restructuring a feasibility study for developing Kribi as a growth pole was added.

Part C: Cross-Cutting Actions to Support Competitiveness. Renamed after first Level 1 restructuring as "Support Towards Technical Training in the Wood and Tourism Value Chains" (appraisal cost US$9.2 million; actual expenditure US$1.12 million)

C1. Investment Climate Reforms: Studies and TA to improve the enabling environment for private business and identify further investments in the targeted sectors (dropped at first restructuring (ARFA, Schedule 1); reforms were to be pursued through country dialogue rather than through this project (World Bank task team)
C2. Sub-grants to Support Private Investments in the targeted sectors, to be funded by the "*Fonds d'Appui à la Compétitivité"* or FAC, a competitiveness support fund providing competitive matching grants with some rounds reserved for women. After the first restructuring, this component was renamed "Support towards technical training in the wood and tourism value chains". In addition, eligible recipients were expanded beyond "small and medium enterprises (SMEs)" in the wood and tourism sectors to include training organizations which would prepare and/or deliver courses to the other targeted beneficiaries (ARFA, Schedule 1) and also the construction sector (first Restructuring Paper, paragraph 22.). Later, the competitive grants approach envisaged for the wood sector was replaced with direct provision of wood processing equipment to pre-selected "strategic partners" in the public and private wood processing sectors. The project, however, retained ownership of the equipment until the project closed (Restructuring Paper, paragraph 17) after which public-private partnership arrangements would be worked out or the equipment would be sold (World Bank task team). This direct provision of equipment to selected strategic partners was not financed by the FAC but from other expenditure accounts after reallocation of project funds in the various restructurings. The competitive sub-grants approach was also not used for the tourism or training sectors. As a consequence, in order to "expedite project implementation" some tourism facilities constructed with 100% financing by the project also remained to be turned over for management under a public-private partnership arrangement (ICR, paragraph 23) or sold.

D. Project Coordination, Monitoring and Evaluation (appraisal cost US$6 million; actual expenditures US$4.13 million)

D1. Support for Project Implementation, including procurement, financial management, and overall M&E by the Project Coordination Unit (PCU) and the FAC Management Unit;
D2. M&E System and Impact Evaluation Studies
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e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: Total Project Cost was US$30 million at appraisal. The difference between the sum of the appraisal costs for the components shown in Section 2d (US$26.1 million) and the total appraised cost (US$30 million) namely US$3.9 million is due to the reimbursement of the project preparation advance and contingencies. Actual total project cost at closure was US$24.8 million (ICR, Annex 3, p. 36.). The difference between this cost and the sum of the actual component costs listed above (US$19.65 million) namely US$5.15 million is made up of US$2.42 million in unallocated funds from the credit and US$2.74 million provided by the Government.

Financing: US$30 million was to be financed by IDA at project approval. In a 3rd restructuring US$ 3.94 million from the IDA credit was cancelled at the request of Government (Second Restructuring Paper, page 5). The actual disbursement for the project was US$19.65million by IDA or 65.5% of the original estimated cost. Beneficiaries of sub-grants from the FAC Competitiveness Fund were expected to finance US$4.5 million in matching funds to complement project financing of US$4.5 million from the FAC but there were no beneficiaries of the FAC and hence no matching funds.

Borrower Contribution: The Government of Cameroon was expected to use counterpart funds for payment of selected taxes (PAD, page 66). By project end, the Government had financed US$2.74 million (ICR, Annex 3, page 36). According to the Bank's task team some of this funding was allocated to expenses of the PCU.

Dates. The project was approved June 22, 2010 and became effective April 29, 2011. There was a Level 1 restructuring December 3, 2013, which changed the PDO and amended allocations of financing among components, changed institutional arrangements, adjusted the implementation schedule, and amended the risk assessment . A mid-term review (MTR) was undertaken on November 10, 2014. At the second restructuring (March 25, 2016) the closing date was extended from March 31, 2016 to March 31, 2017 to allow for completion of ongoing contracts. At the 3rd restructuring (March 23, 2017), US$3.94 million of the IDA credit was canceled at Government request.

Restructuring*:*
The first Level 1 Restructuring, in the Amended and Restated Financing Agreement dated January 27, 2013, changed: the wording of the PDO and the results framework (RF). There was also a significant reallocation of project funds among components. Specifically, (a) funding for the wood products sector increased from US$2.2 to US$7.2 million, for direct provision of equipment and training to reach more beneficiaries; (b) funding for the tourism sector increased from US$8.7 to US$10.7 million to finance a feasibility study of further development of Kribi; (c) funding for cross-cutting actions to support broad reforms for improved competitiveness decreased from US$9.2 to US$6.2 million and the component was relabeled "Support towards technical training in the wood and tourism value chains"; and (d) funding for project coordination and M&E decreased from US$6 to US$3 million. There were also changes in institutional arrangements. To reach more beneficiaries under the grants program, originallly to be managed through the FAC governance arrangements, minimum/maximum sub-grant limits were lowered and the project would finance 100% of expenditures rather than the 50% called for under the original matching arrangement. In addition, as a result of the first restructuring, the implementation schedule and the risk assessment were amended. Finally, the Steering Committee technical secretariat leadership and composition was to be changed, and the PCU downsized from 26 to 15 staff [(1st Restructuring Paper, paragraph 23) and the full-time M&E expert replaced by a part-time contractor (ICR, paragraph 60.)]. The total funding for this component was halved from US$6 to US$3.million (Restructuring Paper, pages 5 and 10, and ICR paragraph 60).. ,
At the Second Restructuring on March 25, 2016, the results framework was amended again and arrangements for operation of Wood Processing Centers (WPCs) were laid out in more detail in the amendments to the Financing Agreement. In addition, the closing date was extended by one year to March 31, 2017

At the Third Restructuring March 23, 2017, US$3.94 million was cancelled at the Government's request: US$2.84 million for non-completion of Kribi development sites and US$1.1 million from funds still available under the FAC (Restructuring Paper for third Level 2 restructuring, page 5).

Split rating: Despite the change in project objectives at the first restructuring a split rating is not used in this Review to determine the project's overall outcome. The rationale for this approach is that the change in the project's objectives from a focus on growth of "value chains" to growth of "wood transformation and tourism industries" kept the ambition and scope of the project objectives the same since the growth of the aggregate of the value chains was materially the same as growth of the two industries. The theory of change was therefore not changed and the project's outcome will be assessed based on the revised outcome targets.

3. Relevance of Objectives

Rationale

The original PDO was "to contribute to the growth of the wood and tourism value chains within the territory of the Recipient." (original FA, Schedule 1). **The revised PDO** was "to contribute to the growth of the wood transformation and tourism industries within the Recipient's territory" (Amended and Restated Financing Agreement, Schedule 1).

Both statements of objective are consistent with the goals of the Country Framework Paper for 2017-21 (CFP), which emphasizes a World Bank Group (WBG) coordinated strategy to promote private sector development through improved policies and lowering of other constraints like access to finance. The CFP specifically highlights the opportunity to develop the wood industry, (3rd largest export in 2013 (CFP, paragraph 13), up slightly from 12% in 2007, when, however, wood was the second largest export (PAD, paragraph 12) and tourism (CFP, paragraphs 20 and 27 and Annex 1, page 87). The articulation of the objective, however, is vague and sets a low bar: "to contribute to growth of a value chain or industry" without specifying how much contribution is judged significant and without specifying in the results framework how "growth of a value chain" or industry is defined or measured. To summarize, the objective was only modestly relevant because it provided no sense of the expected scale or level of ambition associated with the project's objective, namely to "contribute to" growth.

Rating
Modest

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

Part of the original Objective 1 at appraisal was “to contribute to the wood value chain within the territory of the Recipient”. The Financing Agreement (FA) indicated that this objective was to be achieved by “improving competitiveness and the investment climate” (FA, dated October 19, 2010, Schedule 1). The revised part of Objective 1 after the first Level 1 restructuring was “to contribute to the growth of the wood transformation within the Recipient’s territory” [Amended and Restated Financing Agreement (ARFA) dated Jan 27, 2014, Schedule 1].

Rationale

Outputs:

Wood drying units established: At project end, March 2017, installation of drying units was still ongoing, but the Bank’s project team advised that as of September 2017, all 17 had been installed in wood processing centers (WPCs). Conditions for the installation were met only in late 2016 based on provisions for legally and sustainably harvested (LSH) cut wood supplies, as laid out in agreements between the project’s 12 strategic partners and the Government, backed up by establishment of an independent monitoring by Government, and a committee for oversight of operation and maintenance (O & M) of the WPCs. The additional annualized wood drying capacity was thus increased by 6,800 cubic meters. Other precision-design wood working equipment purchased included joiners, tenonizers, mortisizers, electric planers, lathes etc. (ICR, paragraphs 28 and 29). These outputs were fully attributable to the project.

FAC Innovation Grant program: It is known from the ICR that the FAC was not operationalized, and that a sub-grants approach was not used for the wood sector. Hence the funds allocated to the FAC were ultimately either re-allocated to other activities in this project or cancelled.

Worker Training: About 2,150 artisans were trained in efficient wood working and business skills, compared with a target of 2000 (gender disaggregation was not available). A planned training satisfaction survey was not carried out. No hands-on training on use of the new equipment had taken place by project end because the equipment was not installed when the project closed (ICR, paragraph 29 and pages 25 and 28). Any business skills training outputs were attributable to the project**.**

New Reforms in Wood Sector: To help create a market for higher-level processed wood, standards and norms for building and public works SMEs were developed and disseminated, with training. A project-funded study of constraints to growth in the wood transformation sector produced findings to be discussed in the Cameroon Business Forum. (ICR, paragraph 32). Outputs were fully attributable to the project.

Outcomes

A***rtisans and SMEs <u>using</u> project financed equipment to transform wood.*** While all the conditions were ready for such use, there was no evidence of their use at project end, since equipment was barely installed at the sites of the strategic partners (SMEs) by the time the project closed. As noted already, however, in September, 2017 (5 months after the project closed), all the equipment was fully installed. The Bank staff in the field stated that in November 2017, one "strategic partner" had progressed to helping artisans use the equipment. Therefore the number of beneficiaries when the project closed still fell far short of the target of 400 (first Restructuring Paper, page 12) This was only a modest outcome.

Plausible Substantial Expected Outcome. The necessary conditions for a more positive outcome to be achieved were, however, in place on both the supply and the demand side, at least domestically. The use of dryers and other equipment would have significantly improved product quality, enhanced productivity and hence improved competitiveness of Cameroon's wood industry. While no evidence has been provided in the ICR on the likely improvement of competitiveness of the wood products resulting from the project investments in international markets, the project's 100% financing of the equipment increased the probability of domestically available improved products displacing some imports that were stated to amount to 10,600 cubic meters in 2015 (ICR, paragraph 26). This Review also noted that the independent End-Project Report (EPR) drew attention to a "perceptible impact of the project's action on the growth of the targeted value chains …(and) beneficiaries in terms of the availability of, and accessibility to, equipment for the sustainable transformation of high quality wood…." (ICR, Annex 6, paragraph 11).

This Review concluded that the project is expected to contribute substantially to the future growth in the wood transformation industry in Cameroon because this project's investments in equipment and artisan training would enhance the wood industry's productivity. While it is uncertain how much of the wood industry's future growth would have been directly attributable to this project, this Review concludes that the expected efficacy of Objective 1 was marginally substantial.

Rating
Substantial

Objective 2
Objective
The second part of the original PDO at appraisal was "to contribute to the growth of the tourism value chain within the territory of the Recipient". The FA indicated that this objective was to be achieved by "improving competitiveness and the investment climate". The revised second part of the PDO after the first Level 1 restructuring in 2014 was "to contribute to the growth of the tourism industry within the Recipient's territory". Section 2e of this Review noted that this restructuring resulted in no material change in the scope of the project's original objective

Rationale
Development or rehabilitation of 10 of 13 tourist sites. The single original PDO outcome indicator for the tourism sector ("the number of international arrivals" ("international visitors" after first restructuring) was.changed to "number of sites developed or rehabilitated" after the second restructuring. However, since

this is an output rather than an outcome indicator, results are discussed here under outputs. The data on international visitors is discussed below under “outcomes”.

This Review has not been able to identify the list of sites envisaged for development or rehabilitation (13), or the actual achievement (10). The ICR detailed the changes achieved at the 4 major tourism site categories (“Cultural Sites” at Chiefdoms lumped together) in narrative form (ICR, paragraph 34), but the Bank task team did not respond to IEG’s request for a table of planned and actual expenditures per distinct site. It is known from the ICR, however, that the largest of the site improvement components was upgrading Kribi beaches and the city center (foreseen as a tourism growth pole based on a completed study financed by the project). The work at Kribi was not finished at the project's close due to lack of sufficient time for completion despite the extension of the project’s closing date by 12 months (ICR, paragraph 34). Also, improvements of the Campo Ma’an site were only 75% completed, and the associated indigenous people’s plan (IPP) was started only in October, 2016, with little evidence of positive results by project-end (ICR paragraphs 34, 67, and 77). The planned survey to measure satisfaction with the IPP was not carried out (ICR, Annex 1, p. 29, Bank task team). While the infrastructure improvements completed were 100% attributable to this project, the operational improvements were only partly so, due to other donor involvement (ICR, paragraph 77).

Establishing institutional framework and promoting tourism: Sector-specific measures were delivered, even though some studies and TA directed at broad reforms were dropped in the first restructuring. A project-financed e-tourism platform was established. A new framework for a modern, competitive tourism sector, based partly on project-funded studies, was put into law on 18 April 2016. The project also supported a study for a new legal institutional framework for sustainable management of park and tourism areas. Since the studies provided only a partial basis for the framework, any changes were only partly attributable to the study. project.

Training: about 2,280 tourism workers were trained by project-financed programs against a target of 1,000 (ICR, page 27). A planned survey to determine the satisfaction of trainees was not carried out. The benefits of the training to the trainees or to the tourism industry could therefore not be assessed.

Outcomes:

International arrivals/visitors (an intermediate outcome indicator)***:*** There was no reliable evidence of increased visitors in Cameroon as a result of the project. The ICR (Annex 1, page 26) provides a baseline on May 27, 2010 of “0” (even though the PAD on Annex 3, page 55 for the same date provided baseline figures on visitors to Campo Ma’an of 200, Mt. Cameroon, 1,000, and the Chiefdoms, 125,000). These same figures were repeated in the first Restructuring Paper (dated December 3, 2013) as “Baseline; progress to date” but no date was provided for the figures (Annex 1, page 12). In its section on efficacy (and in Annex 1, page 26), the ICR reports the total number of visitors to sites supported by the projects as 25,061 (at March 31, 2016, presumed to be the latest figures at closing) against 31,400 which was the ICR-cited target both for the original closing date of March 31, 2016, and the revised closing date of March 31, 2017. The breakdown of these latter figures by site are not given in the ICR, but the very large difference in magnitude between the ICR figures (tens of thousands) and the totals in the PAD and Restructuring Paper (hundreds of thousands) leads this Review to conclude that different bases were used, and comparisons between baselines and end-project figures was not possible. Notably, none of the project documents (PAD, Restructuring Papers nor the ICR) mention any baseline or target statistics on visitors to Kribi sites

Hits on the e-tourism platform. There were 2,770 hits (ICR, paragraph 35) as opposed to the target of 10,000 in the PAD (page 56) and in the first Restructuring Paper (page 12), signaling no evidence of increased tourist interest from that source.

Plausible Modest Outcomes over Life of Assets: Park management plans were updated, an e-tourism platform established, staff trained, and significant improvements made in the infrastructure, including those desired by tourists, e.g. roads, eco-lodges, improved trails, etc. On the other hand, the development of Kribi beach and city center as a growth pole for tourism in Cameroon was not achieved; there was a shortfall in the improvement of the Campo Ma'an site; tourist arrivals in 2017 were less than the target; and indicators of tourist interest in visiting Cameroon were well short of expectations. The process of obtaining tourist visas remains inconvenient and time-consuming. Finally, the potential risks for tourists from Boko Haram are known and considerable. For these reasons this Review has rated the efficacy of Objective 2 as modest.

Rating
Modest

Rationale
Productive capital improvements for the wood and tourism industry financed by the project, along with training for those assigned to operate and manage them are expected to contribute substantially (though marginally) to future growth in Cameroon's wood industry. On the other hand, the project contributed only modestly to the future growth of the tourism industry because major tourism development investments were not completed and attracting tourists has proved to be difficult since, amongst other things, tourism in Cameroon is not without risks which inevitably dampens the demand for tourism services.

The project's overall efficacy is rated modest on the basis that the project's contribution to the growth of wood industry's transformation was marginally substantial, but the project's contribution to growth in the tourism industry was unquestionably modest.

Overall Efficacy Rating
Modest

Primary reason
Low achievement

5. Efficiency

Economic Analysis at Appraisal and in the ICR:

Economic Analysis at Appraisal: The appraisal document conducted an economic analysis based on 100% scope (distributing cross-cutting investments across the sectors) and a discount rate of 10% (PAD, p. 100) to arrive at a net present value (NPV) of US$65 million for the wood products sector and US$40 million for the tourism sector, totaling US$105 million (ICR, p. 13). The PAD did not contain a calculation of internal rate of return (IRR), although, the needed information for such a calculation was available. There is also no evidence that a sensitivity analysis was conducted to judge the realism of assumptions in the analysis, although some benchmarks from other countries' performance were cited. After the first restructuring, the task team did not provide a recalculated quantitative NPV or IRR, even though the risk rating was raised to substantial; there were only comments on how changes in components could affect the NPV.

Economic Analysis in the ICR: The ICR's recalculation of the NPV and IRR was based on more conservative assumptions than the PAD, although the way in which they are stated is not fully comparable. The clear differences are as follows but the basis for these differences were not adequately explained in the ICR:
(a) Wood Industry - In the ICR drying time for wood would be halved as a result of new equipment; and the quality premium was to be increased by 30% due to use of all equipment provided (ICR, Annex 4, paragraph 2a). The PAD assumed a 50% increase in commercialization yield and a doubling of the productivity of 100,000 wood workers (Annex 9, paragraph 9) over the 25 years assumed lifetime of the project;
(b) Tourism Industry - The ICR estimated (based on experience in other countries where tourists engage in mountain climbing such as in Tanzania) that during the expected lifetime of the project would be visitors/year: 3.2% for Mt. Cameroon; 4.6% for Campo Ma'an; and 1.9% for the Chiefdoms. (Annex 4, paragraphs 6,7,8). In comparison the PAD had assumed an increase in visitors per year in these locations of 9.6%, 13.7% and 1.9% respectively (page 102).

The ICRs recalculation resulted in an NPV of US$0.4 million for the wood sector and US$10 million for the tourism sector, totaling US$10.4 million. The estimated IRR was 11% for the wood industry and 17% for the tourism industry, or 15% for the whole project. Compared to a discount rate (opportunity cost) of 10% (used in both PAD and ICR analysis), the IRR was positive. The ICR did not state clearly that the IRR was based on 100% scope of components. There is, also no evidence in the ICR that a sensitivity analysis of the average IRR estimates was performed.

Poor PCU Performance and Delays: The initial cost envelope of the PCU at appraisal was unusually high, accounting for 20% of project costs and, despite having been reduced to 10% at the first restructuring, the costs ended up being 16% (ICR, paragraph 38). Effectiveness took 9 months, and there were further delays in procurement and disbursement in the early 3 years (ICR, paragraph 39). The PCU's performance continued to be poor during project implementation, although the supervision ratings for implementation performance changed from unsatisfactory to moderately satisfactory after early 2015. Nevertheless, one year before the original project closing date, disbursements were only 35% of the estimated cost of US$30 million (ICR, page 3).

In summary, the outputs delivered at project end were incomplete, significantly delayed, and had failed to mobilize matching capital from the private sector. In light of the uncertainty of the likelihood of achieving the assumed improvements in wood industry and tourism growth rates used in estimating the project's economic rates of return for these industries, as well as the costly performance of the Project Coordinating Unit, this project's efficiency is rated modest.

Efficiency Rating
Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐Not Applicable
ICR Estimate	✓	15.00	0 ☑Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of both objectives was rated modest because they were weak and unambitious. Overall the project's efficacy was also rated modest based on the project's achievements during implementation and expected future outcomes. Finally, efficiency was also rated modest. This Review therefore concluded that this project's achievements had major shortcomings and its outcome is therefore rated unsatisfactory.

a. Outcome Rating
Unsatisfactory

7. Risk to Development Outcome

At project end the main risks of achieving the expected project objectives were: (a) the ability and incentives for strategic partners to fulfill conditions for LSH wood procurement and to arrange for fair use of project-financed equipment by artisanal associations was unknown; (b) only 75% of the Campo Ma'an site improvements were completed, and IPP results may not guarantee the future cooperation of indigenous peoples; and (c) completion of some components such as the development at Kribi beach, given the timing of project closure and cancellation of WBG funds, depends on the project remaining a priority of the Ministry of Economy, Planning and Regional development (MINEPAT). Unless this occurs it is uncertain whether certain legal obligations to take over a number of financial responsibilities detailed in the Financing Agreement (ICR, Annex 6, paragraph 29) will be fulfilled.

Sustainability of the equipment provided to the WPCs rests on the capacity of the "strategic partners" operating it, and their adoption of price levels which allow coverage of operation and maintenance (O&M) costs. According to the Bank's project team, given capacity limitations of some organizations (such as the strategic partners) and the untested incentive framework for them to work with the artisanal associations, plus limited information on either the domestic or international market for wood products (ICR, paragraphs 6, 28,, 31, and 32) there is a substantial risk that equipment will not be fully used, and/or asset values will not be maintained.]

Sustainability of Tourist Site Improvements rests on capacity of the site managers and workers, which was strengthened under the project, the continued use and updating of the park management plans, and sufficient visitor fees to cover O & M costs. A continued involvement of donors (German Corporation of Development Cooperation and the World Wildlife Fund) at two sites mitigates some risks.

Climate for Competitiveness, enterprise formation, and Investment: Studies and TA to tackle flaws in the overall private sector enabling environment were removed from this project at the first restructuring but reforms may proceed as part of the WBG's broader dialogue. There is a continued risk that Government's motivation to enact needed reforms is weak, constraining targeted private actors from responding to new opportunities opened by the project.

Safeguards: There is a risk of environmental degradation of protected areas because of tourism related activities. Continued involvement of donors plus capacity strengthening provided by the project could mitigate this risk.

Reputational Risk Suppressing Demand: Wood Sector: Risks of corruption and/or rent-seeking and weak country ownership of still untested enforcement mechanisms for using LSH wood could decrease demand for Cameroon's wood products. Tourism Sector: security concerns in North Cameroon from Boko Haram terrorist attacks, and complaints about Campo Ma'an eco-guards could also hurt tourism demand (Bank project team).

8. Assessment of Bank Performance

a. Quality-at-Entry

Sound Analysis of Sectoral Issues: The team's definition of objectives for the project and how these would be met reportedly reflected review of many diagnostic studies and, extensive consultations with the Government, potential beneficiaries and the private sector. (PAD, page 5). The PAD justified a strategy of economic development based on value chain development (citing economics literature), and described a process where a long list of potential value chains was narrowed down to the wood and tourism sectors, justified by evidence. The PAD cited diagnostic studies to back up credibility of identified constraints to the wood and ecotourism markets. In addition, the use of the Project Preparation Facility helped ensure country ownership of the ultimate design (ICR, Annex 5, paragraph 7). Finally, the Bank task team properly identified the safeguards triggered (except the full provisions of the Forestry safeguards – see Section 10 of this Review) and provided mitigation measures through the Environmental and Social Framework (ESF), and inclusion of responsive project components as necessary (e.g. Indigenous People's Plan, funding for environmental assessments).

Deficiencies in Project Design: The articulation of the PDO was vague, with a low bar for the achievement of the PDO, namely "contributing to growth of the wood and tourism value chains/industries" accompanied by a weak RF, whose causal chains were not well spelled out, and the choice of indicators was not conducive to attribution. There were conflicting data cited on the number of wood sector SMEs and artisans at the start of project, which were not resolved at the first restructuring; and this contributed to changes in beneficiary targeting being poorly explained. (PAD, pp. 3, 25, 43 and 55 and first restructuring paper p. 12). Assessment of the capacity of workers and SMEs in the wood sector and the best means to reach them was flawed, necessitating several shifts in approach, from the FAC sub-grant approach, to directly contracting with artisan associations, to eventually relying on "strategic partners" as intermediaries to the associations. The latter shift, accompanied by poor communication arrangements, led to public complaints from the associations (ICR, paragraphs 21-22, 54, and 83, and Bank task team). Also, with implementation progress depending on timely completion of studies and technical assistance accounting for 20% of the expenditures (not counting audits), the project exhibited weak implementation readiness. Some studies' potential contributions to achieving project objectives did not justify their inclusion (such as one on the cotton industry - see PAD, page 98). The project had an overly-complex design, including measures to improve the overall private sector enabling environment which were better addressed outside the project as noted in the ICR (paragraph 46). Finally, the project governance (PCU and the Steering Committee) although reflective of a desire to be inclusive, was overly complex and costly, as evident from available benchmarks. To the degree that the Bank task team influenced PCU staffing, a design flaw was the lack of overlap between PCU staff preparing and implementing the project (ICR, paragraphs 52 and 79).

Weak M&E Design and Economic Analysis in the PAD: There was little relationship between the indicators in the results framework and the assumptions underlying the economic analysis in the PAD (calculation of NPV), which turned out to be over-optimistic. An IRR was not calculated, although data used to calculate an NPV provided all the ingredients necessary to calculate an IRR.

Quality-at-Entry Rating

Moderately Unsatisfactory

b. Quality of supervision

Supervision Process**:** Both the ICR, and Government, in its comments on the ICR, described supervision as "proactive" and the End Project Report (EPR) added that supervision "conducted in the field at a steady pace …helped to ensure regular monitoring of activities" (ICR, paragraph 21, Annex 5, page 38, and Annex 6, paragraph 14). The ICR recounts a sequential assessment of supervision actions which supports this assessment (ICR, pages 17, 19-20). After the first restructuring appointment of a co-TTL in the field, and the use of "priority action plans" agreed with the Government helped make it more likely there would be a catch-up of implementation before the extended closing date.

***Controversial Issues:**:* Supervision teams included a diverse range of expertise, with an environmental specialist monitoring also some tourist activities (TTL), but there was no evidence of IFC staff. The EPR referred to the period with the co-TTL in the field as possibly involving "micromanagement" to compensate for an inactive Steering Committee, compromising Government accountability (ICR, Annex 6, paragraph 30). The Bank task team noted, however, that regular reporting guided project management decision-making (ICR, paragraph 56). The Bank task team also stated that the M&E framework was used for supervision reporting and decision-making. On the other hand the EPR concluded that the MTR findings were used to profoundly restructure the PCU including the abolition of the post of Monitoring and Evaluation Officer. Indeed the change in the results framework (RF) at the first and second restructurings considerably weakened the scope of M&E data collected which, as the EPR noted, exposed the project to a number of risks. The EPR concluded that "continuous ……updating of (risk) mitigation measures were not rigorously followed throughout project implementation" (ICR, Annex 6, paragraph 26).

Shortcomings: The first restructuring took over a year to design and substantial further changes were required afterwards; and the time implications of the more labor-intensive approach with "strategic partners" was not well-gauged. Nor was the complexity of working out agreements between all parties to meet conditions for sustainable operation of Wood Processing Centers (WPCs), fair access to equipment, and exclusive use of LSH wood for which agreements were not finalized until October, 2016, very close to the project's close (ARFA, Schedule 2, and Bank task team). The ICR and the Government agreed that WBG staff consistently underestimated the time required for implementation of diverse components (ICR, paragraphs 55 and 74, Annex 5, page 38, fifth paragraph), contributing to the decision by Bank management not to extend the project closing date a second time.

Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating
Moderately Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The planned institutional arrangements for M&E were reasonable, calling for a full-time M&E officer in the PCU, responsible for collecting data and analyzing defined performance indicators. The PAD provided a table with indicators, and the use to which the information would be put and a second table with baselines and targets, frequency of data collection, and responsibility for data collection. (PAD, p. 39). The full set of indicators would draw to some extent on existing national statistics and to some extent on data to be collected by the project staff. Beneficiary surveys were planned, with gender disaggregation. A mid-term review was planned (later postponed at first restructuring, as was referred to as an "impact evaluation" (hereafter "end-project review (EPR). But the results framework (RF) was faulty. It over-relied on industry-wide parameters for its baseline and targets, without providing for collection of disaggregated data for attribution to project activities. As noted in the ICR, the implicit results chain used optimistic assumptions about the degree to which the project would impact these indicators, and at what speed (paragraph 60). Since, the RF, both before and after changes at the first and second restructuring did not allow adequate tracking of progress of outputs, outcomes, risks, or the distributive effect on beneficiaries, M&E design is rated modest.

b. M&E Implementation

There was no section in the ICR on M&E implementation. Hence the information on M&E implementation was inevitably incomplete. The M&E section design noted that the full-time position of PCU M&E expert was abolished at the first restructuring (ICR, paragraph 60) and replaced by part-time contractual arrangements. The Bank task team justified this decision by the decrease in indicators after the first restructuring. The EPR in the ICR's Annex 6 strongly implied that the full-time position was never filled, referring in paragraph 8 to "constraints linked to the plethora of the staff of the PCU and the absence of a M&E mechanism", and later, in paragraph 14 to the fact that "Supervision missions … helped to ensure regular monitoring of activities in … the absence of an M&E specialist within the PCU team". Since the original Financing Agreement (FA) required an M&E specialist in the PCU, and the Amendment to the FA did not change this requirement at first restructuring, it is possible that switching to part-time arrangements was a decision made in contravention to World Bank legal agreements with the Government.

The Bank task team confirmed that the PT arrangements yielded data that was used in supervision reports, and that the MTR, though delayed, took place. Annex 1 to the ICR on "Results Framework and Key Outputs" only presents data on the few indicators left after the first two restructurings, with inadequate information on financial compliance and reporting. Also, some surveys and disaggregation did not take place. Thus, evidence available points to a negligible rating for M&E implementation.

c. M&E Utilization

Evidence on M&E Utilization was largely missing. While the ICR said that "project reporting, both in aide-memoires and in the ISRs was comprehensive" and thus provided understand and guidance to management, (ICR, paragraph 56), no reference was made to the *use of the M&E* in this reporting. The ICR section on M&E only comments on design. The Bank task team advised IEG that M&E data collected was used in supervision, and the end project review reported that the mid-term review was used to restructure the PCU. But the only information on baselines and targets for the RF data appear in the First Restructuring Paper pages 12-13 which updates only a few columns marked "baseline" to "progress to date" from 2013 on, and had mislabeled other columns. The ICR did not use these figures. M&E utilization is rated negligible.

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M&E Quality Rating

Negligible

10. Other Issues

a. Safeguards

The project was classified in Environmental Category A because it was to finance: (a) preparation studies for the creation of a wood cluster in Yaoundé (needed to be in full compliance with IDA safeguard requirements, including the establishment of a proper wood certification scheme) and (b) TA for two major national parks (Mt. Cameroon, which hosts the most important biodiversity in the Congo Basin sub-region, and Campo Ma'an) which is an offset for the Chad Cameroon Pipeline Project.

Six safeguard policies were triggered, with mitigation activities planned as detailed in PAD (pages 32-35). There were no changes in safeguards during restructuring. In all cases the ICR did not, however, explicitly assess the degree of compliance for each safeguard, or provide sufficient information for the ICR Review to do so. Available evidence from the ICR on actions taken by the project with respect to the safeguard policies is presented below.

OP 4.01 Environmental Assessment. The Borrower prepared and disclosed an ESF..The Framework provided guidance for the screening, analysis, and safeguards approval of future activities, including sample terms of reference for EAs and guidelines for contractors. The ICR only states on p.18 that "*a number* of site-specific environmental studies were conducted during project implementation... [and] … management plans were prepared for the Mt. Cameroon and Campo Ma’an national parks." The ICR does not state if the EAs were sufficient for compliance. While the PAD stated management plan outputs were expected within six months of project approval (PAD, pages. 97, 105) , they were delivered after the first Restructuring in 2013.(ICR, Annex 6, page 45 and TTL)

OP 4.04 Natural Habitat. The PAD stated: "facilities will be built inside national parks, and roads and other support infrastructure will be constructed/rehabilitated, [and]…Impacts on natural habitats will thus have to be monitored….and traffic within the Parks …. regulated to protect such habitats." (PAD, page 33.) The ICR neglected to mention the triggering of this Safeguard measure. The Bank task team responded to IEG’s question on the required monitoring by stating that "environmental staff visited all sites during two supervision missions during project implementation."

OP 4.11. Cultural Property. Due to the project components upgrading cultural tourist assets of the "Chiefdoms", the ESF included mitigation measures regarding cultural assets —e.g. provisions to be included in sub-contractors' contracts and social assessments prior to any physical works (PAD, page 33). The ICR states only that "rehabilitation/restoration of the cultural facilities under the project was done with the communities and in accordance with their norms and traditions "(ICR, paragraph 65).

OP 4.10. Indigenous Peoples. The PAD prepared and disclosed an IPP to allow the Bagyeli people who lived in the Campo Ma'an vicinity, to share in the benefits of the project. The project allocated US$300,000 for the IPP. (PAD, P. 34). The ICR reported that IPP launch occurred in October, 2016, leaving inadequate time for full implementation (ICR, p. 19). As noted, the planned survey of satisfaction with the IPP was not carried out.

OP 4.12, Involuntary Resettlement; The PAD anticipated that the Yaoundé Wood cluster (if implemented) and tourism site improvements could involve land acquisition and, in some cases, involuntary resettlement, so a Resettlement Policy Framework was prepared and disclosed. The ICR reported that, in the event, no involuntary resettlement occurred as the Yaoundé Wood Cluster study was dropped at R(1), and all wood processing equipment was housed in existing buildings. (ICR, P. 19). The ICR did not comment on any possible resettlement triggered by tourism investments.

OP 4.36 Forests. The PAD, while positing that the net effect on sustainable forestry would be positive, built in requirements for the second restructuring that that the project would make available wood processing equipment only after assurances that it would be used for certified LSH wood. The PAD stated that a control system for timber origin would be put in place with regular checking by an independent observer (PAD, paragraph 114)). Indeed at the second restructuring the Financing Agreement stated, among other things, that the Government would obtain the right to ensure "that the WPC shall not be involved in the processing of illegally logged wood and all wood processed at the WPC shall have received certificate of legality under the Wood Legality Certification Scheme". The ICR listed the full range of actions taken by the Government, some resulting from coordination with the EU-led FLEGT, to monitor and enforce an improved framework for certification of use of LSH wood. The project recruited the Field Legality Advisory Group (FLAG) as an independent observer quite close to project- end (ICR, paragraph 63), and arrangements for continued independent monitoring and other conditions contained in the agreements between Government, WPC operators and artisan associations were all met, prior to the equipment being installed at WPCs. At project-end, the strength of these institutional mechanisms to enforce use of LSH wood, had not been fully tested, According to the Bank task team the Government conducted a workshop to explain the conditions to all potential equipment users. It is worth noting that the Forestry safeguard covers areas other than the use of LSH wood, but the project design did not address these other areas. The Bank task team stated, however, that it considered the provisions enacted under the previous Forestry project fulfilled the other aspects of Safeguard compliance.

b. Fiduciary Compliance

Financial management (FM)

The establishment of adequate FM systems in the PCU was late, as was the submission of the first bi-annual activity report due Dec 31, 2011. Initial financial reviews and audits identified those shortcomings, as well as problems in recruiting external auditors, submitting adequate financial reports, and a failure to account for the full amount of activities financed through counterpart funding, some without the Bank's prior knowledge. Accordingly, the rating of financial management declined to moderately unsatisfactory by 2012 and 2013. Conflicts within the PCU delayed resolution. Thereafter, performance improved to moderately satisfactory, though the risk was consistently rated high (from project inception to 2013) or substantial (2013 until project closing in 2016). During the latter period of project implementation, performance on financial reporting and audits improved. At the time of the ICR, the last audit was still underway, and there were remaining issues from the last financial management supervision review related to lack of proper financial oversight on Government's part. The ICR judged that: "Overall, financial management performance during project implementation is deemed moderately satisfactory" (ICR, paragraph 68). Also, "Recommendations from supervision reviews and issues from audits were followed up in a timely manner" (ICR, paragraph 70).

Procurement:

There is substantial evidence that extended procurement delays were the norm. The WB ICR notes many procurement delays, providing fewer details. (ICR, paragraphs 55 and 71). Per the third Implementation Supervision Report (ISR #3), the PCU took 141 days to follow up on Bank comments and a further 120 to provide the resulting clarification sought by the Bank (ICR, page 16, footnote 3). The EPR conjectured that in some cases, delays were due to issues with counterpart funds availability, and in others, delays were due to poor monitoring of project progress. The EPR pointed out that the "priority action plans' may have "ignored extremely time consuming exogenous factors such as the development or updating of the protected area management plans targeted by the project, the carrying out of environmental impact studies, the drawing up of a master plan for the town of Kribi, etc." (ICR, Annex 6, paragraph 28). As for questionable transactions, it states that "there were only a few instances……. [e.g.] non-transparent recruitment of two support staff" (ICR, paragraph 71). The delay in implementation of the contract for developing Ngoye Beach near Kribi had major consequences for project outcomes. Insufficient evidence is provided as to whether this result was mainly due to: (a) delays in award of contract; and/or (b) the fact that the firm had to wait 4 - 6 months for an advance from its headquarters before beginning the works (ICR, paragraph 34).

c. Unintended impacts (Positive or Negative)

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d. Other

Gender: The PAD proposed at least one innovation grant reserved for women (PAD, paragraph 101). The ICR, in its section on gender, did not comment on this original intent or whether it occurred. As mentioned earlier, the intention to track the percent of beneficiaries that were women (in both FAC and training components) was, according to the lack of information in the ICR, not implemented.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Unsatisfactory	Unsatisfactory	---
Bank Performance	Moderately Unsatisfactory	Moderately Unsatisfactory	---
Quality of M&E	Negligible	Negligible	---
Quality of ICR		Substantial	---

12. Lessons

The ICR’s lessons contrasted some aspects of this project’s poor performance to conditions which might have led to better performance, namely: a more realistic design drawing on multiple perspectives and capacities (e.g. IFC advisory services); a good practice results framework: a project coordination unit with a better defined role for line ministries and performance-based contracts; lower turnover among Bank and government teams; better assessment of reputational risk and earlier preparation of safeguard documents; and finally a more effective communication strategy. The absence of these good practices in this project however, did not necessarily support them as lessons in the ICR. The ICR was, however, in a position to draw strategic lessons directly from the project’s poor performance, namely: a need for the Bank to better define its strategic role following closure of a non-performing project whose objective was closely associated with the Bank's country assistance strategy.

This Review rephrases below some of the ICR lessons which had broader application than those concerning the details of this project's poor performance mentioned above.

1. **Complexity of design of a project if not commensurate with the competency and experience of the Project Coordination Unit can lead to unatisfactory project results.** This project's original design was hampered by: (a) a complex design, including studies and technical assistance which did not contribute to the achievement of the project's objectives; and (b) a new PCU in a Ministry inexperienced in project implementation. Performance of the PCU was very consequently poor both before and after a Level 1 restructuring.

2. **A project whose success depends on policy reforms needs relevant institutional capacity at the start of the project**. Strengthening capacity for safeguard compliance, studies and TA were not front-loaded into this project’s preparation design, or timed very early in implementation action plans. Delays in launching studies and TA meant that implementation of other components were also delayed, introducing uncertainty in project implementation which in turn led to unsatisfactory results and high risks of unsustainability

3. **Projects which seek to catalyze more productive private sector activities need thorough coordination at all stages between all relevant World Bank Group institutions.** In this project, coordination among relevant World Bank Group institutions was successful in project preparation, but not during design of the first Level 1 Restructuring. The resulting fundamental shift in design – from 50%/50% matching grants on a competitive basis to 100% direct financing of assets for pre-selected private actors was contrary to normal WBG principles of maintaining a level playing field and supporting market incentives as the determinant for resource allocation.

13. Assessment Recommended?

Yes

Please explain

A PPAR prepared several years after project closed could reveal: (a) whether the promising investments in the wood and tourism sectors took hold; (b) whether the Government tied up the legal loose ends left in the project when it closed such as the future management/ownership of the wood processing equipment; and (c) the consequences of closing a project that represented a significant part of the Bank's Country Framework Paper for Cameroon and may have shown better or worse results if the closing date had been extended. A PPAR could also assess whether this project took some wrong turns during implementation and would probably draw lessons on at least some of the issues identified above. A PPAR could usefully also involve a contribution from IFC.

14. Comments on Quality of ICR

Positive Features:

The ICR presented many valuable facts about project implementation, usually well-organized to support conclusions. There was a thorough analysis of factors affecting implementation. Writing was concise. The presentation on the revised economic calculations (both for NPV and IRR) were detailed and transparent on assumptions, although different parameters from those used in the PAD made a comparison difficult. The assessment showed a full understanding of evaluative concepts and most assertions were based on presentation of evidence. Presentation of available data on the indicators which survived several restructurings included appropriate description on the qualitative achievements (e.g. reforms), and revealed cases where planned data collection or surveys did not take place. Salient statistics from supervision reports bolstered assessment of fiduciary compliance.

Deficiencies

Composition of Cancelled Credit: The distribution by component of the US$3.94 million cancelled credit (mentioned in the third Restructuring Paper (page 5) was not provided.

Risk Rating: The table on Restructuring and/or Additional Financing in the ICR (page 2) omitted a reference to a change in the risk ratings at the first restructuring.

Use of FAC funds: The ICR was not clear about the extent to which funds for the FAC were used and how they were used. While the overall conclusion was that the FAC funds were not used at all for the purposes intended, namely competitive grants it is not clear whether some of these fuds were diverted to the finance the project's management or other uses.

Monitoring and Evaluation: The ICR provided detailed comments on M&E design, but none on M&E Implementation nor on M&E Utilization.

Safeguards: One safeguard triggered by the project (Natural Habitats) was not mentioned in the ICR. The commentary and analysis of the other safeguards did not mention whether compliance of individual environmental safeguards had been achieved or not. The only reference to compliance was in the heading for this section. In addition the adequacy of environmental assessments was not presented; there was only a reference to "a number" of assessments "conducted during project implementation in accordance with the framework" (ICR, paragraph 61). The aspects of the Forestry safeguard which dealt with the use of LSH wood were discussed, but there was no reference to possible contributions of the previous Bank-financed Forestry project on this matter.

No reference to Comments by the Government on the Independent End Project Report (EPR*)*:
The ratings of the project's performance in the summary of the EPR (ICR, Annex 6) and the associated comments on the project, which were more positive than the ICR’s were not discussed. These issues warranted citation and discussion in the ICR.

Sustainability and risks: ICR was silent on the process of seeking a second extension of the closing date and the reasons the Bank denied an approval of an extension. The Bank's denial negatively affected project results and sustainability. .

Overall the positive features of the ICR outweighed the deficiencies and therefore the quality of the ICR is rated "substantial"

a. Quality of ICR Rating
Substantial