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A F R I C A N D E V E L O P M E N T B A N K G R O U P

ADDITIONAL FINANCING PROGRAM APPRAISAL REPORT

Borana Resilient Water Development for Improved Livelihoods Program II –Additional Financing

ETHIOPIA

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CURRENCY EQUIVALENTS

Exchange rate effective 3/28/2025

Currency Unit	Equivalent
1 Unit of Account	1.31 USD
1 Unit of Account	ETB 166.67
1 Unit States Dollar	ETB 127.33

FISCAL YEAR

8 July – 7 July

WEIGHTS AND MEASURES

1 Metric ton	2,204.62 Pounds (lbs)
1 Kilogramme (kg)	2.20462 lbs
1 Meter (m)	3.28 Feet (ft)
1 Millimetre (mm)	0.03937 Inch (“)
1 Kilometre (km)	0.62 Mile
1 Hectare (ha)	2.471 Acres

ABBREVIATION AND ACRONYMS

ADF	African Development Fund	N/A	Not Applicable
AF	Additional Financing	NPV	Net Present Value
AfDB	African Development Bank	OCB	Open Competitive Bidding
CAW	Climate Action Window	PAR	Project Appraisal Report
CRFA	Country Resilience and Fragility Assessment	PCN	Project Concept Note
CSP	Country Strategy Paper	PCR	Project Completion Report
EIRR	Economic Internal Rate of Return	PIU	Project Implementation Unit
ESCON	Environmental and Social Compliance Note	PLWD	People Living with Disabilities
ESIA	Environmental and Social Impact Assessment	RAP	Resettlement Action Plan
ESMP	Environmental and Social Management Plan	SDG	Sustainable Development Goals
ETB	Ethiopian Birr	SEA	Social Economic Activities
FC	Foreign Currency	SEAH	Sexual Exploitation and Harassment
FIRR	Financial Internal Rate of Return	SEP	Sector Engagement Plan
GBV	Gender Based Violence	UA	Unit of Account
GHG	Green House Gases	USD	United States Dollar
GoET	Federal Democratic Republic of Ethiopia	WASH	Water Sanitation and Hygiene
IWRM	Integrated Water Resource Management	RPFF	Rome Process/Mattei Plan Financing Facility
JMP	Joint Monitoring Plan		
LC	Local Currency		
MTR	Mid Term Review		

PROJECT INFORMATION SHEET

COUNTRY AND STRATEGIC CONTEXT

Country Strategy Paper Period	Ethiopia Country Strategy Paper 2023 – 2027
Country Strategy Paper Priorities supported by Project	Priority 1: Improved economic and financial governance for increased resilience, enhanced service delivery, and private sector growth Priority 2: Delivery of quality and sustainable infrastructure development to support Agro-industrialization.
Government Program (PRSP, NDP or equivalent)	Ethiopia 10-Year Development Plan (2021-2030).
Project classification	High 5s: Improve the quality of life for the people of Africa. Subthemes: 5.1 (access to clean water), 5.2 (sanitation and sewage), 5.3 (water resources management), 5.4 (water sector strengthening and reform).
	SDG 2: Zero Hunger; SDG 3: Good Health and Well-being; SDG 5: Gender Equality; SDG 6: Clean Water and Sanitation; SDG 13: Climate Action.
	Selectivity priority/ies[1]: 5.4 Support integrated water resource management and expand water supply, sanitation, and hygiene services.
Country Performance and Institutional Assessment[2]	4.28 out of 6
Projects at Risk in the country portfolio	No Projects at Risk 9% red flagged (Delivery dashboard).

[1] Refer to guidance here - Sharpening the Bank's Strategic Focus- A proposal to increase the Bank's selectivity
[2] Obtain CPIA rating here - Country Policy and Institutional Assessment (afdb.org) (VPN required)

PROJECT CATEGORISATION

Environmental and Social Risk Categorization	Original Project	[Category 2] December 15, 2023
	Overall Project[3]	Category 2, [SNSC Validation Date: February 4th, 2025]
Does the project involve involuntary resettlement?	Original Project	No
	Overall Project	No
Climate Safeguards Categorization:	Original Project	Category 1, Paris Aligned
	Overall Project	Category 1, Paris Aligned
Fragility Lens Assessment:	Original Project	Yes
	Overall Project	Yes
Gender Marker System Categorization:	Original Project	Category 2
	Overall Project	Category 2

Source	**Amount (UA-million)**		**Financing Instrument**
	Original program	**Additional Financing**	
African Development Fund (Performance based allocation)	35		Grant
African Development Fund (Climate Action Window)		7.17	Grant
Co-financer-Rome Process/Mattei Plan Financing Facility (RPFF) Special Fund		5.34 (USD 7million)	Grant
Government Counterpart Contribution:	5		Cash and In Kind
Total Project Cost:	**40**	**12.51**	
Additional Bank Group Financing as percentage of Original Project total cost	31.275%		
Reason(s) for additional financing (check all that apply)	[] Financing Gap; [] Cost overrun; [X] Scaling Up a project; [] Modifying a project. [] Emergency or Post-Emergency Operation		

[3] Overall Project is the original project + the AF.

PROGRAM DEVELOPMENT OBJECTIVE AND COMPONENTS

AF Program Development Objective	The development' objective of the project is to reduce vulnerability of the community to climate change impact through improving access to low carbon, climate-resilient and sustainable water, and sanitation services to pastoralist communities in the Borana area of Oromia region.
AF Program Components	Low carbon and climate resilient water infrastructure development and improved sanitation (UA 10,282,562.06)
	IWRM and Institutional Strengthening (UA 1,680,060.27)
	Program Management (UA 541,194.86)

AF PROGRAM PROCESSING SCHEDULE TO BOARD APPROVAL

Identification	N/A
Preparation Mission	N/A
PCN Approval	18 July 2024
Appraisal Mission	10-14 March 2025
Planned Board Presentation	15 October 2025
Effectiveness	30 November 2025
Program Implementation Period	December 2025 - December 2028
Planned Mid-term Review	05-17 April 2027
AF Program Closing Date	31 December 2029

1 BACKGROUND

1. The Borana Resilient Water Development Program for improved livelihood Phase II (BRWDPLII) was approved by the board on 28 February 2024 with a closing date of 31 December 2028., The approved financing for Phase II consists of a UA 35 million ADF grant, complemented by a UA 5 million contribution from the Federal Democratic Republic of Ethiopia (GoET). This PAR is for Additional Financing (AF) from the Climate Action Window (CAW) and the Rome Process/Mattei Plan Financing Facility (RPFF) Special Fund

2. The project objective is to reduce vulnerability of communities to climate change impact through improving access to low carbon, climate-resilient and sustainable water, and sanitation services to pastoralist communities in the Borana area of Oromia region in Ethiopia. By actively involving local communities and strengthening their ability to manage hydroclimatic risks, the program aims to empower marginalized groups and promote fairer wealth distribution. It also has the potential to shift attitudes towards less nomadic lifestyles with improved water access nearer homes. Supporting grazing land management can also reduce conflict among communities, ultimately fostering inclusive economic development, poverty reduction, and enhanced resilience for vulnerable populations. Improved water supply will improve educational outcomes due to increased school attendance and retention rates. The sanitation interventions in schools will improve the dignity of girls and lead to girls staying in school longer reducing the school drop-out levels. The Program will also have an impact of reduced child mortality due to improved sanitation practices.

3. Implementation is ongoing and the planned outputs include: (i) construction of water production, transmission mains (85.2 km), 09 reservoirs, distribution lines (142.65 km), connections for delivering water to 35,816 new users; (ii) 99 water troughs, providing water for approximately 108,967 livestock; and (iii) climate adaptation measures. Sanitation interventions include retrofitting sanitation facilities in schools and health centres, hygiene education, and construction of public sanitation facilities in 10 public institutions. An estimated 21,000 people will benefit from improved access to sanitation services. The sanitation and hygiene education programs are to be deployed through school systems using training, dissemination of materials and public campaigns. Water, Sanitation and Hygiene (WASH) campaigns will target women groups for delivery of key messages. Implementation of these activities will be incorporated into the District Strategic WASH Plans, to ensure complementarity between water supply interventions, health and education sector programs and guarantee that sustainability is strengthened at community-level WASH management systems. Training topics include asset management, billing and accounting, improvement in the customer data base and citizen engagement, gender, and utility management. Catchment management activities will include community mobilization, re-greening overgrazed areas, managed aquifer recharge, soil and water conservation, training with focus on promoting fodder production and storage, rangeland management to introduce rotational grazing and stocking rate limits and environmental audits.

4. The BRWDPLII was declared disbursement effective on August 22, 2024. The program commenced with one of the key works contracts, addressing the Well Field Area Backbone Water Infrastructure. This is targeting the Supply and Installation of 24 km Steel Pipes for Gelchet-Sarite transmission line. The contract was signed, and the contractor has supplied and installed 21 km of the transmission main out of the planned 24 km. The implementation of civil works will also usher in the completion and follow up of the Environmental and Social Management Plan (ESMP). The design review for the two bigger distribution systems under the Borana phase II program is completed and the procurement will start in September 2025. The Program Implementation Unit (PIU) is fully established at the federal, regional, and district levels. One additional watershed and bio-digester

experts is to be recruited under the AF. Furthermore, the Environmental and Social Management Unit (ESMU) at federal level is staffed with Environmental and Social Safeguards consultants, while the Regional Oromia Water and Energy Bureau (OWEB) has recruited Environmental and Social Safeguards Specialists covering both regional and district levels. The current Program disbursement rate is 7% after one year and four months of execution. The preparation of the bidding document for two distribution system work packages is currently underway.

5. The Implementation Progress Report (IPR) of 9th June 2025 classified the Program as satisfactory. The overall program compliance with environmental and social safeguards was rated Satisfactory. BRWDPLII 's first-time audit will cover a ten-month period ending 07 July 2025 and the audit report will be due for submission to the Bank by 07 January 2026.

6. With the PIU fully in place, the progress monitoring is on track and the Quarterly Progress Reports for July – September and October - December 2024 have been submitted to the Bank.

7. So far, the major risk identified at appraisal, related to insurgencies, has not hindered activities in the Borana region. The Bank and the Executing Agency are working closely with local implementors and were able to conduct a joint field mission to the Borana region. Regarding the region's fragility and exposure to climate impacts which could pose risks to the countries' macroeconomic situation, the Phase II and the AF programs will help mitigate this by strengthening the capacity of key institutions at all levels. The climate resilient measures and investments in conflict management will be deployed to mitigate the conflict linked to risks arising from contestation of water points and pastures.

2 ADDITIONAL FINANCING

A. Rationale

8. The Additional financing (AF) from the ADF-16 Climate Action Window (CAW) Adaptation Sub-Window and Rome Process / Mattei Plan Financing Facility (RPFF), will enable the scaling up of adaptation and resilience building interventions for the BRWDPL. The Additional Financing has been assessed against the established eligibility criteria for additional financing due to project scale-up and has been deemed acceptable. It has been only one year since the initial disbursement of Borana Phase II, which is scheduled for completion by the end of 2028. The program is still in its early stages, with most high-value activities currently in the procurement phase and design reviews recently completed. The majority of contracts are expected to be signed by November 2025, with advance payments anticipated by year-end. This will enable the commencement of full-scale implementation, at which point both physical and financial progress will significantly accelerate. The additional financing will go a long way towards scaling up the climate resilience activities of the program. The wider overall Borana program is estimated to cost UA 126 million, to be phased over an 8-year period. The AF is, therefore, contributory to the much-needed upscaling but not exhaustive. Overall, the wider Borana region faces significant climate challenges, including recurring droughts, desertification, and land degradation. Water scarcity remains a critical issue, worsened by unreliable rainfall and heavy reliance on groundwater. Climate change continues to impact both the availability and quality of water, posing serious threats to human populations and livestock. In response, the Government conducted a comprehensive study of the region's water supply system and categorized the Borana zone into five project areas that needed water interventions: Gelchet-Sarite, Megado- Forole, Gobso-Moyale, Mermero-Taltalle, and Bule Hora-Finchawa. Due to limited funding, a phased approach would be ideal in addressing the needs of the wider Borana area.

9. Among these, the Bank is financing the design review of the Gelchet-Sarite Water Supply Project, which includes a transmission line and seven key distribution lines: Sabba, Surupha, Elwaya, Arero, Dubuluk, the Wellfield area, and Weib. Within this project area, the Bank financed Borana phase II is also covering infrastructure development of water sources, construction of water

reservoirs, the installation of main transmission lines between booster stations and reservoirs, including distribution lines and last mile connections. However, the targeted distribution lines under phase II only cover the Wellfield area, the Dubuluk distribution line, and part of the Weib distribution line (15 km). Based on the existing design, the Weib distribution line requires 215 km of piping. The AF will cover the much needed additional 94.721 km, of which 34.5 km to be financed by the CAW fund, and the remaining 60.171 km (on the Weib distribution line) to be financed from the RPFF fund, increasing the total length completed under Phase II to 109.721 km. The AF will also support low-carbon, climate-resilient, and sustainable water interventions through the supply and installation of solar-powered pumping systems at well sites. Under this initiative, six solar water pumping systems will be installed to enhance the Borana water supply systems, 2 using CAW funds and 4 using RPFF fund, promoting sustainability and resilience through a low-carbon approach. The additional 94.751 km of distribution lines will benefit approximately 23,300 additional people (15,000 with the support from CAW fund and 8,300 with the support from RPFF fund); and 50,000 additional livestock (18,000 with the support from CAW fund and 32,000 with the support from RPFF fund). Follow up program phases will complete the remaining portion. The AF will also address the conservation of trees in the region through construction of household-based biodigesters targeting 70 households, 30 using CAW fund and the remaining 40 households from RPFF fund. The AF will also strengthen Integrated Water Resources Management (IWRM) and Institutional Capacity, thereby reinforcing the original Program Development Objectives (PDO) to ensure climate adaptation and low-carbon implementation.

10. Securing AF for the BRWDPLII program as opposed to launching a new stand-alone Program was deemed to be a more efficient, speedy and effective approach in the light of utilisation of the already established institutional implementation arrangements and fiduciary standards, as well as the environmental and social safeguards arrangements. Further, the phase II and AF have similar program objectives and components, and they would complement each other on infrastructure deficits, especially for the Weib distribution line. The set-up costs of a new program are thus absorbed in strengthening and scaling up interventions and further climate proofing them. The designs and ESIA's are already in place, ensuring quality at entry. The combined risk rating for the two is moderate with similar mitigation measures. More detailed information is provided in Section 10, Additional Financing Checklist (providing justification for scaling up option).

11. The Additional Financing (AF), similar to BRWDPLII, aligns closely with Ethiopia's national priorities and global development agendas. At the national level, the AF supports Ethiopia's Ten-Year Development Plan: A Pathway to Prosperity (2021–2030) by contributing to the Water Resources Development objectives, particularly in developing water resources for economic activities. It is also consistent with Ethiopia's Country Strategy Paper (2023–2027), specifically, Priority Area 1: Improved economic and financial governance for increased resilience, enhanced service delivery, and private sector growth and Priority Area 2: Delivery of quality and sustainable infrastructure to support agro-industrialization. The program contributes to the aspirations of the African Union's Agenda 2063, which emphasizes equitable and sustainable management of water resources for socio-economic development and regional cooperation, as part of creating a prosperous and inclusive Africa. At the continental and Bank level, the AF is fully consistent with the African Development Fund (ADF) 16 Strategic Operational Priorities and SEPA (2022–2025), which focus on enhancing employability for youth and women. The program specifically targets 30% participation of women and youth in employment and training activities, as stipulated in the Results Framework. It also supports the Bank's Ten-Year Strategy (TYS, 2024–2033), particularly in accelerating the High 5s—especially "Improving the Quality of Life for the People of Africa"—and aligns with the TYS priorities on responding to climate change and investing in climate action through natural capital management, biodiversity, and nature conservation. The AF is consistent with

reforms under the 7th General Capital Increase, emphasizing selectivity and integrated water resource management, as well as the expansion of WASH services,

12. The AF is also fully aligned with the Bank's Water Strategy (2021–2025), Priority Area 2: Ensuring inclusive, sustainable, and climate-resilient WASH, and Priority Area 3: Water for food security. It further supports, The Bank Group's Gender Strategy (2021–2025), Pillar 3: Increasing women's access to social services through infrastructure, reducing the time spent collecting water, The Climate Change and Green Growth Action Plan (2021–2025): Addressing climate change effects through improved water resource management for reliable supply. The Strategy for Addressing Fragility and Building Resilience in Africa (2022–2026), Priority Area 2: Building resilient societies via water infrastructure, and The Jobs for Youth in Africa Strategy (2016–2025): Promoting capacity building, particularly for women and youth, The AF also contributes directly to the Sustainable Development Goals (SDGs), including: SDG 1: No Poverty, SDG 2: Zero Hunger, SDG 3: Good Health and Well-being, SDG 5: Gender Equality, SDG 6: Clean Water and Sanitation, SDG 8: Decent Work and Economic Growth and SDG 13:

B. Expected Results

Component 1: Low Carbon and Climate Resilient Water Infrastructure Development and Improved Sanitation (UA 10,282,562.06).

13. The targeted activities include, (i) supply and installation of pipes and fittings, extending the distribution system by 94.75 km, to address communities in Dida Hara kebele of Yabello Woreda Kekelo, Welensu and Arjate kebeles of Wachile Woreda and Kayo kebele of Dhas Woreda; (ii) supply and installation of 6 solar pumps to be placed at the production wells constructed under the Borana phase 1 and other sites; (iii) construction of additional two 50 m^3 masonry reservoirs and construction of 300 m^3 and 200 m^3 concrete service reservoirs, 50 water points, 32 cattle troughs, Construction of 5 Public Washing Basins with Septic Tank & Soak Away PIT, 6 public latrines with shower blocks, gender segregated toilets for 8 schools fitted with incinerators and showers for girls; and (iv) extension of water to public institutions (schools and health facilities). Also under the component, 50,000 m^3 rainwater harvesting valley tanks for livestock, 70 biogas digesters for households (to reduce on cutting of trees for firewood) and 3 km gravel access road to the reservoir site will be constructed. The executing agency is to develop a set of criteria for identifying the biogas beneficiaries. The component will also cover construction supervision and contract administration. The activities will improve water access to 23,000 people and 50,000 livestock and will improve basic sanitation access for 3,150 people. 46% of the activities under this component will be covered by RPFF fund and the remining by CAW-fund. The ongoing activities under phase II have already put in place 58 km of the 82 km transmission line and works are ongoing on the remaining 24 km transmission line.

Component 2: IWRM and Institutional Strengthening (UA 1,680,060.27 million)

14. Component 2 will integrate Water Resources Management and build the institutional capacity at federal, regional and zonal levels. The activities will address Catchment and Source Protection, establishment and training of Catchment Management Committees; trainings of Water Sector Personnel, community awareness and integration of indigenous knowledge practices into the activities, supply and installation of Weather Observation Systems (6 Units), Automated weather monitoring stations (3), water shed management intervention including Reforestation & Afforestation (250 Ha), Gully Rehabilitation (#20), Slope Stabilization (e.g., bunds, grasses) (10 Ha) Rangeland Management (controlled grazing, reseeding) (5 Ha), Vegetative Buffer Zones (around reservoirs & boreholes) (#120), Groundwater Monitoring Systems (3 Units) and early warning systems, and Institutional strengthening and Capacity Building of the PIUs. The component aims to mainstream climate change resilience in the institutions and beneficiaries. 22% of the activities under this component will be covered by RPFF and the remining will be financed by CAW.

Component 3: Program Management (UA 541,194.86).

15. Component 3 will finance the additional management/operational costs of the Program Implementation Units (PIUs) at federal, regional, and zonal levels, knowledge management, outreach, supervision, quality control, contract management, safeguards compliance and consultancy, including external financial audits, procurement audit and annual ESS audit. It will also finance the Watershed Management Expert and Biodigester Expert to be recruited, and purchase office furniture and supplies. 46% of the activities under this component will be covered by RPFF and the remaining by CAW.

C. Revised Program Cost and Financing Arrangements

16. The total approved cost for the initial Phase II of the Borana Program is UA 40 million—comprising UA 35 million from the African Development Fund (ADF) and UA 5 million from the Government of the Federal Democratic Republic of Ethiopia (GoET). This Project Appraisal Report (PAR) seeks Board approval for an additional UA 7.17 million in financing from the Climate Action Window (CAW) and UA 5.34 million from the Rome Process/Mattei Plan Financing Facility (RPFF). With the total of UA12.51 million additional financing, the total cost of Phase II rises to UA 52.51 million. The Bank, as lead financier, will contribute a total of UA 42.17 million (80.3%), of which CAW accounts for UA 7.17 million (13.65%) and RPFF contributes UA 5.34 million (10.17%). GoET's cash contribution remains at UA 5 million (9.52%). This is short of the 10% by only 0.48%. However, as per the ADF Policy, the justification for this lower contribution is in line with the outcome of the current Ethiopia Country Financing Parameter (CFP). (refer to Annex 5 of the Technical Annex).

17. The additional financing is to address scaling up activities in phase II and mainstream climate change resilience. The Bank and RPFF resources shall not be used to finance taxes/ duties in the program.

Table 5.1: Additional Funding Program Expenditure Schedule

Component	(UA million)			
	25/26	**26/27**	**27/28**	**Total**
Component 1	1.89	4.23	3.36	**9.48**
Component 2	0.36	0.69	0.45	**1.5**
Component 3	0.21	0.18	0.11	**0.5**
Total Base Costs	**2.46**	**5.1**	**3.92**	**11.47**
Physical contingencies	0.098	0.2	0.16	**0.46**
Price contingencies	0.12	0.25	0.2	**0.57**
Total Program Cost	**2.68**	**5.56**	**4.27**	**12.51**

D. Implementation Arrangements

18. The AF will leverage and adopt the established implementation framework for Borana Phase I and II, thereby ensuring continuity and efficiency. The PIU at the Ministry of Water and Energy (MoWE), the Oromia Water and Energy Bureau (OWEB), and zonal levels will continue to guide program execution including youth related activities. Aligning with Ethiopia's decentralization policy, the AF program will reinforce district, and community ownership in planning and managing Water Supply and Sanitation (WSS) services.

19. The Federal Democratic Republic of Ethiopia through the Ministry of Finance will be the grant recipient, with MoWE serving as the executing agency (EA) and OWEB as the implementing agency (IA). The existing Program Implementation Unit (PIU) for phase II will be retained and augmented. The PIU at Ministry level includes a Program Coordinator (PC), Water and Sanitation (WSS) Engineer, Financial Management Specialist (FMS), Monitoring and Evaluation (M&E) Expert, and Procurement Specialist (PS). A Watershed Management Expert and Biodigester expert at the

Ministry level will be recruited to enhance the existing team's capacity. At the regional level, the team comprises competitively recruited professionals, including PC, FMS, PS, M&E Specialist, WSS Engineer, Gender Specialist, and E&S Safeguards Specialist.

20. The dedicated focal team at the district level, comprising a Program Coordinator, Water and Sanitation Expert, Gender Expert, and Environmental and Social Safeguards (ESS) Expert will be maintained. The district water bureau, with support from the PIU, will establish a rural water utility responsible for the operation and maintenance (O&M) of water supply systems.

21. The Program Steering Committee (PSC), chaired by the Federal Minister of Water and Energy, will continue to provide oversight and coordination. The PSC includes representatives from the Federal Ministry of Finance, as well as regional bureaus of Water, Lands, Finance, Health, Women's Affairs, Irrigation and Lowland, and Livestock Development.

E. Procurement.

22. Procurement of works, goods and acquisition of consulting services, financed by the Fund will be carried out in accordance with the "Procurement Policy for Bank Group Funded Operations", dated October 2015 and following the provisions stated in the Financing Agreement. Furthermore, the Bank's Standard or Model Solicitation Documents will be used for procurement of goods, works and services under the Bank's Procurement Methods and Procedures while the Solicitation Documents developed by the Federal Public Procurement Agency will be used for procurements under the Borrower's Procurement System. Items to be procured using the Bank's Procurement Methods and Procedures as well as the Borrower's procurement system have been identified.

23. The implementation of AF program will involve procurement of goods, works and acquisition of consultancy services. The Program procurement packages have been determined, and processing of procurement transactions will be carried out by the dedicated PIU already established within MoWE and OWEB implementing Borana Phase I & II. The Bank will continue to provide capacity building and support to the PIU to enhance their capacity in handling procurement under the program and to mitigate any residual fiduciary risk in implementation of program. Details of the procurement assessment and procurement arrangements are well documented in the Technical Annex 4-5.

F. Financial Management, Disbursement, and Audit

24. **Financial Management:** The Bank conducted a financial management (FM) assessment on the adequacy of the FM system of the Ministry of Water and Energy (MoWE), as an implementing and Executing Agency of the AF program at the federal level, as well as on the Oromia Water and Energy Bureau (OWEB), an implementing agency at the regional and the district level, based on the Bank's FM Implementation Guidelines 2014. The FM capacity of MoWE and the OWEB are deemed adequate and satisfies the Bank minimum requirements as laid out in the Bank's Financial Management Guidelines 2014. The results of the assessment indicate that the FM overall risk rating is moderate before mitigating measures. Details are in Annex 4-6.

25. MoWE as the Executing Agency will be bearing the overall responsibility for the implementation of the program. MoWE and OWEB are already implementing Borana Phase I and II. The program will use the existing PIUs established financial management staff who were competitively recruited. The PIUs will use their existing financial management system (comprising budgeting, disbursement and funds flow, internal control, accounting, financial reporting, and external audit) to implement the AF program. The Program Accountant at the federal and at the regional PIU level will oversee the program FM's day-to-day functions and are all aware of the Bank's FM and disbursement rules and procedures. These structures will form the basis to prepare

the program's annual work plan and budget which will be subjected to approval by the program steering committee and submitted to the Bank for review and endorsement. Fund transfers by the Bank to MoWE and OWEB will be based on approved work plans and budgets. The Government internal audit is expected to include this program in its annual work plan to monitor the program's internal control which will provide an enhanced accountability framework and be a reference guide for program staff involved in its implementation. The internal audit reports will be shared with the Bank during supervision missions, or at any time as required by the Bank.

26. **Disbursement**: The program will mainly use the direct payment method and Special Account (SA) (Revolving Fund) method to finance all eligible program expenditures. The bulk of Program payments will be processed using the direct payment method and the special account method used mainly for the payment of small and routine expenses including meeting operating expenses to minimize financial management risks. Before the use of the SA method, the MoWE will open a dedicated foreign currency account for the ADF through CAW and RPFF funding with the National Bank of Ethiopia or a commercial bank acceptable to the Fund at the federal level together with two related local currency accounts to facilitate transactions carried out in the local currency at both federal and regional level. The Reimbursement Guarantee methods are also available for use where the need arises, but after consultation with the Bank and obtaining prior approval. All disbursements under the program will be in line with the procedures outlined in the Bank's Disbursement Handbook 2020. The Bank will issue a disbursement letter, which will provide specific guidelines on key disbursement procedures and practices of which details will be discussed and agreed with the Grant Recipient during negotiations.

27. **Audit Arrangement:** As per the Bank's financial reporting and audit requirements, the MoWE shall prepare quarterly interim financial monitoring reports (IFRs) as part of the program's quarterly progress reports and submit them to the Bank not later than forty-five (45) days after the end of the calendar quarter. The IFRs showing separately the receipts and expenditures shall be prepared in a content and format acceptable to the Bank and such format will be discussed with the program team during the program launch. In addition, the program team should prepare the program's annual financial statements (PFS) which will be audited annually by the Office of the Auditor General (OFAG), its appointee or an independent private audit firm recruited competitively per the Bank's procurement rules and procedures and the Bank's approved audit Terms of Reference (TOR). If OFAG is to audit the program, the cost of the audit (other than out-of-pocket costs) will be covered by government resources. The audited financial statements (showing the receipts and expenditures for each source of finance) together with a management letter and management responses shall be submitted to the Bank not later than six (6) months after the end of each fiscal year. The Program will follow the country's financial year of 8 July to 7 July of the following year.

28. BRWDPLII program's first-time audit will cover a ten (10) month period ending 07 July 2025 and the audit report will be due for submission to the Bank on 07 January 2026.

G. Monitoring and Evaluation (M&E)

29. The M&E arrangements will build on the mechanisms created under the BRWDPLII program with the established institutional arrangements conducting quarterly reporting of the program outputs and outcomes. The M&E structures at federal and regional levels will continue to be strengthened and facilitated to provide quarterly reporting. The program will be monitored using performance indicators as reflected in the program's results framework in section 6 and monitoring plan in Annex 4-1. The responsibility for M&E will rest with the two PIUs established at the Federal (MoWE) and regional (OWEB) levels. The PIUs will collect baseline information, monitor results, prepare periodic

quarterly reports including implementation progress reports, fiduciary status, stakeholder participation, gender, safeguards, risks, and mitigation measures and disseminate the knowledge generated. The M&E team of the Bank's water sector will provide periodic guidance and backstop capacity support to the PIUs on relevant context-based M&E and results-based protocols to facilitate their reporting. A web-based Management Information System (MIS) developed under Phase I of the program will continue to be used to track real time performance of the program. M&E has been budgeted for in the overall program (USD 82,400) with provision for the M&E experts. The Bank will conduct at least two supervision missions annually including financial management and procurement assessments reviews. A Midterm Review and a Program Completion Report (PCR) will be conducted jointly by the EA and the Bank at mid-program implementation and upon completion of the program respectively.

H. Governance

30. The Federal Democratic Republic of Ethiopia (GoET), through the Ministry of Finance will be the grant recipient, while the Ministry of Water and Energy (MoWE) will execute the program (EA) through the OWEB as implementing Agency (IA). Ethiopia adopted the principles of Integrated Water Resources Management, and the Ministry of Water and Energy undertakes the overall management of water resources, water supply and sanitation, large and medium scale irrigation, electricity, and natural and manmade energy resources. The GoET will strengthen the coordination and the support mechanisms to facilitate program delivery. The structures approved under phase I & II, with representation at MoWE, OWEB, Zonal and District levels, will be utilized under the AF Program. A Program Steering Committee (PSC) is in place and will provide oversight on the planning and execution of the program and coordinate the support of the program with other government units. On the Bank's side, actions to strengthen program governance will include (i) careful planning and execution of implementation support missions; (ii) regular and strategic communication between government counterparts and the Bank teams; (iii) proper monitoring of safeguards instruments to ensure enhanced transparency, accountability, and citizen engagement in program supported activities. Regarding fiduciary aspects, the GoET established the Federal Ethics and Anti-Corruption Commission of Ethiopia in May 2001 (and further defined powers in the revised Proclamation 433 of 2005). Public bodies at the federal and regional levels, including districts, have an ethics and anti-corruption unit with an officer who has the responsibility of acting on suspected fraud, waste, or misuse of program resources or property. Furthermore, the Bank reviewed both the country's financial management systems and procurement rules and is satisfied with the institutional setup and the existing guidelines.

31. The policy sphere is rather conducive and not limiting the implementation and the realization of the potential benefits from the Program. The sector in Ethiopia formulated the Water Resources management policy in 1999 to enhance the development of the country's water resources and contribute towards accelerated social and economic growth. The policy is complemented by the updated 2020 National Water Policy and Strategy which were prepared to address emerging issues, development targets, and the shortfalls of the previous policy. The updated National Water Policy and Strategy serve as the national guiding framework for the sustainable development and management of water resources in Ethiopia.

32. In the past few decades, Ethiopia has undertaken several initiatives and reforms that signal a degree of high-level commitment to water and sanitation service delivery. Ethiopia's development trajectory is placing water resources under extraordinary pressure. To have any chance of continuing this trajectory and to achieving Sustainable Development Goal 6, "clean water and sanitation for all",

the country needs new approaches for managing water use and trade-offs. Ethiopia has made significant strides in reforming its water policy framework since 2020, focusing on climate resilience and integrated management. The Ministry of Water and Energy carried out a review of the water sector with the aim of securing the basis for sustainable development and management of the country's water resources. With such initiatives, the government is already paying attention to sector reforms which needs to be strengthened by supportive programs.

I. Sustainability

33. The GoET's decision to finance all the preparatory arrangements regarding the wider Borana interventions, ensures commitment to the program and assures sustainability of the program outcomes beyond the implementation period. Program implementation team is in place at the regional level and district level, staffed with the necessary professionals required to implement the Program. In addition, a Program Steering Committee (PSC) is in place, to provide oversight and coordinate the support towards the program from other government units. With the PSC being chaired by the Federal Minister of Water and Energy with representation from the federal Ministry of Finance, regional bureaus of Water, Lands, Finance, Health, Women's Affairs, Irrigation and Lowland, and Livestock Development, provides assurance of the commitment to the program. The PSC composition displays inclusiveness for Program implementation and hence assures the subsequent ownership for the various interventions and the required support services beyond the Program's implementation period. The country's updated National Water Policy and Strategy which is in place serve as the national guiding framework for the sustainable development and management of water resources and will guide this Program.

34. Long-term sustainability requires community involvement which enhances reliability and sustainability and requires collaboration among stakeholders. Additionally, setting up effective management structures is essential to oversee maintenance efforts, prevent vandalism, and to ensure long-term functionality. Engaging stakeholders from the Program's inception enhances inclusivity, refines design, and improves effectiveness. Various stakeholders were engaged which included Ministries responsible for Water, Mineral and Energy, Administration, Finance, Women Affairs, Agriculture, Health, Education, Environment, and community members, starting from the early stages of the program.

35. For sustainability of water supply and sanitation system, a scheme management structure to manage the system which is adopted regionally will be adopted for the program. Within this organizational structure, there is a strong linkage between government sectors and WASHCos, ensuring smooth and timely communication regarding non-functionality. The Program will enhance rural water utilities' capacities to manage water supply and sanitation services. The rural water utility will be responsible for operation and maintenance (O&M) of the water supply systems. Financial sustainability and O&M costs will be supported through introduction of local tariffs in line with GoET policies.

36. In order to reduce recurrent operational costs, the infrastructure design will consider an optimal design for energy efficiency through proper sizing of electrical-mechanical equipment, demand management for water conservation, and use of solar energy in a hybrid system. The program will also integrate early warning systems and sustainability measures, such as watershed and water point management structures, to ensure long-term resilience. Climate-related indicators will be incorporated into the monitoring framework to assess progress in adaptation efforts and enhance

sustainability.

J. Risk Management

37. The original BRWDPLII program which is the subject of this AF is still at early stage of implementation. The program´s overall risk is rated moderate. Appendix 4-2 provides the Risk Matrix for the Program. Key risks are related to (i) the technical design of the operation – groundwater drawdown is faster than expected leading to groundwater depletion (rated low), for which aquifer sustainability interventions are envisaged; (ii) macroeconomic risks due to price escalation (rated high) for construction inputs for which price contingencies are included in the cost estimates; and (iii) conflict-related risk which is related to contestation on water points and pasture migration routes (rated moderate), for which climate resilient measures and disputes and conflict management will be deployed to mitigate the risk; (iv) climate change impacts owing to the region's fragility and exposure to climate impacts posing risks to the countries' macroeconomic situation, for which the program will help to mitigate the effects by strengthening the capacity of key institutions at all levels.

38. Potential risk areas may include environmental and social safeguards, financial management, procurement, natural disasters and lack of community willingness to participate in the program. On environmental and social safeguards, the program is categorized at 2 denoting medium risk. Fiduciary risk is deemed moderate after mitigation measures. The Bank reviewed both the country's financial management systems and procurement rules and is satisfied with the institutional setup and the existing guidelines. Refresher training will be provided during the program's launch to equip the existing program staff with the Bank's financial management policy, procedures and guidelines. The Bank will continue to provide capacity building and support to the PIU to enhance their capacity in handling procurement under the program and to mitigate any residual fiduciary risk in implementation of the program. Regarding natural disasters, the Program interventions include supply and installation of Weather Observation Systems which will support early warning and climate change. Local leadership shall be engaged for the community members to support the program.

3 PROGRAM FEASIBILITY

A. Technical Analysis

39. The program is designed as additional financing for BRWDPLII to address gaps identified during its design due to budget constraints. The selected intervention area for this program is the Weib water supply line, one of the seven water supply lines studied under the Borana Gelchet-Sarite WSP.

40. This program leverages the established foundation of the Bank-funded Borana Phase I and II programs, operating within the same zone and serving similar communities. It adopts proven design approaches and methodologies while adapting them to enhance climate adaptation interventions.

41. The program design incorporates key lessons from project completion reports and portfolio reviews of other Bank-financed water programs, such as the One WASH National Program, promoting a program-based approach to WASH service delivery. It also integrates insights from comparable initiatives in the eastern region and across Africa, recognizing the interdependence of infrastructure and institutional strength, offering a balanced approach. It emphasizes developing foundational structures for water resource management, service delivery, and risk mitigation, ensuring infrastructure investments are effectively managed for long-term climate resilience. This approach is supported by evidence that demonstrates that infrastructure and institutional strengthening must be implemented concurrently to ensure sustainable water management.

42. The program integrates lessons from the One WASH initiative, emphasizing strong community ownership for the operation and maintenance of water schemes. It provides targeted training to women and youth groups for managing water kiosks, sanitation facilities, and participating in catchment management committees. Proactive measures will address challenges from previous programs, such as implementation delays and procurement issues, to ensure timely program effectiveness.

43. The program incorporates additional critical lessons such as the importance of quality assurance in program design, community empowerment for catchment-management, the synergy of combining water supply and sanitation interventions for improved health and sustainability, the necessity of effective communication and participatory approaches for managing expectations and the need for an integrated water development strategy that includes catchment treatment.

B. Financial and Economic Analysis

44. Feasibility assessment shows that the Borana phase I and II Program plus the additional financing will have positive impacts on the local population in Borana and the national economy. The economic internal rate of return (EIRR) is projected to be higher than the discount rate of 12%, due to the anticipated benefits and positive outcomes on the beneficiary communities and the wider economy. Based on the evidence collected during the appraisal mission, the Program financial cash flow revenues will cover at minimum, operation and maintenance (O&M) costs essential for sustaining the running of the systems during the lifetime of the program. This results in a negative NPV and FIRR that is below the discount rate of 12%. The tariff of the scheme is estimated at ETB +/- 250/m³ equivalent to USD 1.92/m³ while operating expenses are estimated at ETB 167/m³ equivalent to USD 1.28/m³. The EIRR is 17.57% and NPV ETB 5.6 billion.

FIRR, NPV (Base case)	7.07%, ETB-2.4 billion
EIRR, NPV (base case):	17.57%, ETB 5.6 billion

45. The capital investments in hard infrastructure along with the accompanying measures, will provide reliable water supply services by the Bank funded program to more than 100,000 people by 2030. Anticipated outcomes encompass an increase in revenue through heightened water sales and savings on livestock production. The program is strategically aligned to amplify public tap connections and livestock troughs from the outset, effectively acting as a catalyst to propel unit water sales to humans and livestock to elevated levels. Improved water supply will improve educational levels due to higher school enrolment and attendance rates especially for the girl child. The program will have an impact on childhood malnutrition and education. Also, as water supply system will be safe, burden on the fiscus relating to the cost of medication will be reduced. More time will be spent on productive activities.

46. Sensitivity analysis was undertaken to assess the impact on the EIRR of increases in the capital costs and revenue reductions by 20% each (Table 5). The EIRR showed very minimal sensitivity to the variables tested above, indicating the significant impacts on the wider community of building capacity and investing in water supply and sanitation.

47. **Table 5: Sensitivity Analysis**

Scenario	EIRR
Base case	17.57%
20% increase in investment costs	15.18%
20% reduction in projected revenues	14.44%

48. **Table 6: Breakeven Analysis**

Breakeven Case (NPV = 0; IRR =12%)	Economic BEP*
% increase in investment costs	56.6%
% decrease in projected revenues	32.24%

49. These analyses are determining the minimum percentage increase or decrease of each line item before achieving zero NPV or IRR that is equal to the 12% opportunity cost. This shows how much buffer (increase or decrease) is available before the Program becomes unsustainable.

Additional Positive Effects

50. By actively involving local communities and strengthening their ability to manage hydroclimatic risks, the program aims to empower marginalized groups and promote fairer wealth distribution. It can also potentially shift attitudes towards less nomadic lifestyles with improved water access nearer homes. Supporting grazing land management can also reduce conflict among communities, ultimately fostering inclusive economic development, poverty reduction, and enhanced resilience for vulnerable populations. Improved water supply will improve educational outcomes due to increased school attendance and retention rates. The sanitation interventions in schools will improve the dignity of girls and lead to girls staying in school longer reducing the school drop-out levels. The Program will also have an impact of reduced child mortality due to improved sanitation practices.

51. Improved water service delivery is expected to provide a range of benefits to social groups. These include fulfilling the human right to water and sanitation, livelihood opportunities, lower morbidity and public health risks from waterborne diseases, enhanced environmental quality and decreased vulnerability to droughts and floods. Improved environmental quality will enhance the recreational, and health of the beneficiaries, as clean water bodies provide important spaces for recreation.

C. Environmental and Social Safeguards

52. **Environmental and Social risk categorization**: In compliance with the in-country environmental assessment systems, legal and institutional frameworks and the Bank's Integrated Safeguards Systems requirements, the Borana Resilient Water Development Program AF - is categorized as medium-risk category 2 on ISTS and was validated in SAP on February 4, 2025.

53. **Environmental and Social Compliance Requirements for Additional Financing:** The mother project BRWDPLII has satisfactorily complied with the E&S measures as provided for in the financing agreement and presented in the previous IPRs.

54. **Environmental and Social Safeguards Applicable Instruments and Management plans:** The Borrower prepared an Environmental and Social Impact Assessment (ESIA), and a Program level Stakeholder Engagement Plan (SEP) that were disclosed by the Borrower on March 28, 2025 and the Bank on April 4th, 2025. The ESMP for the Financial Agreement was disclosed by both the Borrower and Bank on March 28th, 2025.

55. **Stakeholder Engagement and Public Consultation:** The Bank has verified and confirmed that stakeholders and public consultations were completed by the borrower/client from 12-17 December 2024 during the preparation of the environmental and social instruments and evidenced by the Stakeholder Engagement Plan and the E&S instruments which contain the list of participants

consulted, consultation dates, venues, including issues and responses emanating from the consultations.

56. **Environmental and Social Risk and Impacts:** The identified E&S risks associated with the program activities include the following: **environmental risks** (i) Reduced soil quality, (ii) obstructions during trenching, and (iii) waterborne diseases; **social risks** (i) watering holes conflicts, (ii) child labour, and (iii) safety and health risk during the works. Likely negative **environmental impacts** include (i) soil erosion and contamination, (ii) landscape alteration and reduced aesthetics, (iii) reduced visual aesthetics and increased nuisance such as obstructions due to trenching, and (iv) reduced ambient air quality and increased noise pollution; while **social impacts** are (i) encroachment on grazing and farmlands, (ii) influx of workers, and (iii) conflict between local and migrant workers.

57. **Environmental and Social Impacts and Risk Mitigation and Management Measures:** The mitigation measures for the negative environmental and social impacts and risks from major activities are outlined in the ESMP of the ESIA report and includes (i) minimizing vegetation clearance and re-vegetating and landscaping cleared areas; (ii) Establish health and safety protocols for workers and provide safety gears, emergency services, and regular safety training; (iii) implementing traffic management measures to minimize accidents; (iv) the contractor to be advised towards local labour preference for appropriate jobs to reduce influx of migrant workers and possible conflict between them and the local workers; (v) to minimize the extent of air and noise pollution and their effects, the Contractor shall ensure proper sites operational activities and practices by incorporating measures such as operating heavy duty machinery during day times only, structures affected from vibrations to be compensated, vehicles and machineries in use to be serviced timely; (vi) develop and implement GBV/SEA/SH plan, including signing of Code of Conduct (for workers); (vii) preparation of Construction ESMPs by contractors; (viii) establishing the Grievance Redress Mechanism (GRM) with its operational Grievance Redress Committee (GRC) at both the project level and community level as outlined in the disclosed E&S documents, to manage community grievances; (ix) a tree replanting program shall be implemented for biodiversity offset. Preference shall be for native indigenous tree species.

58. **Institutional Capacity in E&S Risk management:** Phase I and Phase II of the project are still under implementation. , the existing PIU team has 1 Environmental Safeguards & 1 Social Safeguards officer who are responsible for the implementation of the environmental and social aspects of the project. including monitoring and reporting. The E&S resources required to support the implementation of the current project including the components included in the additional financing are considered to be adequate. No additional E&S resources would need to be recruited.

59. **ESMP implementation cost:** The cost for implementation of the Environmental and Social Management Plan (ESMP) is 0.86 million USD, and the SEP implementation cost is 22,600 USD.

60. **Involuntary Resettlement:** The project's components' activities that will lead to outcomes do not present any physical or economic displacements aspects.

61. **The Environmental and social compliance:** In addition to the full and adequate implementation of all the disclosed E&S plans, including measures to address non-anticipated risks and impacts occurring during project implementation, the Borrower will prepare quarterly E&S measures implementation reports. Also, an annual E&S performance audit conducted by an independent E&S safeguards expert will be submitted annually and no later than the end of the first quarter of the following year. All these reports will be shared with the Bank and made accessible to the stakeholders. Also, the Borrower is committed to establishing the project-level Grievance Redress Mechanism (GRM) at the onset of the program's implementation, making it known by all the

stakeholders and keeping it functional over the project's lifecycle. Further, in the event of an Environmental-Occupational-Health and Safety (EOHS) incident at a project site, the Borrower is committed to notify the Bank immediately, no later than 48 hours after the occurrence, and to share the relevant national Authority's investigation report thereafter. When deemed necessary by the Bank, to submit a root-cause analysis (RCA) report, prepared by an independent OHS expert, to be cleared by the Bank for the implementation of the corrective action plan (CAP) by the Borrower. These obligations are reflected in the E&S conditions of the financing agreement and its annexed ESMP. The project is compliant and ready for submission for Board consideration, as evidenced by the ESCON in Annex 5.

D. Climate Change and Green Growth

62. The program has been screened for climate risks using the Bank's Climate Safeguards System (CSS) and classified as Category 1, indicating high vulnerability to climate change impacts. The target area faces increasing risks from extreme weather events, particularly prolonged droughts, erratic rainfall, and flooding, which threaten water security, livelihoods, and resilience. These climate hazards necessitate integrated adaptation and mitigation measures to build resilience. To address these risks, the Program proposes climate-proofed infrastructure, enhanced water storage through rainwater harvesting and groundwater monitoring, and integrated watershed and rangeland management. Nature-based solutions, such as reforestation and grassing, will support ecosystem restoration, while institutional capacity strengthening and community engagement will enhance climate resilience.

63. The program also contributes to climate change mitigation through the adoption of renewable energy solutions reducing reliance on fossil fuels and lowering greenhouse gas emissions. The installation of six solar-powered pumps will replace diesel-powered alternatives, cutting emissions associated with water pumping. Additionally, the Program seeks to restore 250 Ha of catchment through tree planting, grassing, and other land restoration activities as well as install 70 biodigesters (each with a 6-10 m^3 capacity) to support clean cooking and electricity generation, reducing firewood consumption and associated emissions. Collectively, these mitigation interventions will contribute to the broader program's climate goals, which are projected to sequester -71,934 tCO_2e over the program's lifetime.

64. These measures align with Ethiopia's climate policies, including the Nationally Determined Contributions (NDC, 2021), the National Adaptation Plan (NAP, 2021) and the Climate Resilient and Green Economy Strategy (CRGE, 2011). The Program has been assessed using the Joint MDB Paris Alignment direct finance methodologies for both mitigation and adaptation and is considered Paris-aligned. Its focus on enhancing access to climate-resilient water supply services, strengthening watershed and rangeland management, and integrating renewable energy solutions directly contributes to global climate action efforts.

65. As part of the Rome Process/Mattei Plan Financing Facility (RPFF) Guidelines, the project has also been assessed against the OECD DAC Rio Marker methodology. It qualifies as having Principal Objectives (Rio Marker 2) for both Climate Change Adaptation and Climate Change Mitigation, and Significant Objectives for Biodiversity and Desertification (Rio Marker 1). Its design directly addresses the severe climate challenges of recurring droughts, desertification, and water scarcity in the climate-fragile Borana region, while simultaneously promoting low-carbon development through solar-powered water systems and household biodigesters. These interventions also yield significant co-benefits for biodiversity through ecosystem restoration and sustainable land management, and combat desertification by preventing land degradation and mitigating drought effects. Detailed assessment in Technical Annex 3.5.

E. Other Cross-Cutting Priorities

Poverty reduction, Inclusiveness and Job Creation

66. Social challenges, within the Borana communities include poverty, unemployment, limited access to water supply, agricultural and social infrastructure. The social impact of the Program is expected to be positive since it will (i) improve water supply and sanitation; (ii) improve Agricultural productivity through enough water supply to livestock and farms with a multiplier effect to improved household food security and nutrition; (iii) enhance household incomes and improve livelihoods for rural men, women and youths through employment and skills development; and (iv) empower rural women & youth and decrease social exclusion, in line with the Bank's Skills for Employability and Productivity Action Plan (SEPA: 2022-2025).

67. The project addresses key challenges faced by youth in the Borana region such as high unemployment, limited skills, and exclusion from decision-making by integrating youth-focused employment targets, technical and leadership training, and active participation in water governance structures, thereby enhancing their employability, empowerment, and contribution to climate-resilient development.

68. The people's resilience will be strengthened because of the increased availability of water resources and integration of climate information into community-level activities that will foster climate change adaptation. AF will create jobs through employment in: Infrastructure Program of which 30% will be women and youth; management of water supply points will include employment of 30% women and youth which will improve income and their livelihoods, water supply infrastructure will decrease school absenteeism and dropout rates especially for girls, sanitary facilities will reduce school absenteeism especially for older girls. Awareness raising on GBV/SEA and HIV will enhance prevention and response mechanisms.

Opportunities for Building Resilience

69. Ethiopia faces a range of fragility drivers, including conflict and insecurity, political instability, social tensions, economic pressures, and climate change impacts. Oromia, the region targeted by the proposed program, is affected by internal armed conflict, economic disparities, poverty, unemployment, perception of exclusion which fuels political instability, climate change impacts, and poor service delivery, including water and sanitation services. Despite significant progress, Ethiopia is far from attaining universal access to clean drinking water.

70. Water supply infrastructure in rural areas, including Borana, is either outdated or insufficient. Water treatment facilities, pumps, and distribution networks are frequently in poor condition or underdeveloped, impacting the reliability and quality of water services. Extreme weather events increase the region's vulnerability to water scarcity. In early 2023, the Borana Zone experienced one of the most severe droughts in recent history, leading to water shortages, loss of livelihoods, the death of over 2.3 million heads of livestock and the displacement of thousands of pastoralist households. Pastoralist groups and farmers often clash over access to limited water resources. Institutional capacity weaknesses include shortage of trained professionals including water engineers, technicians, and water quality specialists; lack of training programs designed to build local expertise in water resource management, sanitation, and infrastructure maintenance lack of access to modern technologies, such as solar-powered water pumping systems, advanced water purification methods and automated distribution systems and fragmented institutional structures affect water sector governance in Borana, Oromia, and Ethiopia in general.

71. Nonetheless, the combination of robust institutional, regulatory and policy frameworks and the value addition actions of development partners contribute to building water and sanitation sector

resilience. The proposed program is designed to ease water sector pressures including limited access to clean water and sanitation services, improve institutional capacity weaknesses, and mitigate or support adaptation to climate change impacts. Ensuring that the most underserved areas of Borana, and vulnerable groups such as internal displaced persons benefit from program investments, is critical for “Leaving No One Behind”. Adhering to conflict sensitivity and “Do No Harm” measures is also crucial for preventing the deepening of divisions and tensions.

Gender Equality and Women’s Empowerment Promotion

72. **Categorization:** The program has been categorized as GEN II on the Bank's Gender Marker System (GMS) the outputs and outcomes will enhance women empowerment and promote gender equality. The program is aligned to the Bank's Gender Strategy (2021-2025) across its two pillars: Pillar 2 on enhancing employability and job creation for women and young people through skills development and pillar 3 on increasing women access to resources through infrastructure.

73. **Gender Analysis:** The program provides an opportunity to promote gender equality and women empowerment through provision of water supply to meet the basic needs of daily life of the household. Borana women and girls are disproportionately affected by water scarcity consequently being detrimental to achieving gender equity and empowerment of women. Women and girls bear the main responsibility of fetching water for domestic use and taking care of young livestock. In 75% of households, the burden of fetching water commonly falls on the women and girls. The average travel time for accessing a water source is more than 2.5 hours thus occupying their time which could otherwise be spent on education and income generation. This situation increases their vulnerability to poverty.

74. The situation also impacts girls and boys in school resulting in high rate of dropouts (more than 15.9%) for both girls and boys every year. In Borana, girls under 15 years old are three times more likely than boys in the same age group to be tasked with fetching drinking water (13% vs. 4%). The lack of water takes up school time for girls leading to some dropping out, which also increases early marriage for girls and gender-based violence, especially along the distant route from their home to water source. This AF program will in addition to the ongoing Borana phase I and II, promote gender equality among beneficiary women and men, by addressing burdens borne by women and girls.

75. **Gender in Result Framework:** The AF program will enhance climate change adaptation through improved access to water supply, and improved sanitation which will ultimately contribute to gender equality and women empowerment through reduction of time spent on fetching water from 2.5 hours per trip to 30 minutes (The Global Centre for Adaptation Report). In addition, the Program will provide Menstrual Hygiene Management (MHM) facilities (shower rooms and incinerators), which will reduce school absenteeism rate for the older girls and improve time management and provide peace of mind for women using the public institution sanitary facilities. The AF will also empower women through providing digesters to some female headed households with livestock and farming gardens.

76. The women’s leadership skills and decision making will be enhanced through training and their involvement in the committees as leaders, through women’s economic empowerment, gender equity and gender equality will also be promoted through the following interventions: Employment of at least 10% of women through the infrastructure Programs; Employment of at least 40% women to manage water supply points; building capacity of women and youth groups in leadership skills through water management committees with 50% women and 20% youth; provision of sanitary facilities for women and girls which will include MHM compartments in both schools and public

institution; at least 50% of Women to be engaged in community consultation; establishment of catchment management committees with at least 50% women. Provision of bio digesters at HH level of which 20% are (Female Headed Household) FHH; provision of information on early warning in a gender sensitive manner and organizing awareness raising campaigns (on WASH, GBV, SRH, social roles and power relations)

77. **Youth Empowerment and Skills Development:** The project will involve the youth in all phases, from preparation and throughout implementation period. At least 50% of community consultations will target youth and the catchment management committees to be established will be comprised of at least 20% youth. The youth will be empowered through skills development and employment in infrastructure programs. The program will significantly contribute to increase of youth employability rate, with employment of at least 30% youth and at least 10% of youth will be employed to manage water supply points; Capacity building of youth in leadership skills through water management Committees; Skills training on maintenance of water infrastructure with a target of 50% youth; personnel trained on adaptation and resilience building capacity for improved WASH delivery with the target of 40% youth.

78. The PIU will have gender focal person responsible for tracking implementation according to the indicators. The gender focal person will report to the management of the Ministry of Water and Energy and the Ministry of Works in collaboration with the Ministry of Women and Children Affairs. Therefore, the Ministry of Women and Children Affairs will provide gender technical support during Program implementation. A detailed gender analysis and a gender action plan and budget for the gender mainstreaming are provided in the Technical Annex 3-3 – Gender Equality and Women's Empowerment Promotion.

F. Knowledge Building.

79. The Program Implementation Unit (PIU) will prepare periodic reports covering implementation.
progress, fiduciary status, stakeholder participation, gender considerations, safeguards, risk analysis, and mitigation measures. By facilitating knowledge dissemination, the program will strengthen both national and local institutions, equipping them with the skills necessary to cope with climate shocks and build long-term resilience.

80. The Borana region faces severe climate challenges, including recurring droughts, desertification, and land degradation. The BRWDPLII and AF will generate knowledge and experiences for dissemination on Borana interventions and adaptations which will add value and build lessons for the design of similar programs in Ethiopia, as well as in other Regional Member Countries (RMCs).

81. Knowledge generated on these low-carbon energy solutions, including the solar-powered pumping systems and the rainwater harvesting valley tanks, will be documented for dissemination among sector stakeholders, and supporting agencies.

82. The Program aims to install weather observation, groundwater monitoring systems to assess climate impacts on water resources and deploy early warning systems to improve disaster preparedness for droughts and floods and enhancing local institutions' capacity for climate-resilient water governance. In addition, the program supports strengthening water source protection through reforestation, grass planting, and sustainable land management. Knowledge gathered on the installation process and data generated will be useful to the country for upscaling of these interventions.

4 LEGAL INSTRUMENTS AND AUTHORITY

A. Legal Instrument

83. The legal instruments shall be (i) a Protocol of Agreement between the African Development Fund (the "Fund") and the Federal Democratic Republic of Ethiopia as (the "Recipient") "the Protocol of Agreement") and (ii) A Grant Agreement between the ADB and ADF (as administrators of RPFF) and the Recipient (the "Grant Agreement").

B. Conditions Associated with Bank's Intervention

84. **Condition Precedent to Entry into Force:** The Protocol of Agreement and the Grant Agreement shall enter into force upon signature by the parties.

85. **Condition Precedent to First Disbursement of the Grants:** The obligation of the Fund to make the first disbursement of the Grants shall be subject to the entry into force of the Agreements.

Other Conditions.

86. The Recipient shall, within six (6) months of the first disbursement of the grants, provide the Fund with evidence of the recruitment of the Watershed Management Expert as a new addition to the existing PIU at federal level.

C. Compliance with Bank Policies

☒ This Program complies with all applicable Bank policies.
☐ There are exceptions to Bank policies.

African Development Bank Group Independent Recourse Mechanism
Communities and individuals who believe that they are adversely affected by an African Development Bank Group (AfDB) supported program may submit complaints to existing program-level grievance redress mechanisms or the AfDB's Independent Recourse Mechanism (IRM). The IRM ensures determines whether harm occurred, or could occur, as a result of AfDB non-compliance with its policies and procedures. To submit a complaint or request further information the address to contact is: IRM@afdb.org or visit the IRM website www.irm.afdb.org. Complaints may be submitted at any time after concerns have been brought directly to the AfDB's attention, and the Bank Management has been given an opportunity to respond before reaching out to the IRM.

D. RECOMMENDATION

87. Management recommends that:

(i) the Board of Directors of the Fund approve the proposed additional financing grant **of *UA 7.17* million from the Climate Action Window (CAW)**; and
(ii) the Board of Directors of the Bank approve the proposed additional financing grant of **USD 7 Million (UA 5.34 million)** from the Rome Process/Mattei Plan Financing Facility (RPFF) Special Fund to the ***Federal Democratic Republic of Ethiopia*** for the purposes mentioned and subject to the conditions stipulated in this report.

5 RESULTS FRAMEWORK

RESULTS FRAMEWORK	
A	**PROGRAM INFORMATION**
PROGRAM NAME AND SAP CODE: **Borana Resilient Water Development for Improved Livelihoods Program II –Additional Financing-**P-ET-E00-023	COUNTRY/REGION: Ethiopia
PROGRAM DEVELOPMENT OBJECTIVE: The program development objective is to reduce vulnerability of community against climate change impact through improving access to low carbon, climate-resilient and sustainable water, and sanitation services to pastoralist communities in the Borana area of Oromia region.	
ALIGNMENT INDICATOR (S): (i) Access to basic drinking water services (number);	
B	**RESULTS MATRIX**

Results Chain and Indicator Description	**RMF/ADOA Indicator**	**Unit Of Measurement**	**Baseline (Date) 2024**	**Target At Completion 2027/28**	**Means Of Verification**
OUTCOME STATEMENT 1: Increased access to basic low-carbon and climate resilient Water Services					
OUTCOME INDICATOR 1.1: People with new or improved access to low carbon and climate resilient water services (of which number of women reached)	☒	Number	0	Phase II: 35,816 * AF:23,300 ** (50% female) **Total=59,116**	HH surveys; perception studies utility performance and quarterly reports.
OUTCOME INDICATOR 1.2: Livestock with access to low carbon and climate resilient water services.	☒	Number	0	Phase II: 108,967* AF: 50,000** **Total=158,967**	HH surveys; perception studies utility performance and quarterly reports.

OUTCOME STATEMENT 2 Increased access to basic low-carbon and climate resilient Sanitation Services					
OUTCOME INDICATOR 2.1 Population accessing constructed sanitation facilities (both biogas and latrines)	☒	Number	0	Phase II: 21,000* AF: 3150** (40% Female) **Total=24,150**	HH surveys; perception studies utility performance and quarterly reports
OUTCOME STATEMENT 3: Sustainable and Resilient Catchments					
OUTCOME INDICATOR 3.1: Area under sustainable landscape management practices, Range land management, and slope stabilization	☒	Ha	0	Phase II: 600* AF: 285** **Total=885**	Field-based observations; Satellite imagery/remote sensing and GIS QPR
OUTCOME STATEMENT 4: Increased Employment Opportunities in a gender-inclusive manner					
OUTCOME INDICATOR 4.1: Jobs created	☒	Number	0	Phase II: Temporary 1500* Permanent 60* (50% women) AF: Temporary – 100 ** (30% Female and 30% youth): Permanent – 2** **Total permanent=62** **Total temporary=1600**	Utility water sector performance reports; utility databases, QPR
OUTPUT STATEMENT A: Low Carbon and Climate Resilient Water Supply Investments					
OUTPUT INDICATOR A.1**: Solar** pumps installed	☐	Number	0	AF: 6**	Regular WASH MIS reports; consultants 'supervision reports (QPR)
OUTPUT INDICATOR A.2**:** Water pipes of different sizes installed	☐	Km	0	Phase II: 142.65* AF: 90.721** **Total=233.371**	Regular WASH MIS reports; consultants' supervision reports (QPR)
OUTPUT INDICATOR A.3: Water harvesting, and storage capacity installed	☐	M^3	0	AF: 50,000**	Regular WASH MIS reports; consultants' supervision reports
OUTPUT INDICATOR A.4 Livestock watering troughs constructed inclusively for young animals.	☐	Number	0	Phase II: 99* AF: 32** **Total=131**	Regular WASH MIS reports; consultants' supervision reports
OUTPUT INDICATOR A.5 Water points constructed	☐	Number	0	AF: 50**	Regular WASH MIS reports; consultants' supervision reports
OUTPUT INDICATOR A.6 Public Washing Basin with Septic Tank &	☐	Number	0	AF: 5**	Regular WASH MIS reports; consultants'

Soak Away PIT constructed					supervision reports
OUTPUT STATEMENT B: Low Carbon and Climate Resilient Sanitation Investments					
OUTPUT INDICATOR B.1: Bio-digesters installed at HH level	☐	Number	0	AF: 70** 20% female headed HH	Regular WASH MIS reports; consultants' supervision reports (QPR)
OUTPUT INDICATOR B.2**:** Public sanitation facilities constructed	☐	Number	0	Phase II: 29* AF: 6** **Total=35**	Regular WASH MIS reports; consultants' supervision reports (QPR)
OUTPUT INDICATOR B.3**:** School sanitation facilities constructed	☐	Number	0	AF: 8**	Regular WASH MIS reports; consultants' supervision reports (QPR)
OUTPUT STATEMENT C: Catchment Management Investments					
OUTPUT INDICATOR C.1: Catchment and source protection plans developed and implemented	☐	Number	0	Phase II: 5* AF: 3** **Total=8**	Utility water sector performance reports (QPR)
OUTPUT INDICATOR C.2: Catchment management Committees established and functional to support rangeland restoration	☐	Number	0	Phase II: 5* (≥ 50% women AF: 3** 20% youth out of which 50% are women	Annual water sector performance reports and utility databases; QPR
OUTPUT INDICATOR C.3: Communities Trained on watershed management interventions.	☐	Number	0	AF: 500** 20% youth out of which 50% are women	Annual water sector performance reports and utility databases; QPR
OUTPUT INDICATOR C.4: Vegetated Buffer Zones (around reservoirs & boreholes)	☐	Number of sites	0	AF:120**	Annual water sector performance reports and utility databases; QPR
OUTPUT STATEMENT D: Strengthened institutional capacity on mainstreaming climate adaptation and resilience-building interventions					
OUTPUT INDICATOR D.1: Water sector personnel trained in climate adaptation and resilience building capacities for improved WASH service delivery	☐	Number	0	Phase II: 200** (≥ 50% women) AF: 100** **Total=300**	Utility water sector performance reports Regular WASH MIS reports (QPR)

OUTPUT INDICATOR D.2: Weather observation, and early warning systems installed. Groundwater monitoring systems installed Automated Weather Monitoring Station installed	☐	Number	0 0 0	AF: 6** AF: 3** AF: 3**	

Note:

* Targets under Phase II of the program (parts of the well field area, the Dubluk route and part of Weib System).

** targets under Additional Financing (AF) of the Program (parts of Weib-Water Supply System)

6 CHANGES TO THE ORIGINAL PROGRAM RESULTS FRAMEWORK

CHANGES TO THE ORIGINAL PROGRAM RESULTS FRAMEWORK		
Revisions to the results framework		**Comments/Rationale for change**
PROGRAM DEVELOPMENT OBJECTIVE		
Original (PDO)	*Proposed change*	
Improve access to climate resilient and gender sensitive integrated and sustainable water and sanitation services by pastoral communities in dryland areas of the Borana area of the Oromia region	☐ No Change ☒ Revised ☐ New Reduce vulnerability of community against climate change impact through improving access to low carbon, climate-resilient and sustainable water, and sanitation services to pastoralist communities in the Borana area of Oromia region	Additional financial resources are allocated to support low-carbon, climate-sensitive interventions, thereby strengthening the original PDO's climate resilience through the implementation of a comprehensive regulatory and monitoring system.
OUTCOME STATEMENTS AND INDICATORS		
Original	*Proposed change*	
OUTCOME STATEMENT 1: Increased access to basic water services	☐ No Change ☒ Revised ☐ New Increased access to basic low-carbon and climate resilient water Services	The additional financing target is to integrate low-carbon strategies and climate resilience into all intervention designs and implementations.

OUTCOME INDICATOR 1.1: Population accessing at least basic drinking water services	☐ No Change ☒ Revised ☐ New People with new or improved access to low carbon and climate resilient water (of which is the number of women reached)	Through the additional financing, the provision of water services to the community is to be guided by principles of climate sensitivity and low carbon emission development.
OUTCOME INDICATOR 1.2: Livestock population provided with sustainable and reliable improved access to water services	☐ No Change ☒ Revised ☐ New Livestock population provided sustainable, reliable access to low-carbon, climate-resilient water services.	This additional financing supports the provision of water services to the community, which is to be guided by principles of climate sensitivity and low carbon emission development.

OUTCOME STATEMENT 2: Increased access to basic Sanitation Services	☐ No Change ☒ Revised ☐ New Increased access to basic low-carbon and climate resilient sanitation Services	The additional fund support Community sanitation service infrastructure and delivery to be designed and implemented with climate resilience and low-carbon footprints
OUTCOME INDICATOR 2.1: Population accessing at least basic sanitation services	☐ No Change ☒ Revised ☐ New Population accessing at least basic low-carbon and climate resilient sanitation services	To meet the PDO of the additional financing, Community water service infrastructure and delivery must be designed and implemented with climate resilience and low-carbon footprints
OUTCOME STATEMENT 3: Sustainable and Resilient Catchments	☒ No Change ☐ Revised ☐ New Sustainable and Resilient Catchments	
OUTCOME INDICATOR 3.1: Area under sustainable landscape management practices	☒ No Change ☐ Revised ☐ New Area under sustainable landscape management practices	

OUTCOME STATEMENT 4: Increased Employment Opportunities in a gender inclusive manner	☒ No Change ☐ Revised ☐ New Increased Employment Opportunities in a gender-inclusive manner	
OUTCOME INDICATOR 4.1: Direct jobs created	☒ No Change ☐ Revised ☐ New Jobs created	
OUTPUT STATEMENT AND INDICATORS		
Original	*Proposed change*	
OUTPUT STATEMENT A: Water Supply Investments	☐ No Change ☒ Revised ☐ New Low Carbon and Climate Resilient Water Supply Investments	The additional funding provided by CAW and RPFF necessitates that all water service provisions for the community incorporate climate sensitivity and minimize carbon emissions.
OUTPUT INDICATOR A.1: Solar pumps installed for drilled wells operation	☐ No Change ☐ Revised ☒ New Solar pumps installed	In support of the additional financing objective, the system is engineered to deliver low-carbon emission and climate-resilient power for the operation of drilled well water pumping to reservoir storage.
OUTPUT INDICATOR A.2:	☒ No Change ☐ Revised	

Distribution network constructed	☐ New Installation of transmission and distribution pipes of different sizes	
OUTPUT INDICATOR A.3: Water harvesting and storage facilities constructed	☐ No Change ☐ Revised ☒ New Water harvesting, and storage facilities constructed (reservoirs)	To ensure additional water service for livestock, the implementation of rainwater collection infrastructure, specifically pods, is proposed.
OUTPUT INDICATOR A.4: Livestock watering troughs constructed	☐ No Change ☒ Revised ☐ New Livestock watering troughs constructed, inclusive for young animals.	Cattle trough design should adhere to inclusive standards, considering the anthropometric dimensions of young animals.
OUTPUT INDICATOR A.5: Water points constructed	☐ No Change ☐ Revised ☒ New Water points constructed.	The terminal points of the water supply system, specifically community water outlets, shall be quantified as output indicators during implementation.
OUTPUT STATEMENT B: Sanitation Investments	☐ No Change ☒ Revised ☐ New Low Carbon and Climate Resilient sanitation Investments	Community sanitation service infrastructure and delivery must be designed and implemented with climate resilience and low-carbon footprints.
OUTPUT INDICATOR B.1: Bio-digesters installed at HH level	☐ No Change ☐ Revised ☒ New Bio-digesters installed at HH level	To agree with the additional fund objective, the design aims to provide households with low-carbon, climate-resilient energy from waste, supporting their cooking and lighting needs.
OUTPUT INDICATOR B.2: Public sanitation facilities and constructed	☒ No Change ☐ Revised ☐ New Public sanitation facilities and constructed	
OUTPUT INDICATOR B.3: School sanitation facilities constructed	☐ No Change ☐ Revised ☒ New School sanitation facilities constructed	The strategy is designed to prioritize institutions in the implementation of low-carbon and climate-resilient solutions for water supply and sanitation services.
OUTPUT STATEMENT C: Catchment Management Investments	☒ No Change ☐ Revised ☐ New Catchment Management Investments	

OUTPUT INDICATOR C.1: Catchment and source protection plans implemented	☒ No Change ☐ Revised ☐ New Catchment and source protection plans developed and implemented	
OUTPUT INDICATOR C.2: Catchment management Committees established and functional to support rangeland restoration	☒ No Change ☐ Revised ☐ New Catchment management Committees established and functional to support rangeland restoration (with at least 50% women representation)	
OUTPUT STATEMENT D: Strengthened operational performance of service providers	☐ No Change ☒ Revised ☐ New Strengthened institutional capacity on mainstreaming climate adaptation and resilience-building interventions	Emphasis shall be placed on interventions designed to strengthen institutional capacity and develop climate adaptation and resilience.
OUTPUT INDICATOR D.1: Water sector personnel trained in technical and financial capacities for improved WASH service delivery	☐ No Change ☒ Revised ☐ New Water sector personnel trained in climate adaptation and resilience building capacities for improved WASH service delivery	The training mainly focuses on climate adaptation and resilience building capacities.
OUTPUT INDICATOR D.2: Weather and groundwater monitoring systems installed	☐ No Change ☐ Revised ☒ New Weather observation, weather change early warning and groundwater monitoring systems installed	The installation of weather observation, early warning, and groundwater monitoring systems enhances climate resilience, supports disaster risk reduction, ensures sustainable water management, improves agricultural planning, informs policy decisions, and protects community livelihoods against climate shocks.

ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)

A. Basic Information[4]		
Project Title: -ADDITIONAL FUND TO BORANA RESILIENT WATER DEVELOPMENT PROGRAM-PHASE 2		**Project SAP:** P-ET-E00-023
Country: Ethiopia	**Region:** RDGE	**Lending Instrument**: Project Finance Loan/Grant
Project Sector Unit: ***Water and Sanitation WASH***	**Task Team Leader(s):** Andrew Mbiro/Mengistu Demissie Bekele	
Appraisal dates: March 10 to 14, 2025	**Estimated Approval Date**: October 15, 2025	
Environmental Safeguards Officer: xx		
Social Safeguards Officer: Kingsley Ejim/Donald Muigai		
Environmental and Social Category: Category 2	**Operation type**: Public Sector Operation	**Financial Intermediary**: No
Categorization date: February 4, 2025	**Categorization in ISTS: February 4, 2025**	**Categorization in SAP: February 4, 2025**
Is this project processed under rapid responses to crises and emergencies?		**No**
Is this project processed under a waiver to Integrated Safeguards System (ISS) requirement(s)?		**No**

B. Disclosure and Compliance Monitoring B.1 Mandatory disclosure	
Environmental Assessment/Audit/System/Others: [*specify: 1 Environmental and Social Impact Assessment - ESIA*]	
Was/Were the document (s) disclosed ***prior to appraisal?***	**No**
Date of "in-country" disclosure by the borrower/client	**March 28, 2025**
Date of receipt, by the Bank, of the authorization to disclose	***March 28, 2025***
Date of disclosure by the Bank	***March 28, 2025***
Resettlement Action Plan (RAP)[5]: [*specify NA*]	
Was/Were the document (s) disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Stakeholder Engagement Plan (SEP): [*specify 1 Project Level Stakeholder Engagement Plan SEP*]	
Was/Were the document (s) disclosed ***prior to appraisal?***	**No**
Date of "in-country" disclosure by the borrower/client	**April 4, 2025**
Date of receipt, by the Bank, of the authorization to disclose	***April 4, 2025***
Date of disclosure by the Bank	***April 4, 2025***
Pest or Vector Management Plan (PMP/VMP): [*specify NA*]	
Was/Were the document (s) disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Vulnerable Peoples Plan (VPP): [*specify NA*]	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Riparian Communities Participation Plan (RCPP): [*specify NA*]	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Emergency Preparedness & Response Plan (EPRP): [*specify NA*]	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Hazardous/Medical Waste Management Plan (HWMP): [*specify NA*]	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***

[4] **Note**: *This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.*

[5] *Including Livelihood Restoration Plan*

Riparian notification:	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Environmental and Social Management Plan (ESMP) of the financing agreement[6]	
Was the document disclosed ***prior to appraisal?***	No
Date of "in-country" disclosure by the borrower/client	**March 28, 2025**
Date of receipt, by the Bank, of the authorization to disclose	***March 28, 2025***
Date of disclosure by the Bank	***March 28, 2025***
If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: N/A	

B.2. Compliance monitoring indicators

Have satisfactory calendars, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	**Yes**
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism been included in the project cost?	**Yes**
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized, and secured?[7]	**NA.**
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	**Yes**
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	**Yes**

A. Clearance

Is the project compliant with the Bank's environmental and social safeguards requirements, and can be submitted to Approval?

Yes

Prepared by	***Name***	***Signature***	***Date***
Environmental Safeguards Officer:	xx		Click or tap to enter a date.
Social Safeguards Officer:	Kingsley Ejim/Donald Muigai		**April 7, 2025**
Task Team Leader:	Andrew Mbiro/Mengistu Demissie Bekele		**April 7, 2025**
Submitted by			
Sector Director:	**Mr. CHIRWA, MTCHERA**		**April 11, 2025**
Cleared by			
Director SNSC:	**Mr. ISSA, MAMAN-SANI**	CLEARED.	April 16, 2025