

AFRICAN DEVELOPMENT FUND



**PROGRAMME: MULTINATIONAL (DJIBOUTI AND SUDAN) – DROUGHT
RESILIENCE AND SUSTAINABLE LIVELIHOODS PROGRAM
IN THE HORN OF AFRICA - PROJECT III (DRSLP III)**

MULTINATIONAL: DJIBOUTI AND SUDAN

APPRAISAL REPORT

OSAN

June 2015

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Currency Equivalents

March 2015

Unit of Account	Local Currency
1 UA =	257.5 DJF (DJIBOUTIAN FRANC)
1 UA =	8.65 SDG (SUDANESE POUND)
1 UA =	1.41 USD (US DOLLAR)
1 UA =	1.16 EUR (EUROPEAN EURO)

Fiscal Year

Djibouti: Jan. 1st – Dec. 31st; Sudan: Oct. 1st – Sep. 30th

Weights and Measures

1 metric tonne	=	2204 pounds (lbs)
1 kilogramme (kg)	=	2.200 pounds (lbs)
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (in)
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

Acronyms and Abbreviations

ADF	=	African Development Fund
AfDB	=	African Development Bank
AFESD	=	Arab Fund for Economic and Social Development
ASAL	=	Arid and Semi-arid Lands
AU	=	African Union
AUC	=	African Union Commission
BADEA	=	Arab Bank for Economic Development in Africa
CBOs	=	Community Based Organizations
COMESA	=	Common Market of Eastern and Southern Africa
CSI	=	Core Sector Indicator
CSP	=	Country Strategy Paper
CSO	=	Civil Society Organizations
CSS	=	Climate Safeguard System
DRSLP	=	Drought Resilience and Sustainable Livelihood Program
EA	=	Executing Agency
ECA	=	Economic Commission for Africa
EIRR	=	Economic Internal Rate of Return
ESIA	=	Environmental and Social Impact Assessment
ESAP	=	Environmental and Social Assessment Procedures
ESMF	=	Environmental and Social Management Framework
ESMP	=	Environment and Social Management Plan
FAO	=	Food and Agriculture Organization
FIRR	=	Financial Internal Rate of Return
GDP	=	Gross Domestic Product
GEF	=	Global Environment Facility
GHA	=	Greater Horn of Africa
GIZ	=	German International Cooperation
HFA	=	Hyogo Framework for Action
HoA	=	Horn of Africa
IBAR	=	Inter-African Bureau for Animal Resources
IDDRSI	=	IGAD Drought Disaster Resilience and Sustainability Initiative
IDP	=	Internally Displaced People
IFAD	=	International Fund for Agricultural Development
IGA	=	Income Generating Activities
IGAD	=	Intergovernmental Authority on Development
IsDB	=	Islamic Development Bank
KfW	=	Reconstruction Credit Institute

LDCF	=	Least Developed Countries Fund
LPI	=	Livestock Policy Initiative
MAEPE-RH	=	Ministry of Agriculture, Water, Fisheries, Livestock in charge of Halieutic Resources
MDGs	=	Millennium Development Goals
M&E	=	Monitoring and Evaluation
NGO	=	Non-governmental Organization
NPV	=	Net Present Value
OpsCom	=	Operations Committee
ORTS	=	Department for Transitional Support
P2RS	=	Programme to Build Resilience to Food and Nutrition Insecurity and in the Sahel
PAR	=	Project Appraisal Report
PBA	=	Performance Based Allocation
PIU	=	Project Implementation Unit
PCR	=	Project Completion Report
PCU	=	Project Coordination Unit
PPP	=	Public Private Partnership
PSC	=	Project Steering Committee
POs	=	Professional Organizations
RECs	=	Regional Economic Communities
RISP	=	Regional Integration Strategy Paper
RLACC	=	Rural Livelihood's Adaptation to Climate Change
RMC	=	Regional Member Countries
RO	=	Regional Operations
RPG	=	Regional Public Good
SADC	=	Southern African Development Community
SC	=	Steering Committee
SCCF	=	Special Climate Change Fund
SDC	=	Swiss Development Cooperation
SESA	=	Social and Environmental Strategic Assessment
SLD	=	Sustainable Livestock Development
SomRep	=	Somalia Resilience Programme
TADs	=	Trans-boundary animal diseases
TSF	=	Transitional Support Facility
TYS	=	Ten Years Strategy
UA	=	Unit of Account
USAID	=	United States Agency for International Development
WFP	=	World Food Program
WRI	=	Water Resources Institute

Loan & Grant Information

Client's information

BORROWERS / GRANTEES	Republic of Djibouti and Republic of The Sudan
EXECUTING AGENCIES	<u>Djibouti component</u> : Ministry of Agriculture, Water, Fisheries, Livestock in charge of Halieutic Resources (MAEPE-RH) <u>Sudan component</u> : Third Party / Implementing Agency – The Intergovernmental Authority on Development Secretariat

Financing Plan, UA million

Country	PBA ¹	RO Window	Total ADF	Government contribution	Total
Djibouti (Loan)	1.5	10	11.5	1.25	12.75
Sudan (Grant)	-	10	10	1.25	11.25
Total Program	1.5	20	21.5	2.50	24.0

¹ Sudan contributed in 2014 UA 10 million from its TSF - Pillar I resources) in order to leverage UA 20 million from the RO resources. However, in order to avoid frontloading on the RO resources it was recommended by OPSCOM that only UA 10 million will be allocated in 2014 and the other UA 10 million will be deferred to 2015 and that no contribution will be expected from the country.

ADF key financing information

Loan	Unit of Account (UA)
Interest type*	Not applicable
Interest rate spread*	Not applicable
Commitment fee*	0.50% per annum on undisbursed loan amount, commencing 120 days after signature of Loan Agreement
Service fees*	0.75 per annum on the principal amount of the loan disbursed and outstanding from time to time
Tenor	25 years
Grace period	5 years
FIRR, NPV (base case)	(16%, NPV at 12% is 247825 USD)
EIRR (base case)	(19%, NPV at 12% is 477298 USD)

**if applicable*

Timeframe - Main Milestones (expected)

Identification	January 2010
Preparation Missions	February - June 2014
PCN OPSCOM clearance	March 2015
Appraisal Missions	March-April 2015
Board Presentation	June 2015

Project Summary

1. Program Overview: The Drought Resilience and Sustainable Livelihoods Program (DRSLP) is a long term Bank Program to build communities' resilience to drought and Climate Change, improve their livelihood and promote regional integration in the Horn of Africa. The first project under the DRSLP was approved on 12 December 2012 for a total amount (loans and grants) of UA 83.12 million, while DRSLP II for a total amount of UA 74.98 million was approved on 26 November 2014. DRSLP II was prepared for UA 99.9 million covering Eritrea, Ethiopia, Djibouti, Somalia and Sudan, but this would have resulted in front loading of the Regional Operations (RO) Resources. Bank Management addressed the issue by deferring UA 20.00 million of the project resources from the RO window from 2014 to 2015. These are the resources that have been packaged to Project III with an aim to scale up the Program interventions in Djibouti and Sudan. The Project is expected to develop infrastructures for: i) water mobilization and management, and ii) agriculture and livestock production, health and marketing. It will also build the capacity of the populations and Governments of the participating countries to better cope with the effects of climate change, resources scarcity and conflicts related to resources utilization. The Project will be implemented in a period of 5 years and its total cost is UA 24 million, of which UA 21.5 is paid by the Bank and the remaining being the governments' counterpart contributions.

An estimated 20 million agro-pastoralists of which 50% are women affected by drought and land degradation will benefit directly or indirectly from the overall program. Other direct beneficiaries include the Governments of the region whose capacities will be strengthened to enhance drought resilience development, natural resources management and shared benefits, regional integration and the Development of Regional Public Goods (RPG). Ultimately, the project is expected to increase the income of agro-pastoralists through the improvement of the delivery of livestock related services (animal production and health, rangeland management, marketing, etc.) and the development of irrigation schemes leading to the improvement of livestock parameters (growth rate, carcass weight, milk production and offtake rate) and, the productivity/production of the main crops (cereal, forages and vegetables). The diversification of the sources of livelihood and the mobilization/conservation of water resources as envisioned by the project will reduce the vulnerability of the men and women agro-pastoralists to climate change shocks and exposure to inter/intra-community conflicts that arise from competition over access to water sources for livestock. Women and youth will particularly benefit from the project as specific activities (including value addition) will be designed to enhance their economic and social integration/empowerment. Ultimately, these outcomes are expected to contribute to fostering peace and social resilience within the project communities and countries.

2. Needs assessment: In 2008, the Bank commissioned a regional study on Sustainable Livestock Development (SLD) in the Horn of Africa (HoA). The Bank also conducted Mapping, Assessment and Management of Trans-boundary Water Resources in the IGAD Sub-Region in 2011 with IGAD and "*Observatoire du Sahara et du Sahel*". During this field work, extensive consultation took place with Government Officials, non-Government institutions (including the ones working on women/gender issues) and beneficiary communities to appreciate the needs and their prioritization. Based on these assessments, the Bank designed a 15-20 years multi-phased regional Drought Resilience and Sustainable Livelihood Program (DRSLP) to address the root causes of the drought crisis (which drives the fragility of the region), through a comprehensive and integrated list of interventions that fit into the following areas: (i) Support to infrastructure for water resources mobilization and management; (ii) Support to infrastructure for agricultural development (with an emphasis on livestock); (iii) Support to transport and sub-national and regional trade; and (iv) Support to complementary capacity building and income diversifying activities. This consultative and participatory approach in the program spirit continued throughout the Project III preparation and appraisal.

Grassroots-level consultations, involving project beneficiaries (including women) were carried out during the project's preparation phases. This participatory approach was followed in DRSLP I, II and III design and will be fostered during their implementation. Beneficiaries, through their representatives, will be members of the project steering committee and closely associated to the monitoring and evaluation process. In this regards, the project will ensure the effective and full integration of women in committees (at least 30%). Furthermore, capacities of beneficiaries associations will be strengthened in the management and maintenance of community infrastructures.

3. Value added for the African Development Bank: The Bank has significant experience in implementing multinational and regional operations including projects with SADC, COMESA and the AUC. The Bank in the past has also supported other drought related projects in the arid and semi-arid lands (ASALs) of Djibouti, Kenya, and Ethiopia. It also financed in the past a number of emergency interventions such as droughts, floods, locust invasion, etc. in an ad hoc and on a country by country basis. In December 2012, the Bank approved DRSLP I of the Program involving the IGAD Secretariat, Djibouti, Ethiopia and Kenya for a total cost of UA 83.12 million and is currently under implementation. In November 2014, DRSLP II covering Eritrea, Ethiopia, Somalia and Sudan was approved with an amount of UA 74.98 million and is about to be launched. The important technical and management lessons generated so far by the program are incorporated in the design of the DRSLP III. In addition, the Bank also has a good track record in the development of rural infrastructures. Over decades, most interventions to address the drought in the HoA have been of short term emergency and humanitarian relief nature. DRSLP in its different projects endeavors to be innovative as it proposes solutions to tackle drought in a medium to long term perspective and through a multi-sectoral approach.

4. Knowledge Management: By adopting a regional approach backed up by good coordination, a critical mass of knowledge will be mobilised and shared. This will enhance cross-border learning and prepare the countries to better cope with drought, build their resilience and better manage shared natural resources (such as water and grazing land). To this end, the Bank, working with IGAD, will promote the creation of thematic platforms to generate, manage and disseminate knowledge within the region and beyond. The programme will also link up with other similar national and regional initiatives in drought resilience such as the Programme to Build Resilience to Food and Nutrition Insecurity in the Sahel (P2RS) to share knowledge on drought resilience and promote its dissemination. Knowledge dissemination and sharing activities will target drought prone communities, Government and non-Government entities and other actors in the area of drought resilience through national, regional and international networks and via multimedia and other information technology tools. The implementation of DRSLP will also benefit from the findings and recommendations of a number of fragility assessments (national and regional) being undertaken by the Bank (See Annex 5 for more details).

RESULT-BASED LOGFRAME

Program Location and Name:		The Horn of Africa: Drought Resilience and Sustainable Livelihoods Program in the Horn of Africa – Project III (DRSLP III): Djibouti and Sudan				
Purpose of the Program:		To enhance drought resilience and improve sustainable livelihoods of the pastoral and agro-pastoral communities.				
Results chain		Performance indicators			Means of verification	Risks/mitigation measures and assumptions
		Indicators (including CSI)	Baseline	Target (2020)		
Impact	Resilience to drought enhanced	Population affected by drought based on socio-economic and nutritional data (Gender disaggregated)	20 million in 2011 (out of which 50% are women)	Reduced by 30%	Government/ Programs / reports, UN Statistics	<u>Assumption 1:</u> No major conflicts or political instability in the HOA region during Programme implementation <u>Assumption 2:</u> Water resources available for Sudan downstream of Ethiopia are not jeopardized <u>Assumption 3:</u> The economic situation in Djibouti and Sudan Does not deteriorate <u>Assumption 4:</u> Absence of extreme weather conditions (severe drought or flood)
		Loss in agricultural sector productivity	5% of agriculture GDP	2% of agricultural GDP		
		L'indice de la faim	Djibouti: 21,7 (faim alarmante) Soudan: 21,5 (faim alarmante)	Inférieur à 19,9 (faim modérée)		
Outcomes	1. Improved agriculture and livestock productivity and production	1.1 Productivity of the basic crops	1.1 1.7 to 2.8 MT/ ha	1.1 Increase by 25%	Government/ Programs (PCUs IGAD) reports, and surveys	<u>Risk 1:</u> Insecurity and conflicts in the region for natural resources access (water, pasture). <u>Mitigation 1:</u> IGAD and the participating countries have put in place conflict resolution mechanisms <u>Risk 2:</u> Women's involvement in the program may be reduced due to the resistance in the community <u>Mitigation 2:</u> Clearly identify the potential obstacles to gender equality and develop an integrated and tailored approach. <u>Risk 3:</u> Environmental degradation and climate change could undermine the project effectiveness. <u>Mitigation 3:</u> Inclusion of sustainable management of natural resources and alternative livelihoods. <u>Risk 4:</u> The fragility status of Sudan could undermine the regional benefit of the program <u>Mitigation 4:</u> The program will be resorting to a third party to bear the implementation and financial responsibilities of the program in Sudan so that it will not hold back the overall program implementation
		1.2 Productivity of main vegetable crops	1.2 TBD	1.2 Increase by 35%		
		1.3 Productivity of livestock: i) off-take rate, ii) carcass weight, iii) milk production	1.3 <u>Beef meat</u> 10.4 kg / animal / year; <u>Cattle milk</u> : 395.8 kg / animal / year; <u>Sheep & Goat meat</u> : 3.5 kg /animal/ year	1.3 Increase by 25%		
	2. Improved access to natural resources	2.1 Distance to the nearest water point	2.1 TDB (km)	2.1 Reduce by 30%		
		2.2 Livestock carrying capacity	2.2 TBD Livestock Unit (LU)	2.2 Increase by 30%		
		2.3 Inter/intra-community conflict over water and grazing land resources	2.3 TBD (survey)	2.3 Reduce by 30%		
	3. Livelihoods sources diversified	3.1 Households adopting livelihoods that encourage value addition	3.1 5% of the households	3.1 25% of the households (including women headed households)		
		3.2 Percentage of sustainable alternative livelihoods in households revenue	3.2 TBD (survey)	3.2 Increase by 20%		
		3.3 Percentage increase of income	3.3 TBD (survey)	3.3 Increase by 20%		

Result chain		Performance indicators		Means of verification	Risks/mitigation measures and assumptions
		Indicators (including CSI)	Target (2019)		
Outputs	Comp 1: Natural Resource Management 1.1. Water resources mobilization improved	1.1. Water infrastructures constructed/rehabilitated: i) borehole with ancillary structures (No); ii) irrigation scheme (Ha); iii) water ponds/ pan/baleys haffirs (No); iv) pump-based water supply system from rivers (No); v) shallow well (No); vi) hand dug well (No); vii) Cisterns/ birkas (No); (viii) micro-dams (2Mm³); (ix) committees to settle conflicts related to water and grazing land established and trained	1.1 i) 13 ; ii) 1210 ha ; iii) 30; iv) 2 ; v) 60 ; vi) 10; vii) 2 ; viii) 2; ix) 14	Quarterly progress reports, MTR, PCR and other gov.	<p>Risk: Limited technical and managerial capacities of the communities may jeopardize the sustainability of the investments made</p> <p>Mitigation: DRSLP will strengthen the communities based on maintenance system through mobilisation, sensitization and training with emphasis on women and the youth.</p> <p>Risk: Inadequate coordination monitoring and weak reporting mechanism</p> <p>Risk: Inadequate institutional capacity</p> <p>Mitigation: Capacity building for IGAD (in DRSLP I) and the participating countries throughout the Program. Lessons learnt in DRSLP I and upcoming ones in DRSLP II to be integrated in the design and implementation of DRSLP III.</p>
	1.2. Sustainable land management enhanced	1.2. i) Livestock carrying capacity; ii) Rangeland rehabilitated (ha); iii) area protected by soil and water conservation infrastructures constructed/ rehabilitated; iv) No of soil conservation infrastructure constructed/ rehabilitated;	1.2 i) 3ha/LU; ii) 90,000 ha; iii) 1,200 ha; iv) 110		
	1.3. Women participation and decision making skills in water resource management improved	1.3. Rate of participation of women in water & infrastructures management committee	1.3. 30%		
	Component 2: Market access and trade 2.1. Market support infrastructure developed	2.1. i) Feeder roads (Km); ii) Crop markets (No); iii) Livestock market (No); iv) Holding grounds (Ha); v) Stock routes (km); vi) Slaughter houses	2.1. i) 110 Km ; ii) 5 ; iii) 7; iv) 8 ; v) 6,000 Km; vi) 2		
	2.2. Gender sensitive value chain development enhanced	2.2. i) Nb of agro-processing units developed and distributed to women; ii) training of communities and government staff in value chain development	2.2 i) 60 ; ii) 6		
	2.3. Livestock mobility and trade of livestock and livestock products improved	2.3. Nb of workshops and trainings in livestock mobility, marketing and value chain organized	2.3 11		
	Component 3: Livelihoods support 3.1. Livestock production and health enhanced	3.1. Nb of animal health related infrastructures constructed/ rehabilitated and/or equipped: i) animal health centers and clinics; ii) veterinary labs, iii) Quarantine station; iv) Check points; v) Mobile clinics	3.1 i) 15 ; ii) 5 ; iii) 3 ; iv) 2; v) 5		
	3.2. Food and Feed production improved	3.2. Quantity of drought tolerant seeds / plant of: i) forage and ii) crops species produced and distributed	3.2 i) 7; ii) 7		
	3.3. Livelihood diversification enhanced	3.3. Nb of beneficiaries of alternative livelihoods activities: i) Nb of package of drip irrigation material distributed (women and youth); ii) Nb of livestock packages distributed to women; iii) Nb of hens distributed to women; iv) Nb of improved-goat distributed; v) Nb of chicken barns built; vi) Nb of boats equipped; vii) Loyada landing site connected to electricity network.	3.3 i) 1,200 ; ii) 3,900 ; iii) 1,000; iv) 3,000; v) 20; vi) 3; vii) 1		
	Component 4: Program Management and capacity building 4.1. Established implementing and coordinating entities will be supplemented with staff if needed, trained in financial management and procurement and their mandate extended to DRSLP III	4.1.1. Fund Management Unit established under DRSLP II at IGAD 4.1.2. PIUs established under DRSLP II in Sudan 4.1.3. PCU established under DRSLP I – Djibouti reinforced	4.1.1. 1 4.1.2 1 Federal; 3 State 4.1.3 1		
4.2. Timely project reporting respected	4.2. Nb of: i) annual reports; ii) quarterly progress reports; iii) audit reports, iv) MTR reports, and v) PCRs delivered in a timely manner	4.2 i) 10; ii) 40; iii) 10; iv) 2; v) 2			
4.3. Project implementation expedited	4.3.1. M&E system developed and implemented	4.3.1 2			
4.4. Stakeholders capacitated	4.3.2. ESIA/ ESMP designed, implemented and monitored	4.3.2 2			
4.5. Gender responsiveness enhanced	4.4. Nb. of staff and other stakeholders trained in various thematic areas	4.4 4000			
	4.5. Nb. of gender sensitive: i) knowledge products and ii) planning tools generated	4.5 i) 10 ; ii) 8			
Key Activities	Component 1: Natural Resource Management (UA 10.330 million) Component 2: Market access and trade (UA 2.880 million) Component 3: Livelihoods support (UA 4.620 million) Component 4: Programme Management and capacity building (UA 6.170 million)			DRSLP III total Cost 24.0 ADF Grant 10.0 ADF Loan 11.5 Governments 2.5	

DRSLP III IMPLEMENTATION SCHEDULE

Year	2015				2016				2017				2018				2019				2020			
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Initial Activities																								
Appraisal																								
Loan and Grant negotiations and approval																								
Signature of loan agreement and fulfilment of first disbursement conditions																								
Publication of the General Procurement Notice																								
Recruitment of project staff																								
Project Launching																								
Procurement of property goods works and services for the PIUs / PCUs																								
Signature of agreements with partner entities																								
Natural Resources Management																								
Award of contracts for the conduct of studies																								
Studies RFPs and bidding documents (BDs) preparation																								
Award of contracts for the construction of infrastructure																								
Award of contracts for the procurement of goods																								
Sensitisation and training of beneficiaries and communities on a number of issues, including on conflict management approaches																								
Construction infrastructure/management committee																								
Market Access And Trade																								
Award of contracts for the conduct of studies																								
Studies RFPs and bidding documents (BDs) preparation																								
Award of contracts for the construction of infrastructure																								
Award of contracts for the procurement of goods																								
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Studies RFPs and bidding documents (BDs) preparation																								
Award of contracts for the construction of infrastructure																								
Award of contracts for the procurement of goods																								
Sensitisation and training of beneficiaries and communities																								
Construction of infrastructure /management committee																								
Project Management And Capacity Building																								
Establishment of accounting system and preparation of procedures manual																								
Establishment of the baseline situation and the M&E system																								
Management, monitoring and evaluation and communication activities																								
Capacity building interventions including on institutions and resilience-building systems																								
Annual financial auditing																								
Mid-term review																								
Completion report																								

REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE BANK GROUP TO THE BOARD OF DIRECTORS ON A PROPOSED LOAN AND GRANT TO DJIBOUTI AND SUDAN FOR THE DROUGHT RESILIENCE AND SUSTAINABLE LIVELIHOODS PROGRAM PROJECT III (DRSLP III)

Management submits the following Report and Recommendation on proposed loan (UA 11.5 million) and grant (UA 10 million) to finance the Drought Resilience and Sustainable Livelihoods Programme in Djibouti and Sudan- Project III.

I – STRATEGIC THRUST & RATIONALE

1.1 Programme linkages with countries and Horn of Africa (HoA) strategies and objectives

1.1.1 The Program is consistent with the principles of key sub-regional and national initiatives, policies and programmes, adopted by the governments of the participating countries over the last few years, namely (i) The Inter-Governmental Authority on Development (IGAD) Drought Disaster Resilience and Sustainability Initiative (IDDRSI)’ Regional Programming Paper (RPP, 2013); (ii) the IGAD member Countries’ Programming Papers (CPPs) “To End Drought emergencies in The Horn of Africa” (2012); (iii) Comprehensive Africa Agriculture Development Programme (CAADP); (iv) The IGAD ‘Minimum Integration Plan’, which focuses on joint use and management of water resources for food security; (v) the Livestock Policy Initiative (IGAD-LPI), (vi) The Hyogo Framework for Action (HFA) (2005-15), which contains the collective commitment of governments and the United Nations to work towards reducing societal vulnerability to disasters generally and stop drought in particular, and (vi) the National Development Strategies of the countries involved. The programme is also in line with the Bank’s Regional Integration Strategy Paper (RISP) for Eastern Africa (2011-15, namely its Regional Infrastructure and Capacity building pillars as the project will put in place structures to supply water for irrigation, livestock and humans which will reduce conflict over these resources, rural roads to ease transport of produce to connect remote rural areas with local (district centres) markets and the national / international market place in the countries and across the border, as well as agro-processing for value addition and increased shelf-life thus improving regional trade. The program also fits in the Bank’s new Regional Integration Strategy and Policy Paper (2014-2023); and participating Countries’ CSPs - Djibouti CSP (2011-15) and its mid-term review, Sudan Country Brief (2014-16). More details on the strategic fit of DRSLP III in each country are given in the countries’ PARs.

1.1.2 The program is also in line with the Bank’s Ten Years Strategy (TYS, 2013-22; namely its twin strategic objectives of inclusive growth and transition towards green growth, four of its core operational priorities - infrastructure development, regional integration, skills and technology, and private sector development - as well as its three areas of special emphasis - agriculture and food security, fragile states and gender. It also aligns with the Bank’s Human Capital Strategy for Africa 2014-2018 and the proposed Bank’s Agriculture Sector Strategy (Agriculture and Agribusiness Strategy, 2015-19; namely its three focus areas: Agriculture Infrastructure, Agribusiness and innovation and Resilience and Natural Resource Management); the Bank’s Strategy for Addressing Fragility and Building Resilience in Africa (2014-19); the 2014-18 Governance Strategic Direction and Action Plan (GAP II) – especially on building state capacity and effective institutions, and promoting resilience through inclusive access to natural resources; and the Bank’s Gender Strategy (2014-18: namely its economic empowerment and knowledge and capacity building pillars).

1.2 *Rationale for Bank's involvement*

1.2.1 Incidences of drought in the Horn of Africa (HoA) have been recently increasing in both severity and frequency, leaving over 20 million people in Djibouti, Eritrea, Ethiopia, Kenya, Somalia and Sudan in dire need of urgent humanitarian assistance. To address this issue in a sustainable manner, the Bank commissioned in 2008, a regional study on Sustainable Livestock Development (SLD) in the HoA. The Study observed that, as a result of serious degradation of natural resources due to overuse and climate change, conflicts among communities in many parts of the Greater Horn of Africa (GHA) occur as communities compete for increasingly scarce resources, within and across countries. As the majority of these communities are nomads who cannot be contained within national or subnational borders and thus move easily across the borders to neighboring countries in search of mainly water and pasture, developing resources in one country would attract communities across the border, hence fueling conflict. Against this backdrop, developing and ensuring resources availability equally in neighbouring countries and communities is an important act of conflict resolution. It is on this understanding that the DRSLP has been conceptualized as a Regional Operation.

1.2.2 The above cited study report, delivered in 2010, thus recommended investment in the areas of water resources infrastructure; infrastructure for agriculture production and marketing; capacity building of government personnel and communities; and conflict resolution and peace building. The Bank also conducted Mapping, Assessment & Management of Trans-boundary Water Resources in the IGAD Sub-Region Project” in 2011 with IGAD and “Observatoire du Sahara et du Sahel”. Building on these studies, the Bank developed a multi-phased Drought Resilience and Sustainable Livelihoods Program and pledged US\$ 300 million for its implementation. The first project of the Program (DRSLP I), was prepared and approved by the Board in December 2012 for an amount of UA 83.12 million. It is being implemented in Ethiopia, Djibouti, Kenya and the IGAD Secretariat. The second project, DRSLP II was approved in November 2014 for an amount of UA 74.98 million and aims at scaling up the intervention in Ethiopia and extends it to Eritrea, Somalia and Sudan. The loans and grants have been signed and the recipients are in the process of fulfilling the conditions for disbursement.

1.2.3 DRSLP II was prepared for loans and grants totaling UA 99.9 million, to cover Eritrea, Ethiopia, Djibouti, Somalia and Sudan, but this would have resulted in front loading of the Regional Operations (RO) Resources. Bank Management addressed the issue by deferring UA 20.00 million of the project resources from the RO window allocated to Sudan and Djibouti, from 2014 to 2015. These are the resources that have been packaged to Project III (DRSLP III) with an aim to scale up the Program interventions in Djibouti and Sudan. Sudan already contributed UA 10.00 million of its Transition Support Facility Allocation and was therefore supposed to receive UA 20.00 million from the RO window under DRSLP II but only received UA 10.00 million, with a promise to receive the remaining UA 10.00 million in 2015.

1.2.4 Over decades, most interventions to address the drought issue in the HOA have been of emergency humanitarian relief nature. The project under review seeks to be innovative as it proposes solutions to tackle this issue in a medium and long term perspective, through an integrated approach that aims at improving water resource mobilization, rangeland management, livelihoods diversification, infrastructure for market access and building human and institutional capacity within a framework that is sensitive to conflict resolution and management. The Bank's long standing experience in the design

and implementation of drought resilience and water infrastructure development was capitalized and mainstreamed in the design of this project.

1.3 *Aid coordination*

1.3.1 Regional and International organizations (UN, AU/IBAR, AfDB, the World Bank, Arab Fund for Economic and Social Development, IsDB, BADEA, IFAD, FAO, WFP, ECA, etc.), international NGOs (SomRep, Terra Nova, WRI, Red Cross, to name few), regional livestock and pastoralist associations, Universities, and Bilateral Donors (German Cooperation KfW/GIZ, USAID, Italian Development Corporation, Swiss Development Cooperation - SDC) are engaged in addressing drought and livelihood challenges in the region. However, it is noteworthy to mention that, in general, most Development Partners' (DPs) interventions in the Drought and Disaster management are mainly short-term responses and humanitarian relief-focused. Coordination among donors has been weak but this is changing as many DPs are making efforts to consult with others when preparing their own interventions. The Bank has consulted widely with these partners during preparation of DRSLP I, II and III to ensure that there is no duplication of efforts, and its own intervention complements those of others. In addition, a number of bilateral and multilateral donors and development partners consultative meetings have been organized by IGAD Secretariat under "The Horn of Africa Disaster Resilience and Sustainability Initiative: Ending Drought and Emergencies in the IGAD region" with the objective of forging a common understanding of the Initiative and effective and efficient coordination platform, and also the funding arrangements for the Initiative. The Bank took part in all those meetings and, as the leading development institution of the Continent, has taken the lead in addressing the issue of drought as a driver of fragility within the HoA region.

1.3.2 The Bank discussed with several Partners and Donors to garner support for the program. In particular, the Bank is supporting Kenya, Djibouti, Somalia and Sudan to access GEF funds from the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) in order to finance the Rural Livelihood's Adaptation to Climate Change (RLACC) activities to complement the DRSLP as the baseline program. In this regard a full proposal is being prepared for the GEF amounting to USD 7,955,560 for Djibouti and Kenya under the DRSLP I. A second proposal is to be prepared soon with the amount USD 18,865,000 for Somalia and Sudan under the DRSLP II.

1.3.3 More details on the consultative process with donors and Partners are given in the individual countries PARs.

II – PROJECT DESCRIPTION

Project development goal: enhance drought resilience and improve sustainable livelihoods of agro-pastoral communities in the Horn of Africa region.

2.1 Project components

Table 2.1: Project components*

Nr.	Component name	Cost (x1000 UA)	Component description
1	Natural Resources Management	10,330	<p>1.1. <u>Water infrastructures constructed/rehabilitated and land managed:</u></p> <ul style="list-style-type: none"> i) 13 boreholes with ancillary structures ii) 1210 ha of irrigation schemes iii) 30 water ponds / pans iv) 2 pump-based water supply system from rivers v) 60 shallow wells vi) 10 hand dug well vii) 2 cisterns viii) 2 micro-dams viii) 6 dykes / weir to recharge ground-water and divert water for cropping ix) 5 watershed integrated natural resources plans elaborated <p>1.2. <u>Livestock carrying capacity improved:</u></p> <ul style="list-style-type: none"> i) 90,000 ha of rangeland rehabilitated ii) 1,200 ha area protected by soil and water conservation infrastructures constructed/ rehabilitated iii) 110 soil conservation infrastructure constructed/rehabilitated <p>1.3. <u>Access to natural resources improved:</u></p> <ul style="list-style-type: none"> i) water management committees with 30% women at least
2	Market Access and Trade	2,88	<p>2.1. <u>Market support infrastructure:</u></p> <ul style="list-style-type: none"> i) 110 km feeder roads constructed / rehabilitated ii) 5 crop markets constructed / rehabilitated iii) 7 livestock markets constructed / managed iv) 8 holding grounds constructed v) 6,000 km stock routes constructed / rehabilitated vi) 2 Slaughter houses constructed / built <p>2.2. <u>Gender sensitive value chain development enhanced:</u></p> <ul style="list-style-type: none"> i) 60 agro-processing units developed and distributed to women; ii) 6 trainings of communities and government staff in value chain development <p>2.3. <u>Livestock mobility and trade in livestock and livestock products improved</u></p> <ul style="list-style-type: none"> i) 10 workshops and trainings in livestock mobility and trade development organized
3	Livelihoods support	4,620	<p>3.1. <u>livestock production and health enhanced:</u></p> <ul style="list-style-type: none"> i) 15 animal health centers and clinics constructed/ rehabilitated; ii) 7 veterinary labs constructed/ rehabilitated iii) 3 quarantine stations constructed / rehabilitated iv) 2 check points built v) 5 Mobile clinics acquired <p>3.2. <u>Food and Feed production improved:</u></p> <ul style="list-style-type: none"> i) 4 ha drought tolerant forage varieties produced and their seeds distributed ii) 4 ha drought tolerant crop species produced and seeds distributed <p>3.3. <u>Livelihood diversification enhanced:</u></p> <ul style="list-style-type: none"> i) 1,200 packages of drip irrigation material distributed to women and youth ii) 3,900 livestock packages distributed to women iii) 1,000 hens distributed

			iv) 3,000 improved goats distributed to women v) 20 chicken barns built vi) 3 boats equipped with motors vii) 1 landing site in Loyada connected to the grid
4	Project Management and capacity building	6,170	4.1. Implementing and coordinating entities established under DRSLP I and II will be supplemented with staff if needed, trained in financial management and procurement and their mandate extended to DRSLP III. This will include: <ul style="list-style-type: none"> the FMU established under DRSLP II at IGAD the PIU (at Federal and State levels) established under DRSLP II in Sudan the PIU reinforced under DRSLP I in Djibouti the Regional Coordination Unit established under DRSLP I at IGAD 4.2. Timely project reporting respected <ul style="list-style-type: none"> 10 annual reports; 40 quarterly progress reports; 10 audit reports; 2 MTR reports; 2 PCRs 4.3. Project implementation expedited <ul style="list-style-type: none"> M&E system developed and implemented ESMP / ESMF designed, implemented, and monitored 4.4. Stakeholders capacitated <ul style="list-style-type: none"> 4,000 staff and other stakeholders trained in various thematic areas 4.5. Gender responsiveness enhanced <ul style="list-style-type: none"> Gender sensitive knowledge products and planning tools produced
Total		24,00	

* Specific activities to each participating countries are presented in their individual countries PARs.

2.2 *Technical solution retained and other alternatives explored*

The pastoral and agro-pastoral areas of the Program are experiencing reduced and unpredictable rainfall patterns with increasing frequency of extreme weather events (droughts and floods). These conditions adversely affect natural resources and dependent pastoral and agro-pastoral production systems. The resilience of the communities and their production systems is at the cross-road of inter-linked bio-physical, socio-economic and institutional elements in the pastoral and agro-pastoral ecosystems. The solutions proposed by the project intend to be multi-sectoral and multi-institutional and to promote the necessary institutional set up that is conducive to the adoption of the proposed technical solutions by the different stakeholders. The proposed holistic interventions involve activities that address water, pasture, market, animal health, conflict resolution, capacity building and knowledge management in a gender and conflict sensitive approach.

Table 2.2: Project alternatives considered and reasons for rejection

Alternative name	Brief description	Reasons for rejection
Construction of multipurpose (human, agriculture, livestock) water infrastructure, such as medium and large dams	Building strategically located dams to ensure sufficient water availability for agro-pastoral communities in drought prone areas.	<ul style="list-style-type: none"> • Needs are scattered throughout the landscape • Smaller and well sited structures are more appropriate for water mobilisation and utilisation by humans and livestock under erratic rainfall patterns • Lack of reliable hydrological data to help in the siting of the large investments • Weak institutional (government and non-government) capacity to sustainably managing large water structures by communities • High capital investment and operating costs • Potential negative environmental and social impacts
Increase significantly the number of groundwater mobilisation points	Establishing significant number of new water sources points including boreholes, shallow wells, and small earth dams to improve access to water, particularly during the long dry seasons.	<ul style="list-style-type: none"> • Potential creation of overgrazing and / or new settlements and appropriation • Lack of reliable data on the underground water resources • Risk of salinization due to sea water intrusion • These structures are demanding in terms of operation and maintenance
Develop livestock sector, the mainstay of the economy, through a single sector approach	Implement the project activities by concentrating on the improvement of animal health and livestock trade so that resources allocation and management are more focused and efficient	<ul style="list-style-type: none"> • A major approach to resilience and adaptation is the diversification of livelihoods. Development of livestock alone could exacerbate the population's vulnerability to climatic shocks and internal conflicts resulting from resource scarcity. Support by the project to the diversification of the sources of income is therefore an opportunity for communities and households to increase their resilience.
Large scale irrigation development	Investment in irrigation development aimed at reducing vulnerability to recurrent drought.	<ul style="list-style-type: none"> • Likelihoods of resettlement of pastoralists • Lack of skills of pastoralists and agro-pastoralist in irrigated agriculture and operation and management of such large scale facilities.

2.3 Project type

DRSLP - Project III is a regional loan/grant investment operation using ADF XIII resources from the Performance Based Allocation (PBA) and Regional Operation (RO) windows. Djibouti is using part of its PBA to leverage resources from Regional Operations (ROs) Window all as a concessional loan. Sudan benefited from TSF-Pillar I resources to mobilise RO resources as a grant. It already contributed UA 10.00 million from its allocation in 2014 in order to get UA 20.00 million from the RO window.

2.4 Project cost and financing arrangements¹

2.4.1 The total Project III cost (exclusive of tax and customs duty) and including provision for physical and price escalation contingencies, is estimated at UA 24 million, composed of UA 21.5 million from ADF XIII and UA 2.5 million from counterpart funding, as shown in Tables 2.3 through 2.6, below. The ADF XIII resources come from the Regional Operations envelope (UA 20 million) and Djibouti's Performance-Based Allocation (PBA) of UA 1.5 million. Governments' counterpart funding will be mobilized both in kind and in cash. The loan part of the ADF III resources is UA 11.5 million (Djibouti) and the Grant part is UA 10 million (Sudan). The total foreign cost of the project is UA 13.51 million (56%) and the local cost is UA 10.49 million (44%).

Table 2.3: Cost by Component

Components	(UA '000)			% base cost	% FE
	Local	Foreign	Total		
Natural resources management	3 047	6 163	9 210	43	67
Market access and trade	698	1 857	2 555	12	73
Livelihoods support	1 680	2 468	4 148	19	59
Programme management and capacity building	3 097	2 397	5 494	26	44
Total baseline costs	8 522	12 885	21 407	100	60
Physical Contingencies	952	405	1 357	6	30
Price Contingencies	1 016	220	1 236	6	18
Total project costs	10 490	13 510	24 000	112	56

Table 2.4: Cost by Category of Expenditure

Categories	(UA '000)		
	Foreign	Local	Total
Works	9 280	3 036	12 316
Goods	1 172	1 167	2 339
Services	2 013	2 738	4 751
Operating costs	1 045	3 549	4 594
Total project costs	13 510	10 490	24 000

¹ Detailed costs for Djibouti, Sudan and IGAD are provided in their individual respective reports.

Table 2.5: Cost by Category of Expenditure and by financier

Categories	(UA '000)			
	ADF/RO	GVT	Total	Foreign
Works	11,220	1,100	12,320	9,280
Goods	2,340	-	2,340	1,172
Services	4,750	-	4,750	2,013
Operating costs	3,190	1,400	4,590	1,045
Total project costs	21,500	2,500	24,000	13,510

Table 2.6: Disbursement Accounts by Financier

Financiers	UA '000					
	Foreign	%	Local	%	Total	%
ADF (Grant & Loan)	12,910	60	8,590	40	21,500	90
Government	600	24	1,900	76	2,500	10
Total project cost	13,510	56	10,490	44	24,000	100

Table 2.7: Expenditure Schedule by Component in UA '000

Components	Y1	Y2	Y3	Y4	Y5
Natural resources management	1 459	4 935	1 538	936	340
Market access and trade	233	1 381	689	139	120
Livelihoods support	450	1 910	1 553	116	108
Programme management and capacity building	708	675	894	1,670	1,549
Total baseline costs	2 850	8 901	4 674	2 861	2 117
Physical Contingencies	185	606	336	139	94
Price Contingencies	299	304	310	263	63
Total project costs	3 334	9 811	5 320	3 263	2 274

2.5 Project's target area and population

2.5.1 The project will cover two countries of the HoA namely Djibouti and Sudan targeting drought-prone and food-insecure areas and communities where pastoralism, agro-pastoralism and fishery are the main sources of livelihood.

2.5.2 In Djibouti the project will be implemented in the following Regions: i) Arta – Damerjog and Douda; ii) Ali Sabieh – watersheds of Barislé, Beyya Adey and Dedey Weyn; and iii) Dikhil – part of watersheds of Mouloud, Aroua and Harou. Furthermore, activities pertaining to fisheries, animal health and capacity building will be implemented nationwide. The direct beneficiaries of the project are approximately 10 000 households of agro-pastoralists with an estimated 60 000 people out of which 50% are women. Other beneficiaries include small fishermen, technicians and senior staff of the relevant Ministries and collaborating Technical Directorates, actors from the crops, livestock and

fisheries value chains. Overall food security and livelihoods will be improved as an integral component of building resilience in the Djiboutian economy and society.

2.5.3 In Sudan, the project will intervene in three states, namely, Gedaref, Kassala and White Nile covering 10 localities in total. Except for Kassala, the other states have poverty level below the national average of 46.5%. About 1.40 million rural people (pastoralists and agro-pastoralists), including 480,000 women, and 6.20 million livestock (cattle, sheep, goats and camels) are expected to benefit from the proposed DRSLP III. In addition, about 200,000 people will indirectly benefit from the Project along the livestock value chain development. The DRSLP III is expected to create at least 200 full-time skilled/semi-skilled and 2,500 part-time unskilled jobs in infrastructure construction/rehabilitation, livestock production, food crop production, and feed production, processing and marketing which will benefit men, women and youth. These proposed interventions will address most economic and social drivers of fragility in central and eastern Sudan (See Annex 5).

2.5.4 More details on the target area and population are given in the countries PARs.

2.5.5 The program is expected to increase the income of agro-pastoralists through the improvement of the delivery of livestock related services (animal health, rangeland management, marketing, etc.) and the development of irrigation schemes leading to the improvement of livestock parameters (growth rate, carcass weight, milk production and offtake rate and fish production) and, the productivity/production of the main crops (cereals, forages, vegetables). More importantly, the diversification of the sources of livelihood and the mobilization/conservation of water resources will reduce the exposure of the population to the climate change shocks and related conflicts. Women and youth will particularly benefit from the project as specific activities (including income generating activities- IGAs) will be designed to enhance their economic and social integration/empowerment. More detailed information on the target area and population for each participating country is given in the participating country PARs.

2.6 *Participatory process for project identification, design and implementation*

2.6.1 The DRSLP III was conceptualized based on the findings of the Bank-commissioned studies as earlier mentioned. During those studies, high- and grassroots-level consultations were carried out, and validation workshops that were attended by the diverse stakeholders were organized. This participatory approach was concretized during preparation and appraisal missions in Djibouti, Sudan and IGAD. During these missions, countries' officials, technical experts, potential men and women beneficiaries and Development Partners were consulted and all their views and suggestions fully considered in the final design of the project. This participatory approach adopted at the design stage will be enhanced during implementation. Beneficiaries, through their representatives, will be members of the project steering committee and closely associated to the monitoring and evaluation of the project implementation process. In this regards, the project will ensure the effective and full integration of women in steering committees (at least 30%). Furthermore capacities of beneficiary associations (including women associations) will be strengthened in the management and maintenance of community infrastructures.

2.6.2 The surveys and discussions with beneficiaries revealed a variety of constraints that communities have faced in the region. However, drought constitute a common challenge with devastating impacts on agriculture and livestock production, reduced terms of trade for livestock, and

losses in livestock savings through high mortality. Conflicts over the natural resources which characterise the region were identified as a driver of its fragility (See Annex 5). With these priorities in mind, the project is designed to make investments in water mobilization and management for livestock, crop production and humans, marketing infrastructure including feeder roads, livestock health infrastructure. The DRSLP III also intends to invest in capacity building of government staff and communities. Given that most of the participating countries have had histories of political crises, conflicts and instabilities, a special attention will be given to applying the fragility-lens during project implementation.

2.7 *Bank Group experience, lessons reflected in project design*

2.7.1 The proposed project design was strongly informed by the success of similar interventions that the Bank has financed in a number of regional operations in several African Regional Economic Communities (RECs) to foster economic cooperation and integration for economic growth and social development among countries. These include the ASAL areas of Djibouti, Kenya, and Ethiopia, Nerica Rice, Aquatic Weeds, Trans-boundary Animal Disease Management in the SADC region). Implementation and institutional arrangements difficulties and delays in effectiveness and actual start-up of the physical implementation of the DRSLP I and DRSLP II were taken into consideration as lessons learned and were fully integrated in the DRSLP III design. More details on the operational lessons and their integration in the DRSLP III design are given in the individual country PARs.

2.7.2 As a way of enhancing readiness for timely implementation, the use of the existing PCU in Djibouti will capitalize the earned experience. Learning from DRSLP I past experience and with the intention of expediting DRSLP III start up, the government in consultation with the Bank expressed its willingness to resort to Advance Contracting. In the case of Sudan, the Fund Management Unit (FMU) and the PIUs at Federal and State levels are being established under DRSLP II and this will speed up the startup of the DRSLP III.

2.7.3 Other lessons learned, such as the adoption of a regional, watershed based and long term approach, stronger coordination both at regional and national levels, the use and strengthening of country systems, a gender sensitive approach and the need for instituting strong community ownership and implementation structures workable in the context of each country, have also been taken into account in the DRSLP III design. Additionally, the Bank's experience and lessons on the procedures for engaging and adapting to country-specific circumstances in supporting fragile states is also reflected in the project design. A strengthened IGAD Secretariat (under DRSLP I) is expected to play the role of regional coordination and advocacy entity among the member countries and ensure regional oversight and monitoring of the whole program. IGAD is also expected to generate Regional Public Goods of relevance to the resilience in the HoA such as regional studies and analytical work, development of harmonised tools, review and formulation and / or harmonisation of policies and regulation.

2.8 *Key performance indicators*

The project aims at enhancing drought resilience and sustainable livelihoods among agro-pastoralist communities. The progress toward achieving this objective will be measured through i) the number of water and animal health and marketing related infrastructures developed; ii) number of women and men and livestock accessing water within a certain distance; iii) the number and adoption rate of alternative livelihood sources with data stratified by gender; iv) the incremental

productivity/production of livestock and main crops; v) the area of land rehabilitated; vi) the change in the beneficiary's incomes (men and women); vii) number of personnel and beneficiaries (males and females) benefiting from capacity building programs; and viii) level of inter/intra -community conflict over water and grazing resources. Key indicators to measure the programme impact will be: i) the % of the population affected by drought, floods and land degradation (data stratified by gender); ii) the food security index of the region; and iii) Improved social cohesion among (agro) pastoralists to manage conflicts. The different programs reports and surveys at the regional and national levels will provide values on the retained gender sensitive approach indicators outcomes and results. While national data collection will be under the responsibility of the countries projects, a monitoring and evaluation expert in the Regional Coordination at IGAD working in close collaboration with the country level PCUs / PIUs and other key partners, will be responsible for the design and the setting up of a harmonised platform for an M&E system, data aggregation / synthesis and dissemination for the whole program. Although to different degrees, the necessity for collection of some baseline data on the key indicators is necessary for the two participating countries.

III – PROJECT FEASIBILITY

3.1 *Economic and financial performance*

3.1.1 The project will have both direct and indirect benefits. Improved livelihoods for the smallholder farmers will be the main direct benefit. Access to irrigated land and improvement in livestock delivery services including forage availability and specific Income Generating Activities (IGA) for youth and women are expected to increase their income. In particular, construction of roads which will improve accessibility and marketing of agricultural and livestock produce, marketing and agro-processing infrastructure will greatly improve trading in the region, most of which will be carried out by women and youth. Additional project benefits include improved social stability, women social and economic empowerment, improved food security, reduced vulnerability to external shocks and, enhanced capacities of the Governments of the region to improve preparedness to drought events and therefore contribute to communities resilience. Furthermore, more livestock will be available for farming activities as animal traction is increasingly being used for farming activities.

3.1.2 National economies and regional integration will also benefit from the program. Effective cooperation in the management of trans-boundary water resources and improved rangeland management would reduce conflicts and promote social stability and strengthen regional integration. The development of market infrastructures and the improvement of the delivery of animal health related services, mainly the prevention and control of TADs will contribute to an increase of intra- and extra-regional safe trade in livestock products.

3.1.3 **Basic assumptions:** It is estimated that the productivity of the main crops and the livestock parameters will increase by 20-30%. Livestock parameters in Sudan were used as proxy, as benefits accruing to livestock sector in that country represents almost 90% of incremental benefits generated by the project. Weighted averages from both countries were used to derive the productivity of the main crops. Market prices were used for financial analysis and were adjusted to economic prices using conversion factors to reflect their economic value. The EIRR is 19% (17% for Djibouti and 18% for Sudan) and the net present value is USD 477 298 at 12% (USD 69 900 for Djibouti and USD 540 670

for Sudan). The FIRR is 16 % (14% for Djibouti and 16% for Sudan) the NPV is USD 247 825 at 12% (USD 37 782 for Djibouti and USD 351 938 for Sudan).

3.1.4 Sensitivity Analysis: Both the FIRR and the EIRR are sensitive to changes in costs and prices as shown below:

Table 3.1: Sensitivity analysis

Scenario	EIRR	FIRR
10% price increase	21%	18%
10% price decrease	17%	14%
10% cost increase	16%	10%
10% cost decrease	20%	17%

3.1.5 More details on the economic and financial analyses are provided in the countries' PARs.

3.2 Environmental and Social Impacts

3.2.1 The Environmental, Social and Adaptation aspects of the DRSLP I have been thoroughly analyzed and assessed through a Strategic Environmental and Social Assessment (SESA). This SESA was updated to cover the activities and areas of intervention of the DRSLP III. The Summary of the SESA is posted on the Bank's website and is annexed to each country PAR.

3.2.2 **Environmental aspects:** The Project is basically a country (ies) - wide adaptation intervention to climate change aimed at improving the resilience of communities and agro-pastoral production systems. Consequently, the project has been classified as category 2 according to the Bank's Environmental and Social Assessment Procedures (ESAP). The program will have major positive impacts on the environment. Indeed, the small dams will; i) increase the availability of water resources; ii) maintain the relative level of the groundwater thus limiting the increase in soils salinity by intrusion of sea water or from mineralized soils; and iii) promote the restoration of the basin ecosystems. The sustainable management of pastures and better distribution of water points will reduce significantly the degradation of land and vegetation due to overgrazing. Finally, implementation of anti-erosion infrastructure, mobilization of water resources and soil protection activities will reduce soil erosion and siltation of the basin, lowlands and hydraulic infrastructure.

3.2.3 The program is likely to have negative impacts, even though relatively limited, on environmental and social components: i) the destruction of vegetation where infrastructure will be constructed; ii) accelerated soil erosion due to clearing of ground cover for infrastructure development; iii) soil salinization; iv) overgrazing around water points; and v) soil and water pollution due to excessive use of pesticides and chemical fertilizers in irrigated areas. The Strategic Environmental and Social Assessment (SESA) of the program has been updated as well as its Environmental and Social Management Framework (ESMF). The summary of the SESA, attached as appendix in the country reports, presents the mitigation measures and implementation costs that were incorporated into the program cost. During the implementation of the program, site specific EIAs or ESMPs will be elaborated for each sub-project depending on the regulation of each country. The cost of the ESMP implementation has been integrated in the sub-project cost.

3.2.4 Climate Change aspects: In the long term, the DRSLP is a response to the devastating climate change evidenced by drought, environmental degradation, and poverty in the Horn of Africa's vulnerable communities. The project is designed to address the root causes of the enhanced, devastating slow onset disasters while building medium to long-term resilience. Most of the interventions of the project are designed to be climate change adaptation and mitigation measures. The SESA in consideration of the climate change aspects has examined hypotheses, risks and challenges in relation to climate change. The hypotheses are centered on the current vulnerability and resilience of the people and communities. The risks are addressed in terms of what sort of risk management measures should be designed to address them, primarily the climate effects (droughts and floods) and vulnerability, or the increased exposure or susceptibility, especially of the vulnerable and poor communities, to endemic risks or external shocks. Challenges facing this Program are the availability / choice of the right adaptation technology, participation and empowerment of all stakeholders and shareholders, integration of interventions, learning lessons instantaneously and avoiding ignoring the environmental costs of doing nothing, very little or not using the right approach. Viewing climate change in terms of risk assessment and risk management in the Horn of Africa makes it clear that, taking a cautious stance, doing nothing or very little and the business as usual model, mean that the Program and the decision makers are taking a substantial risk. With climate change looming in the background of this Program, the decision makers will never know enough to resolve all uncertainties but they know enough to recognize the opportunity to act now. Risk management in climate change is primarily a conservative principle, as is about preservation of the natural environment for current and future generations in the Horn of Africa. At the end of this Program, all projects and activities should lead to reduced vulnerabilities of communities and increase resilience of production systems. The projects will be analyzed according to the Climate Safeguard System (CSS) in order to include adaptation measures. The costs of activities (in the Program) necessary to make the transition to lesser vulnerabilities and increased resilience are real, but still modest now relative to the risks later.

3.2.5 Social aspects: DRSLP will have a major positive impact on improving the productivity of livestock and agriculture in the target area, the increase in incomes of women and men, and improving Food security of the households. In the short term, the project will generate significant positive effects for men and women, the most significant being the following: i) improving the availability of water for agriculture, livestock, human consumption and fish farming; ii) securing natural resources (water and rangeland) access to populations and livestock; iii) diversification and increase of income; iv) job creation; iv) reduction of gender inequalities; v) improving the health of populations; vi) improving market access; and vii) significant reduction in conflicts over access to natural resources (water, pasture, etc.). But the project can also be a source of some negative impacts including: i) the risk of conflict over access to infrastructure of the project; ii) the risk of proliferation of vectors of waterborne diseases; iii) the risks of non-sustainability of agro-pastoral activities by the pastoralists; and iv) the risk of contamination of populations due to misuse of pesticides. Appropriate mitigation measures are proposed by the updated SESA and are integrated in project activities. More details on the social aspects are given in the countries' PARs.

3.2.6 Gender aspects

3.2.6.1 The recurrent droughts have had negative impacts on the food and water availability, thus increasing women's social and economic vulnerability, as well as exposing them to other risks, such as violence. Gender disparities remain persistent in both countries: the unemployment rate is 54.6% for

men and 68.6% for women in Djibouti and women comprise only 23 % of the formal economy, but 70 % of the informal economy in Sudan. It is important to note that gender disaggregated data for the regions covered by the program is scarce.

3.2.6.2 The DRSLP III will support 30,000 women beneficiaries in Djibouti and 0.48 millions in Sudan. Although women will participate in and benefit from all DRSLP III activities, including infrastructure development, aggregate funds allocated to their specific activities are about UA 6.293 million; approximately 29% of the total budget provided by ADB. The DRSLP III will seek to improve the role of both gender in natural resource management, ensure economic empowerment and involvement in decision making to improve livelihoods. Women will specifically play a central role in those project activities which aim to improve sustainable livelihoods through access to alternative income - generating activities and sustainably manage the natural resources. The project will contribute to achieving the following for women beneficiaries: (i) promoting access to land and water resources such as small irrigation scheme (at least 40% of beneficiaries); (ii) access to credit through group formation on activities informed by a value chain analysis; (iii) construction/rehabilitation of markets with gender sensitive facilities such as special sanitation facilities to positively improve the welfare of women vendors; (iv) easing access to energy-efficient and gender-sensitive technologies as alternate to firewood; (v) promoting women's access to water and basic services while easing hardship by promoting social infrastructures (i.e. domestic water, feeder roads); (vi) ensuring women's involvement in natural resource management processes through community-level decision making (at least 30%) and gender-adapted training, etc. The baseline survey including sex-disaggregated data and gender analysis planned in the early stages of this project's implementation will inform all components and activities accordingly. It is imperative that, in planning of the activities of Project III, the Gender Experts in the PCUs are recruited to ensure the standards (e.g. 30% min inclusion for women) are set in place from the outset. More details on the gender aspects are given in the countries' PARs.

3.2.6.3 There is a potential risk that women's involvement in the program may be reduced due to the resistance in the communities. The mitigation measure will be to clearly identify the potential obstacles to gender equality and develop an integrated and tailored approach in collaboration with the ministries of gender and local organizations working on women issues to facilitate gender mainstreaming.

3.2.7 Involuntary resettlement: The implementation of this project does not induce any involuntary resettlement or limiting access to natural resources.

IV – IMPLEMENTATION

4.1 Implementation arrangements

4.1.1 Implementing Conditions: Considering the regional nature of the program, the overall coordination of the program and the implementation of trans-boundary activities will continue to be carried out at the regional level by IGAD, working in close collaboration with the line Ministries in the participating countries. While, detailed implementation arrangement is provided in the Djibouti and Sudan country reports, a summary is given below for ease of reference.

4.1.2 In Djibouti, as was the case in DRSLP I, the Ministry of Agriculture, Water, Fisheries, Livestock in charge of Halieutic Resources (MAPERH) will be the Executing Agency of DRSLP III.

The Project Implementation Unit (PIU) and the Steering Committee (SC) put in place under DRSLP I will respectively implement and steer the DSLP III and some necessary adjustments may be made on their composition such as the inclusion of women and the youth representatives. This body will provide strategic guidance and will approve Project Workplans and Budgets and ensures a follow up of the actions of the PIU. The PIU will be strengthened by including additional expertise (environmentalist, gender specialist and a procurement assistant) to be recruited competitively.

4.1.3 MAPERH will set up collaborative partnerships with other relevant Ministries, Government Technical Departments and non-Government institutions to execute specific activities of the Program as will be stipulated by specific agreements during implementation.

4.1.4 As Sudan is in arrears, the financial and implementation responsibilities will be borne by a third party in order to comply with the requirements of the Strategic and Operational Framework for Regional Operations and the Sanctions Policy. The third party obligations will be similar to those under phase II of the Program. To this end, a tri-partite Protocol of agreement will be signed between the Bank, the Third Party and the Government of The Sudan. Sudan has selected IGAD as the Third Party, and the Bank and the IGAD Secretariat have agreed to establish a Fund Management Unit (FMU) at IGAD Secretariat which will be in charge of managing the project funds and undertaking the implementation responsibilities on behalf of the Government of Sudan.

4.1.5 IGAD capacity is being strengthened through DRSLP I, with: (i) resources to recruit staff, purchase equipment and other logistics; (ii) knowledge being gained through the implementation of its own component under DRSLP I; and (iii) its role in the coordination of the overall programme. Regular communication exchanges among the different parties (Participating Countries, IGAD Secretariat and the Bank) will foster knowledge mobilisation, management and sharing to improve results delivery in a cost effective way.

4.1.6 Depending on the prevailing grassroots governance structures in the two participating countries, beneficiaries represented by Community Based Organization (CBOs) or other forms of organizations (Civil Society Organizations (CSOs), Professional Organizations (POs), ...) will be encouraged to be fully involved in the planning, implementation and monitoring of the Program activities in the two countries.

4.1.7 **Procurement arrangements:** All procurement of goods and works and acquisition of consulting services financed by the Bank will be in accordance with the Bank's Rules and Procedures: "*Rules and Procedures for Procurement of Goods and Works*" (dated May 2008 edition and revised July 2012) as revised from time to time, and "*Rules and Procedures for the Use of Consultants*" (dated May 2008 edition and revised July 2012) as revised from time to time, using the relevant Bank Standard Bidding and Request for Proposals Documents. The procurement arrangements for the two countries are provided in Annex 6 (a) and (b). The detailed procurement arrangements and draft procurement plans for each country are given in their respective PARs which form the Technical Annexes. The respective procurement plans will be produced before negotiations of the Project for Bank's review and approval. In order to accelerate project implementation, given the time taken to conclude procurement of civil works, advance contracting is considered for selection of consultants for works design and construction supervision. MAPERH in Djibouti and the IGAD Secretariat (in charge of managing the project funds on behalf of the Government of Sudan) will be responsible for the procurement of all

goods, works and consulting and training services. An assessment of the capacity of the Executing Agencies (EAs) to implement procurement actions for the project has been carried out by the Bank. The assessment of the procurement capacity of the Executing Agencies is provided in the respective countries PARs. For Djibouti, the resources, capacity, expertise and experience of the Executing Agency (MAPERH) are varied and adequate to carry out procurement (see detailed Analysis in the technical Annexes). However, the overall project risk for procurement is high but can be reduced to moderate with the implementation of the action plan inserted in the Technical Annexes (Djibouti).

4.1.8 Financial Management

4.1.8.1 In the case of Djibouti, given the fact that PIU of DRSLP I will be in charge of the implementation of DRSLP III, the appraisal team assessed financial management system of the said Unit and the Public Financial Management System. The analysis of the fiduciary risks allowed the team to make several recommendations to the PIU for a good implementation of DRSLP I and III. The details of such assessment are given in the Djibouti report.

4.1.8.2 For Sudan, IGAD will manage the budgeting, financial accounting and reporting and auditing aspects of the programme. IGAD will be supported by the FMU in IGAD and the PIUs in Sudan as described in the implementation arrangement section. The financial management capacity of IGAD was assessed in DRSLP II which was approved only at the end of November 2014. DRSLP III resources are considered as a supplementary funding going to board approval in June 2015. Under these circumstances no additional assessment of the financial management capacity of IGAD was performed. The assessment conducted in DRSLP II found the capacity to be adequate to handle the financial management aspects of the programme subject to the fulfilment of the agreed action plan. Detailed FM capacity assessment of IGAD is shown in the program document of Somalia component of DRLSP II as IGAD is responsible for the FM aspects of both Somalia and Sudan components in DRSLP II.

4.1.8.3 Each executing / implementing agency of the Program will have: (i) an administrative, financial and accounting procedures manual adapted to the specificities of the country; (ii) qualified financial management staff with enhanced capacity in disbursement rules and procedures, financial management and the use of the accounting software adopted taking into account the human resources already existing under DRSLP I and/or II; and (iii) a computerized accounting system for keeping commitment accounts which is distinct from that of the executing agency and incorporates the three budgetary, general and analytical accounting modules.

4.1.8.4 The internal control mechanism will be built around the administrative, financial and accounting procedures manual. The manual will lay down the organization and functioning of each executing agency, the information system of the programme component, the profiles of the key positions, and the key operational management procedures, especially financial management and accounting procedures. The financial information system of each component will be based on updates of the accounting system which will produce quarterly budget implementation reports and annual financial statements.

4.1.8.5 **Disbursement Arrangements:** The disbursement is based on Bank disbursement rules and procedures two methods will be used: (i) the special account method for expenditure related to operating costs and (ii) the direct payment method for expenditures related to contract for services, goods and works. The special account method will require the opening of a special account or special

accounts, as appropriate, in banks acceptable to the ADF, and will be used to finance eligible expenses. The opening of the special accounts will be a condition to the first disbursement.

4.1.9 Auditing: Each component (country and IGAD) will conduct a yearly audit of its financial statements. An independent external audit firm will be recruited to conduct an external audit based on Bank-approved terms of reference. Each recruited firm's contract term will be one year renewable based on service quality and for a period not exceeding three years. Audit reports shall be submitted for approval to the Bank within the six months following the closure of the audited financial year.

4.2 Monitoring

4.2.1 The program emanated from an earlier study on the HoA and capitalizes on data from DRSLP I and II. However, more baseline surveys, with gender disaggregated data, will be conducted as needed early in the first year of the project implementation, and results used to accurately inform the result-based logical framework baseline and target values.

4.2.2 The M&E system established under DRSLP I and II will determine the overall and country physical implementation rates, and financial commitment and disbursement rates of the ADF, Counterpart and other Financiers when applicable. It will be informed based on supervision missions and progress reports. The monitoring of physical and financial implementation (commitments and disbursements levels) in relation to forecasts will help to ensure adherence to the programme implementation schedule. The evaluation of programme outcomes and impacts will be conducted at the national and regional levels under the supervision of monitoring and evaluation experts from the IGAD Secretariat and the participating countries. The Executing Agency / PIUs and national and regional institutions in charge of statistics and / or specialized monitoring and evaluation consultants will be mobilised to establish the baseline situation and assess project impacts.

4.2.3 Through recruitment of the necessary expertise and in collaboration with the national components, IGAD will assist in the harmonization of a gender- and conflict-sensitive M&E mechanism for DRSLP III in a harmonized way to converge towards a global M&E system for the whole program. Implementation manual to operationalize the collection, processing and reporting channels of the indicators of the logical framework at the national and regional levels will be prepared. The activities planned under the project are summarized in the table below.

Table 4.2: Planned activities

Activity	Responsible Entity	Deadline
Appraisal	ADF / Govts / PIU	March-April 2015
Negotiations	Govts / ADF	May 2015
Project Presentation to ADF Board of Directors	ADF	June 2015
Signature of Grant Protocol and Loan Agreements	Govts / ADF / IGAD	August 2015
1 st Disbursement	ADF	November 2015
Project Launching	Gvts / IGAD / ADF	December 2015
Implementation	PIUs / IGAD	January 2016 / December 2020
Mid-term Evaluation	Govts / IGAD / ADF	June 2018
Completion of Activities	Govts/ PIUs / IGAD / ADF	June 2021
Completion Report	Govts / IGAD / ADF	March 2021
Auditing	Govts / PIU / IGAD / ADF	Annually

4.3 Governance

The HoA has been affected by a chronic cycle of poverty, instability and conflict over natural resources. Challenges commonly faced by all the countries of the region are weak governance, conflict prevention, nomadic pastoralism, food security, and resource sharing. IGAD has become a central part of the political and security architecture of the Horn of Africa. IGAD focuses particularly on regional governance and integration, through the promotion of responsive leadership at local, national and regional levels, and the introduction of anti-corruption measures; also on the efficient management of the natural resources, food security, border control and non-proliferation of small arms. Regional, multi-sectoral interventions, such as the DRSLP aim at preventing and mitigating conflict by addressing the root causes of instability. The project design integrates specific measures to mitigate governance risk to ensure that resources are used judiciously and for the purposes for which they are intended. In this regard, the project will provide assistance in procurement and financial management to the various executing agencies and IGAD Secretariat. The project will coordinate its efforts with Bank and non-Bank ongoing interventions in the region dealing with capacity building of public institutions, non-governmental organizations and IGAD.

4.4 Sustainability

4.4.1 During the project preparatory stages, the choice of drought resilience infrastructure and need for capacity building were the results of a consensus over technical discussions held during the project identification, preparation and appraisal stages. The project activities are community-driven and government facilitated. The beneficiaries, men and women, have been consulted all along in the design of the project. Their continued involvement at implementation and monitoring of project progress and achievements will increase the sense of ownership and responsibility, and will lead to the sustainability of the investments. Cost sharing and cost recovery mechanisms will be used whenever possible to further promote investment sustainability. Communities will also be responsible for the management and maintenance of the constructed/rehabilitated infrastructure.

4.4.2 The programme will build capacity of target communities in the HoA by developing, strengthening and revitalising the community based maintenance systems through improved mobilisation, sensitisation and training of community members and community based associations. This will make the operating and maintenance of interventions by the beneficiaries' cost effective ones. Designs in water infrastructure and feeder roads will be kept as simple as possible to make them user friendly for the beneficiaries. The beneficiaries are mostly nomads and do not stay in one place for long to maintain the infrastructure. But they move in search of pasture and food. As the project will build infrastructure to provide durable water supply and pasture, the beneficiaries will not feel compelled to move. They will thus be trained and sensitized to efficiently use and maintain the infrastructure.

4.4.3 The investments made by the Program in the area of trade, value addition of existing activities and diversification of income will promote the linkage between production and the market and facilitates access to production inputs and related services while improving the livelihoods of men and women headed households. This will be a major contribution to enhancing the commitment of the different actors of the value chain from production to consumption.

4.4.4 Furthermore, the project will promote and strengthen private sector involvement in all the participating countries, encouraging private investors under the public-private partnerships (PPP) arrangements in order to leverage the limited public resources.

4.5 Risk management

Risks	Mitigation measures
Limited capacity of IGAD Secretariat and National Implementing Institutions.	Under the DRSLP I funding, IGAD benefited from Bank support (UA 5.00 million) to strengthen its capacity in the form of training, technical assistance and logistical support to perform its regional coordination responsibilities.
While IGAD has put in place a conflict resolution mechanism which might reduce the challenges, a continued conflict in the region could seriously undermine the effectiveness of the project.	Governments in the region fully recognize that addressing the competition for natural resources related to water, pasture and livestock production is at the root of conflict management in the region and this recognition ensures adequate political commitment to the implementation of a drought resilience program such the DRSLP.
Limited technical and managerial capacities of the participating communities may jeopardize the sustainability of the investments made.	The Project will strengthen the beneficiary communities based maintenance system through improved mobilisation and sensitization and training with emphasis on women and the youth. Knowledge on drought resilience and coping mechanisms will be shared with the communities and the relevant public institutions to improve preparedness to drought and flood events. The engagement of IGAD in the generation of Regional Public Goods will promote facts based decisions and policies and regulations that are conducive to drought resilience building enhancement.
The fragility status of 1 country out of the 2 participating could undermine the regional benefit of DRSLP in General and DRSLP III in particular.	The program will be resorting to a third party to bear the implementation and financial responsibilities of the program in fragile states so that it will not hold back the overall program implementation.
Unpredictable drought or flood can interrupt the implementation dynamic of the program.	While the program will be investing in long term solutions to drought, the Bank's emergency intervention can still be triggered in coordination with the international community in the event of an unexpected drought or flood.
Large coverage and number of participating countries may challenge timely implementation.	The program made provision to support a regional coordination mechanism through IGAD with the collaboration of national implementation and coordination entities and executing agencies.

4.6 Knowledge building

4.6.1 The implementation of the project will encounter a number of challenges and good practices at national and regional levels, which will be documented in the program progress, audit, mid-term review, and completion reports. During the implementation, other information routinely collected will feed into the monitoring and evaluation process. Discussion with the beneficiaries, during program implementation will also be valuable sources of local knowledge on drought resilience to be captured and shared.

4.6.2 As the Bank is increasing its interventions in the HoA through scaling up within and across countries, important knowledge will be generated in the area of resilience building in the HoA and beyond. In the knowledge mobilization process, attention will be given to local knowledge and experiences and lessons from similar interventions in other regions. Thematic networks and discussion groups in the area of resilience building are already being organized and functional and the project will

promote cross-border learning within HoA region by joining these circles and by ensuring that IGAD Secretariat will play an active regional coordination role. Learning linkages with the Sahel program will also be encouraged through information sharing and exchange visits. Face to face gatherings and virtual networking and dedicated websites will be some of the tools used by the program to share knowledge among the communities, public institutions and other relevant stakeholders. All of this should be done in line with the 2015-20 Bank's Knowledge Management Strategy;

V – LEGAL FRAMEWORK

5.1 *Legal Instruments*

5.1.1 The Programme will be governed by the following legal instruments: (i) a Loan agreement between the ADF and the Republic of Djibouti (the “Borrower”); and (ii) a Tripartite agreement between the ADF, the IGAD Secretariat and the Republic of The Sudan (the “Recipient”).

5.2 *Conditions associated with Fund's intervention*

5.2.1 Conditions precedent to the entry into force of the Grant and Loan Agreements: the entry into force of the Loan agreement shall be subject to fulfilment by the Borrower of the conditions set forth in Article XII, section 12.01 of the *General Conditions Applicable to Loan Agreements and Guarantee Agreements of the Fund*. The Tripartite agreement shall enter into force on the date of its signature between the Fund, the Recipient and the IGAD Secretariat in accordance with Article X, section 10.01 of the *General Conditions Applicable to Protocols of Agreement for Grants of the Fund*.

5.2.2 Conditions precedent to first disbursement of the grant and loan: the obligation of the Fund to make the first disbursement of the grant and the loan respectively shall be subject to the entry into force of the Tripartite Agreement (for Sudan) and the Loan Agreement (for Djibouti), in accordance with the provisions of Paragraph 5.2.1 above, and the submission of evidence, in a form and substance acceptable to the Fund, of fulfilment by the Recipient (Sudan) or Borrower (Djibouti) of the following conditions:

For Djibouti:

- (i) Transmission of evidence of the opening of special accounts (in foreign currency and local currency) in a bank acceptable to the Fund to receive the loan resources.

For IGAD / Sudan:

- (i) IGAD shall open a foreign currency account and a local currency account (Special Account), in a bank acceptable to the Fund, into which the Grant proceeds will be deposited (for Djibouti funds); and
- (ii) IGAD shall open a foreign currency account and a local currency account (Special Account), in Sudan, in a bank acceptable to the Fund, into which the Grant proceeds will be deposited (for Sudan Funds).

5.2.3 Other conditions:

For Djibouti:

- (i) Submit an updated Financial Management Manual within 12 months from the Entry into Force of the Loan Agreement ; and
- (ii) Provide evidence of the extension of the mandate of the existing PIU under DRSLP I to cover DRSLP III within 6 months from the Entry into Force of the Loan Agreement.

For IGAD/Sudan:

- (i) Provide evidence of the extension of the Fund Management Unit (FMU) hosted at the IGAD Secretariat under DRSLP II to cover DRSLP III;
- (ii) Submit a Financial Management Manual, acceptable to the Fund, within 12 months from the Entry into Force of this Agreement;
- (iii) Ensure the implementation of studies including on the Environmental and Social Management Plan (ESMP) or the Environmental and Social Impact Assessment (ESIA) as agreed with the Fund; and
- (iv) Submit Quarterly Progress reports on the Environmental Compliance, including on capacity building and institutional strengthening.

5.3. *Compliance with Fund Policies*

The programme is consistent with all Bank Group policies. The programme has been designed to comply with the requirements of the Strategic and Operational Framework for financing Regional Operations, January 2008.

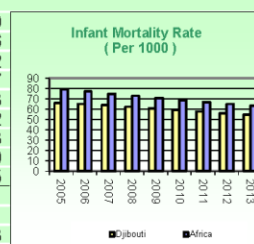
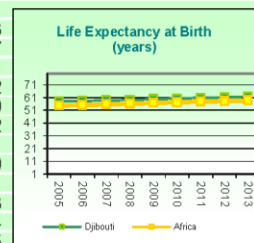
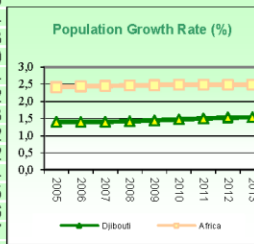
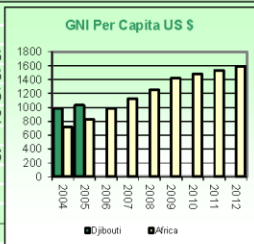
VI – RECOMMENDATION

Management recommends that the Board of Directors approve the proposed financing for: (i) Republic of Djibouti: an ADF loan of UA 11.5 million (UA 1.5 from the PBA and UA 10 million from the RO resources), and (ii) Republic of The Sudan: an ADF grant of UA 10 million from the RO resources.

Djibouti

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Djibouti	Africa	Develo- ping Countries	Develo- ped Countries
Basic Indicators					
Area ('000 Km²)	2011	23	30 323	98 458	35 811
Total Population (millions)	2013	0.9	1 109.0	5 909.3	1 252.8
Urban Population (% of Total)	2013	77.2	40.2	47.7	78.3
Population Density (per Km²)	2013	39.0	46.9	70.7	23.5
GNI per Capita (US \$)	2005	1 030	1 719	3 815	38 412
Labor Force Participation - Total (%)	2012-2013	36.2	37.4	67.9	72.1
Labor Force Participation - Female (%)	2012-2013	35.6	42.5	38.6	44.6
Gender-Related Development Index Value	2007-2011	0.514	0.502	0.694	0.911
Human Develop. Index (Rank among 187 countries)	2012	164
Popul. Living Below \$ 1.25 a Day (% of Population)	2002-2011	18.8	40.0	20.6	...
Demographic Indicators					
Population Growth Rate - Total (%)	2013	1.5	2.5	1.3	0.3
Population Growth Rate - Urban (%)	2013	1.6	3.4	2.5	0.6
Population < 15 years (%)	2013	33.7	40.9	28.3	16.4
Population >= 65 years (%)	2013	4.0	3.5	6.1	16.8
Dependency Ratio (%)	2013	62.3	77.9	52.4	49.9
Sex Ratio (per 100 female)	2013	100.9	100.0	103.3	94.4
Female Population 15-49 years (% of total population)	2013	26.7	24.0	53.1	45.2
Life Expectancy at Birth - Total (years)	2013	61.8	59.2	68.4	77.8
Life Expectancy at Birth - Female (years)	2013	63.4	60.3	70.3	81.2
Crude Birth Rate (per 1,000)	2013	27.5	34.8	21.2	11.2
Crude Death Rate (per 1,000)	2013	8.7	10.4	7.6	10.4
Infant Mortality Rate (per 1,000)	2013	54.7	61.9	39.8	5.5
Child Mortality Rate (per 1,000)	2013	82.5	97.4	56.3	6.6
Total Fertility Rate (per woman)	2013	3.4	4.6	2.6	1.7
Maternal Mortality Rate (per 100,000)	2010	200.0	415.3	240.0	16.0
Women Using Contraception (%)	2013	28.8	34.9	62.6	71.3
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2004-2011	22.9	47.1	117.8	297.8
Nurses (per 100,000 people)*	2004-2011	80.0	132.6	202.7	842.7
Births attended by Trained Health Personnel (%)	2006-2011	92.9	52.6	66.3	...
Access to Safe Water (% of Population)	2012	92.1	68.8	87.2	99.2
Access to Health Services (% of Population)	1985	13.0	65.2	80.0	100.0
Access to Sanitation (% of Population)	2012	61.4	39.4	56.9	96.2
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2012	1.2	3.9	1.2	...
Incidence of Tuberculosis (per 100,000)	2012	620.0	223.6	144.0	23.0
Child Immunization Against Tuberculosis (%)	2012	87.0	83.0	81.5	96.1
Child Immunization Against Measles (%)	2012	83.0	74.0	83.0	94.3
Underweight Children (% of children under 5 years)	2005-2012	29.8	19.7	17.0	1.4
Daily Calorie Supply per Capita	2009	2 419	2 481	2 675	3 285
Public Expenditure on Health (as % of GDP)	2011-2012	5.4	2.9	3.0	7.5
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2013	68.2	101.9	109.4	100.9
Primary School - Female	2013	63.9	97.9	107.6	100.6
Secondary School - Total	2013	46.2	47.4	69.1	100.2
Secondary School - Female	2012	40.1	44.0	67.8	99.7
Primary School Female Teaching Staff (% of Total)	2013	24.3	46.6	58.0	84.3
Adult literacy Rate - Total (%)	2012	...	62.0	80.3	99.2
Adult literacy Rate - Male (%)	2012	...	70.7	85.9	99.3
Adult literacy Rate - Female (%)	2012	...	53.7	74.9	99.0
Percentage of GDP Spent on Education	2007-2012	8.4	5.3	4.3	5.5
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2011	0.1	7.6	10.7	10.8
Annual Rate of Deforestation (%)	2000-2009		0.6	0.4	-0.2
Forest (As % of Land Area)	2011	0.2	23.0	28.2	35.0
Per Capita CO2 Emissions (metric tons)	2010	1.4	1.2	3.0	11.6



Sources: AfDB Statistics Department Databases;

last update :

May 2014

United Nations Population Division, World Population Prospects: The 2012 Revision;

World Bank: World Development Indicators; UNAIDS; UNSD; WHO; UNICEF, WRI, UNDP; Country Reports.

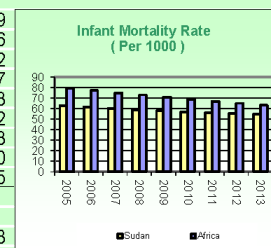
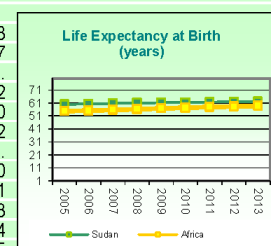
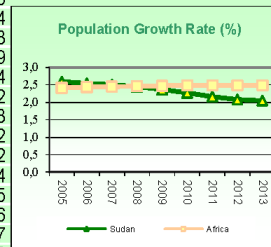
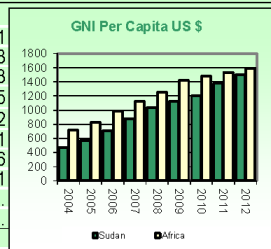
For any given interval, the value refers to the most recent year available during the period

Note : n.a. : Not Applicable ; ... : Data Not Available.

Sudan

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Sudan	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2011	2 506	30 323	98 458	35 811
Total Population (millions)	2013	38.0	1 109.0	5 909.3	1 252.8
Urban Population (% of Total)	2013	33.5	40.2	47.7	78.3
Population Density (per Km²)	2013	17.5	46.9	70.7	23.5
GNI per Capita (US \$)	2012	1 500	1 719	3 815	38 412
Labor Force Participation - Total (%)	2012-2013	38.7	37.4	67.9	72.1
Labor Force Participation - Female (%)	2012-2013	29.6	42.5	38.6	44.6
Gender-Related Development Index Value	2007-2011	0.516	0.502	0.694	0.911
Human Develop. Index (Rank among 187 countries)	2012	171
Popul. Living Below \$ 1.25 a Day (% of Population)	2008-2011	19.8	40.0	20.6	...
Demographic Indicators					
Population Growth Rate - Total (%)	2013	2.0	2.5	1.3	0.3
Population Growth Rate - Urban (%)	2013	2.5	3.4	2.5	0.6
Population < 15 years (%)	2013	41.2	40.9	28.3	16.4
Population ≥ 65 years (%)	2013	3.2	3.5	6.1	16.8
Dependency Ratio (%)	2013	75.2	77.9	52.4	49.9
Sex Ratio (per 100 female)	2013	100.7	100.0	103.3	94.4
Female Population 15-49 years (% of total population)	2013	24.2	24.0	53.1	45.2
Life Expectancy at Birth - Total (years)	2013	62.1	59.2	68.4	77.8
Life Expectancy at Birth - Female (years)	2013	63.9	60.3	70.3	81.2
Crude Birth Rate (per 1,000)	2013	33.5	34.8	21.2	11.2
Crude Death Rate (per 1,000)	2013	8.4	10.4	7.6	10.4
Infant Mortality Rate (per 1,000)	2013	54.6	61.9	39.8	5.5
Child Mortality Rate (per 1,000)	2013	85.3	97.4	56.3	6.6
Total Fertility Rate (per woman)	2013	4.4	4.6	2.6	1.7
Maternal Mortality Rate (per 100,000)	2010	730.0	415.3	240.0	16.0
Women Using Contraception (%)	2013	14.3	34.9	62.6	71.3
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2004-2011	28.0	47.1	117.8	297.8
Nurses (per 100,000 people)*	2004-2011	84.0	132.6	202.7	842.7
Births attended by Trained Health Personnel (%)	2006-2011	23.1	52.6	66.3	...
Access to Safe Water (% of Population)	2012	55.5	68.8	87.2	99.2
Access to Health Services (% of Population)	2000	70.0	65.2	80.0	100.0
Access to Sanitation (% of Population)	2012	23.6	39.4	56.9	96.2
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2012	...	3.9	1.2	...
Incidence of Tuberculosis (per 100,000)	2012	114.0	223.6	144.0	23.0
Child Immunization Against Tuberculosis (%)	2012	92.0	83.0	81.5	96.1
Child Immunization Against Measles (%)	2012	85.0	74.0	83.0	94.3
Underweight Children (% of children under 5 years)	2005-2012	27.0	19.7	17.0	1.4
Daily Calorie Supply per Capita	2009	2 326	2 481	2 675	3 285
Public Expenditure on Health (as % of GDP)	2011-2012	2.4	2.9	3.0	7.5
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2011-2012	68.6	101.9	109.4	100.9
Primary School - Female	2011-2012	64.4	97.9	107.6	100.6
Secondary School - Total	2011-2012	37.0	47.4	69.1	100.2
Secondary School - Female	2011-2012	35.3	44.0	67.8	99.7
Primary School Female Teaching Staff (% of Total)	2012	...	46.6	58.0	84.3
Adult literacy Rate - Total (%)	2000-2012	61.3	62.0	80.3	99.2
Adult literacy Rate - Male (%)	2000-2012	71.6	70.7	85.9	99.3
Adult literacy Rate - Female (%)	2000-2012	52.1	53.7	74.9	99.0
Percentage of GDP Spent on Education	2009-2012	2.2	5.3	4.3	5.5
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2010	7.9	7.6	10.7	10.8
Annual Rate of Deforestation (%)	2000-2009	1.4	0.6	0.4	-0.2
Forest (As % of Land Area)	2010	29.4	23.0	28.2	35.0
Per Capita CO2 Emissions (metric tons)	2010	0.5	1.2	3.0	11.6



Sources: AfDB Statistics Department Databases;

last update :

May 2014

United Nations Population Division, World Population Prospects: The 2012 Revision;

World Bank: World Development Indicators; UNAIDS; UNSD; WHO; UNICEF, WRI, UNDP; Country Reports.

For any given interval, the value refers to the most recent year available during the period

Note : n.a. : Not Applicable ; ... : Data Not Available.

Annex 2: Map of the Program Area: DRSLP



Annex 3: Economic Analysis

Année	Investment cost	Recurrent costs	Total costs	Incremental benefits	Net Incremental benefits
1	3,081,930		3,081,930		- 3,081,930
2	10,173,982		10,173,982	66717548.08	56,543,567
3	3,116,775	48,612	3,165,387	98366093.24	95,200,706
4	1,462,871	60,765	1,523,636	184854376.3	183,330,740
5	842,329	170,143	1,012,473	195523783.9	194,511,311
6		243,062	243,062	197239823.4	196,996,762
7		364,593	364,593	199058604.4	198,694,012
8		364,593	364,593	200918783.6	200,554,191
9		364,593	364,593	202821311.2	202,456,719
10		364,593	364,593	204767159.7	204,402,567
11		364,593	364,593	206757323.5	206,392,731
12		364,593	364,593	208792820.3	208,428,228
13		364,593	364,593	210874690.9	210,510,098
14		364,593	364,593	213004000.2	212,639,407
15		364,593	364,593	215181837.4	214,817,245
16		364,593	364,593	217409316.9	217,044,724
17		364,593	364,593	219687578.7	219,322,986
18		364,593	364,593	222017789	221,653,196
19		364,593	364,593	224401140.8	224,036,548
20		364,593	364,593	226838854.5	226,474,262
21		364,593	364,593	229332178.7	228,967,586
22		364,593	364,593	231882390.5	231,517,798
23		364,593	364,593	234490796.6	234,126,204
24		364,593	364,593	237158733.5	236,794,141
25		364,593	364,593	239887568.6	239,522,976
	EIRR	19%			
	NPV (USD)	477 298			

Annex 4: Financial Analysis

Year	Investment cost	Recurrent costs	Total costs	Incremental benefits	Net Incremental benefits
1	3,081,930		3,081,930		3,081,930
2	10,173,982		10,173,982	56183198.38	46,009,217
3	3,116,775	71,489	3,188,264	82834604.83	79,646,341
4	1,462,871	89,361	1,552,232	155666843.2	154,114,611
5	842,329	250,211	1,092,540	164651607.5	163,559,067
6		357,444	357,444	166096693.4	165,739,250
7		536,166	536,166	167628298.5	167,092,133
8		536,166	536,166	169194765.1	168,658,599
9		536,166	536,166	170796893.7	170,260,728
10		536,166	536,166	172435502.9	171,899,337
11		536,166	536,166	174111430.3	173,575,265
12		536,166	536,166	175825532.9	175,289,367
13		536,166	536,166	177578687.1	177,042,521
14		536,166	536,166	179371789.6	178,835,624
15		536,166	536,166	181205757.8	180,669,592
16		536,166	536,166	183081530	182,545,364
17		536,166	536,166	185000066.3	184,463,901
18		536,166	536,166	186962348.6	186,426,183
19		536,166	536,166	188969381.7	188,433,216
20		536,166	536,166	191022193.3	190,486,028
21		536,166	536,166	193121834.7	192,585,669
22		536,166	536,166	195269381.5	194,733,216
23		536,166	536,166	199712617.7	199,176,452
24		536,166	536,166	202010584.1	201,474,418
25		536,166	536,166	206,050,796	205,514,630
	FIRR	16%			
	NPV (USD)	247 825			

Annex 5: Fragility Note on the DRSLP III

1. The annex provides an overview of how the project design and implementation is responsive to existing and potential issues related to fragility and conflicts. Specifically, while the project primarily addresses environmental drivers of fragility, the proposed design and implementation critically integrates the concerns for local, national and regional conflicts that are consistent with the (agro) pastoralist communities within the Horn of Africa.
2. A number of country-level fragility analyses have been conducted (with a few still ongoing) by the Department for Transitional Support (ORTS). The issue of environmental degradation and increased climatic impacts has been consistent to the findings as a driver of fragility in HoA. The result of such impact is regular and often persistent drought, which exerts more pressure on already vulnerable and fragile communities, particularly those in the regions where there are conflicts. Droughts further exacerbate existing communal challenges due to increased competition between pastoralists and farming communities for access to water, land and pasture.
3. The analysis also recognises that aside environmental drivers of fragility, a few economic and social drivers of fragility such as population shifts and influxes from neighbouring regions leading to increased competition for resources and tremendous pressures on social services, low infrastructure and human capital, high incidence of rural poverty, and unequal access to productive assets; are risks that the project is cognizant of and have integrated in its design and implementation.
4. This note also presents the consultative processes and key activities and measures that are being undertaken to ensure resilience building within the context of this project.

A. Fragility aspects and contexts addressed by the project

5. The Bank commissioned two major studies in 2008 and 2010 on the Horn of Africa region. The outcomes of these studies provided the impetus for the development of the DRSLP program. The studies observed that serious degradation of natural resources due to mismanagement and climate change, along with conflicts among communities due to competition over increasingly scarce resources, both within and across countries, are driving the fragility and vulnerability of the region to severe and frequent drought incidences.
6. Following the approval of the Bank's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019), ORTS has conducted two studies into the drivers of conflict and fragility in Sudan and Somalia. These analyses were initial reviews of the political, economic, social and environmental factors that drive fragility in these two countries. Further studies are currently in progress for Somalia, and for Eritrea and Ethiopia in the context of a regional study on the Horn of Africa. The on-going dialogue and interactions with government and other stakeholders will further inform future interventions and programs.

Conflict / Fragility Analysis

7. The countries targeted by the program are part of the Horn of Africa region. The region has been home to the two longest lasting conflicts in Africa, namely the Sudan civil war and the Somalia

civil war; both wars had spill-over effects in terms of refugees and regional insecurity on almost every country in the region. The effect has been loss of livelihoods (particularly in relation to farming and livestock keeping) and widespread insecurity (due to the high availability of weapon, and lack of effective law enforcement particularly in rural and marginalized areas).

8. Local, national and regional grievances, mostly centered on identity and resource sharing continue to be a key challenge. In the implementation of its programs, the Bank will work closely with regional partners to ensure that its engagement does not exacerbate any of these dynamics.

9. In Sudan, conflict and marginalization have had a significant impact on civilian life and wellbeing. Population shifts and influxes both from outside and within Sudan have created tremendous pressure on social services and in some areas changed the structure of society and livelihoods. In Darfur, 10 years in Internally Displaced People (IDP) camps has changed the approach to livestock keeping that existed before the war. Today the population clusters around towns, where there is less range for livestock. Even with a return to peace, there are many among the young who may not identify with the previous way of life and will need new approaches.

10. In all the target countries, periods of conflict and neglect have created a significant developmental lag that has resulted in high levels of poverty, limited infrastructure beyond the capitals, low literacy rates, and a generally low Human Development Index. There are also high levels of inequality in access to basic services and resources between the centres and the periphery, with rural areas falling behind urban areas in all development indicators as well as on infrastructure. All these factors pose significant risks for future instability and conflict if not addressed.

11. Issues of food security and building resilience will be mainstreamed in DRSLP III. The program aims at addressing some of the key drivers of fragility faced by the region, namely environmental pressures, combined with competition over resources particularly between farming and pastoralist communities. The choices of the project interventions and which regions to intervene in Sudan and Somalia, to a certain extent, have been largely informed by understanding the fragility landscape and contexts of the countries.

B. Community-level consultation and participatory approach

12. Grassroots-level consultations at the local (community) level by the project team with beneficiaries provided insights on the social dynamics around resource use and management, as well as potential for conflicts. Intensive consultations with communities and governments provided baseline information on historical competition over natural resources, models of conflict resolution and resilience-building. An aggregate of this vital information was useful in the negotiation with the government and other relevant stakeholders on project design, key activities and implementation approaches.

13. All the activities and intervention locations under this program are identified with a full participation of technical government officers from relevant line ministries and affected community members and other stake holders, so that the project embodies local capacity building, ownership, and sustainable project benefits.

C. Key programmed activities and measures relevant for conflict management

14. *Sub-national and Community levels:*

1. Sensitisation and training of beneficiaries and communities on a number of issues, including on natural resource management and conflict management approaches.
2. Community-led engagement in the design and construction of the infrastructure for rangeland, livestock production and market, and alternative livelihood strategies.

15. *Regional and National levels:*

3. As the regional body coordinating the drought resilience in the Horn of Africa, IGAD has put in place a conflict resolution mechanism (as part of the grant to IGAD in DRSLP I) to manage any conflict that might undermine the effectiveness of the project.
4. IGAD is also expected to facilitate exchange of best practices in conflict management among participating countries.
5. IGAD in conjunction with national governments will also manage conflicts arising from cross-border movements of pastoralists and competition for water and pastures.
6. At the national level, the Project Steering/Monitoring Committee is tasked with the responsibility of providing adequate political commitment to address issues of resource scarcity at the national and sub-national levels.
7. Capacity building interventions at the ministerial level on institution- and resilience-building systems.
8. Project implementation arrangement structures in each project location are largely organized within a framework that is sensitive to conflict resolution and management.

D. DRSLP responsiveness to fragility drivers

16. At the project-level, the design and implementation including the activities at different levels are targeting different drivers of fragility that have been identified as earlier mentioned. In applying fragility-lens in this project, the approach was to unpack the relevant drivers of fragility into downside or project-level risks and challenges. The next step was to match the proposed project-level interventions and activities to the identified risks. The underlying assumption in this approach is that by making project interventions address project-level risks, the project ultimately contributes to address the major drivers of fragility affecting the region at large. The table below presents the approach of applying fragility-lens in the project design with the view of making the project contribute to addressing the root cause of fragility within the Horn.

Drivers of Fragility	Downside risks stemming from the drivers of fragility	Proposed Project interventions
Environmental degradation and climate change	<ul style="list-style-type: none"> • Droughts • Unsustainable land use systems 	<ul style="list-style-type: none"> • Construction and Rehabilitation of water infrastructures including dams, ponds, wells, reservoirs. • Integrated watershed and natural resources management • Rehabilitation of rangelands for livestock • Soil and water conservation approaches • Use of drought-tolerant crop and forage varieties • Alternative livelihood approaches and opportunities (livelihood diversification strategies)
Economic drivers	<ul style="list-style-type: none"> • Low infrastructure base • Limited human capacity • Weak institutional capacity 	<ul style="list-style-type: none"> • Feeder roads constructed/rehabilitated to enhance market access • Market support infrastructure for different basic crops • Veterinary and animal care centres for improved livestock production and market • Access to natural resources for improved economic activity • Institutional strengthening and capacity building for managing the livestock industry
Social drivers	<ul style="list-style-type: none"> • Population shifts and influxes 	<ul style="list-style-type: none"> • Conflict resolution and tenure arrangements to mitigate crisis from competition over natural resources • Gender sensitive value chain development

E. Implementation, supervision and monitoring after Board approval

17. A regional fragility assessment for the Horn of Africa is currently being carried out and will be completed in the last quarter of 2015 along with assessments for Sudan, Somalia and others. The existing and additional findings from these studies will continuously feed into the implementation of DRSLP III. In addition, ORTS has developed guidance notes on the application of fragility-lens in Bank's operations. As a flagship project in one of the most fragile regions of the world, ORTS will explore the opportunity to apply the fragility-lens in DRSLP III during launching and field supervision.

18. The design of the project takes into account innovative supervisory arrangement where local communities at the project sites who are primarily the beneficiaries undertake first-level supervision and monitoring, through an establishment of site-level project committee. The second-level supervision is at the national level where a monitoring team within the national PIU actively follows up on the implementation at the multiple sites. For Sudan, IGAD Secretariat will assume the responsibility of receiving and managing DRSLP-III resources through a Fund Management Unit to be established at IGAD Secretariat. IGAD will further play an additional monitoring role in its position as the third party assuming implementing responsibility on behalf of the two governments. The Bank's project team remains actively involved in most of the strategic aspects of the monitoring and effective implementation on the ground.

19. The project team recognizes that implementation is a dynamic process and that there is a space for adjusting and responding to changing situations as the project progresses. On the one hand, this recognition is linked to the Bank's commitment to undertake frequent supervision and close monitoring. On the other hand, the Bank will explore flexibility in its operating procedures in the fragile states, without compromising on its standards.

Annex 6: Procurement arrangements

(A) Djibouti

Categories of expenditure	UA million			
	Utilization of the National Procedures	Utilization of Bank's Rules and Procedures	Non-Bank Financed	Total
1. Works		6.856 [5.864]	0.992	6.856
2. Services		1.661 [1.661]	0	1.661
3. Goods		1.442 [1.422]	0	1.422
4. Operating costs	0.195	1974 [1.779]	0.195	1.974
TOTAL	0.195	11.933 [10.726]	1.187	

+Les chiffres entre crochets sont les montants financés par la Banque.

Annex 6: Procurement Arrangements

(B) Sudan

Item Description	Amount (UA million)				
	NCB	Shortlist	Other	NBF	Total
A. GOODS					
Vehicles	-	-	0.54 (0.54)	-	0.54 (0.54)
Equipment	-	-	0.25 (0.25)	-	0.25 (0.25)
B. WORKS	4.10 (4.10)	-	0.72 (0.72)	0.02 -	4.84 (4.82)
C. SERVICES					
Training	-	-	0.91 (0.91)	-	0.91 (0.91)
Technical Assistance (IGAD)	-	-	0.11 (0.11)	-	0.11 (0.11)
Audit	-	0.29 (0.29)	-	-	0.29 (0.29)
Surveys/ Studies	-	0.30 (0.30)	0.13 (0.13)	-	0.43 (0.43)
Consultancy (Individual)	-	0.47 (0.47)	0.14 (0.14)		0.61 (0.61)
Consultancy (Firm)	-	1.09 (1.09)	-	-	1.09 (1.09)
Personnel	-	-	0.17 (0.17)	-	0.17 (0.17)
D. OPERATING COSTS	-	-	0.78 (0.78)	1.20 -	1.98 (0.78)
Total	4.10 (4.10)	2.15 (2.15)	3.75 (3.75)	1.22 -	11.22 (10.00)

Shortlist procedures in compliance with paragraph 2.6 of the Bank rules. Consultant's Qualification (CQS = QBS) applies to both Firms and Individual Consultants. Audit Firm = Least Cost Selection (LCS) method.

"Other" includes Shopping, recruitment of individual consultant and use of approved Government procedures.

NBF = Non-Bank Financed (Government and beneficiary contribution).