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Report No: PAD2163

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 73.90 MILLION
(US\$100 MILLION EQUIVALENT)

TO THE

REPUBLIC OF KENYA

AND A

PROPOSED GRANT

IN THE AMOUNT OF SDR 2.30 MILLION
(US\$3 MILLION EQUIVALENT)

TO THE

INTERGOVERNMENTAL AUTHORITY ON DEVELOPMENT

FOR A

DEVELOPMENT RESPONSE TO DISPLACEMENT IMPACTS PROJECT (DRDIP) IN THE
HORN OF AFRICA

April 5, 2017

Social, Urban, Rural, and Resilience Global Practice
Africa Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective February 28, 2017)

Currency Unit = Kenyan Shillings (KES)

KES 103.80 = US\$1

US\$1 = SDR 0.73861244

FISCAL YEAR
July 1–June 30 : Kenya
January 1 – December 31: IGAD

ABBREVIATIONS AND ACRONYMS

AFR	Africa Region
ASAL	Arid and Semi-Arid Land
CBO	Community-based Organization
CDD	Community Driven Development
CDP	Community Development Plan
CG	Community Group
CIDA	Canadian International Development Agency
CIDP	County Integrated Development Plan
CIG	Common Interest Group
CIPIU	County Integrated Project Implementation Unit
CPS	Country Partnership Strategy
CRA	Commission on Revenue Allocation
CSC	County-Level Steering Committee
CSO	Civil Society Organization
CTC	County Technical Committee
DRDIP	Development Response to Displacement Impacts Project
ESMF	Environmental and Social Management Framework
FCDC	Frontier Counties Development Council
FDMM	Forced Displacement and Mixed Migration
FFA	Food for Asset
FM	Financial Management
GBV	Gender-Based Violence
GoK	Government of Kenya
GRS	Grievance Redress Mechanism
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HOA	Horn of Africa
ICGLR	International Conference on the Great Lakes Region
IDA	International Development Association
IDP	Internally Displaced Person
IFR	Interim Financial Report
IGAD	Intergovernmental Authority on Development
IPF	Investment Project Financing

IRR	Internal Rate of Return
ISN	Interim Strategy Note
LIPW	Labor-Intensive Public Work
M&E	Monitoring and Evaluation
MDTF	Multi-Donor Trust Fund
MIS	Management Information System
NDP	National Development Plan
NEDI	North and Northeastern Development Initiative
NGO	Nongovernmental Organization
NPIU	National Project Implementation Unit
NPSC	National Project Steering Committee
NPV	Net Present Value
NSNP	National Safety Net Program
NT	National Treasury
PDO	Project Development Objective
PIM	Project Implementation Manual
PIU	Project Implementing Unit
PRSC	Project Regional Steering Committee
RPF	Resettlement Policy Framework
RPSC	Regional Project Steering Committee
SA	Social Assessment
SAC	Social Audit Committee
SC	Steering Committee
SoP	Series of Projects
STEP	Systematic Tracking of Exchanges in Procurement
TC	Technical Committee
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
VLC	Village-level Committee
VSLA	Village Savings and Lending Association
WLC	Ward Level Committees
WFP	World Food Program

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BASIC INFORMATION

Is this a regionally tagged project?	Country(ies)	Lending Instrument
Yes	Djibouti, Ethiopia, Kenya, Uganda	Investment Project Financing
<input type="checkbox"/> Situations of Urgent Need of Assistance or Capacity Constraints <input type="checkbox"/> Financial Intermediaries <input checked="" type="checkbox"/> Series of Projects		
Approval Date	Closing Date	Environmental Assessment Category
26-Apr-2017		B - Partial Assessment
Bank/IFC Collaboration		
No		

Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the target areas in the Recipient's territory.

Components

Component Name	Cost (US\$, millions)
Component 1 – Social and Economic Infrastructure and Services	45.00
Component 2 – Environmental and Natural Resource Management	20.00
Component 3 - Livelihoods Program	27.50
Component 4 - Project Management, Monitoring and Evaluation, and Knowledge Sharing	7.50
Component 5 - : Support to IGAD for Expansion of the Regional Secretariat on Forced Displacement and Mixed Migration	3.00



Organizations

Borrower : Republic of Kenya

Implementing Agency : Executive Office of the President, Department for Development of Arid and Semi-Arid Regions

<input type="checkbox"/> Counterpart Funding	<input type="checkbox"/> IBRD	<input checked="" type="checkbox"/> IDA Credit <input type="checkbox"/> Crisis Response Window <input checked="" type="checkbox"/> Regional Projects Window	<input checked="" type="checkbox"/> IDA Grant <input type="checkbox"/> Crisis Response Window <input checked="" type="checkbox"/> Regional Projects Window	<input type="checkbox"/> Trust Funds	<input type="checkbox"/> Parallel Financing
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Total Project Cost:

103.00

Total Financing:

103.00

Financing Gap:

0.00

Of Which Bank Financing (IBRD/IDA):

103.00

Financing (in US\$, millions)

Financing Source	Amount
IDA-60210	100.00
IDA-D1840	3.00
Total	103.00

Expected Disbursements (in US\$, millions)

Fiscal Year	2017	2018	2019	2020	2021	2022
Annual	0.29	10.84	21.01	25.05	26.04	19.77
Cumulative	0.29	11.13	32.14	57.19	83.23	103.00



INSTITUTIONAL DATA

Practice Area (Lead)

Social, Urban, Rural and Resilience Global Practice

Contributing Practice Areas

Energy & Extractives

Education

Environment & Natural Resources

Fragile, Conflict & Violence

Health, Nutrition & Population

Social Protection & Labor

Water

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category

1. Political and Governance

2. Macroeconomic

3. Sector Strategies and Policies

Rating

● Substantial

● Moderate

● Moderate



4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● Moderate
9. Other	
10. Overall	● Substantial

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

Safeguard Policies Triggered by the Project

	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Natural Habitats OP/BP 4.04		✓
Forests OP/BP 4.36		✓
Pest Management OP 4.09	✓	
Physical Cultural Resources OP/BP 4.11	✓	
Indigenous Peoples OP/BP 4.10	✓	
Involuntary Resettlement OP/BP 4.12	✓	
Safety of Dams OP/BP 4.37	✓	
Projects on International Waterways OP/BP 7.50	✓	
Projects in Disputed Areas OP/BP 7.60		✓

Legal Covenants

Sections and Description



Kenya: The Recipient shall not later than 6 months after the Effective Date establish and thereafter maintain throughout the implementation of the Project, a County Steering Committee in each Targeted County, chaired by the County Secretary and includes a county executive committee member, finance or her/his nominee, a representative from UNHCR, an Independent Expert, a representative of the NPIU and the County project coordinator as Secretary. Schedule 2, Section I.A.4(a).

Sections and Description

Kenya: The Recipient shall not later than 6 months after the Effective Date, recruit and thereafter maintain throughout the implementation of the Project, three (3) auditors, one for each Targeted County, selected in consultation with the office of the Auditor General to review, carry out oversight and reporting functions on the financial and procurement processes of the Project - Schedule 2 Section V.2.

Sections and Description

The Recipient shall not later than 6 months after the Effective Date establish and thereafter maintain throughout the implementation of the Project, a CIPIU in each Targeted County, with a composition, mandate, terms of reference and resources satisfactory to the Association. Schedule 2, Section I.A.5(a).

Conditions

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
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Gandham N.V. Ramana	Team Leader	Health	AFCE2
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Enos E. Esikuri	Team Member	Natural Resource Management	GEN04
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Jean O Owino	Team Member	Finance Officer	WFALA
Joanna Peace De Berry	Team Member	Forced Displacement	GSU07
Lilian Wambui Kahindo	Safeguards Specialist	Social Development and Livelihoods	GSU07
Maina Ephantus Githinji	Team Member	Environmental Safeguards	GEN01
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Vanessa Sigrid Tilstone	Team Member	Social Safeguards	GSU07
Wolfhart Pohl	Peer Reviewer	Environment	GEN2A



Extended Team

Name	Title	Organization	Location
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KENYA

DEVELOPMENT RESPONSE TO DISPLACEMENT IMPACTS PROJECT (DRDIP) IN THE HORN OF AFRICA

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I. STRATEGIC CONTEXT

1. Global forced displacement is arguably the defining humanitarian as well as a developmental challenge of this generation. Extreme poverty is now increasingly concentrated among vulnerable groups, including people who had to flee in the face of conflict and violence, and their protracted presence affects development prospects in the communities that are hosting them notwithstanding some short-term economic gains. Over 65 million people are now forcibly displaced because of wars, conflict, and persecution. This includes about 24 million refugees and asylum seekers and about 41 million internally displaced persons (IDPs). According to the World Bank Group's November 2015 report¹, forced displacement remains largely concentrated in low- and middle-income countries, particularly in Africa, and the Middle East which accounted for almost 60 percent of all forcibly displaced persons followed by South Asia, which is also hosting significant numbers.

2. Sub-Saharan Africa hosts more than 26 percent of the world's refugee population and nearly 12 million IDPs by December 2016, mainly due to the ongoing conflicts in South Sudan, the Central African Republic, Democratic Republic of Congo, Somalia, Sudan, and Northern Nigeria. The number of refugees from South Sudan breached 1 million following the July 2016 conflict. The Horn of Africa (HOA), a region with an estimated 242 million inhabitants, includes eight countries: Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, and Uganda, which collectively host more than 6.5 million IDPs and approximately 3.5 million refugees. Displacement has been protracted in the HOA, with refugee arrivals recorded as early as in 1959 in Uganda and in 1991 in Kenya. Migration within and outside the HOA is driven by natural events and human actions; with climate change and environmental degradation acting as threat multipliers, compounding displacement.

3. The Regional Initiative in Support of the HOA, launched by the World Bank on October 23, 2014² by World Bank President Jim Kim and United Nations (UN) Secretary General Ban Ki Moon, is built on two interrelated pillars: (a) vulnerability and resilience; and (b) economic opportunity and integration to address key drivers of instability and promote development in the HOA. Displacement has emerged as a regional phenomenon with spillover effects in countries neighboring those experiencing conflict and posing major challenges for reducing poverty and achieving sustainable development with peace and security in the region. Despite its rich endowment in human, social, and natural capital, the HOA is plagued by a complex history of marginalization, implementation capacity constraints, pockets of poverty and insecurity, increasing environmental degradation, and a range of other persistent development challenges. Conflict remains endemic, and the complex cultural, social, and political nature of the conflicts is further compounded by demographic shifts because of population growth and movement of people; imbalanced service provision; increasing competition for scarce natural resources; and harsh climatic conditions including frequent droughts and floods.

4. Complementary to the HOA Initiative, a regional study on 'Forced Displacement and Mixed Migration in the Horn of Africa' was completed in June 2015. A regional operation on Development

¹ World Bank Group. 2015. "A Response to Global Forced Displacement." Staff Working Paper, World Bank Group, Washington, DC.

² "Leaders Commit Billions in Major New Development Initiative for the Horn of Africa." Press Release (October 27), World Bank, Washington, DC. <http://www.worldbank.org/en/news/press-release/2014/10/27/leaders-commit-billions-major-new-development-initiative-horn-africa>.



Response to Displacement Impacts Project (DRDIP) in the Horn of Africa (P152822) supporting three refugee-hosting countries of Djibouti, Ethiopia, and Uganda; and a regional grant to the Intergovernmental Authority on Development (IGAD) was approved on May 31, 2016. DRDIP addresses the regional spillover effect of conflict and forced displacement, through a development response that seeks to support the host communities in overcoming the shocks and impacts of refugees thus creating a refugee space contributing to a regional “public good”.

5. The proposed operation is being prepared as part of the second phase of DRDIP, which was designed as a series of projects (SoP). The SoP allows for other countries in the HOA to opt into the program at a later date, according to their needs and specific requirements. It is in this context that Kenya which has been hosting refugees in a protracted situation, is joining the project through International Development Association (IDA) financing as Phase II of the SoP. Other potential countries include South Sudan and potentially Somalia, Sudan, and Eritrea if they become eligible for IDA or through trust funds.³ The SoP could also allow for Additional Financing for Djibouti, Uganda, Ethiopia and Kenya under the IDA18 refugee sub-window⁴ for intensification and expansion of interventions.

6. The rationale for developing DRDIP II with Kenya is (a) the regional spillover effects of the forced displacement situation in the HOA that directly affects Kenya and the ongoing regional dialogues that are taking place;⁵ (b) the lessons learned during the preparation and early implementation of the DRDIP I which validates the proposed interventions using the Community Driven Development (CDD) approach and local-government-led implementation; and (c) the establishment of the Regional Secretariat for Forced Displacement and Mixed Migration (FDMM) in the IGAD that has created a regional platform for governments in the HOA to share experiences and knowledge as well as contribute to policy harmonization and institutional building for development response to forced displacement among all member countries irrespective of whether they are part of the regional operation.

7. The DRDIP II will be an integral part of the broader ‘North and Northeastern Development Initiative’ (NEDI) for Kenya, specifically focusing on an area-based and progressive-solutions approach to address the impacts of protracted presence of the refugees on the host communities around the Dadaab and Kakuma refugee camps in Garissa, Wajir, and Turkana Counties of Kenya. The protracted presence of refugees has resulted in a complex relationship of interdependence between the refugees and the host communities. While there have been positive impacts on improved access to basic services and economic interactions including employment opportunities for the host communities, this has had significant negative impacts on environment and natural resources including water availability and conflicts over grazing lands and water for the livestock.

8. The Government of Kenya (GOK) took a decision to close the Dadaab refugee camp complex in a phased manner according to operational modalities and support measures articulated by the Tripartite Agreement between the Governments of Kenya and Somalia and the United Nations High Commissioner for Refugees (UNHCR) in 2013 for the voluntary repatriation of Somali refugees from Kenya to Somalia

³Somalia, Sudan, and Eritrea can participate under the program. But given their current nonaccrual status with IDA, they are not able to receive IDA financing to participate in the project, before a resolution of their arrears situation with IDA and other official creditors. Therefore, for these countries, trust funds through an MDTF would be needed.

⁴ Once they satisfy the criteria for accessing the IDA 18 refugee sub-window

⁵ Kenya is organizing a Head of State summit on the situation of forced displacement in the HOA with a specific focus on Somalia scheduled for March 30–31, 2017.



ensuring safe, dignified, and voluntary return. While the Tripartite Agreement expired in November 2016 and was not formally extended, a *note verbale* was issued along with the extension of the Dabaab closure to May 31, 2017. However, the Governments of Kenya and Somalia, and UNCHR remain committed to the Tripartite Agreement and ensuring safe and dignified return of those refugees from Dabaab who wish to voluntarily relocate to Somalia while the regional dialogue between the two Governments over camp closure and the options for Somali refugee within the camp is ongoing. There is potential for this regional dialogue to be supported and strengthened through technical assistance, data generation and capacity building (taking into account their eligibility for receiving IDA financing) to support the Governments in formulating comprehensive regional development responses addressing the needs of both hosted refugees in Kenya and returning refugees in Somalia. An IGAD summit on March 24 and 25, 2017 on *Durable solutions for Somalia refugees and the reintegration of returnees in Somalia*, advanced commitments on delivering durable solutions in countries of asylum. It reinforced efforts to enhance stabilization and recovery in Somalia. It also called for enhanced sub-regional co-operation on a range of security, economic and development issues, capitalizing on the opportunities presented by the new Government in the Republic of Somalia. The project will therefore provide support to IGAD for the expansion of its FDMM Regional Secretariat - the existing regional platform aimed at supporting developing responses to forced displacement started under the DRDIP I to carry out activities for the benefit of these two countries' engagement in the regional dialogue on forced displacement.

9. The IGAD, through its FDMM Regional Secretariat, has a critical role under the regional operation to advocate holistic regional responses to forced displacement to influence interventions in refugee-hosting and refugee-producing member states. In this context, the FDMM Regional Secretariat created and supported under DRDIP I (P152822) seeks to build the capacities of countries and institutions in the HOA including Djibouti, Ethiopia and Uganda. Under DRDIP II (P161067), the Regional Secretariat's capacity will be further expanded to foster collaboration among all eight member countries including Kenya and Somalia.

10. Through enabling their connection with the IGAD FDMM Regional Secretariat will help Republic of Somalia to more effectively participate in the regional dialogue and also to take a lead role in the planning and coordination of displacement-responsive development in places of return and on addressing displacement challenges more widely. Somalia's arrears status and non-IDA eligibility means that there are constraints to the World Bank in directly supporting sustainable return of refugees or the implementation of development responses to forced displacement at the present time. Several other actors are already mobilizing support for area-based multisectoral development investment in places of return in Somalia as well as defining durable solutions for wider displacement challenges. Such efforts to build community resilience to support the reintegration of returning refugees while addressing issues of vulnerability and internal displacement, are gaining pace. A priority identified to facilitate this process, is to build government capacity in Somalia to take a lead role in the planning and coordination of displacement-responsive development in places of return and to address displacement challenges more widely. The IGAD FDMM will enable targeted authorities to coordinate and direct such actors through improved access to existing regional tools for capacity building and policy dialogue on forced displacement.

11. For Kenya, the implementation of Dabaab closure has been happening in a phased manner and the proposed activities include rehabilitating Kenyans registered as refugees; shifting of South Sudanese and Somali refugees awaiting resettlement to the Kakuma refugee camp; and voluntary repatriation of



Somali refugees from Kenya to Somalia. On February 9, 2017 the High Court of Kenya deemed the GoK decision to close Dadaab as unconstitutional and rendered it null and void, while GoK stated that it will appeal this ruling. This development, however, will not affect the project design as the DRDIP II endeavors to support the GoK in enhancing the resilience and coping capacity of the host communities related to the protracted presence of refugees around the Kakuma and Dadaab refugee camps. The potential impacts of the ongoing consolidation of the refugee camps and increased influx from South Sudan will be limited to camps only.

12. UNHCR is the agency responsible for moving refugees from Dadaab to Kalobeyi which is an expansion of the Kakuma camp complex in Turkana and implementing the consolidation and potential closure of refugee camps in Dadaab. The proposed project will continue to coordinate closely with UNHCR. Support to UNHCR to develop Kalobeyi into an integrated settlement may potentially be financed through a Multi-Donor Trust Fund (MDTF). These interventions in Kalobeyi offer an opportunity for better integration of the host and refugee community economies for mutual benefits, a proposition that is supported by the Turkana County government and reflected in the February 2017 joint World Bank-UNHCR study on 'Economics of Refugees and their Social Dynamics in Kakuma, Kenya'.

13. The DRDIP II will be implemented in a complex and challenging physical, contextual, and institutional environment, and the project design therefore incorporates a highly responsive and flexible approach and a learning by doing philosophy. The project design process has endeavored to carefully map existing projects and programs implemented by the Government or other agencies funded by the GoK, World Bank, or other development partners, ensuring synergy, preventing duplication, and leveraging optimally to enhance efficiency and effectiveness of investments through the DRDIP II investing in (a) creating awareness and generating demand; (b) supporting the creation and/or strengthening of the social and institutional architecture to ensure last-mile connectivity to enable communities to access benefits of different programs; and (c) enabling sustainable benefits by supporting skills development among beneficiary communities for enhanced participation in implementation, and ensuring resources for operations and maintenance activities.

A. Country Context

14. Kenya can be one of Africa's success stories. It holds great potential, including from its growing youthful population; dynamic private sector; a platform for change laid down by the new 2010 Constitution; and its pivotal role within East Africa as well as the region. Yet poverty and inequality remains high with 4 out of 10 Kenyans living in poverty and the richest 10 percent of the population receiving 40 percent of the nation's income (Kenya Country Partnership Strategy [CPS] June 2014). Governance concerns persist; and growth, while solid, has been constrained by low investment and low firm-level productivity and has yet to take off at the rapid and sustained rates needed to transform the lives of ordinary citizens.

15. Despite impressive growth and a reported fall in poverty rate, Kenya faces significant developmental challenges. Inequality is high with significant differences in opportunities and outcomes between women and men and, for those living in the remote and most underdeveloped regions in the north and northeast. Ethnicity remains an important factor in societal development. There is a clear recognition that growth must be inclusive and that prosperity should be shared by all. Enhancing the cohesiveness of Kenyan society calls for renewed efforts to include the marginalized and disadvantaged.



To curb poverty, growth must take place in sectors where the majority of the poor depend on their livelihoods. Investment must be redirected to services targeting the poor, including improving agricultural productivity in rural areas, expanding and targeting unified social protection programs that keep people from slipping into poverty, attracting private sector investment, and enhancing human capital through improved access to quality education and health services at the local level.

16. Historically, the north and northeast regions in Kenya have experienced significant deficits in service delivery, infrastructure, and economic opportunities. These are also areas that are disproportionately affected by environmental degradation, climate change impacts, and insecurity. The Commission on Revenue Allocation identifies 14 counties as marginalized—Turkana, Mandera, Wajir, Marsabit, Samburu, West Pokot, Tana River, Narok, Kwale, Garissa, Kilifi, Taita Taveta, Isiolo, and Lamu—based on the county development index (Commission on Revenue Allocation 2012) which uses indicators that measure the state of a county's health and education systems, infrastructure, and poverty levels to identify marginalized areas for the allocation of equalization funds. Three of these counties—Garissa, Wajir, and Turkana—have also been hosting refugees for over two decades, with attendant and exacerbated impacts on the environment, natural resources, infrastructure, economy, and service delivery for the hosting communities.

17. As of December 2016,⁶ Kenya hosted the third largest number of refugees in Africa, after Ethiopia and Uganda. Some 494,863 refugees and asylum seekers from Somalia, South Sudan, Ethiopia, and other countries in the region are hosted in Kenya with 272,764 in the Dadaab refugee camps, 154,947 in Kakuma, and 69,261 in Nairobi. These figures include 326,562 Somali refugees in protracted displacement, 27,237 Ethiopians, 29,317 Congolese, and 88,391 South Sudanese refugees. Somali refugees are mainly located in the Dadaab camp while South Sudanese are largely in Kakuma. The Dadaab refugee complex hosts refugees in five camps—Dagahaley, Ifo, Ifo 2, Hagadera, and Kambioos; the first three located in Lagdera (Dadaab) subcounty and the latter two are in Fafi subcounty. It is estimated that about 45,000 are double registrations which includes 15,000 Kenyans who enrolled as refugees to access food benefits and basic services, 20,000 Somali refugees with Kenyan identity cards, and nearly 10,000 belonging to families of refugee-Kenyan marriages (UNHCR 2016). The Kakuma refugees are in four camps, Kakuma I–IV, and the Kalobeyei settlement—all in Turkana West subcounty of Turkana County.

18. In Kenya, the Refugee Affairs Secretariat⁷, responsible for refugee management, is part of the Ministry of Interior and Coordination of National Government that is mainly responsible for internal security. Kenya's Refugee Act 2006 supports an encampment policy where, following status determination, refugees are obliged to reside in a camp with their movement outside the camps being restricted. Article 16 of the act gives the minister responsible for refugee affairs the authority to designate areas in Kenya to be refugee camps. Domestic refugee laws of Kenya effectively limit the refugees' right to work by imposing the same restrictions and conditions applicable to aliens and do not have provisions dealing with extending services to refugees (details in Annex 1).

19. With regard to the host population, the county governments are now responsible for delivering most basic services including early childhood development, health, agriculture extension, water and sanitation, and environmental services. The respective line ministries in the national-level government

⁶ UNHCR Factsheet December 2016.

⁷ The Refugee Affairs Secretariat replaced the Department of Refugee Affairs following an announcement on May 6, 2016.



continue to be responsible for the education and social protection services while the former Ministry for Northern Kenya is now a department under the Ministry of Devolution and Planning.

20. At a regional level, the IGAD⁸, a regional economic community, and its FDMM Regional Secretariat are well equipped and has the mandate to provide capacity and systems development support for member governments to lead development responses to forced displacement. Under DRDIP, a US\$5 million grant to the IGAD has enabled the establishment of the Regional Secretariat with presence in Nairobi and Djibouti with the necessary capacities to (a) advocate holistic regional responses to FDMM informed by data generated on displacement to influence interventions in both refugee-hosting and refugee-producing member states; (b) support policy dialogue with member states and academic and research institutions on transitional/progressive solutions to displacement; (c) generate evidence on innovative management of the impacts of FDMM through research; (d) build the capacities of countries and institutions in the HOA to innovatively respond to FDMM; (e) undertake knowledge management and focused Monitoring and Evaluation (M&E) of DRDIP implementation; (f) forge partnerships between humanitarian and development actors in the HOA region to rethink the application of durable solutions; and (g) consolidate the capacity of the IGAD to respond to FDMM and be a strong actor, both regionally and internationally, in discussions affecting the HOA. Kenya and Somalia will become members of the Project Regional Steering Committee hosted by the IGAD's FDMM Regional Secretariat along with other DRDIP countries—Ethiopia, Uganda, and Djibouti. The additional US\$3 million grant will help the IGAD to expand the regional platform to cover all member states, particularly for building the capacities of countries and institutions in the HOA to innovatively respond to FDMM as well as the aim of forging partnerships between humanitarian and development actors in the HOA region to rethink the application of durable solutions.

B. Sectoral and Institutional Context

21. Kenya, which has been hosting refugees since 1991, has remained relatively peaceful till recent years. Both Dadaab and Kakuma refugee camps are located close to the international borders and the host communities in Turkana, Garissa, and Wajir Counties are underdeveloped and face poverty and unemployment, deficits in human capital development and social service delivery, and limited access to basic infrastructure. Investments in these traditionally underserved border areas, under the proposed operation, are firmly aligned with the national priority for Kenya as reflected in the North and North Eastern Kenya Development Initiative (NEDI) which covers the three counties affected by protracted refugee presence.

22. According to the World Bank-UNHCR study on 'Forced Displacement and Mixed Migration in the Horn of Africa', the impact of refugee presence on Kenyan hosts has been positive overall with respect to social and economic impacts, though there have been significant negative impacts on the environment and natural resources. Various World Bank-UNHCR studies and the multi-stakeholder consultations in both Kakuma and Dadaab, especially with host communities, refugees, and various partner agencies, during preparation, reveal a number of impacts that refugee presence has on hosting areas. These include increased competition—direct and indirect—for basic social services such as health, education, and drinking water; a degraded physical and natural environment because of high pressure on biomass to meet energy and construction needs; limited livelihood opportunities; and decreasing water availability

⁸ IGAD is among the 8 Regional Economic Communities of the African Union.



evidenced by deeper boreholes and increased costs for water transport; crowded health centers and classrooms; and increased distances, time, or cost for collecting wood for cooking and lighting. Informal economic activities and remittances augment the buying power of refugees and the refugee camps are a major market for host-produced livestock and agricultural products as well as fuel wood and charcoal. Competition over the meagre livelihood opportunities and the dwindling natural resources is a driver of latent and potential conflicts between the hosts and the refugees.

23. The capacity of the three refugee-hosting counties, Garissa, Turkana, and Wajir, are relatively weak. However, with the most ambitious and rapid devolution process under way in Kenya, these counties are keen to tackle long-term and deeply entrenched disparities in their regions; shift from a highly centralized, top-down to a more responsive bottom-up form of governance with greater autonomy; reduce unequal access of the population to basic services; and address key drivers of conflict related to environment and natural resource management. In this context, the proposed project is well placed to build on and augment the ongoing efforts by the Government and the World Bank through the Accountable Devolution Program and the NEDI by contributing to capacity enhancement of local authorities and governments, and the active engagement of communities and grassroots institutions in the local planning, decision-making process, and oversight of public services; and in the implementation and operation and maintenance of infrastructure.

24. In Somalia, during the past 20 years, the humanitarian community has been leading the response to the needs and protection of Somali IDPs and refugee returnees. This has helped in life-saving provision but conversely it has also resulted in fragmentation of service provision across sectors and has mostly focused on settlements and camps for displaced persons, with little attention to the broader needs of host communities and receiving communities in the absence of an area-based planning approach and insufficient government leadership. The recent pressures posed by refugee return have galvanized the demand among government authorities, donors, UN agencies, and nongovernmental organizations (NGOs) for a more coordinated and longer-term development response alongside the humanitarian response; with stronger leadership by the Government at federal, state, and local government levels.

C. Higher-Level Objectives to which the Project Contributes

25. The proposed operation will directly contribute to the twin goals of the World Bank Group's global strategy: ending extreme poverty and boosting shared prosperity in a sustainable manner. The central rationale behind the DRDIP II is that the World Bank Group cannot effectively achieve these twin goals without first engaging more intensively and creatively to address the complex development challenges that are linked to conflict and the impact of forced displacement across the globe, particularly in the HOA and in Kenya.

26. The 'Forward Look' of the World Bank Group recognizes that protecting the poor and displaced from fragility and violence is a key developmental challenge for the next decade, in a context of the potential rise of fragile and conflict-affected areas around the world, particularly in Africa. The DRDIP II will respond to the rising client demand for lessening the human and economic impacts of conflict and violence by supporting the host communities and the refugees, reconstructing and rehabilitating critical socioeconomic infrastructure, and, importantly, by containing regional spillovers of conflicts. The DRDIP II is also closely aligned with the World Bank's Strategy for Addressing Forced Displacement, presented to the Development Committee, through a developmental approach to support host communities to better



manage the shocks and impacts of the refugee presence. The proposed project also responds to priorities articulated in IDA17 and IDA18, wherein gender and fragile and conflict-affected situations are special themes, and also, in particular, commitments for increased attention to gender-based violence (GBV) in fragile and conflict-affected situations—a dedicated indicator in the IDA17 and IDA18 Results Frameworks, as well as forced displacement situations, with the establishment of the subwindow for refugees in the IDA18 replenishment process.

27. The DRDIP II contributes to the World Bank's Africa Development Strategy, especially Pillar 2 (Vulnerability and Resilience), because it is designed to mitigate the impacts of refugee presence on vulnerable host communities to improve their resilience and strengthen the capacity of the public sector. The project supports the Regional HOA Initiative recommendations regarding a development intervention that addresses refugee-hosting areas and building host community resilience by addressing negative environmental and economic impacts and by investing in infrastructure to improve economic opportunities for refugees and host communities. Global experience shows that self-reliant refugees are better prepared to return to their countries of origin (World Bank 2015). Significantly, the DRDIP's investments in historically under-resourced marginal counties of Kenya will seek to improve the social and economic well-being of households hosting refugees and mitigating the development deficits exacerbated by protracted refugee presence. In addition, the proposed project will support community involvement in prioritizing investments and county governments in comprehensive planning and implementation thus ensuring investments that are responsive to community needs with greater potential for ownership and sustainability.

28. The DRDIP II will also contribute to Kenya's key priorities identified in the World Bank's CPS for FY2014–2018 (Report number 88940). (87024-KE), of reducing poverty and inequality by helping achieve objectives of improved social service delivery for vulnerable groups, particularly women; greater citizen feedback on the quality of service delivery in key sectors; improved agriculture productivity; enhanced transparency in the use of public resources; greater involvement of the private sector; and reduced vulnerability to climate change, especially in the Arid and Semi-Arid Lands (ASALs). The project also fits well with the third pillar of the CPS—building consistency and equity—delivering a devolution dividend as it supports building capacities of counties, subcounties, and communities.

29. For Somalia, the project responds directly to priorities outlined within the Somalia Interim Strategy Note (ISN) FY2014–2016 (Report number 83466). A key facet of the ISN for Somalia is attention to vulnerability as a critical cross-cutting theme to lay the foundation for tackling poverty over the longer term in Somalia. The ISN further advances the need for addressing different dimensions of vulnerability and marginalization, as related, among other issues, to IDPs. The proposed project will also contribute to the achievement of the new National Development Plan (NDP) 2017–2019. Specifically, the project will enable the realization of commitments under the Resilience Pillar (Pillar 9) of the NDP, which aims for the sustainable reintegration of the displaced persons and returnees: “to reverse the trend of protracted displacement and substantially reduce the number of IDPs in such displacement by facilitating and supporting durable solutions that bring them back into mainstream life and address underlying causes of their displacement and its protracted nature.”



II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

30. The Project Development Objective (PDO) is to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the target areas in the Recipient's territory.

31. In line with the regional project, the DRDIP II will ensure that citizens participate and engage in the process of identifying and prioritizing their developmental needs, including expanding socioeconomic infrastructure and livelihood opportunities to improve self-reliance among refugee-hosting communities, improving social cohesion between refugees and host communities, increasing the voices and roles of citizens in decision making regarding development, and eliciting a greater demand for social accountability. The operational approach will be CDD and will involve (a) supporting grassroots institutions to be more inclusive and representative, and build their capacities; (b) ensuring that the voices of all communities/groups are heard in the decision-making process; (c) strengthening decentralized government administrative functions; and (d) investing in public service delivery and contributing to social cohesion among beneficiary communities.

B. Project Beneficiaries

32. The project will target communities in refugee-hosting areas that have seen protracted presence of refugees with project investments potentially benefiting both the host and refugee communities following an area-based development approach. The project is potentially expected to benefit a total host population of 1,041,436⁹ and a total refugee population of 439,461 as of December 2016 (Table 1).

Table 1. Beneficiary Details

County	Subcounty	Host Population (Direct Beneficiaries)	Refugee Population (Indirect Beneficiaries)
Turkana	Turkana West	409,490	163,192
Wajir	Wajir South	167,605	276,269
Garissa	Dadaab	208,048	
	Fafi	129,904	
	Lagdera	126,389	
Total		1,041,436	439,461

33. The project will enable communities to identify and prioritize investments with a specific focus on women, female-headed households, and youth, groups that are disproportionately affected by displacement. Even though the project is focused on the needs of host communities, its holistic approach will ensure that refugees will benefit from its investments in socioeconomic infrastructure, environmental amelioration, and livelihood opportunities contributing to the design of transitional/progressive solutions for refugees in a more conducive and opportunistic social and economic ecosystem. Such area-based development approach will also mitigate latent and potential conflicts caused by increased competition for services, livelihoods, and natural resources. Currently, there are existing/established committees

⁹ Projected 2017 population figures.



among both refugees and host communities that meet regularly, discuss outstanding issues, resolve problems, and jointly devise solutions and monitor progress. These arrangements will be harnessed and reinforced by the project to encourage interaction and greater social cohesion between the refugees and host communities. It is envisaged that the careful integration of community priorities into the county government development planning process will ensure ownership and sustainability of investments.

34. The project's institutional beneficiaries include government staff at the national and county levels, Executive Office of the President, different line ministries and specialized agencies in Kenya handling refugee issues and delivery of essential services and the IGAD.

35. The benefits to host and refugee communities across the project components are presented in Table 2.

Table 2. Beneficiaries of Project Investments

Component	Subcomponent	Beneficiaries
Component 1. Social and Economic Infrastructure and Services	Subcomponent 1(a). Community Investment Fund	Both hosts and refugee communities will benefit from the improved public service delivery and economic infrastructure. Host communities will undertake area based planning, and will be responsible for selecting, prioritizing, implementing and monitoring project investments.
	Subcomponent 1(b). Capacity support for Local Planning and Decentralized Service Delivery	The integrated area based planning and delivery of decentralized services will benefit both refugees and host communities
Component 2. Environmental and Natural Resource Management	Subcomponent 2(a): Integrated Natural Resources Management	Both refugees and host communities will benefit from the broader environmental and natural resources management (NRM) activities. The Labor Intensive Public Works (LIPW) approach used for implementation will offer employment to the host communities. It is anticipated that other actors will design complementary public works activities that will benefit refugees using DRDIP's approach and methodology in Kenya.
	Subcomponent 2(b): Access to Energy	The focus is on the host communities with complementary investments from the Off-grid Solar Project and complemented by UNHCR investments in the camps. This component will help address the critical energy needs in the area and reduce adverse environmental impacts.
Component 3. Livelihoods Program	Subcomponent 3 (a): Support to Traditional and Non-Traditional Livelihoods	Focused on host communities with potential for sharing of market linkages, technical support, knowledge and experience sharing with UNHCR and other partners providing support to refugees.
	Sub-component 3 (b): Capacity Building of Community-Based	Focused on hosts but support to community groups in the camps will be extended through partner organizations.



	Organizations for Livelihoods	
Component 4. Project Management, Monitoring and Evaluation, and Knowledge sharing		County and national government authorities will benefit from the integrated planning, Monitoring and Evaluation (M&E), and knowledge sharing on area based planning and refugee policy harmonization in the region under the IGAD.
Component 5. Support to IGAD for Expansion of the Regional Secretariat on FDMM		Expanding IGAD's capacity at the regional level to contribute in comprehensive displacement-sensitive government-led development support for refugee returnees, IDPs, and host and return communities in member countries.
Components 1 to 4	By addressing the pressing needs of host communities, which were further exacerbated by the presence of refugees, the project will help mitigate impacts of protracted refugee presence.	

C. PDO-Level Results Indicators

36. The following key indicators will be used to track progress toward the PDO:

- (a) Beneficiaries with access to social and economic services and infrastructure (disaggregated by type of service and target group)¹⁰ (number)
- (b) Direct project beneficiaries (number), of which percent of females (percent)
- (c) Beneficiaries of economic development activities that report an increase in income (disaggregated by type of service, gender, and target group) (number)
- (d) Land area where sustainable environmental management practices have been adopted as a result of the project (hectare)
- (e) Regional Secretariat's capacity assessment plan and annual progress reports reflecting the expanded mandate endorsed by participating countries (number)

III. PROJECT DESCRIPTION

A. Project Components

37. The DRDIP II is being processed as part of the regional operation that seeks to address the impacts of forced displacement on countries and communities in the HOA that are hosting refugees. It is a multi-sectoral development response by the GoK which addresses unmet social, economic, and environmental needs in local host communities in the three refugee-hosting counties.

¹⁰ The target group will be disaggregated by gender, host, and refugee communities, as appropriate.



38. The key drivers that informed the project design include (a) focus on addressing priority needs identified by communities hosting refugees; and (b) use of government systems including fiduciary systems, structures, and institutions to deliver a development response to forced displacement. Given the significant development deficits in the three project counties, the DRDIP II seeks to enhance the investments in hitherto underserved host areas and communities and to strengthen the government institutions and systems for delivering basic services and for enhanced absorption and utilization of resources following an areas-based development approach. This is being done in close collaboration with other World Bank-supported interventions in the three counties under the NEDI.

39. **Harnessing synergy.** Collaboration across Global Practices is an important organizing principle for the proposed operation and the DRDIP II is building on the experiences and good practices of related sectors and operations and at the same time ensuring close collaboration with other ongoing and pipeline operations in the area to prevent duplication. The NEDI, focused on transformative and integrated (agriculture, energy, transport, cash transfers and water) investments, offers a particularly good opportunity to forge strong collaboration with county and national governments, the private sector, Community-based Organizations (CBO), and development partners. Other complementary projects supporting the three project counties include the following:

- (a) **Kenya Off-grid Solar Energy Access Project (KOSAP), P160009.** Under this project there will be provided solar energy access to households and public institutions and will also install photo voltaic-powered water pumps for potable water and irrigation. The project is expected to generate employment for youth through operations and maintenance that would be required for solar systems and expand the presence of private enterprise.
- (b) **Water and Sanitation Improvement Project (WaSSIP), P096367.** Under this project, a study is being undertaken to assess groundwater quality, availability, and current extraction patterns of the Merti Aquifer to propose a management plan for its sustainable use in the host communities of the Dadaab refugee camp. It will also support the host communities in Garissa County with water services.
- (c) **Climate Smart Agriculture Project (CSAP), P154784.** This project is aimed to increase agricultural productivity and build resilience to climate risks among smallholder farming and pastoral communities in vulnerable counties, which includes the host population around the Dadaab refugee camp. Farmers and pastoralists will be assisted with improved agricultural technologies, innovations, and management practices; access to quality agro-weather and market information will be improved to enable farmers and herders make decisions that are more economically advantageous; and crop and livestock insurance will be strengthened to reduce production risks.
- (d) In addition, Garissa and Wajir Counties will also benefit from the institutional support being provided by the Frontier Counties Development Council (FCDC) under the MDTF for the Kenya Accountable Devolution Program.

40. **Cross Cutting Themes.** The project will support two cross-cutting themes: Promoting social cohesion between host and refugee communities by addressing drivers of conflict, and addressing the GBV using an integrated approach.



41. **Social cohesion.** The DRDIP's efforts in Kenya at addressing the competition and potential conflicts that limited livelihood opportunities, degraded environmental and natural resources and basic social services and economic infrastructure are expected to ease tensions and foster positive relationships between the host and the refugee communities in the targeted areas. The prioritization of investments addressing the drivers of conflict through an area-based approach could potentially offer 'quick-wins' that benefit both the host and refugee communities, thus easing tensions and deepening integration between the host communities and the refugees. This approach will also strengthen the community's confidence in the devolved public systems and project's approach to mitigating potential conflicts.

42. **GBV.** The entrenched norms and practices that perpetuate uneven power dynamics between men and women, further exacerbate the conditions of women and girls in the project areas, which are underdeveloped and suffer from insecurity. Such norms and practices get further accentuated by the limited access to basic social services, natural resources, and livelihoods in the target areas of the proposed project poses particular challenges for women and girls. The long distances traversed by women in search of water and fuel wood and for accessing education and health services increase the risk and exposure of women and girls, as well as boys, to GBV. The DRDIP II in Kenya seeks to ensure that the implementation of interventions and subprojects under the three investment components related to basic social services and economic infrastructure, environmental and natural resources management, and traditional and non-traditional livelihoods, are gender-informed and contribute to GBV prevention and response among target beneficiaries of the project.

43. Some of the envisaged activities that will contribute to addressing the drivers of GBV include the following: (a) communication strategy including awareness generation at all levels of implementation using multiple and diverse communication channels that are gender informed and focus on increasing awareness around available services for GBV survivors and challenge the norms and attitudes that contribute to the acceptability of GBV; (b) social services—health, education, water supply—that are designed to take into account ease and security of access and contribute to GBV prevention and response from their sector's unique entry points; (c) environmental amelioration taking into account needs of women with respect to fodder and fuel to enhance safe access and reduce time and energy in gathering these from distant areas and support for off-grid lighting and heating and improved cookstoves, specifically addressing the needs of women to reduce risk of exposure to GBV; (d) income opportunities for women being enhanced through LIPWs, skills-based jobs/employment, access and ownership of productive assets, technical assistance, finance, and technology; (e) strengthening of women's social, savings and credit, and producer groups as platforms for enhancing social capital, addressing gender inequalities, and economic networks; and (f) supporting livelihoods for women which will reduce their exposure to GBV from existing livelihoods such as gathering and sale of fuel wood and firewood as a livelihood opportunity/strategy. Economic activities with women will be coupled with gender dialogue groups with men to reinforce the messages challenging gender norms and expectations that contribute to the acceptability of GBV. These groups will reinforce the messages from the first activity.

44. The proposed project responds to priorities articulated in IDA17 highlighting gender and fragile and conflict-affected situations as special themes and, in particular, commitments for increased attention to GBV in fragile and conflict-affected situations—a dedicated indicator in the IDA 7 and IDA18 Results Frameworks. In addition, the proposed project is also responsive to the IDA18 commitments related to GBV. It will establish links with the extensive analytical work undertaken in Kenya and the region, including learning initiatives supported through the State and Peace-Building Fund and Learning on Gender and



Conflict in Africa Program trust funds and those through operations such as the Great Lakes Emergency Sexual and Gender-based Violence and Women's Health Project and the Global Platform for Sexual and Gender-based Violence in Fragile and Conflict-Affected Situations.

45. The DRDIP II in Kenya seeks to address the social, economic, and environmental impacts of the presence of refugees in host communities through interlinked technical and investment components as described in the following paragraphs. A more detailed description is in Annex 2.

Component 1: Social and Economic Infrastructure and Services (approximately US\$45 million equivalent)

46. This component will specifically support improvements in access to quality basic services for the host communities. The key services will include education, primary and secondary health services, water supply, sanitation, and hygiene. The guiding principles will be (a) prioritization based on identified community needs, especially by girls and women; (b) inputs complementary to ongoing support from the county and national governments as well as other development partners and civil society organizations (CSOs); (c) compliance with quality standards and norms of the GoK; and (d) strong accountability to citizens and credible systems for M&E.

47. **Subcomponent 1(a): Community Investment Fund (approximately US\$42.5 million equivalent).** This subcomponent seeks to improve community access to basic social services and economic infrastructure by providing investment funds that, together with community contributions, will expand and improve service delivery and build infrastructure for local development. Investments will be identified, prioritized, implemented, and monitored by beneficiary communities. The target community, with guidance from the county government, will identify and prioritize the specific social services and economic infrastructure to be funded under this subcomponent through the CDD approach. Only those subprojects for which concerned government entities can cover their operating costs and have staff will be supported, ensuring the sustainability of the interventions. In addition, water supply schemes that are able to shift to solar pumping, thus ensuring reduced operation and maintenance costs, will also be supported.

48. **Subcomponent 1(b): Capacity Support for Local Planning and Decentralized Service Delivery (approximately US\$2.5 million equivalent).** This subcomponent seeks to improve the service-delivery capacity of local and National level government authorities. Specifically, it will support capacity building of the county and national government authorities and local implementing institutions in the areas of community-driven planning process, local development management, service-delivery capacities enhancement, mainstreaming of project interventions with government's development planning and budgeting process, coordination of all development stakeholders at local-level, and community-level development learning. The project will also support technical assistance to reinforce the capacity of Executive Office of the President, line Ministries and specialized agencies, including the recruitment of national and international technical assistance for the planning, engineering design, procurement, construction management, safeguards, and technical monitoring of physical investments.



Component 2: Environmental and Natural Resource Management (approximately US\$20 million equivalent)

49. This component aims to decrease environmental impacts of protracted refugee presence which has resulted in deterioration of the natural resource base because of deforestation resulting from the overexploitation of wood and other non-timber forest products for various purposes (shelter, firewood, charcoal, food, medicines, and so on), degradation of grazing lands, loss of wildlife, soil erosion, open disposal of solid waste (especially plastics), and uncontrolled abstraction of groundwater for domestic consumption and livestock. The project will therefore support environmental and natural resource restorative measures that will rehabilitate and improve the productivity of the natural resources that will be executed taking into account community capacity needs and site specificities, including the use of local indigenous knowledge in the host areas. The proposed activities that will enhance environmental management include improving access to energy in the form of environmentally friendly alternative sources of household energy and reducing risks associated with fuel wood supply and demand.

50. **Subcomponent 2(a): Integrated Natural Resources Management (approximately US\$18 million equivalent).** The objective of this subcomponent is to undertake targeted at-scale community-based environmental and natural resource restorative measures that will be beneficial for the local communities, environment, livestock, and wildlife resources in the host areas. Key strategies for environmental rehabilitation will include (a) natural regeneration; (b) vegetation (grass and tree) reseedling; (c) tree planting (reforestation/afforestation with appropriate species); (d) rainwater harvesting; and (e) solid waste (especially plastics) and pollution control. Specific indicative activities include establishment of tree nurseries in the target sites, assisted forest regeneration, establishment of community enclosures ('greenbelts') of degraded forest areas to allow natural regeneration of indigenous trees where possible, promotion of drylands non-timber forest products (for example, frankincense, gum arabic, fruits, beekeeping/honey, gums, resins, aloe, and medicines), grassland/rangeland rehabilitation through reseedling and seeding of degraded areas, rainwater harvesting through surface water harvesting works (for example, semicircular contour bunds, diversions, pans, sand dams), and implementation of plastic waste cleanup and recycling plans through community environmental committees. The choice of specific strategy/activity or combination thereof will depend on site specificities and community dynamics (including the use of traditional local knowledge). The primary implementation modality for the component will be LIPWs and specific efforts will be made to integrate women—not only into the labor opportunities but also as beneficiaries of the activities (details in Annex 7).

51. **Subcomponent 2(b): Access to Energy (approximately US\$2 million equivalent).** This subcomponent seeks to improve the host communities' access to energy by promoting the better use of energy resources and increasing access to alternative sources of energy. Support will be given to interventions that address the host communities' energy requirements, such as domestic cooking and lighting; social services, such as schools and health services; and productive activities, including lighting for small shops and businesses and for manufacturing and processing. Household cooking is currently based on firewood and charcoal. To address this concern, improved cooking devices will be introduced with appropriate community consultations about methods of cooking and baking and what types of firewood are locally available for Wajir and Garissa building on lessons from the KOSAP (P160096) that will support cook stoves in Turkana. Training will be provided on the use of the new devices, including the preparation of fuel. Attention will be given to monitoring use, regular maintenance, and repairs. Solar lanterns and lamps are among the options for meeting home and street lighting as well as mobile phone



charging needs. The inputs provided by the project will be complementary to the proposed off-grid solar operation.

Component 3: Livelihoods Program (approximately US\$27.5 million equivalent)

52. Refugee-hosting communities in the target areas derive their income either from traditional livelihoods including pastoralism, agropastoralism, and small-scale agriculture; and/or non-traditional livelihoods including small businesses, skills-based jobs, and service enterprises. Both forms of livelihoods are characterized by low-level technologies and skills, which are often characterized by inherent low productivity and incomes. The component will support interventions aimed at improving the productivity of traditional and non-traditional livelihoods and strengthening the resilience of communities. The support will include improved access to technology and equipment, storage and processing infrastructure, and finance. There will be priority attention to building community institutions through mobilization and selection of beneficiary groups, the formation of community groups for livelihoods, and strengthening capacities of producer cooperatives for accessing input and output markets. The key guiding principles will be (a) emphasis on promoting livelihoods of the most vulnerable, including women and youth; (b) building on experiences and tools developed by the Government and partner agencies in promoting livelihoods, and (c) optimizing the existing infrastructure, including those in the refugee camps. The component will ensure convergence with other livelihood interventions in the target area.

53. **Subcomponent 3(a): Support to Traditional and Non-Traditional Livelihoods (approximately US\$25 million equivalent).** The objective of this subcomponent is to increase the production and productivity of pastoralism (livestock), agropastoralism (crop and livestock), agriculture (crops and livestock) and fisheries; and commercialize their livelihood activities for improved incomes, employment, and self-reliance. Support for on-farm activities primarily will aim to improve lives of pastoralists/agropastoralists through enhancing the production and productivity of livestock (goats, camels, cattle, and poultry) and dryland farming with emphasis on rebuilding pastures. The support to off-farm activities will aim at strengthening the value chains for selected commodities and promoting agribusinesses. This, in turn, is envisaged to be achieved through access to input and output markets as well as enhanced skills for increased employability, enterprise development, promotion of other income generating activities; improved access to financial services (through the promotion of grassroots financial institutions); and strengthening technical and advisory services to help host communities identify viable businesses and/or investment opportunities and income-generating activities.

54. **Subcomponent 3(b): Capacity Building of Community-Based Organizations for Livelihoods (approximately US\$2.5 million equivalent).** The objective of this subcomponent is to improve the capacities of community institutions for promoting inclusive and sustainable livelihoods. The support will include establishing and building the capacity of community institutions for livelihoods, given the CDD approach of the project and primacy of community institutions in inclusive implementation and sustainability of project investments. For livelihoods promotion, the community institutions are Community Groups (CGs), village level livelihoods sub-committees, ward/cluster level committees, and producer organizations. These community institutions will be trained in group management, conflict resolution, savings, financial literacy, bookkeeping, and procurement; and encouraged to have regular meetings to promote savings, interloaning, timely repayment, and up-to-date books of accounts. In addition to this, the subcomponent will support the capacity building and technical assistance for major livelihood activities including business planning and advisory support. The subcomponent will use



technology to strengthen the facilitation. The capacity-building efforts will be implemented by a field based facilitation team/NGO and coordinated by the respective County Integrated Project Implementation Units (CIPIU), which will have overall responsibility for the capacity building.

Component 4: Project Management, Monitoring and Evaluation (M&E), and Knowledge Sharing (approximately US\$7.5 million equivalent)

55. The objectives of this component are to ensure enhanced and effective project management, coordination, and implementation and to support the design of the project's M&E system, which will be described in detail in the M&E manual. The implementation of the proposed operation will follow existing government structures. While the Steering Committees at national and county levels will provide broader oversight and ensure cross-sector coordination, the national and county Technical Committees will ensure technical guidance and backstopping to project management as well as implementation. The National Implementation Support Unit (NPIU) and County Integrated Implementation Support Units (CIPIU) will provide implementation support and monitoring of the project at national and county level. The project will build on existing community-level structures, and will establish new local-level institutions as needed, including Village Level Committees (VLC), Ward Level Committees (WLC), and social audit committees (SACs).

56. The component will support the design of the project's management information system (MIS) for monitoring inputs, outputs, and processes; the evaluation of outcome and impacts; environmental and social safeguard monitoring; and participatory M&E and internal learning. M&E activities will include regular monitoring of the progress and performance of implementation; independent process monitoring of the community-level planning and effectiveness and quality of capacity-building efforts; and undertaking annual thematic studies and outcome as well as impact assessments of the project. The project's Results Framework will be used as a basis for reporting progress against indicators, including progress toward achieving the PDO and implementation progress. The project will consider the use of mobile technologies to increase the reach and frequency of data capturing at the local level and aggregating it in a platform that could serve as a dashboard.

Component 5: Support to IGAD for Expansion of the Regional Secretariat on FDMM (US\$3 million equivalent)

57. This component will support the expansion of IGAD's existing Regional Secretariat for FDMM to include Kenya that will join other DRDIP countries in the Regional Project Steering Committee (RPSC) and represented by nominees of its national steering committee and the project coordinator. Kenya as well as all other IGAD Member States will benefit from the Regional Secretariat-led activities including research, knowledge generation, the documentation of lessons learned to enhance the coordination, knowledge sharing, and learning across the project countries. The RPSC will provide oversight of the implementation of the regional program and will guide, advise, and support a regional policy dialogue. In addition, this component will support DRDIP project countries and other IGAD Member States to: (i) discuss the challenge of the Somalia displacement that they all have in common; and (ii) engage the Republic of Somalia to more effectively participate in this dialogue and to take a lead role in the planning and coordination of displacement-responsive development in places of return and on addressing displacement challenges more widely (details in Annex 6).



58. The component design takes into account the IDA regional guidelines and the Bank's policy on countries with loans in nonaccrual status. Somalia's arrears status and non-IDA eligibility means that there are constraints to large-scale investment by the World Bank in directly supporting sustainable return of refugees or the implementation of development responses to forced displacement at the present time. Multiple other actors are, however, mobilizing support for area-based multisectoral development investment in places of return in Somalia as well as defining durable solutions for wider displacement challenges. Those efforts to build community resilience to support the reintegration of returning refugees, while also addressing issues of vulnerability and internal displacement, are gaining pace.

59. The component will be implemented in two stages. In the first stage, the IGAD FDMM Regional Secretariat will commission a rapid assessment to assess the capacity, processes, and systems building needs in support of return and reintegration including a quick mapping and profiling of key actors. This assessment will build on capacity diagnostic work under way by other actors. The results of the assessment will enable the IGAD's FDMM Regional Secretariat to define a plan for bringing Republic of Somalia into relevant and existing regional capacity building initiatives being undertaken by the Regional Secretariat. This planning exercise will result in an implementation plan to be completed within six months of effectiveness of this grant. The implementation plan will be finalized on the basis of consultation with key stakeholders and will be reviewed to be acceptable to the World Bank.

60. In the second stage, in subsequent years, activities will be funded in accordance with the agreed implementation plan. Illustrative activities that may be funded under the component include the expansion of existing regional technical assistance provided by the FDMM Regional Secretariat on the following topics: (a) Provision of technical assistance for developing relevant policies and appropriate guidelines for ensuring a coordinated development response in return areas and to address forced displacement more widely; (b) Provision of technical assistance for building capacities, systems, and processes for sustainable return and reintegration of refugees and displaced persons; (c) Development and management of a database to include mapping of pressure points, services, spatial planning to determine gaps in provision, identify priorities for areas and agencies, and prevent duplication and inefficiencies; (d) Regular monitoring, reporting, and learning from experiences for scaling up; and (e) Responding to 'just-in-time' needs expressed by the government authorities, which could range from providing an expert with specific skills, to reviewing documents or carrying out assessments.

61. The component will also enable the existing IGAD Regional Secretariat on FDMM based in Nairobi and Djibouti to augment its staffing and operational resources to support the expanded mandate. IGAD will manage, contract and ensure fiduciary compliance of all component activities.

B. Project Cost and Financing

62. The DRDIP II will be financed through an IDA Credit of US\$100 million equivalent for Kenya and an IDA grant of US\$3 million equivalent to IGAD to be implemented through its Regional Secretariat on FDMM expanded mandate. The total estimated proposed project costs are based on an IDA allocation (national allocations and a grant for regional coordination activities) for an overall estimated budget of US\$103 million over a five-year period. The total project cost includes a total regional IDA envelope of US\$70 million equivalent—regional IDA Credit of US\$67 million to Kenya and IDA Grant of US\$3 million to IGAD—from regional AFR IDA allocation. Total project costs and associated financing are presented in Table 3.



63. The proposed project is consistent with the World Bank's response to addressing forced displacement by addressing the regional spillover effect of conflict, which can be termed the 'public bad' through a development response that seeks to support the host communities in overcoming the shocks and impacts of refugees. The DRDIP II has been prepared in close collaboration with UNHCR in Kenya that is responsible for the welfare of refugees and the project seeks to strengthen complementarity in displacement responses through more effective and efficient developmental interventions in Kenya which are better aligned with the Government priorities and plans. Because forced displacement is a regional challenge for the HOA, Kenya will join the RPSC hosted by the IGAD's FDMM Regional Secretariat so that it contributes to and benefits from knowledge generation and learning and sharing to enable the identification of viable and scalable interventions in participating HOA member countries and to facilitate easier and timely sharing and support for quick implementation.

Table 3. Project Financing

Project Components	Project Cost (US\$, millions)			
	Kenya	IGAD	Total IDA Financing	%
1. Social and Economic Infrastructure and Services				
1(a) Community Investment Fund	42.5	—	42.5	41.3
1(b) Capacity Support for Local Planning and Decentralized Service Delivery	2.5	—	2.5	2.4
Subtotal	45	0	45	43.7
2. Environmental and Natural Resource Management				
2(a) Integrated Natural Resources Management	18	—	18	17.5
2(b) Access to Energy	2	—	2	1.9
Subtotal	20	0	20	19.4
3. Livelihoods Program				
3(a) Support to Traditional and Non-Traditional Livelihoods	25	—	25	24.3
3(b) Capacity Building for Community-Based Organizations for Livelihoods	2.5	—	2.5	2.4
Subtotal	27.5	0	27.5	26.7
4. Project Management, Monitoring and Evaluation, and Knowledge Sharing	7.5	0	7.5	7.3
5. Support to IGAD for Expansion of the Regional Secretariat on FDMM	0	3	3	2.9
Total Project Cost	100	3	103	100

64. The DRDIP II fully satisfies the four eligibility criteria for accessing regional IDA funding:

- (a) Kenya is part of the eight HOA countries and its participation along with Djibouti, Ethiopia and Uganda will help in achieving the objectives of the regional operation.



- (b) Kenya is affected by forced displacement and the proposed project interventions will mitigate the negative effects that protracted refugee presence has on the host communities and might prevent local conflicts from arising between refugees and hosts. Area-based development helps to improve social services and livelihoods for refugees and hosts by securing human capital and self-reliance, allowing them to contribute to the local development of their host countries and of their countries of origin upon their return. These two aspects have clear positive spillover effects beyond country boundaries and generate positive externalities across countries that are hosting or generating refugees.
- (c) There is clear evidence of project ownership at the GoK level to address displacement-related issues using a broader development approach, demonstrating a strong national commitment to the proposed project.
- (d) There are opportunities for the harmonization of policies and practices related to forced displacement in Kenya with other HOA countries under the stewardship of the IGAD; especially given the proposed development of Kalobeyei settlement in Turkana County to host refugees with greater integration with the host communities that are beneficiaries of the DRDIP II, which is a step in the direction of durable solutions.

65. The IGAD, a regional economic community, and its Regional Secretariat on FDMM are well equipped to support capacity and systems support in return and reintegration contributing to displacement-responsive local development and sustainable reintegration of returnees. The Regional Secretariat will build on the work of the DRDIP I and facilitate research, knowledge generation, policy dialogue and the learning agenda for Kenya along with the other DRDIP project countries and all other IGAD Member States. The IGAD is already implementing the World Bank-supported grant and has established the Regional Secretariat on FDMM under the regional HOA operation (P152822).

66. In addition, the IGAD is also working on three World Bank-financed regional projects: the IGAD - Building Disaster Resilience to Disasters through Risk Management and Climate Change Adaptation (P154403), Pastoralism and Stability in the Sahel and Horn of Africa (PASSHA) (P153713) and the AFCC2/RI-Regional Pastoral Livelihoods Resilience Project (P129408). The proposed grant to the IGAD also meets the six eligibility criteria to access a regional IDA grant:

- (a) The IGAD has the legal status and fiduciary capacity to receive grant funding and the legal authority to carry out the financed activities.
- (b) The IGAD does not meet eligibility requirements to take on an IDA credit because it does not generate revenue and is not in a position to repay the credit.
- (c) The costs and benefits cannot be easily allocated to national programs because of the regional nature of the activities to be financed with the IDA grant.
- (d) The activities are related to coordinated interventions to provide regional public goods in that they are designed to contribute to regional knowledge and results-generating programs, principally in the areas of forced displacement and the strengthening of IGAD capacity to deliver its mandate on regional peace, security, and development.



- (e) Grant cofinancing from other development partners is not readily available or sufficient for the IGAD to undertake identified interventions in selected areas.
- (f) The regional entity is associated with an IDA-funded regional operation with which three out of its eight member states are involved. The project also conforms to the AFR's selection criteria for regional operations in Africa, including strategic relevance, regional solutions, quality, and partnership.

C. Lessons Learned and Reflected in the Project Design

67. The proposed project, in line with the regional operation, incorporates key lessons learned with respect to addressing forced displacement at a global level. It benefits from the experiences of relevant projects under implementation in Kenya; and lessons learned from multisectoral CDD-based projects, and those implemented in weak institutional capacity environments. Key among these are the following:

- **Providing parallel service delivery in refugee-hosting areas as part of a humanitarian response is unsustainable, inefficient, and costly.** A humanitarian response to forced displacement often includes the creation of parallel service-delivery systems with little synergy with mainstream government provisioning, often leading to duplication of infrastructure, low quality of services, and poor outcomes for both refugee and host communities. It is also unsustainable over the medium to long term. The close collaboration between the proposed project and UNHCR will contribute to bridging this gap.
- **A development approach must invest in local institutions and promote jobs, livelihood opportunities, and wealth creation for both the host communities and refugees to address the underlying poverty in and vulnerability of host communities, which is further exacerbated by the presence of refugees.** The proposed project includes investments in economic assets and infrastructure; community-based institutions; skills for productive self-employment; technology; and market interactions to enhance economic opportunities for host communities and refugees, improve incomes, increase self-reliance, and potentially mitigate conflict.
- **Affected communities are best suited to identify their needs and priorities, to implement subprojects, and to manage investments.** The local communities that are hosting refugees are better able to plan for and effectively implement investment subprojects. However, the process of mobilization and planning must be inclusive and participatory to ensure that all social groups, especially women, youth, and pastoralists (where present), are involved. Clear criteria are needed for identifying, prioritizing, and selecting investments and beneficiaries to ensure transparency and ownership.¹¹ An inclusive facilitation process is crucial to ensure that the voices of disadvantaged groups are expressed and to prevent elite capture. Planning should be led by local governments, with the involvement of key stakeholders and taking

¹¹ World Bank. 2013. *Designing Community-Driven Development Operations in Fragile and Conflict-Affected Situations. Lessons from a Stocktaking*. Washington, DC: World Bank.



into account ongoing and proposed projects and programs to avoid duplication, to foster synergies, and to ensure downward accountability to the communities.

- **There is widespread recognition that increasing access to and use of more efficient, cleaner cooking and heating solutions in households could yield significant benefits such as improved women and children's health, reduced environmental and climate impacts, and improved gender equality.** Women and girls responsible for gathering cooking fuel are often vulnerable to GBV during fuel collection and transport. Clean and efficient cooking devices reduce the time spent for biomass collection. There are also positive development impacts where women are engaging within the clean cooking value chain not only as consumers and beneficiaries of improved stoves but also as producers, distributors, and entrepreneurs for clean and efficient cooking solutions.
- **VSLAs had significant economic and social impacts under the Learning on Gender and Conflict in Africa program and were among the most successful intervention of the project in promoting treatment and prevention of GBV against women and girls in South Kivu.** They promoted economic empowerment of women in the communities, as well as solidarity and social cohesion, mutual trust, and have operated as support groups. The proposed operation will be promoting VSLAs, especially of women to provide social and economic support and address GBV issues.
- **Key entry points for livelihood support, natural resource management, and/or infrastructure can potentially deliver resilience support at the community level that is necessary for addressing climate change adaptation and increasing disaster risk.**¹² The CDD approach adopted under the project has the potential to provide communities with a broad platform for empowerment and poverty reduction in addition to a diverse range of risk management for climate change and greater reliance on investments under the sustainable environment management component, making use of local knowledge and expertise for more effective outcomes.
- **Establishing and strengthening social contracts between subnational governments and communities are means and ends toward the goal of mainstreaming social, economic, and infrastructure aspects of underserved refugee-hosting areas.** The state's limited capacity is reflected in poor service delivery and inadequate infrastructure in the refugee-hosting areas. The project is focused on working through existing local government structures, sensitizing leadership, training frontline staff, strengthening systems and processes, and, importantly, responding to community priorities during and after the project.
- **A holistic approach is needed to address gender issues.** Women's participation in the project's processes is constrained by social structures and cultural norms. Community mobilization, consultations, trainings, institution building, and leadership are needed to tackle the issue. Project interventions will address the social, economic, infrastructure, and protection needs of women, particularly with regard to sexual-based violence and GBV. For

¹² Arnold, Margaret, Robin Mearns, Kaori Oshima, and Vivek Prasad. 2014. Climate and Disaster Resilience: The Role for Community-Driven Development. Washington, DC: Social Development Department, World Bank.



example, 50 percent of the beneficiaries of the livelihood program will be women, and improved access to energy through efficient fuels and cooking devices will lessen women's exposure to indoor air pollution, reduce the risk of sexual-based violence and GBV, and increase their available time for economic activities.

- **LIPWs serve a dual objective of creating temporary employment for beneficiary households, and development of physical assets of value for local communities.** LIPWs offer poor and vulnerable households an opportunity to receive transfers in return for their participation, smoothen consumption gap, and build assets to respond to and build resilience against the negative effects of climate change. LIPW beneficiaries when supported with skills, training, and small grants are able to graduate to a sustainable livelihood.
- **Leveraging geospatial tools will provide efficient solutions for coordination, project targeting, implementation, and M&E, while mitigating physical access constraints.** Given the prevailing logistical and security challenges that limit effective on-the-ground access in some of the project areas, remote sensing and geospatial tools will provide solutions for data consolidation, analytics, and operational support. Geospatial capabilities can be integrated and applied to various elements of project implementation, including (a) geographic targeting; (b) remote implementation supervision and coordination with partners; and (c) dynamic monitoring and progressive prioritization. To this end, geographic information related to the implementation of the operation as well as a variety of contextual factors will be gathered through a data management system and used for geospatial analysis and implementation support.
- **The IGAD has a proven track record on facilitating regional platforms for addressing cross-border issues but care must be taken not to substitute for National Government functions.** Besides the DRDIP regional grant, the IGAD has been supported by the World Bank for regional HOA engagement on issues such as disaster resilience, pastoral livelihoods, and regional responses to Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS). A US\$22.5 million Regional HIV/AIDS Partnership Program Support Project specifically targeted displaced and cross-border mobile population. Lessons learned from these projects prove that the IGAD can act as a credible partner to broker dialogue, learning and knowledge exchange, policy reform, and joint action across member states. Nevertheless care must be taken to ensure that technical assistance and personnel provided to member states on these issues do not run in parallel to nor substitute for government responsibility and engagement. This is particularly pertinent where capacity for development responses to forced displacement among targeted government officials is very low and where government structures are already strained and unable to perform key functions. While substituting with additional personnel and capacity may assist in allowing greater government leadership, this may not be sustainable if those functions have not been absorbed by long-term government officials.



IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

68. The implementation arrangements for the project are guided by four principles that include: (a) align with devolved systems of governance at county, subcounty, and Ward levels; (b) build on ongoing initiatives especially the Accountable Devolution Program and Regional Pastoralist Livelihoods Resilience Project; (c) promote coordination within the World Bank and with other partners; and (d) ensure swift funds flow and timely reporting. Table 4 provides a summary of the arrangements.

69. The proposed arrangement will include the engagement with existing community structures at the village level complemented with support for enhancing the voice of the traditionally marginalized social groups for identifying community priorities for service delivery, prepare subproject proposals following the operational guidelines, implement the approved subprojects, and keep required records in a transparent way. In view of this, a VLC will be formed to coordinate village level Community Development Plans (CDPs). The VLC will be a five-member committee selected by the village assembly including women, youth and the differently abled as representatives. Two representatives (one man and one woman) from each VLC will form the WLC for coordination and prioritization of subprojects for inclusion in work plan at the Ward level. A five-member Social Audit Committee (SAC) will be selected by the Village Assembly to undertake audit of project investments and report to village assembly on a quarterly basis.

70. A County Integrated Project Implementation Unit (CIPIU) will be established at each participating county headed by a County Project Coordinator and a County Project Representative on secondment and supported by a procurement assistant, an accountant, safeguards specialists and a driver.

71. A County Technical Committee (CTC) with representation from line Ministries and relevant county departments covering Water and Irrigation, Agriculture, Environment, Education, Health, Livestock, Fisheries (where relevant) will be formed for the technical appraisal of the sub-projects at the County level. Additionally, a County Steering Committee (CSC) will be established for the approval of annual work plan and budgets. The CSC will be chaired by County Secretary and will be represented by County Executive Committee Member, Finance, UNHCR local representative, an Independent expert (as required), and representative of the NPIU. The County Project Coordinator will be the Secretary for the CTC.

72. At the national level, an NPIU headed by a dedicated Project Coordinator has been established in the Department for Development of Arid and Semi-Arid Regions, under the Executive Office of the President to provide oversight and promote coordination for the project. The NPIU will comprise sectoral experts, procurement specialist, financial management specialist, social safeguards specialist, environmental safeguards specialist and monitoring and evaluation specialist to provide effective implementation support and monitoring. The NPIU will provide oversight for social and environmental safeguards. The NPIU will prepare consolidated annual work plans and budgets based on inputs received from the three participating CIPIUs. Finally, it will be responsible for coordinating with the World Bank and other key stakeholders and provide timely updates on project performance, funds utilization and audits.



73. A National Project Technical Committee (NTPC) will be established for review of annual work plan and mid-year implementation progress. The NTPC will be represented by Principal Secretaries or their nominees from the Ministries of Water and Irrigation; Agriculture; Environment; Livestock; Fisheries; Health and Social Protection, as well as representatives of County Executive Committee from Turkana, Wajir and Garissa Counties. A National Project Steering Committee (NPSC) will be established for policy decisions, broader project oversight and approval of annual work plans and budget. The NPSC will be Chaired by the Chief of staff and Head of Public Service, Executive office of the President or his/her nominee; Governors of Turkana, Wajir and Garissa Counties or their nominees; representative from National Treasury; an independent expert (as required); UNHCR Country representative; and the national project coordinator will be the Member Secretary. The NPSC will approve annual work plans and budgets and ensure effective coordination between counties and different line Ministries of the National Government.

74. The IGAD component will be implemented by the existing IGAD Regional Secretariat on FDMM established under DRDIP I (P152822). This grant became effective on July 20, 2016. The secretariat operates with a senior program coordinator, accountant, finance officer, and procurement officer; recruitment for the M&E and knowledge expert and the Forced Displacement expert are both ongoing. For the IGAD component, the Regional Secretariat on FDMM will undertake project management, day-to-day planning, implementation and supervision of project activities, administration of procurement and financial management (FM), and M&E. Under the IGAD grant, the Regional Secretariat on FDMM will augment capacity with the recruitment of a dedicated project officer for the expanded mandate as well as a GIS expert and a procurement assistant.

Table 4. Key Structures and their composition and role

Structures	Composition	Key role
National Level		
National Project Steering Committee	<p>Chaired by the Chief of staff and Head of Public Service; Executive office of the President or his/her nominee</p> <ul style="list-style-type: none"> Governors of Turkana, Wajir and Garissa Counties or their nominees Representative, National Treasury UNHCR Country representative National Project Coordinator as Member Secretary <p>The steering committee will co-opt independent experts based on the need.</p>	Policy decisions, project oversight and approval of annual work plan and budget
National Project Technical Committee	<ul style="list-style-type: none"> Principal Secretaries of the Ministries of Water and Irrigation; Agriculture, Livestock and Fisheries; Education; Environment and Natural Resources; Health and Social Protection; and Interior Representative of County Executive Committee from Turkana, Wajir and Garissa counties 	Review of annual work plan and mid-year implementation progress
National Project Implementation Unit	<p>Project coordinator</p> <ul style="list-style-type: none"> Core Team composed of sectoral experts, procurement specialist, financial management specialist, Social Safeguards Specialist, Environmental Safeguards Specialist, Monitoring and Evaluation Specialist 	Implementation support and monitoring



County Level		
County Steering Committee	Chaired by County Secretary <ul style="list-style-type: none"> • Member of County Treasury • UNHCR representative • County Project coordinator as Secretary • Representative of the NPIU • Independent experts will be co-opted based on the need. 	Approval of annual work plan and budget
County Technical Committee	Representatives from line Ministries and departments of Water and Irrigation, Agriculture, Environment, Education, Health, Livestock, Fisheries (where relevant)	Appraisal of subprojects
County Integrated Project Implementation Unit	<ul style="list-style-type: none"> • County Project coordinator (and M&E) • County Project Representative (seconded) • Procurement Assistant • Accountant • Safeguards specialist • Driver 	Implementation support and monitoring
Community Level		
Ward Level Committee	Two representatives (one man and one woman) from each Village Level Committee	Coordination and prioritization of subproject for inclusion in work plan at the Ward level
Village Level Committee	Five-member committee selected by the village assembly including women, youth and the differently abled as representatives	Coordinate village level plans
Social Audit Committee	Five members selected by the Village Assembly	Undertake audit of project investments and report to village assembly on quarterly basis

B. Results Monitoring and Evaluation

75. The proposed project will be implemented at the community level with necessary oversight and technical support at the national, subnational, and local levels. M&E capacities will be ensured at the national, subnational, and local levels for the collection, organization, and analysis of project-related data. The main instrument for M&E under the project will be the Results Framework with indicators and the baseline, intermediate, and end-of-project targets, which will be the basis for reporting progress. The indicators, data sources, and data collection methods take into account the CDD approach and the limited institutional capacities in the project targeted areas. All indicators are disaggregated by country, with further disaggregation by gender (percentage of female) for the core indicator on direct project beneficiaries.

76. Geospatial tools will be leveraged for implementation supervision, coordination with partners and M&E. A Geospatial Information System will be established, allowing for remote supervision of project implementation progress, particularly in areas with physical access constraints. The locations of refugee camps and host community locations, as well as existing service infrastructure, such as water points, schools, and health facilities, can be geotagged through simple GPS devices and smart phones. Once established, the geographic database will also allow for ongoing remote tracking of project activities as well as their relation to contextual dynamics, including certain indicators for M&E purposes. Moreover,



the systematic recording and monitoring of the project's geographic footprint will serve to facilitate the coordination with development partners and to identify potential geographic overlaps with ongoing and proposed interventions by partners. In turn, the geographic database can feed into gap analyses and help to make sure that the project complements existing aid provision, including through the NEDI, in the most efficient way. The use of Geospatial Information System tools will also help to remotely monitor the activities of third-party agents ('monitor the monitors' approach). The generated geotagged data can be used for routine and ad hoc quality checks as part of implementation support provided by the task team. Collecting the respective geographic data will imply the need for some straightforward training and capacity building with regard to using GPS devices and related tools to be provided to the NPIU and CIPIU, third-party monitors, and the IGAD Regional Secretariat on FDMM.

C. Sustainability

77. **Institutional sustainability.** The DRDIP II will be implemented through the existing institutions at the county, subcounty, and ward levels, and the project will make investments to enhance the capacities of these entities for engaging communities, planning, and implementing local-level infrastructure for service delivery, environmental management, and promotion of livelihoods. The project will also contribute to institutional sustainability by reinforcing coordination and collaboration across the national, county, and subcounty levels; rendering the county government planning and implementation process responsive to community needs, thereby strengthening the social contract between citizens and the state; and ensuring linkages across various sectoral ministries or departments and development partners for greater synergies. The national PIU will ensure linkages and synergies across various relevant institutions and agencies.

78. **Sustainability of infrastructure.** The DRDIP II will support investments in social and economic infrastructure to support service delivery and benefits to target communities. However, the project will only invest in the expansion, upgrade, and/or establishment of infrastructure with close coordination with the respective sectoral agencies to ensure that the recurring operation and maintenance costs are included in annual budgets, guaranteeing the sustainability of infrastructure investments. For example, classroom construction will be supported when prioritized by communities, when student-to-classroom ratios are above agreed-on norms, when teachers and teaching material are assigned, and when the education department can ensure that recurring costs are part of subsequent plans and budgets.

79. **Economic sustainability.** The DRDIP II will support the livelihoods program to include traditional and non-traditional livelihoods as well as other income-generating activities. However, all investments will be based on community-identified priorities, technical feasibility, and market assessments to ensure that the livelihoods being supported are viable and enhance incomes for target communities.

D. Role of Partners

80. Project preparation involved close collaboration with UNHCR alongside the GoK to design the appropriate responses to the social, economic, and environmental situation and impacts in the refugee-hosting and receiving areas and to design a project appropriate to address these impacts. Project preparation has also involved intense consultations with all development partners active on forced displacement issues in Kenya and Somalia, and various NGOs working in the project target areas. Importantly, sustaining the close collaboration and coordination between UNHCR and the World Bank



teams will be critical during the project implementation as UNHCR will be leading the process of return and reintegration process of Somali refugees, will continue to support refugees in Kakuma, and will undertake the screening of locals registered as refugees.

81. The World Bank along with a range of development partners who are working on refugee issues in Kenya are coordinating closely with UNHCR on supporting refugees in the Kakuma and Dadaab refugee camps, including the development of Kalobeyei, as a new integrated settlement in Kakuma. To ensure coordinated support to UNHCR in the integrated social and economic development of Kalobeyei and in the consolidation and closure of Dadaab refugee camp, some of development partners have shown keen interest to support a World Bank-administered MDTF for providing technical assistance to UNHCR. It is expected that the MDTF will also support the World Bank team with additional resources for more intensive monitoring and supervision of the DRDIP II implementation, especially because a majority of the project target areas face significant insecurity which challenges the World Bank teams' mobility and supervision in these areas.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

82. Overall, the risk rating for this proposed regional project is Substantial. The main identified risks will be on (a) political and governance; (b) technical design; (c) institutional capacity; (d) fiduciary (e) environmental and social. However, tailored mitigation measures commensurate with the intensity with which the risks manifest themselves will be essential.

- **Political and governance.** The HOA region has active conflicts that are contributing to generation of new displacements. Of relevance is the South Sudan conflict with refugee movements to Uganda, Kenya, and Ethiopia. Further, the uncertainty about peace returning to South Sudan will continue to contribute to caseloads in Kakuma. In addition, with Somalia remaining insecure and currently under grips of a drought, further displacement is possible.

Entailed in the planned closure of the Dadaab camp is the proposal for expedited return of increased number of Somali refugees to Somalia governed by the Tripartite Agreement. However, this refugee return poses multiple risks in the context of the ongoing insecurity and poverty challenges in Somalia: risks that refugees may not be able to return to places of origin, may not be able to restore households and livelihoods, and may in turn become IDPs in Somalia—most likely in urban contexts. This will place additional strain on already fragmented and strained service delivery and social cohesion in those urban settings. The greater risk is that Somali refugees may seek alternative options such as movement within Kenya or elsewhere in the region, scenarios which are not yet subject to response planning or policy dialogue and under which they may not receive sufficient support.

- **Technical design.** The proposed project will be implemented in a complex operating environment with security risks that limit effective direct supervision by the World Bank team and a multitude of public, private, and NGO sector agencies in the humanitarian and development arena, at various levels. Coordination across all these agencies is desirable to prevent duplication, establish synergies, and build on existing successful models including third-party monitoring. Linkages with global and



regional initiatives will also be useful to bring in global knowledge on durable solutions for forced displacement. A robust mapping exercise has been undertaken as part of preparation process to mitigate inefficiencies and overlaps.

- **Institutional capacity.** The administrative capacities of the county and subcounty governments in the proposed project areas are weak given the limited developmental interventions in these areas. It is proposed to bridge this through augmenting capacities for project implementation with recruitment of additional staff at different levels. The DRDIP II in Kenya will greatly benefit from the initiatives under the Kenya Accountable Devolution Program and the technical assistance and capacity-building measures being supported by the devolution MDTF. In particular, the capacity development in the areas of inclusion of disadvantaged groups, and gender sensitivity; enhancing capacity of counties to plan, monitor, budget, and engage citizens in the target counties; conflict sensitivity and resolution; and climate change will provide a robust platform for the implementation of the DRDIP II in Garissa, Wajir, and Turkana Counties. The NEDI is expected to further enhance collaboration between key stakeholders.
- **Safeguards.** Interventions under the proposed project are not expected to lead to large-scale, significant, or irreversible environmental or social impacts. Safeguards instruments will be prepared to address the impacts. OP 4.01 on Environmental Assessment, OP/BP 4.11 on Physical Cultural Resources, and OP/BP 7.50 on Projects on International Water Ways have been triggered. Further, OP 4.12 on Involuntary Resettlement has been triggered and a Resettlement Policy Framework (RPF) prepared. Land in the project area is communally owned and therefore land requirements will need careful negotiation with clan/sub-clan/sub-sub-clan leaders and interests of different groups will need good understanding to prevent conflict. OP 4.10 on Indigenous People has been triggered and a social assessment (SA) prepared.

An important intervention under the proposed project is the rehabilitation of Kenyans currently registered as refugees who have thus far benefited from food rations and social services compared to local host populations. Their rehabilitation either in communities of origin or other host communities and/or in situ in areas where the camp infrastructure is currently located, will need careful assessment of prevailing social dynamics that could range from stigma and hostility to acceptance. All efforts will be made to ensure that social harmony and cohesion will be nurtured and maintained while rehabilitating Kenyans registered as refugees.

83. The proposed project will also benefit from the devolution process that is under way in Kenya and endeavors to shift powers, responsibilities, and funds from the National Government to 47 elected county governments, which include the three counties affected by refugee presence. Technical assistance and capacity-building measures are being supported under the World Bank-led devolution work focusing on fiscal impacts of devolution, public financial management and human resources, M&E, performance monitoring systems and open data, social accountability, and devolved sector support. The proposed project will potentially build on these efforts and where required contribute to a more responsive, 'bottom-up' form of Government, with greater role for communities in the planning and implementation of developmental interventions for ensuring equal access to basic services, functional infrastructure, and a stabilized natural environment, in the three participating counties.



84. For Garissa and Wajir Counties, the DRDIP II will collaborate with FCDC which has mandate for fast tracking and steering the socioeconomic development in Mandera, Wajir, Garissa, Marsabit, Isiolo, Tana River, and Lamu Counties. The World Bank is supporting institutional strengthening for the FCDC for setting of strategic direction and coordinating strategic initiatives that will drive the regional economic/developmental goals of its member counties. This support is in a context of serious capacity constraints in these counties that is a contributing factor to the highest rates of poverty, vulnerability to disasters, limited access to and use of basic services such as health and education, and low levels of infrastructure and investment and will complement the devolution MDTF.

VI. APPRAISAL SUMMARY

A. Economic and Financial (if applicable) Analysis

85. The economic and financial analyses of the proposed project interventions show that the project is economically and financially feasible. As a CDD project, it is not possible to predetermine actual investments. Therefore, analyses were carried out based on a typology of the DRDIP II investments in Kenya. These include a total of seven interventions across the three investment components of the project. The projects' incremental benefits relate to (a) financial savings derived from improved access to water points, primary health care (reduction in health costs and lost time because of illnesses), and education (capacity building and improved skills for livelihoods); (b) improvement of local flora and fauna because of a reforestation program and charcoal production from *Prosopis juliflora*;¹³ and (c) increased returns from enhanced livestock with to productivity enhancement investments.

86. **Rationale for public sector engagement.** The rationale for public sector engagement for the DRDIP II in Kenya is based on the role of the Government and local administration to promote economic and social goals and their spillover effects. Investments funded through the project aim at enhancing access to basic services, especially the vulnerable groups, particularly women and children; expansion of both business opportunities and improved infrastructure that could facilitate movement of products and services along their value chain. Moreover, these interventions have positive externalities and important spillovers (details in Annex 5) that justify the key role of the Government. Additionally, the public sector is also targeted by the World Bank's specific interventions to strengthen capacities, systems, and processes for effective and efficient delivery which also require sound coordination between local administrations and the Central Government.

87. **Value added of World Bank support.** The value added of the World Bank support to the project comes from (a) critical technical contributions based on international experience on gender, health, environment, energy, livelihoods, and private sector development, among many others; and (b) its convening power to support Kenya in addressing the impact of protracted refugee presence. In particular, the World Bank's global experience with CDD, gender, Natural Resource Management (NRM), and livelihoods will enhance the effectiveness of the DRDIP II implementation in Kenya. These interventions will be rigorously evaluated, in coordination with the Government and the FDMM Regional Secretariat to produce regional and international evidence on successful and innovative interventions, based on lessons

¹³ The invasive *Prosopis* tree species, commonly known as 'Mathenge', can be found in most ASALs of Kenya. The *Prosopis* weed problem has had a dramatic impact on the environment and livelihoods of pastoral communities and borders on being considered a national disaster. Pastoralists inhabit most of the areas where *Prosopis* occurs.



learned and experience.

88. While the economic analysis is based on these benefits, it must be noted that this is rather conservative as the returns from the DRDIP II investments are far larger and a significant portion of benefits are not readily quantifiable. Net present values (NPVs) were calculated for proposed interventions (Table 5) with benefits quantifiable in monetary terms, whereas others show several intangible, indirect benefits (details in Annex 5).

Table 5. Examples of Proposed Interventions, and Relative Cost and Benefits

Project Component	Proposed Interventions	Established Cost (US\$)	Net Present Value (US\$)
1	Construction of one borehole	9,750	75,986
	Construction of health facility	388,330	n.a.
	Construction of school building	195,484	n.a.
2	Reforestation of 1 ha land	2,558	n.a.
	Construction of one <i>Prosopis</i> charcoal plant	114	2,267
3	Livestock productivity improvement dairy only	510	2,359
	Livestock productivity improvement dairy and meat	14	1,402

Source: Team calculations.

89. A sensitivity analysis was conducted to assess the effect on the internal rate of return (IRR) of variations in benefits and costs in the realization of benefits. All results are apparently robust. Notwithstanding an increase in cost by 10 percent or a decrease in the total estimated benefits by 10 percent, the results remain robust. Moreover, a third scenario that contemplates a 10 percent increase in costs combined with a 10 percent decrease in benefits still shows robust IRR, considering a social discount rate of 3 percent according to World Bank guidelines (Table 6). In conclusion, the overall net discounted benefits of the presented cost-benefit analysis remain positive under any circumstances.

Table 6. Sensitivity Analysis

	Water (%)	<i>Prosopis</i> Charcoal production (%)	Livestock Productivity Dairy Only (%)	Livestock Productivity Dairy and Meat (%)
Base Scenario	183	440	114	2082
Cost + 10% or Benefit – 10%	165	400	103	189
Cost + 10% and Benefit – 10%	150	363	92	1720

Source: Team calculations based on cost-benefit analysis simulations and estimated NPV of monetized benefits. Social discount rate (SCD) of 3 percent in accordance with World Bank guidelines.

B. Technical

90. **Regional approach.** Forced displacement is a regional phenomenon in the HOA, with neighbors of conflict-affected countries bearing a huge burden with regard to refugee movements. Impacts of the refugee presence on host communities include increased pressure on scarce social services such as education, health, and water; depletion of natural resources, such as forest and land degradation and loss of biomass; and competition for limited livelihood opportunities, such as income-generating activities.



The DRDIP II therefore supports interventions to mitigate the social, economic, and environmental impacts through the investment components across the three project counties that host refugees. Specific activities will be determined based on local circumstances, but the project offers a useful platform for learning about approaches and intervention successes and contributing to the regional operation. The project also supports robust knowledge generation, learning, and sharing at the regional level through the Regional Secretariat on FDM to enhance efficiencies and the effectiveness of interventions across the participating project countries—Djibouti, Ethiopia, Uganda, and Kenya— and other IGAD Member States.

91. **CDD approach.** The operational approach of CDD will be adopted for project implementation with the required flexibility to respond to the scale and nature of community needs in the diverse local conditions of the project target areas. It will allow for devolving decision making to communities to ensure that resource distribution is fair, supports priority local infrastructure and service delivery needs, and incentivizes collective action.

92. **Strengthening local development.** The DRDIP II has made an informed choice of implementation arrangements through existing government structures in the targeted areas which are underserved areas. Community-responsive approaches will be strengthened into the local development processes of planning and budget development process. To mitigate risks of remoteness of areas and limited implementation capacity, the project design will incorporate reliance on communities' accountability mechanisms, civil society monitoring and advocacy, and strategic use of technology; tailor World Bank's supervision with third-party monitoring; and strengthen communities' institutions and county government capacity.

C. Financial Management

93. **Kenya.** The World Bank's financial management team conducted a financial management assessment of the National Project Implementing Unit (NPIU) in the Department of Arid and Semi-Arid Regions under the Executive Office of the President, Cabinet Affairs Department on 16th February 2017. This NPIU will be the coordinating unit in the implementation of the DRDIP II.

94. The objective of the financial management assessment was to determine whether the implementing entity financial arrangements (a) are capable of correctly and completely recording all transactions and balances relating to the project; (b) facilitate the preparation of regular, accurate, reliable and timely financial statements; (c) safeguard the project's entity assets; and (d) are subject to auditing arrangements acceptable to the World Bank. The assessment complied with the Financial Management Manual for World Bank-Financed Investment Operations that became effective on March 1, 2010 (retrofitted on February 4, 2015).

95. The assessment focused on planning and budgeting, accounting, internal control systems including internal audit, financial reporting both in-year and annual, banking arrangements, disbursements and funds flow, and external auditing. Given the complexity of the project (multi-sectoral design) and given that the community around the Dadaab and Kakuma refugee camps is not familiar with development aid after years of reliance on humanitarian aid, the FM risk is assessed as **High**.

96. A Project implementation manual (PIM) that is acceptable to the Association will be prepared for Kenya. The PIM will cover FM aspects related to the project that are not covered in the existing FM manuals. Governance and anti-corruption arrangements will also be designed for this project, including



putting a complaints-handling mechanism in place so that concerns raised by project beneficiaries can be addressed. Arrangements will be made for setting up community-level SACs. Implementing entities will be encouraged to post project budgets and audited financial statements on their websites to promote transparency and accountability. Additional details on the assessment are included in Annex 3.

97. **IGAD Regional Secretariat.** An FM assessment was conducted on the FM arrangements for this project according to the FM manual issued in March 1, 2010, and reissued in February 2015. The assessment relied on FM assessment conducted for the existing IGAD implemented DRDIP, P152822, and lessons and experiences learned during implementation of this project. On the basis of the assessment, the FM risk is maintained as Moderate.

98. As noted above, this project's Component 5 (IGAD component) will be implemented by the IGAD and its FDMM Regional Secretariat, which was established under the existing active grant to the IGAD under DRDIP (P152822). It is envisaged that the same FM arrangements designed for this grant under P152822 will continue to be applicable in implementing Component 5 of this project. Policies and procedures of the IGAD were considered to be adequate and will continue to be applicable for this project. In addition, the existing DRDIP (P152822) developed a PIM, which will be applicable for this project as well. There is adequate staffing at IGAD and its Regional Secretariat on FDMM, which will handle FM issues of this project.

99. No funds will be transferred to any other implementing entity other than the IGAD Regional Secretariat on FDMM office. Disbursement arrangements envisaged under the existing IGAD DRDIP P152822 will continue to be applicable for this project as well. The IGAD Secretariat will open a Designated Account in Djibouti at a commercial bank acceptable to IDA. The Designated Account will be denominated in U.S. dollars. The IGAD Regional Secretariat on FDMM will also open a project account denominated in local currency and USD to be opened at a commercial bank acceptable to IDA in Nairobi. The IGAD will continue to use the transaction-based method of disbursements (Statements of Expenditure) for this project. All disbursement methods will continue to be applicable. Details are stated in the disbursement letter and disbursement handbook.

100. The IGAD Secretariat prepares and submits to IDA quarterly unaudited interim financial reports (IFRs) for the existing project—the DRDIP I (P152822)—within 45 days after the end of the quarter to which they relate. This existing IFR format will be used and will include the transactions of this project. Its form and content will be reviewed and revised and agreed with during this project negotiation.

101. This project will be audited by to an external auditor acceptable to the World Bank with annual audit reports together with management letters to be submitted to the World Bank within six months of the end of the fiscal year. Audit should be carried out in accordance with International Standards on Auditing. It is expected that this project audit will be coordinated with DRDIP I (P152822) project. Audit terms of reference were agreed. Audit reports will be publically disclosed by the World Bank in accordance with the World Bank Access to Information Policy.

102. Additional details of the assessments on both Kenya and the IGAD implemented components are included in Annex 3.



D. Procurement

103. **Kenya.** Procurement for the project will be carried out in accordance with the “The World Bank Procurement Regulations for IPF Borrowers, July 2016”, hereafter referred to as ‘Procurement Regulations’. The project will also be subject to the World Bank’s Anti-corruption Guidelines, dated July 1, 2016.

104. The project largely follows the CDD approach and procurement by the communities will follow Procurement Regulations paragraph 6.52 and Annex XII - Selection Methods paragraph 6.9 and 6.10. The procurement arrangement at community level and oversight mechanism such as citizen engagement and social audit and accountability will be detailed in the Project Operations Manual and in line with ‘Guidance Note for Design and Management of Procurement Responsibilities in Community Driven Development Projects’, dated March 15, 2012. The procurement arrangement shall be simple to enable the communities to carry out their own procurement activities with little or no assistance from national/county/sub-county officials. The fiduciary assurance shall come from citizen engagement, disclosure at community level, social audit, and use of women-led procurement committees at community level.

105. As required by the Procurement Regulations, a Project Procurement Strategy for Development (PPSD) has been developed on the basis of which the Procurement Plan has been prepared setting out the selection methods to be followed by the Borrower during project implementation in the procurement of goods, works, and non-consulting and consulting services financed by the World Bank. The PPCS and the Procurement Plan are part of the project documents and are contained in the project files. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

106. A procurement capacity and risk assessment has been carried out by the World Bank to review the organizational structure for implementing the project and the adequacy of procurement staff. The assessment has informed the preparation of the PPCS and has also been fed into the Procurement Risk Assessment and Management System (PRAMS).

107. **At the IGAD,** procurement will be carried out by the IGAD Regional Secretariat on FDMM. Oversight will be provided by the IGAD procurement unit based in Djibouti. The IGAD secretariat has experience in implementing donor-supported projects, including those financed by the World Bank.

E. Social (including Safeguards)

108. Among the key social issues for the project are: (a) the issues relating to OP 4.10 for the Somali and Turkana communities and in-depth consultations to meet policy requirements; (b) low economic and social empowerment of women and of youth; (c) weak and/or weakened customary institutions; (d) conflict over natural resource use and livelihoods; and (e) Kenyans who are currently registered as refugees in the Dadaab refugee camp who need to be rehabilitated following their screening in light of the GoK decision to close the Dadaab refugee camp complex. An expanded SA was carried out for the project to explore these aspects which informed the project design.

109. **OP 4.10 - Indigenous Peoples.** The population in Garissa County is 98 percent Somali, according



to the County Integrated Development Plan (CIDP), but, internally, the Somalis identify themselves with clans, which is a key factor in development and in distribution of resources in the county, employment, and also leadership selection. The clans found in the county are Abudwaq, Aulihan, Abdalla, Muqabuul, Qare, and Dogodia. The three main sub-clans: Aulidan, Abudwaq, and Muqabuul are from the Ogaden sub-clan and from discussions in the field, there seem to be very little tension between them (other than during elections). There are a few Bantu (Munyoyaya and Malakote) along the Tana River in Fafi subcounty. Although Somalis are listed as an indigenous peoples group by the World Bank, the criteria of OP 4.10 were used to define Vulnerable and Marginalised Groups (VMGs) who fit the OP 4.10 criteria and the GoK's definition of marginalized communities. It is likely that remote mobile pastoralists will fit the criteria of OP 4.10 and any riverine Bantu groups (if they exist in the target area). There are Boni hunter gathers in Ijara but they are unlikely to be affected by the project. Accordingly, the issues relating to OP 4.10 are defined in detail in the SA and the Vulnerable and Marginalised Groups Framework (VMGF); through in-depth consultation to reflect the policy requirements. The SA and VMGF were prepared, consulted, finalized and disclosed on March 3, 2017.

110. Around Kakuma, the host community is mainly Turkana with a few other groups that came to do business there and look for jobs. There is some intermarriage between these groups and also between the host community and refugees with very little tension between them. There has, however, been tension in the past between nomadic pastoralist groups over natural resources. The determination of whether the Turkana or the various sub-clans fit the OP 4.10 criteria and the GoK's definition of marginalized communities was explored during the SA.

111. **OP 4.12 - Involuntary Resettlement.** The proposed project does not intend to undertake any subprojects that will displace people. However, individual subprojects are not yet identified. Therefore, as a precautionary measure, the project prepared, consulted and disclosed a Resettlement Policy Framework (RPF) on March 3, 2017, prior to appraisal. The RPF addresses any issues which might arise from economic displacement and/or restriction of access to communal natural resources under the project. During implementation, special attention will be given to community participation, grievance redress and benefit-sharing mechanisms, and sociocultural systems/physical characteristics that are specific to the project sites and surroundings to ensure that those affected by implementation of the project, positively or negatively, have a voice and a mechanism for influencing project outcomes in line with the World Bank's safeguard policies.

F. Environment (including Safeguards)

112. The proposed project was screened by the World Bank Team and assigned the Environment Assessment category B. This is on the assumption that no major civil works will be funded and no major physical or economic displacements will take place. The World Bank Operational Policy on Environmental Assessment (OP/BP 4.01) has been triggered, given that implementation of the activities outlined under Components 1-3 namely expansion and improvement of service delivery, including small-scale infrastructure; construction or rehabilitation of physical structures for soils and water conservation, and water catchment management; other landscape restorative activities such as afforestation/reforestation, eradication of noxious plant species; land-based livelihood support activities; etc.; could result in environmental risks and social impacts, albeit these may be reversible, localized, and easily and cost-effectively mitigated. The Operational Policy on Pest Management (OP/BP 4.09) has been triggered,



predicated on the assumption that the project will support activities under Component 2 and 3 that are likely to be agriculture-based and that may increase the application of agrochemicals (insecticides, herbicides, fungicides and fertilizers).

113. The Policy on Physical Cultural Resources (OP/BP 4.11) has been triggered as a precautionary measure. Although the project has no foreknowledge of any potential cultural and historical sites or resources of significance, it has incorporated “Chance Find” provisions in the Environmental and Social Management Framework (ESMF) to ensure that the appropriate preventive and mitigation measures are formulated and executed in the event that any such physical cultural resources are encountered during project implementation. In addition, the Policy on Safety of Dams (OP/BP 4.37) has been triggered under the assumption that Component 2 may support small dam construction as part of the small-and micro-scale irrigation schemes. To respond to requirements under this Policy, the project will use the 2010 FAO “Manual on Small Earth Dams, A Guide to Siting, Design and Construction”. Given that specific sites for sub-projects to be implemented through a CDD approach are not yet known/identified, a framework approach was proposed by the World Bank Safeguard Team, and the Borrower has prepared an ESMF. The Borrower has ensured that free, prior and informed consultations took place during the preparation of the safeguard instruments, and documentation of the stakeholder consultation and participation process is important during implementation. The ESMF was cleared by the World Bank and disclosed in-country and at the World Bank’s InfoShop on March 3, 2017.

114. The Operational Policy on International Waterways (OP/BP 7.50) has been triggered because the project will finance boreholes for drinking water supply for humans and livestock most likely to be located in international waterways of the Merti Aquifer. The community has also requested for and small-scale irrigation investments. While the impact of these investments on the Merti Aquifer is likely to be insignificant and the cumulative abstraction minor, however decisions related to small-scale irrigation investment will be based on the detailed Merti Aquifer study which is ongoing. The riparian country of Somalia was notified in accordance with OP 7.50 on International Waterways on January 23, 2017. A results memo was approved by the Regional Vice President on March 13, 2017.

115. With respect to the IDA regional grant to the IGAD, the Environmental Assessment Category is C, as the activities being supported relate to coordination and capacity building and will not trigger any safeguard policies.

116. **Climate change and disaster risk screening.** The screening revealed that the project target areas are exposed to high temperatures, droughts, and/or floods because of intense rainfall during the main rainy season, which spans July to October. Overall, the proposed project will contribute to reducing greenhouse gas emissions through Component 2: Sustainable Environmental Management by supporting (a) measures on improved energy efficiency in cooking and lighting and increasing the use of renewable energy sources reducing pressure on biomass; and (b) soil and water conservation measures, afforestation, and area closures for regeneration that will contribute to reducing the impacts of climate trends by improving water conservation, increased biomass, and fodder availability. However, it is worth noting that project-supported activities under Component 1: Social and Economic Services and Infrastructure, such as roads, are likely to be affected by climate trends. Also, investments under Component 3: Livelihoods Program which will support agriculture and livestock-related livelihoods are likely to be affected by climate trends.



117. **Greenhouse gas accounting.** The proposed project investments have been assessed to have negligible emissions from the planned solid waste management activities. There are no major infrastructure investments related to solid waste but rather development of a solid waste management plan, recycling of plastics, and strategic clean-ups. Per corporate guidance, it was determined that there is no need for reporting the greenhouse gas emissions impact of the planned solid waste activities.

H. World Bank Grievance Redress

118. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Eastern Africa

Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa

Project Development Objectives

The Project Development Objective (PDO) is to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the target areas in the Recipient's territory.

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Beneficiaries with access to social and economic services and infrastructure		Number	0.00	1500000.00	Yearly	beneficiary assessment; progress reports	PIU
Description: This indicator will assess the number of beneficiaries that are benefiting from the new infrastructures and economic services being provided by the project, including host community and refugee beneficiaries							
Name: Direct project beneficiaries	✓	Number	0.00	1041436.00	Yearly	beneficiary assessments; progress reports	PIU
Female beneficiaries	✓	Percentage	0.00	50.00			



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<p>Description: Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.</p>							
Name: Beneficiaries of economic development activities that report an increase in income		Number	0.00	48000.00	Yearly, MTR and EOP	HH surveys; evaluation; beneficiary assessments; progress reports	PIU
<p>Description: This will assess how the beneficiaries are economically faring after the project support is provided.</p>							
Name: Land area where sustainable land management practices have been adopted as a result of the project		Hectare(Ha)	0.00	11190.00	Yearly	Progress reports	PIU
<p>Description: This will assess the increased hectare developed for sustainable land management practices</p>							
Name: Regional Secretariat's capacity assessment plan and annual progress reports reflecting the expanded mandate endorsed by participating countries		Number	0.00	5.00			



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Description: The capacity and assessment plan and the progress reports will provide detailed information on the expanded activities of the Secretariat, including learning activities (research, studies and annual regional learning and exchange workshop), technical assistance provided to the countries, and monitoring activities.							

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Community-based organizations formed or reinforced and still operational one year after receiving funding		Number	0.00	2700.00	Annually after first year	Progress reports	PIU
Description: This will determine the number of community-based organizations created or reinforced that remain operational.							
Name: Beneficiaries that feel project investments reflected their needs (percentage)	✓	Percentage	0.00	70.00	Annually after first year	beneficiary assessments	PIU
Beneficiaries that feel project inv. reflected their needs - female (number)	✓	Number	0.00	364000.00			
Description: This will measure the extent to which decisions about the project reflected community preferences in a consistent manner.							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Infrastructure investments for which local governments adopt recurrent budget allocations and/or operation and maintenance plans		Percentage	0.00	70.00	Annually, beginning in second year	Progress report, evaluation	PIU
Description: This will assess the appropriation of new infrastructure investments made by the local government.							
Name: Beneficiaries with access to improved energy sources		Number	0.00	300000.00	Annually, after second year	evaluation; beneficiary assessment	PIU
Description: This will assess the number of beneficiaries accessing an improved source of energy, such as cooking devices and renewable energy. A lot of the beneficiaries for this indicator will come from users of public facilities such as schools or health centers							
Name: Area provided with irrigation and drainage services (ha)	✓	Hectare(Ha)	0.00	1000.00	Annually, after second year	Progress report, evaluation	PIU
Area provided with irrigation and drainage services - New (ha)	✓	Hectare(Ha)	0.00	700.00			
Area provided with irrigation and drainage	✓	Hectare(Ha)	0.00	300.00			



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
services - Improved (ha)							
Description: This indicator measures the total area of land provided with irrigation and drainage services under the project, including in (i) the area provided with new irrigation and drainage services, and (ii) the area provided with improved irrigation and drainage services, expressed in hectare (ha).							
Name: Project Financed subprojects that are functioning or delivering services to communities six months after completion		Percentage	0.00	80.00	Annually, after second year	Evaluation; Beneficiary assessments	PIU
Description: This will assess the performance of the subproject financed by the project							
Name: Beneficiaries of livelihood-support activities		Number	0.00	80000.00	Annually, after second year	Progress reports, Beneficiary assessments	PIU
Description: This will assess the number of beneficiaries that benefited from the project's livelihood activities							
Name: Work days created for short-term employment in the subprojects		Number	0.00	3600000.00	Annually, after second year	evaluation of progress report	PIU
Description: This will assess the total number of work days created in all subprojects.							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Meeting of the project's regional steering committee, knowledge sharing, and learning workshop organized annually by the Regional Secretariat, reflecting the expanded mandate.		Number	0.00	5.00	Annually, after second year	Qualitative evaluation report of local and regional governments	IGAD
Description: This will assess whether or not the regional activities of the Regional Secretariat's expanded mandate have been endorsed and validated by IGAD's member states							



Target Values

Project Development Objective Indicators

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
Beneficiaries with access to social and economic services and infrastructure	0.00	150000.00	600000.00	1125000.00	1500000.00	1500000.00	1500000.00
Direct project beneficiaries	0.00	104000.00	416000.00	780000.00	1040000.00	1040000.00	1041436.00
Female beneficiaries	0.00	40.00	45.00	50.00	50.00	50.00	50.00
Beneficiaries of economic development activities that report an increase in income	0.00	0.00	14000.00	32450.00	48000.00	48000.00	48000.00
Land area where sustainable land management practices have been adopted as a result of the project	0.00	1100.00	4500.00	8500.00	11190.00	11190.00	11190.00
Regional Secretariat's capacity assessment plan and annual progress reports reflecting the expanded mandate endorsed by participating countries	0.00	1.00	2.00	3.00	4.00	5.00	5.00

Intermediate Results Indicators

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
Community-based organizations formed	0.00	0.00	250.00	850.00	1900.00	2700.00	2700.00



Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
or reinforced and still operational one year after receiving funding							
Beneficiaries that feel project investments reflected their needs (percentage)	0.00	50.00	55.00	60.00	70.00	70.00	70.00
Beneficiaries that feel project inv. reflected their needs - female (number)	0.00	26000.00	114400.00	234000.00	364000.00	364000.00	364000.00
Infrastructure investments for which local governments adopt recurrent budget allocations and/or operation and maintenance plans	0.00	60.00	60.00	70.00	70.00	70.00	70.00
Beneficiaries with access to improved energy sources	0.00	30000.00	120000.00	225000.00	300000.00	300000.00	300000.00
Area provided with irrigation and drainage services (ha)	0.00	100.00	400.00	750.00	1000.00	1000.00	1000.00
Area provided with irrigation and drainage services - New (ha)	0.00	70.00	280.00	525.00	700.00	700.00	700.00
Area provided with irrigation and drainage services - Improved (ha)	0.00	30.00	120.00	225.00	300.00	300.00	300.00
Project Financed subprojects that are functioning or delivering services to communities six months after completion	0.00	0.00	60.00	65.00	70.00	80.00	80.00
Beneficiaries of livelihood-support	0.00	9000.00	28000.00	59000.00	80000.00	80000.00	80000.00



Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
activities							
Work days created for short-term employment in the subprojects	0.00	360000.00	1440000.00	2700000.00	3600000.00	3600000.00	3600000.00
Meeting of the project's regional steering committee, knowledge sharing, and learning workshop organized annually by the Regional Secretariat, reflecting the expanded mandate.	0.00	1.00	2.00	3.00	4.00	5.00	5.00



ANNEX 1: FORCED DISPLACEMENT CONTEXT IN KENYA

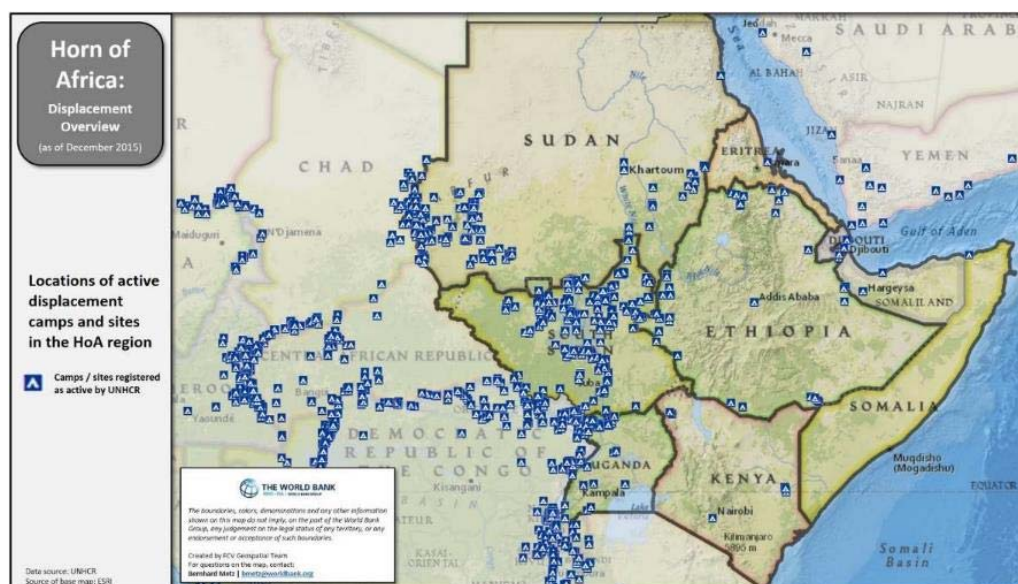
Kenya

Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa

Regional Context

1. The HOA region covers Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, and Uganda. Despite its rich endowment in human, social, and natural capital, the HOA region is plagued by a complex history of capacity constraints, pockets of poverty and insecurity, increasing environmental degradation, and a range of persistent development challenges. Conflict remains endemic in the region. The complex cultural, social, and political nature of these conflicts gets further compounded by demographic shifts because of population growth; the movement of people; imbalanced service provision; increasing contestation over scarce natural resources; and harsh climatic conditions, including frequent droughts and floods.
2. Displacement has emerged as a regional phenomenon with spillover effects in countries directly neighboring those experiencing conflict and posing major challenges in reducing poverty and achieving sustainable development with peace and security in the HOA. Figure 1.1 provides an overview of active displacement sites in the HOA as of December 2016. The region hosts over 9.5 million displaced persons, including over 6.5 million IDPs and about 3 million refugees, as of June 2015. Displacement in the HOA has been compounded by migration within and outside the region, driven by a number of natural and man-made reasons, including climate change and environmental degradation, which have acted as threat multipliers.¹⁴

Figure 1.1. Displacement Overview in the HOA



Source: UNHCR 2016.

¹⁴ "Accelerating Climate-Resilient and Low-Carbon Development: The Africa Climate Business Plan." Africa Region, World Bank Group, Washington, DC.



3. The proposed project will be implemented in Kenya covering three refugee-hosting counties namely Garissa, Turkana, and Wajir. These areas face significant development deficits, which have been further exacerbated by the protracted displacement of refugees as reflected in the competition for services; livelihoods; and natural resources, especially water and biomass. Because of the insufficient attention that has been paid to the development dimensions of protracted displacement situations, the negative impacts of displacement on host communities have not been adequately addressed. The proposed project will adopt a holistic and comprehensive area-based development approach to improve service delivery, address environmental degradation, and provide livelihood opportunities to the host communities. These efforts are expected to benefit refugees as well, contributing to the design of transitional or progressive solutions for them in a more conducive and opportunistic social and economic ecosystem. Additionally, the investments will contribute to mitigate conflict caused by the increased competition for services, livelihoods, and natural resources; increase social cohesion; and support better integration between the economies of the refugees and the host communities.

Kenyan Context

4. As of December 2016,¹⁵ Kenya hosted the third largest number of refugees in Africa after Ethiopia and Uganda. Some 494,863 refugees and asylum seekers from Somalia, South Sudan, Ethiopia, and other countries in the region are hosted in Kenya with 272,764 in the Dadaab refugee camps; 154,947 in Kakuma; and 69,261 in Nairobi. These figures include 326,562 Somali refugees in protracted displacement, 27,237 Ethiopians, 29,317 Congolese, and 88,391 South Sudanese refugees. Somali refugees are mainly located in the Dadaab camp while South Sudanese are largely in Kakuma. The Dadaab Refugee Complex hosts refugees in five camps—Dagahaley, Ifo, Ifo 2, Hagadera, and Kambioos; the first three are located in Lagdera (Dadaab) subcounty and the latter two are in Fafi subcounty. It is estimated that about 45,000 are double registrations—15,000 Kenyans who enrolled as refugees to access food benefits and basic services; 20,000 Somali refugees with Kenyan Identity cards; and nearly 10,000 belonging to families of refugee-Kenyan marriages (UNHCR 2016). The Kakuma refugees are in four camps Kakuma I–IV and the Kalobeyei settlement—all in Turkana West subcounty of the Turkana County.

Legal and Institutional Framework Governing Forced Displacement in Kenya

5. As is the case in other countries in the HOA, a range of international, regional, and domestic laws, policies, and institutions govern the situation of refugees and IDPs in Kenya. Kenya adopted¹⁶ the three major international and regional legal instruments governing the situation of refugees in the HOA: (a) the 1951 United Nations Convention relating to the Status of Refugees (1951 Convention) on May 16, 1966 with a reservation on Article 22 (1) dealing with the provision of public education to refugees; (b) the 1969 Organization of African Unity Convention Governing Specific Aspects of Refugee Problems in Africa (1969 Organization of African Unity Convention) on November 11, 1981; and (c) the International Conference on the Great Lakes Region (ICGLR) Protocol on the Property Rights of Returning Persons (the ICGLR Property Protocol 2006) on June 23, 1992.

6. The development-related provisions of the international and domestic refugee laws deal with property rights, freedom of movement, the right to work, and access to services. The 1951 Convention

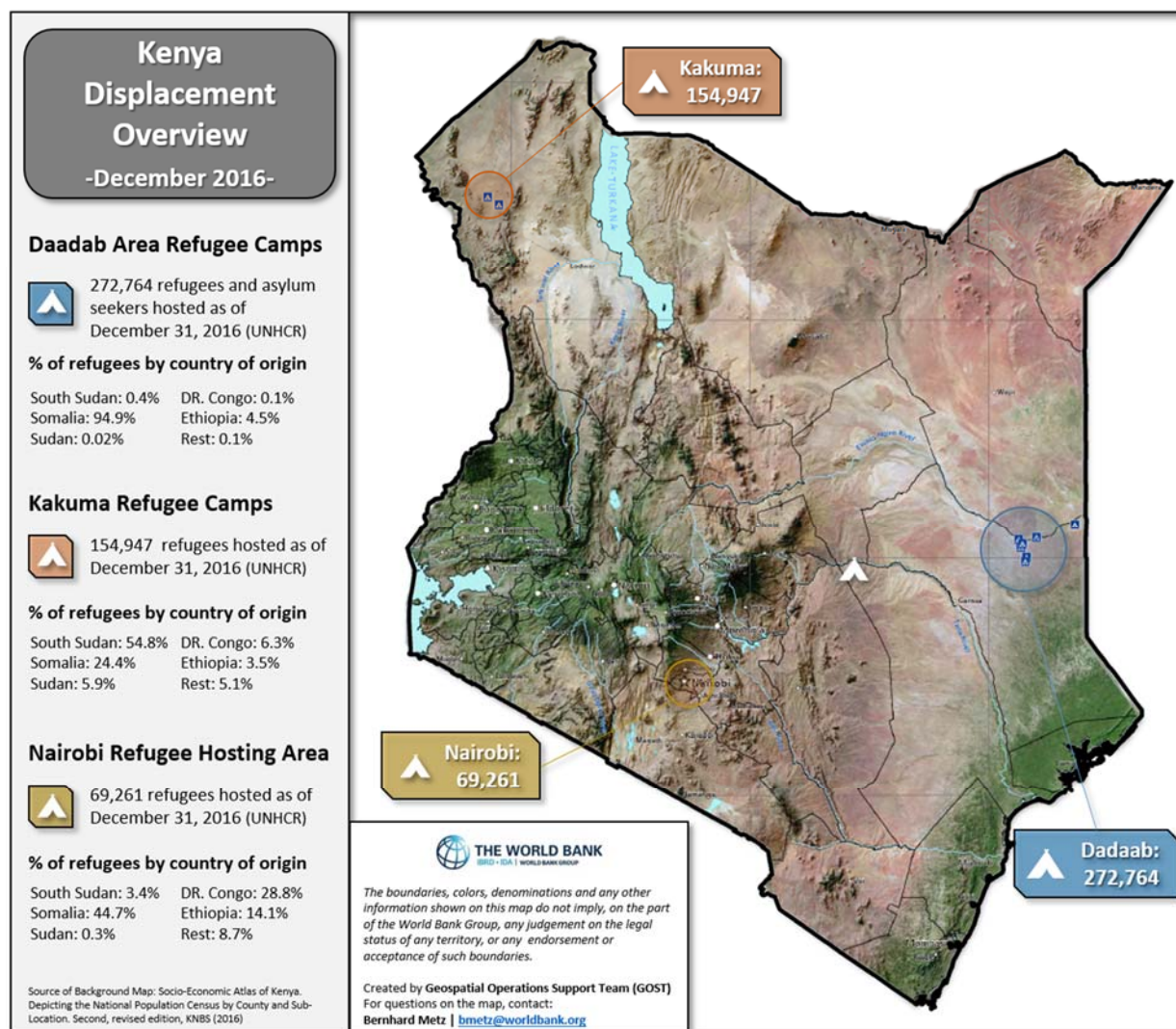
¹⁵ UNHCR Factsheet December 2016.

¹⁶ “Forced Displacement and Mixed Migration in the Horn of Africa.” World Bank, Washington, DC.



has provisions dealing with these issues. In addition, the ICGLR Property Protocol deals with the recovery of refugees' property and possessions left behind or dispossessed during displacement. Domestic laws have taken different approaches to address development-related issues. Kenya's Refugee Act 2006 makes a provision for property rights in Article 16 (1), freedom of movement in Article 16 (2), and right to work in Article 16 (4), with no provision for services to refugees. However, this Kenyan Domestic Refugee Law effectively limits the refugees' right to work by imposing the same restrictions and conditions applicable to aliens.

Figure 1.2. Displacement Situation in Kenya



Source: UNHCR 2016

7. The refugee policy and legal and institutional framework in Kenya offers refugees' protection and non-refoulement.¹⁷ Kenya's Refugee Act 2006 does not provide a path for a refugee to acquire citizenship

¹⁷ The right not to be forcefully returned to the place from which they escaped.



and does not allow local integration of refugees. Lack of consistent decisions on issues related to refugees also remains a challenge. In light of this, the main focus of this project is to contribute to improving service delivery, addressing environmental degradation, and providing livelihood opportunities in the refugee-hosting areas. The holistic approach of the project will also benefit refugees from investments in social infrastructure, environmental amelioration, and livelihood opportunities. These investments will contribute to better integration between refugee and host community economies—a transitional solution to refugee displacement while durable solutions are found.

8. At the international and regional level, four legal instruments deal with IDPs in the HOA. These include (a) UN Guiding Principles on Internal Displacement (the Guiding Principles); (b) the ICGLR Protocol on the Protection and Assistance to Internally Displaced Persons (ICGLR IDP Protocol 2006); (c) the ICGLR Protocol on the Property Rights of Returning Persons (the ICGLR Property Protocol 2006); and (e) the African Union Convention for the Protection and Assistance of Internally Displaced Persons in Africa (Kampala Convention 2009). Kenya is a member of the ICGLR IDP and ICGLR Property Protocols. Kenya's IDP legislation—the Prevention, Protection, and Assistance to Internally Displaced Persons and Affected Communities Act 2012—confirms the application of the ICGLR IDP Protocol and UN Guiding Principles to IDPs in the country. It has provisions under Article 9 for property rights, freedom of movement, access to livelihoods, and provision of services.



ANNEX 2: DETAILED PROJECT DESCRIPTION

Kenya

Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa

1. The DRDIP II is being processed as part of the regional operation that seeks to address the impacts of forced displacement on countries and communities in the HOA that are hosting refugees. It is a multisectoral development response by the GoK which addresses unmet social, economic, and environmental needs in local host communities in the three refugee-hosting counties. The proposed project will use an IPF instrument with total IDA funds of US\$103 million equivalent to be disbursed as credit at US\$100 million equivalent for Kenya and a US\$3 million equivalent grant to the IGAD.

2. The DRDIP II seeks to address the social, economic, and environmental impacts of the presence of refugees in host communities through interlinked technical and investment components as described in the following paragraphs.

Component 1: Social and Economic Infrastructure and Services (approximately US\$45 million equivalent)

3. This component will specifically support improvements in access to basic services for the host communities. The key services will include basic education, primary and secondary health services, water supply, sanitation and hygiene, and some productive economic infrastructure. The guiding principles will be (a) prioritization based on identified community needs, especially by girls and women; (b) inputs complementary to ongoing support from the county and national governments as well as other development partners and CSOs; (c) compliance with quality standards and norms of the GoK; and (d) strong accountability to citizens and credible systems for M&E of performance of such improved service coverage.

Subcomponent 1(a): Community Investment Fund (approximately US\$42.5 million equivalent)

4. This subcomponent seeks to improve community access to basic social services and economic infrastructure by providing investment funds that, together with community contributions, will expand and improve service delivery and build economic infrastructure for local development. Investments will be identified, prioritized, implemented, and monitored by beneficiary communities. The subcomponent will respond to some key concerns that were identified during the SA with respect to basic social services as detailed in Table 2.1.

5. The host communities use both county government and UNHCR-provided social services. Community needs will be addressed by also rationalizing the delivery of health and education services that UNHCR and its partners are providing to prevent duplication. Such rationalization, however, will be guided by community identified needs, facility norms established by the GoK, linkage with the CIDP and viable recurring costs for the county. New approaches for socially appropriate, cost-effective, and effective service delivery options that are suitable to local conditions will be explored. One such example includes expanding the ongoing GoK initiative to promote universal health coverage through appropriate subsidies for the most vulnerable populations.



6. For improving access to safe water and sanitation, the project will complement inputs from the Kenya Water and Sanitation Development Project (WSDP) (P156634) to expand water supply and sanitation services for the host populations in the project subcounties. Specific inputs in Garissa and Wajir Counties will be informed by the ongoing studies of Merti aquifer which is being used by refugees in Dadaab and host communities and their livestock. For Garissa and Wajir counties, WSDP will take the lead on water development activities with coordination on community-demand generated under DRDIP II at the subcounty and county levels. Specifically, the project will use community-driven approaches to improve access and delivery of safe water and sanitation services. Community priorities, especially those identified by women, and the provision of the Water Project's ESMF will guide the criteria for selection of locations for boreholes and ensuring adequate safeguards. In addition, the project will also support optimal use of existing solar boreholes for refugees in Dadaab for productive community activities.

Table 2.1. Key Social Service Concerns Identified by Target Communities

Specific Area	Key Concerns
Education	<ul style="list-style-type: none"> • Poor infrastructure/facilities with limited access to teaching and learning materials • Low levels of enrollment, especially among girls • Education system not adapted to the sociocultural context of pastoralism • Teachers are few and not sufficiently trained
Health	<ul style="list-style-type: none"> • Poor health infrastructure with weak/broken first line healthcare • Inadequate and unskilled healthcare labor force • Limited access to essential drugs and other medical supplies • Long distances to health facilities • Inadequate referral processes
Water	<ul style="list-style-type: none"> • Limited access to safe and clean drinking water for both human and animal consumption • Unequal distribution of watering points for both human and animal consumption • Delayed servicing of boreholes and water pumps • Use of contaminated water leading to disease outbreaks and oral diseases
Sanitation	<ul style="list-style-type: none"> • Low latrine coverage and use • Unsafe human waste disposal
Road infrastructure	<ul style="list-style-type: none"> • Poor road networks • Lack of bridges to connect different communities • Inadequate coverage of the road network

7. **Implementation modalities.** Planning for all three investment components will be undertaken as a single exercise. The planning phase will coincide with the project's effort at building implementation capacity of the county and subcounty staff and community for planning, mainstreaming, and coordination; and preparation of community development plans (CDPs), integrating them into the CIDPs, and preparing an annual action plan for the first year of implementation. A CDP will be developed and agreed to, based on a community-level mapping exercise that identifies and prioritizes subprojects for service delivery; areas to be addressed under environmental rehabilitation and natural resource management; and potential traditional and non-traditional livelihoods. The process will follow a three step process: (a) an initial sensitization, awareness raising, and communications about project-supported investments, eligibility criteria, implementation modalities, roles of different stakeholders, and rules of participation; (b) mapping of the existing situation, including resources and gaps; identification of needs



and prioritization of investments; and establishment of a community development committee to facilitate community participation and project implementation; and (c) finalization of the community priority needs and subprojects by the committee by ensuring synergies with existing developmental plan and other ongoing interventions to prevent duplication. A Village Level Committee will be established with inclusive representation and three subcommittees on infrastructure, livelihoods and Labor Intensive Public Works/Environment will also be formed to coordinate and provide oversight for respective subprojects. Village level committees will be aggregated at the Ward level to ensure synergy in plans and leverage partnerships. This process will be facilitated by NGOs that will be contracted by the project with in-depth knowledge of the project areas as well as credible implementation experience and track records. The CIPIU, in coordination with line ministries, will support the communities to develop subproject proposals including detailed designs. Communities will be supported with technical assistance from the county in implementing subprojects. Technically complex subprojects will be contracted for by the county in consultation with the community.

Subcomponent 1(b): Capacity Support for Local Planning and Decentralized Service Delivery (approximately US\$2.5 million equivalent)

8. This subcomponent seeks to improve the service-delivery capacity of county and national level government authorities. It will support capacity support interventions for county government authorities and local implementing institutions in coordination with other projects and programs to ensure adequate capacities in the areas of community-driven planning process, local development management, service-delivery capacities enhancement, mainstreaming of project interventions with the government's development planning and budgeting process, and coordination of all development stakeholders for local-level and community-level development learning. The project will also support technical assistance to reinforce the capacity of the Executive Office of the President, line Ministries, and specialized agencies, including the recruitment of national and international technical assistance for the planning, engineering design, procurement, construction management, safeguards, and technical monitoring of physical investments.

Component 2: Environmental and Natural Resource Management (approximately US\$20 million equivalent)

9. This component aims to decrease environmental impacts of protracted refugee presence and the direct and indirect consequences on the host communities which include significant deterioration of the natural resource base because of deforestation resulting from the overexploitation of wood and other non-timber forest products for various purposes (shelter, firewood, charcoal, food, medicines, and so on), degradation of grazing lands, loss of wildlife, soil erosion, open disposal of solid waste especially plastics, and uncontrolled abstraction of groundwater for domestic consumption and livestock use. The main drivers of this degradation include the unmet energy needs of the refugees and hosts, increased demand for scarce water resources, and increased demand for livestock grazing. This degradation has had negative and limiting impacts on the livelihoods and coping mechanisms of the host areas and communities.

10. The project will therefore support environmental and natural resource restorative measures that will be executed with the participation of the communities, taking into account their needs and site specificities including the use of local indigenous knowledge in the host areas. These investments will aim to (a) rehabilitate the targeted degraded areas (forests and rangelands) with regard to flora and fauna for



environmental benefits and (b) contribute to the restoration and strengthening of the livelihoods and benefits of host communities through improved availability of land and forest produce including the grazing conditions of the rangeland and planting of multiple-use tree/plant species that can supply needed non-timber forest products to supplement household use, income, and consumption. Capacity building will be included in all activities, including support for the formation of community environmental management committees, community forest associations, and community wildlife associations where they do not exist but are needed.

Subcomponent 2(a): Integrated Natural Resources Management (approximately US\$18 million equivalent)

11. The objective of this subcomponent is to undertake targeted at-scale community-based environmental and natural resource restorative measures to rehabilitate and enhance the productivity of these resources that will be beneficial for the local communities, the environment, livestock, and wildlife resources in the refugee-hosting areas. Key strategies for environmental rehabilitation will include (a) natural regeneration, (b) vegetation (grass and tree) reseeded, (c) tree planting (reforestation/afforestation with appropriate species), (d) rainwater harvesting, and (e) solid waste (especially plastics) and pollution control. Specific indicative activities include establishment of tree nurseries in the target sites, assisted forest regeneration, establishment of community enclosures ('greenbelts') of degraded forest areas to allow natural regeneration of indigenous trees where possible, promotion of drylands non-timber forest products, grassland/rangeland rehabilitation through reseeded and seeding of degraded areas, rainwater harvesting through surface water harvesting works (for example, semicircular contour bunds, diversions, pans, sand dams), and implementation of plastic waste cleanup and recycling plans through community environmental committees. The choice of specific strategy/activity or combination thereof will depend on site specificities and community dynamics (including use of traditional local knowledge). The planning of these activities will be undertaken as part of the community-driven process described under Component 1. The primary implementation modality for the component will be LIPWs and specific efforts will be made to integrate women—not only into the labor opportunities but also as beneficiaries of the activities.

12. Deforestation and environmental degradation impacts in the host areas are driven in part by high and uncontrolled exploitation of woody biomass by refugees and hosts to meet their energy (charcoal and firewood) and building (construction of shelters and fencing) needs. Woody vegetation in the ASALs of Garissa, Wajir, and Turkana provides useful cover to the fragile and highly erodible soils, shelter for people and livestock in the harsh environment, and habitats for wildlife. Critically, for these pastoral communities, trees also provide important browse for their livestock (especially camels and goats that do not feed on grass). Indeed the livelihoods of many of these rural dryland communities also depend on non-timber forest products which account for a significant share of household incomes and expenditures. As such, these dryland forests provide important environmental benefits—like improved soil fertility, carbon sequestration, watershed protection, wildlife habitat, reduced sensitivity to drought shocks by modifying the local microclimate, providing shade for people and livestock, and livelihoods' fodder, fuel wood and timber and non-timber forest products. The growing of these would be emphasized for environmental and livelihood benefits.

13. The management will be led by local community forest associations or community environmental committees with technical assistance from the project (including counterpart partners such as Kenya



Forest Service and Kenya Forest Research Institute). They will promote drylands non-timber forest products—frankincense, gum arabic, fruits, honey, gums, resins, neem, dyes, aloe, medicines, and so on); high/multiple value trees/plants—*Acacia senegal*, *Melia volkensii*, *Acacia elatior*, *Cordia sinensis*, *Balanites aegyptiaca*, Aloe vera, mango, and so on; and fruit trees for improved nutrition by planting of indigenous fruit trees such as *Vitex doniana*, *Psidium guajava*, kei apple, and *Tamarindus indica* especially in Garissa and Wajir. This will help the target community with food security, support improved levels and sources of alternative income, and ensure sustainable use and survival of rehabilitated woodlands in target areas. The growing and processing of trees for medicinal purposes and products (for example, acacia resin) will be promoted.

14. Grazing lands in Dadaab and Kakuma host areas are facing severe rangeland degradation because of increased livestock numbers. The degradation of the rangelands has meant that as the grass stock has severely depleted, the livestock species composition in some host communities has shifted away from grazers (cows) toward browsers (camels/goats) with negative livelihood implications (for example, limited or no milk production from cows). Given that Dadaab and Kakuma host communities are primarily pastoralists that rely on the health of their rangelands for sustenance, investments in rangeland restoration and management are key to restoring community livelihoods. The project will support (a) grassland/rangeland rehabilitation through reseeding and seeding of degraded areas through timely broadcasting of pasture seeds; (b) enhanced community rangeland grazing management plans (including paddocking, grazing quotas, and community enclosures for natural regeneration) in the target areas; and (c) the establishment of fodder production growing plots through reseeding of degraded grazing land/reserves in appropriate targeted sites. This will include training and machinery for range forage harvesting and baling (most likely for youth groups). The reseeding of degraded grazing areas in the target sites will increase livestock feed for these predominantly pastoral communities.

15. The limited surface water and groundwater resources in the host areas is facing uncontrolled abstraction and use. Both Dadaab and Kakuma host areas are situated in areas that face severe water scarcity and frequent droughts. Surface water is limited because of scarce rains. The high number of refugees has led to severe competition for already limited water resources (for domestic, agriculture, and livestock uses) in the host areas. This has negative impacts on the livelihoods of the host communities. The project will support measures to enhance groundwater recharge (for example, through rehabilitation of degraded areas to enhance rainwater infiltration and reduce erosion) and increase surface water availability (for example, through rainwater harvesting). Targeted investments in rainwater harvesting through surface water harvesting works will include construction of semicircular contour bunds, diversions, pans, sand dams, rock catchments, and micro-catchments. This will be undertaken through LIPWs that will also support livelihoods of the host communities through cash payments. Responses to community demand for small irrigation in the Merti Aquifer will be based on feasibility assessment.

16. Poor waste disposal practices have especially led to plastics littering large areas of the landscape around Dadaab and Kakuma host areas. There are limited efforts to reduce, re-use, collect, and recycle these plastics. The project will support the development and implementation of plastic waste cleanup and recycling plans through community environmental committees (preferably employing the youth in the host areas).



Subcomponent 2(b): Access to Energy (approximately US\$2 million equivalent)

17. This subcomponent seeks to improve the host communities' access to clean energy by promoting the better use of energy resources and increasing access to alternative sources of renewable energy. Support will be given to interventions that address the host communities' energy requirements, such as domestic cooking and lighting; social services such as schools and health services; and productive activities, including lighting for small shops and businesses, tourism and entertainment, and manufacturing and processing. Household cooking is predominantly based on firewood and charcoal. To address concerns associated with the overdependence of and health risks associated with these forms of energy for household use, the project will support various activities ranging from the establishment of woodlots and production and deployment of improved cooking devices with appropriate community consultations about methods of cooking and baking to the development of types of high calorific fuels, including processed charcoal that can be locally available. Solar lanterns and lamps are among the options for meeting home and street lighting as well as mobile phone charging needs. The inputs provided by this project will be complementary to the proposed World Bank-financed Kenya Off-grid Solar Access Project. Training will be provided on the use of the new devices (energy-saving cook-stoves) and the development of high calorific fuels such as briquettes. Also, support from the project will be given for monitoring use, regular maintenance, and repairs of devices and production units.

Component 3: Livelihoods Program (approximately US\$27.5 million equivalent)

18. Refugee-hosting communities around the Dadaab and Kakuma refugee camps derive their incomes either from traditional livelihoods, including pastoralism, agropastoralism, and small-scale agriculture; and/or non-traditional livelihoods including small businesses, unskilled labor, skills-based jobs, and service enterprises. Both forms of livelihoods are characterized by limited access to capital, inputs, capacity building, and technical support to increase productivity; low-level technologies and skills with low productivity; and poor market and other infrastructure and resultant low incomes. The support to livelihoods aims to improve the productivity of traditional and non-traditional livelihoods and strengthen the resilience of communities. The support will include (a) improved access to factors of production like finance, technology, equipment, storage, and infrastructure; and (b) mobilization and selection of beneficiary groups and the formation and strengthening of CIGs and producer cooperatives. The component will target households based on vulnerability, giving priority to women and youth with at least 50 percent of beneficiaries expected to be women. The component will ensure convergence with other livelihood interventions in the target area.

Subcomponent 3(a): Support to Traditional and Non-Traditional Livelihoods (approximately US\$25 million equivalent)

19. The objective of this subcomponent is to increase the production and productivity of pastoralism (livestock), agropastoralism (crop and livestock), agriculture (crops and livestock) and fisheries; and commercialize these livelihood activities for improved incomes, employment, and self-reliance. Prioritization will depend on the potential of the target county and the subcounty, livelihoods practiced, community interests, capacities, and market demand. The Sub-component will support formation of community groups for undertaking livelihood activities, formation of producer organizations for higher order livelihoods, business development support to individual small businesses, and training and placement of youth in demand driven market oriented skills. Support will include (a) improved production



through access to input and output markets, technology and equipment, access to storage and processing infrastructure, access to finance; (b) mobilization and selection of beneficiary groups, the formation of project CGs, aggregation into producer cooperatives wherever appropriate, and strengthening capacities of existing and new producer cooperatives for accessing input and output markets; and (c) enhanced skills for increased employability, enterprise development, promotion of other income generating activities. Beneficiaries will receive grants to finance livelihoods subproject proposals. The proposed interventions are indicative (Table 2.2) and will be informed by the lessons learned and building on the experience of the line ministries and will be tailored to the local contexts. Some of the experiences to build on will include current livestock improvement projects by county governments and NGOs; the World Bank-supported Regional Pastoral Livelihoods Project; current programs supporting small-scale agriculture and horticulture activities like Kulan Community Farming Project, Kenya Red Cross supported project, Millennium Villages initiative, and the World Bank-supported Kenya Agriculture Productivity and Agribusiness Project; current business training and support projects like Youth and Women Enterprise funds, Community Microfinance Projects, business development grants, and training support projects; and current skills development projects by NGOs like Don Bosco and Norwegian Refugee Council and the World Bank-supported Kenya Youth Employment Opportunities Project.

Table 2.2. Traditional and Non-Traditional Intervention Areas Identified by Various Stakeholders

Key Needs	Intervention Areas
Improving pastoral livelihoods	<ul style="list-style-type: none"> • Livestock productivity - breed improvement; vaccinations and provision of veterinary services; modern way of animal keeping; and restocking • Livestock value chains - live animals such as camels, cattle, sheep, goats; meat value chain; milk value chain; and livestock byproducts such as hides and skins, bones, and manure • Credit availability to existing livestock-based groups • Capacity building and training of various livestock-based groups to gain skills and technologies to improve their livelihoods and exposure visits
Small-scale agriculture and horticulture activities	<ul style="list-style-type: none"> • Increase access to water supply for agriculture production - construction of rainwater harvesting structures, bunds, water pans, and borehole drilling, irrigation, and so on • Extension service delivery, crop productivity enhancing technologies, strengthening horticulture nurseries, and improved agronomic practices • Input supply and market access • Capacity-building and exposure visits for farmer groups through farmer field schools and so on • Poultry farming and beekeeping activities
Business development support	<ul style="list-style-type: none"> • Support existing businesses rather than starting up of new businesses (80 percent support to existing, 20 percent to new businesses) • Support existing businesses and intermediaries (as applicable) through business training, exposure visits, business advisory services, and market linkage support • Provide financial support to businesses • Linking to financial institutions—once targeted groups and households have implemented their business plans, the project will link them to financial institutions such as banks or microfinance institutions for higher-order support
Skills development	<ul style="list-style-type: none"> • Undertake skills training for targeted groups and households based on market demand, skills gap, and community needs, that is, demand-driven skills in non-traditional areas • Conduct market needs assessment to guide the skills training in the selected communities and provide market-oriented skills training to youth



Key Needs	Intervention Areas
	<ul style="list-style-type: none"> • As applicable, support and develop capacity of existing local skills training facilities/technical and vocational training institutions to enable them to deliver improved services to targeted groups • Support already trained youth through post-training follow-up and support services (placement linkages, supporting them to improve their business activities). An indicative menu of non-traditional livelihood options includes electrician, plumbing, motor vehicle mechanic, masonry, solar technicians, basic computer skills, dress making, mat making, bead making, and so on, based on consultations with key stakeholders will be market tested for prioritization during the planning phase.

20. Women and youth from the poor and vulnerable households will be targeted on a priority basis (indicative criteria in Table 2.3) and will be mobilized into CGs, focusing on those interested in starting and/or expanding a business, with some prior experience in the proposed business area and members of village/local-saving groups such as VSLAs. Identification criteria for the individual beneficiary and groups will include 3 to 5 years of residence in the area, as certified by the local leaders, to prevent opportunistic influx and exclusion of the locals.

Table 2.3. Indicative Criteria for Beneficiary Identification for Non-Traditional Livelihoods

Women	Youth
<ul style="list-style-type: none"> • Three to five years of residence in the area as certified by the local leaders • From poor households; preference for the most vulnerable including destitute and widows included under the single social protection registry • Capable of work with no outstanding loan and belonging to the target group • Lack of productive assets and formal employment • Have an existing business and interested in expanding their businesses or interested to start a business with prior experience in the proposed business area 	<ul style="list-style-type: none"> • 18–30 years of age, both male and female • Three to five years of residence in the area as certified by the local leaders • Capable of work with no outstanding loan and belonging to the target group • Lack of productive assets and formal employment • Have an existing business and interested in expanding their businesses or interested to start a business with prior experience in the proposed business area

Note: Priority will be given to (a) females (at least 50 percent); and (b) those who are members of village/local-saving groups. Method for identifying needy households: participatory wealth ranking at the community level.

21. The labor-intensive public works for natural resources management under Component 2 will provide temporary employment and smoothen consumption of the poor and vulnerable, including youth. However, engaging poor youth in public works alone is not going to result in the desired long-term impact. Therefore, the livelihoods program will carefully explore the potential for youth to graduate out of public works to non-traditional livelihoods. When the temporary employment provided under the public works comes to an end, the youth beneficiaries will continue to manage their lives sustainably with regard to income generation and food security and, thus, over a period, move from temporary employment to longer-term employment.



Implementation Strategy and Phasing for Traditional and Non-Traditional Livelihoods

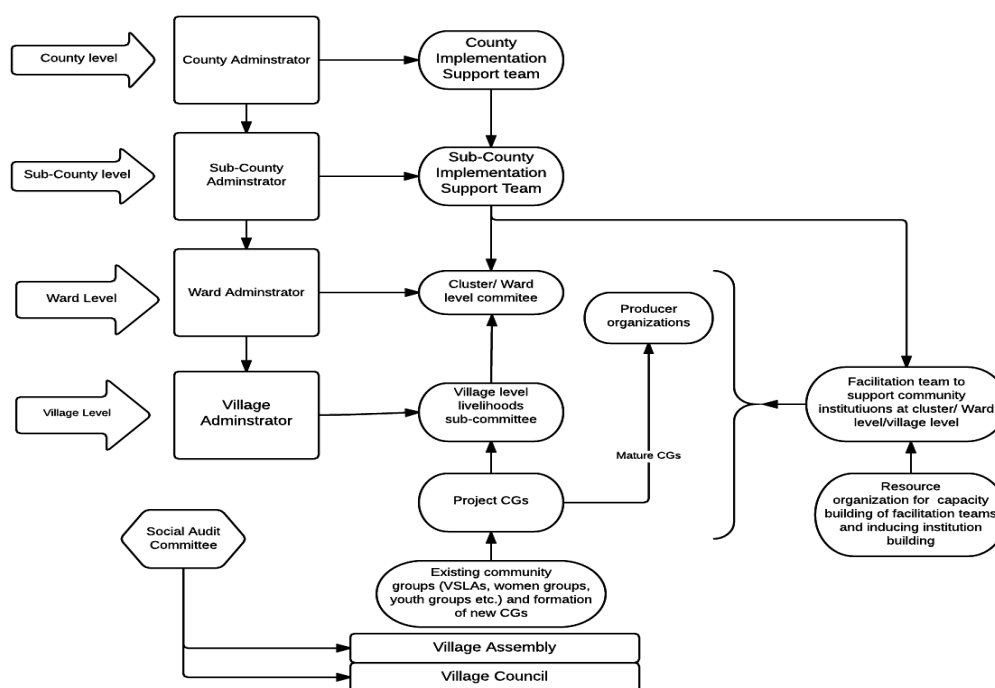
22. The subcomponent will be implemented in a phased manner: (a) planning phase (6 months); (b) pilot phase or first implementation cycle (16-18 months); and (c) rolling out phase or 2nd to 4th implementation cycles (three years). The planning phase will be common across all components. Critical to this process will also be a quick assessment of the other ongoing and proposed investments in the target area through the GoK, World Bank, and other development agencies supported projects that would require skilled labor. This includes the water supply project where skilled masons will be required, off-grid solar project which will require local youth who can be trained in consultation and support of the private sector in installation, operations and maintenance, and collection of payments for solar devices established; road project in Kakuma; and so on.

23. The pilot phase for this component will be implemented in a comprehensive manner and will first target a cluster of villages in a subcounty with a higher degree of poverty to provide comprehensive livelihood support, test the model, and demonstrate impact. During the pilot phase, community institutions for livelihoods will be established and strengthened. The pilot phase or first implementation cycle will enable the focus on selective market-driven livelihood activities/enterprises at the Ward/cluster level to achieve efficiencies of scale for accessing both input and output markets and forging private sector linkages. During the rollout phase/2nd to 4th implementation cycles, the learning from the pilot villages will inform the implementation and scaling up the livelihood program in the remaining villages of participating subcounties in a systematic manner to ensure that the limited resources lead to greater impact and sustainability.

Implementation Arrangements for the Livelihood Program

24. The CDD-based implementation will embed community participation, ownership, and transparency and accountability at all steps across planning, the decision-making process, and the implementation and operation and maintenance of livelihood assets and economic infrastructure, while using existing institutions and the Government systems. The implementation arrangement shown in the Figure 2.1 is indicative.

Figure 2.1. Implementation Arrangements for the Livelihoods Program



25. CGs, Village-level Livelihoods Sub-Committees (VLSCs), Ward-level Committees, and producer organizations will be key community institutions. The roles and responsibilities of community institutions provided in Table 2.4 are indicative. The detailed roles and responsibilities of community institutions and other key stakeholders will be finalized during the planning phase and included in the PIM.

Table 2.4. Roles and Responsibilities of Community Institutions

Community Institutions	Key Functions	Project Inputs
CGs	<ul style="list-style-type: none"> Will be based on livelihood activities, but initially will be take up saving/thrift activities and will revolve savings and provide credit to each other Form community project management committee (CPMC) and community procurement committee (CPC) Prepare business plan proposals and implement them Federate into the Village level and will be further progressed into the producer organizations Minimum ten members, at least 50 percent females 	<ul style="list-style-type: none"> Capacity building support and grading to assess the quality of groups Provide CGs with technical assistance for identifying livelihood opportunities, preparing detailed business plans incorporating measures to reduce various market risks, linkages with banks and other financial institutions to access financing for business plans, and provide financial support through for their livelihood activities Prepare a roster of service providers and develop rate banks for various goods and services to be procured, for preparation of realistic business plans



Village Level Livelihoods Sub-Committee ¹⁸	<ul style="list-style-type: none"> • Ensure CGs compliance with the livelihood program rules • Arrange technical appraisal of the business plans • Minimum of three CGs forms a Village level livelihood sub-committee • Office bearers - president, secretary, treasurer and a bank signatory 	<ul style="list-style-type: none"> • Provide capacity-building support to the Village level livelihood sub-committee • Facilitate access to financial resources from financial institutions to the CGs • Grading to assess institutional preparedness to handling funds
Ward Level Committee	<ul style="list-style-type: none"> • Unit for aggregation of information on common enterprises and linkages with financial institutions, the private sector, and relevant government agencies • Will consist of two representatives of the village livelihoods sub-committee 	<ul style="list-style-type: none"> • Provide capacity-building support to the committee
Producer Organization	<ul style="list-style-type: none"> • Procurement of inputs for production • Local processing and storing of inputs and outputs • Marketing and selling of produce or products • Develop commercial relationships with markets, private sector, cooperatives, and public sector agencies 	<ul style="list-style-type: none"> • Support CGs engaged in common livelihood activities to aggregate into a producer organization to benefit from economies of scale • Provide funding for capacity building, start-up costs, and working capital • Provide support to leverage working capital and assets from financial institutions • The producer organizations will leverage the economic infrastructure supported under Component 1 of the project
SAC ¹⁹	<ul style="list-style-type: none"> • Village councils and village assemblies will appoint an SAC • Perform internal monitoring function and periodic audits (including financial) of project activities and report their findings directly to the Village Councils and Village Assemblies. • The SAC will also observe the functioning of VLCs including village level livelihoods sub-committee as well as adherence to project principles and rules 	<ul style="list-style-type: none"> • Provide capacity-building support to Village Councils and Village Assemblies for appointing the SAC • Provide capacity building to the SAC to perform monitoring and periodic audits

26. The CGs will be registered with the office of Subcounty Social Development Officer. The livelihood interventions will be supported by the departments in the relevant ministries including the Ministry of Pastoral Economy and Fisheries; Ministry of Water Services, Irrigation, and Agriculture; Ministry of Tourism, Trade, and Industrialization; and Ministry of Education, Gender, Human Resource Development,

¹⁸ Village Level Livelihoods sub-committee will be a sub-committee under village level committee.

¹⁹ The Turkana and Wajir Counties already have social audit and accountability mechanism, set up with the support of Transparency International and led by the county. These will be assessed and built upon.



Social, and Cultural Services. The detailed implementation arrangements for livelihoods program will be finalized during the planning phase and included in the PIM.

27. **Financial support for livelihood activities.** The funds to support livelihoods activities of CGs will flow directly from project account at County level to CG accounts as a grant. The CGs will receive livelihood grants after following the five core group principles,²⁰ participating in various trainings, and approval of their business plans. The proposed funds flow arrangement is aimed to ensure community institutions preparedness to handle funds flowing through them, incentivizing good performance, providing funding reflecting the maturity of the CGs, thinking and planning on livelihood opportunity, and adherence to FM standards and discipline.

28. The social capital developed through formation and capacity building of the CGs will serve as the building block for aggregating CGs with similar livelihood activities into producer organizations. The aggregation will enable CGs to access higher-level services by leveraging on economies of scale for procurement of inputs, marketing, finance, services, knowledge access, developing and managing common facilities and infrastructure, and accessing the higher value in the value chain. A producer organization will start with mature CGs and will later invite other CG members from the area to join, as their capacities and interests grow. The individual CGs engaged in specific livelihoods will become shareholders or members of the producer organization. The project will provide financial support to the producer organizations for capacity building and meeting start-up costs and working capital. The project will also support them to leverage working capital and assets from financial institutions. The producer organizations will also leverage the economic infrastructure supported under Component 1 of the project. The detailed guidelines on revolving funds, the format for financing agreements, business plans, and other related information will be included in the PIM.

Subcomponent 3(b): Capacity Building of Community-Based Organizations for Livelihoods (approximately US\$2.5 million equivalent)

29. The objective of this subcomponent is to improve capacities of community institutions for livelihoods given their primacy in inclusive implementation and sustainability of project investments. For livelihoods promotion, the community institutions are CGs, village level livelihoods sub-committees, ward/cluster level committees, and producer organizations.

30. Global experience shows that livelihoods' programs need a strong facilitation team to change the behavior of beneficiary groups, which will manifest into improvement in livelihoods. The project will support establishment and operations of the field-based facilitation teams to provide support to community institutions for livelihoods in social mobilization, institution building, and capacity building. The facilitation teams will operate at village and cluster/ward levels. Under this subcomponent, a resource organization with experience in social mobilization, community institutions building, and community capacity building will be engaged during the pilot phase to provide necessary training, exposure, and handholding support to facilitation teams to strengthen them and to induce institution building and develop strong community structures at the village level. The CGs will be trained in group management, savings, financial literacy, and bookkeeping and encouraged to practice regular meetings, regular savings, regular inter-lending, timely repayment, and up-to-date books of accounts. In addition to this, the

²⁰ Five principles are weekly meetings, weekly savings, inter-lending, timely repayment, proper record keeping



subcomponent will support the capacity building and technical assistance for major livelihood activities through private sector, public sector, and civil society service providers including technical training in livestock, agriculture, and other sectors for community organizations, building linkages for value chain investments, establishing market linkages for producer organization products, and so on. The subcomponent will use technology to strengthen the facilitation.

31. The capacity-building efforts of community institutions for livelihoods will be coordinated by respective County Project Implementation Units which will have the overall responsibility for capacity building. The subcomponent will also support training and exposure for county, subcounty, and ward-level officials and consultants involved in the implementation of livelihoods program. These efforts will be aimed to strengthen capacities and systems in counties and subcounties for the effective and efficient management of the livelihoods program and strengthening capacities of the community institutions for livelihoods.

Component 4: Project Management, Monitoring and Evaluation, and Knowledge Sharing (approximately US\$7.5 million equivalent)

32. The objectives of this component are to ensure enhanced and effective project management, coordination, and implementation and to support the design of the project's M&E system, which will be described in detail in the M&E manual. The implementation of the proposed operation will follow existing Government structures. To ensure robust project management and implementation, Steering Committees and Technical Committees will be established at national and county levels. While the Screening Committees will provide broader oversight and ensure cross-sector coordination, the Technical Committees will ensure technical guidance and backstopping to project management as well as implementation. The National Implementation Support Unit (NPIU) and County Integrated Implementation Support Units (CIPIU) will provide implementation support and monitoring of the project at national and county level. The project will build on existing community-level structures, and will establish new local-level institutions as needed, including VLC, WLC, and social audit committees (SACs).

33. The component will support the design of the project's MIS for monitoring inputs, outputs, and processes; the evaluation of outcome and impacts; monitoring environmental and social safeguard; and participatory M&E and internal learning. M&E activities will include regular monitoring of the progress and performance of implementation; independent process monitoring of the community-level planning and effectiveness and quality of capacity-building efforts; and undertaking annual thematic studies and outcome as well as impact assessments of the project. The project's Results Framework will be used as a basis for reporting progress against indicators, including progress toward achieving the PDO and implementation progress. The project will consider the use of mobile technologies to increase the reach and frequency of data capturing at the local level and aggregating it in a platform that could serve as a dashboard.

34. Kenya will join other DRDIP countries in the Project Regional Steering Committee (PRSC) hosted by the FDMM Regional Secretariat anchored in the IGAD and represented by nominees of its national SCs and the project coordinator. It will benefit from the FDMM Regional Secretariat-led activities including research commissioned, knowledge curated and generated, the lessons learned, and the coordination sharing and learning in the project countries; all key responsibilities of the FDMM Regional Secretariat.



The PRSC will provide oversight of the implementation of the regional program and will guide, advise, and support a regional policy dialogue.

Component 5: Support to IGAD for Expansion of the Regional Secretariat on FDMM (US\$3 million equivalent)

119. This component will support the expansion of IGAD's existing Regional Secretariat for FDMM to include Kenya that will join other DRDIP countries in the PRSC and represented by nominees of its national steering committee and the project coordinator. Kenya as well as all other IGAD's Member States will benefit from the Regional Secretariat-led activities including research, knowledge generation, the documentation of lessons learned to enhance the coordination, knowledge sharing, and learning across the project countries. The RPSC will provide oversight of the implementation of the regional program and will guide, advise, and support a regional policy dialogue. In addition, this component will support DRDIP project countries and other IGAD Member States to: (i) discuss the challenge of the Somalia displacement that they all have in common and; (ii) engage the Republic of Somalia to more effectively participate in this dialogue and also to take a lead role in the planning and coordination of displacement-responsive development in places of return and on addressing displacement challenges more widely (details in Annex 6).

120. Somalia's arrears status and non-IDA eligibility means that there are few opportunities for large-scale investment by the World Bank in directly supporting sustainable return of refugees or the implementation of development responses to forced displacement at the present time. Multiple other actors are, however, mobilizing support for area-based multisectoral development investment in places of return in Somalia as well as defining durable solutions for wider displacement challenges. Those efforts to build community resilience to support the reintegration of returning refugees, while also addressing issues of vulnerability and internal displacement, are gaining pace.

121. The component will be implemented in two stages. In the first stage, the IGAD FDMM Regional Secretariat will commission a rapid assessment to assess the capacity, processes, and systems building needs in support of return and reintegration including a quick mapping and profiling of key actors. This assessment will build on capacity diagnostic work under way by other actors. The results of the assessment will enable the IGAD's FDMM Regional Secretariat to define a plan for bringing Republic of Somalia into relevant and existing regional capacity building initiatives being undertaken by the Regional Secretariat. This planning exercise will result in an implementation plan to be completed within six months of effectiveness of this grant. The implementation plan will be finalized on the basis of consultation with key stakeholders and will be reviewed to be acceptable to the World Bank.

122. In the second stage, in subsequent years, activities will be funded in accordance with the agreed implementation plan. Illustrative activities that may be funded under the component include the expansion of existing regional technical assistance provided by the Regional Secretariat for FDMM on the following topics: (a) Provision of technical assistance for developing relevant policies and appropriate guidelines for ensuring a coordinated development response in return areas and to address forced displacement more widely; (b) Provision of technical assistance for building capacities, systems, and processes for sustainable return and reintegration of refugees and displaced persons; (c) Development and management of a database to include mapping of pressure points, services, spatial planning to determine gaps in provision, identify priorities for areas and agencies, and prevent duplication and



inefficiencies; (d) Regular monitoring, reporting, and learning from experiences for scaling up; and (e) Responding to ‘just-in-time’ needs expressed by the government authorities, which could range from providing an expert with specific skills, to reviewing documents or carrying out assessments.

123. The component will also enable the existing IGAD Regional Secretariat on FDMM based in Nairobi and Djibouti to augment its staffing and operational resources to support the expanded mandate. The component design takes into account the IDA regional guidelines and the Bank’s policy on countries with loans in nonaccrual status. IGAD will manage, contract and ensure fiduciary compliance of all component activities.

Coordination with the NEDI

35. The NEDI is focused on delivering transformative and integrated infrastructure investments and support to sustainable livelihoods in the north and northeast of Kenya, regions which historically have been underserved and are performing below the national average on development indicators. Specifically, the NEDI includes the following ten counties: Garissa, Isiolo, Lamu, Mandera, Marsabit, Samburu, Tana River, Turkana, Wajir, and West Pokot.

36. The DRDIP II is one of the six NEDI backbone projects, which are being prepared on a similar timeline. The remaining five projects are (a) the Off-Grid Solar Access Project for Underserved Counties, (b) the Kenya Climate Smart Agriculture Project, (c) the Water and Sanitation Development Project, (d) the North Eastern Transport Improvement Project, and (e) the National Safety Net Program (NSNP) for Results Additional Financing. Besides these new operations, two other World Bank projects with potential links to the DRDIP II in Kenya are already active in the project area—the Regional Pastoral Livelihoods Resilience Project (in all three DRDIP II project counties in Kenya) and the National Agricultural and Rural Inclusive Growth Project in Turkana. Throughout implementation, coordination between these projects at all relevant levels will be key to achieve synergies and avoid inefficiencies. Table 2.5 provides the complementarities between these operations and the DRDIP II.

Table 2.5. Complementarities between the DRDIP II and NEDI Operations

Community- and County-Level Investments	Targeting and Planning Processes	Implementation Arrangements	Overlaps with DRDIP II	Role for DRDIP II
North Eastern Transport Improvement Project, P161305 - Wajir Eastern Africa Regional Transport, Trade and Development Facilitation Project (Second Phase of Program) P148853 - Turkana				
Besides road and ICT investments, provisions for roadside social amenities (for example, markets, schools) and HIV/AIDS prevention measures	Needs assessments to be conducted under each project Planning and design will be undertaken by the same consultancy	Roads contractor will implement social amenities after needs assessment Resident engineers to supervise	Roadside markets (including water, electrification, milk coolers, slaughter houses, veterinary posts,	Coordination on roadside facilities



Community- and County-Level Investments	Targeting and Planning Processes	Implementation Arrangements	Overlaps with DRDIP II	Role for DRDIP II
			livestock holding areas, fiber connectivity)	
Kenya: Off-grid Solar Access Project for Underserved Counties, P160009 - Garissa, Wajir, and Turkana				
<p>Component 1: Mini-grids for community facilities, enterprises, and households</p> <p>Component 2: Standalone solar systems for households</p> <p>Component 3: Standalone solar systems for community facilities</p> <p>Component 4: Solar water pumping for drinking water and irrigation, including irrigation pilot</p>	<p>Geospatial plan and county-level processes</p> <p>120 mini-grid sites preliminarily identified</p> <p>All unelectrified existing community facilities to be covered</p>	<p>Component 1: PPP (KPLC)</p> <p>Component 2: Private sector through grant and debt facility operated by third party under MoEP oversight</p> <p>Component 3: KPLC and private sector service provider</p> <p>Component 4: Private providers through financing facilities at WSTF</p>	<p>Electrification of community facilities</p> <p>Clean cooking solutions for host communities</p> <p>Solar water pumping for boreholes</p>	<p>Collaboration on clean cooking solutions for refugee-host communities (initially in Turkana only)</p> <p>Coordination on electrification of community facilities and boreholes</p>
Water and Sanitation Development Project, P156634 - Wajir town and Dadaab host communities				
Mitigating impacts of water scarcity and drought; improving medium/long-term water access; improving access to sanitation services; technical assistance to WSPs	Using Merti aquifer study and water masterplan for Dadaab host communities; counties/WSPs	Counties and their WSPs implementing county-specific activities. WSPs implementing activities that involve more than one county	Water investments in Dadaab host communities	Coordination around the Merti aquifer study and Dadaab host community water masterplan and designs
Kenya Climate Smart Agriculture Project, P154784 - Garissa and Wajir				
<p>Investments in smallholder agropastoral and pastoral production systems at community, VMG, and county/cross-county level</p> <p>Capacity building for counties, wards and communities</p>	<p>CDD, CCAFS-CIAT CSA Priority Framework, priority value chains, County CSA Plans, NEDI Investment Plan</p> <p>Four to six wards in up to three subcounties per county</p>	<p>County: CPSC chaired by CEC Agr., County Technical Advisory Committee, CPCU</p> <p>Community: CDDOs facilitated by private service providers</p> <p>Counties joining based on readiness indicators</p>	<p>Capacity building for counties, wards, and communities</p> <p>SLM, water management, animal health, energy, market access,</p>	Coordination of county- and community-level processes and investments



Community- and County-Level Investments	Targeting and Planning Processes	Implementation Arrangements	Overlaps with DRDIP II	Role for DRDIP II
			livelihood diversification, breeding programs	
National Agricultural and Rural Inclusive Growth Project, P153349 – Turkana				
Community-level: Four investment windows: SLM in value chains, livelihoods interventions, VMG support, nutrition (supported by capacity building, including to POs) County-level: Landscape-wide SLM investments, value chain-related infrastructure investments using employment programs in addition to capacity building	CDD and priority value chains Competitive county-level investments (aligned with CIDP and ADP) Three to five wards from each subcounty in the participating counties	County: CPSC chaired by County Secretary, County Technical Advisory Committee, CPCU Community: CDDCs facilitated by private service providers Counties joining based on readiness indicators	Capacity building for counties on CDD; formation of CIGs; strengthening of POs; value chain approach; grassroots financial institutions; employment programs; livelihoods support	Coordination of county- and community-level processes and investments
National Safety Net Program for Results, P131305 - Garissa, Wajir, and Turkana				
Cash Transfer for Orphans and Vulnerable Children (CT-OVC); Older Persons Cash Transfer (OPCT); Persons with Severe Disability Cash Transfer (PWSD-CT); Hunger Safety Net Program (HSNP)	Harmonized targeting tool using proxy means test formula was developed	CT-OVC, OPCT, PWSD-CT: MEACL&SP, but consolidation under newly established SAU, DCS and DSD at county and subcounty levels; HSNP: NDMA	Addressing VMGs	Linking public works with safety nets program
AFCC2/RI-Regional Pastoral Livelihoods Resilience P129408 - Turkana, Wajir, and Garissa				
Natural resource management, market access and trade, livelihoods support,	Selection of broad investment areas in the county by county/PIU;	County level: CSC approving subprojects, County Project Service	Community support on NRM, boreholes,	Coordination around CMDRR process and county level implementation



Community- and County-Level Investments	Targeting and Planning Processes	Implementation Arrangements	Overlaps with DRDIP II	Role for DRDIP II
pastoral risk management	Community Managed Disaster Risk Reduction (CMDRR) approach; alignment with CIDP	Team, CPCU Subcounty service units coordinated by the CPCU	livelihoods activities, livestock health, marketing, breeding programs	arrangements, coordination of similar investments
Kenya Accountable Devolution Program (KADP): Support to Frontier Counties Development Council (FCDC) - Wajir and Garissa				
Surge capacity (housed at FCDC) to counties on core systems; socioeconomic blueprint for FCDC counties; improved citizen engagement in FCDC counties	Surge capacity to be provided on needs basis with standardized tools/approaches	FCDC to counties	Mainly capacity building on citizen engagement	Coordinate with county capacity building under the FCDC initiatives, especially on citizen engagement
Kenya Accountable Devolution Program (KADP): Conflict and Violence Prevention Training (CVPT) - Garissa				
ToT and CVPT based on previous surveys/analysis of conflict and violence in the county	Selection of participants to be determined	Through KSG with support from United States International University Africa	Conflict resolution activities	Selection of participants; apply capacities/knowledge generated through survey/training
Kenya Devolution Support Program, P149129 - Wajir, Garissa, and Turkana				
Performance and capacity grants to counties in support of the National Capacity Building Framework	Based on performance and county capacity development plans	County governments, MoDP, COG, NT, OAG, KSG	Capacity building on citizen engagement and county safeguards capacity	Build on capacity assessment and plans prepared under KDSP



ANNEX 3: IMPLEMENTATION ARRANGEMENTS

Kenya

Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa

Overall Institutional and Implementation Arrangements

1. The DRDIP II in Kenya applies a CDD approach ensuring effective harmonization with the Regional Pastoral Livelihoods Resilience Project, the National Agricultural and Rural Inclusive Growth Project, and the Kenya Climate Smart Agriculture Project which are also using participatory approaches. At the county level, these projects will coordinate with each other beforehand to plan their scope based on existing involvement in a specific targeted community. CDPs generated through other projects will be used as a resource for prioritization of new investments.

Community-level Implementation

2. During the first stage of project implementation, the project teams and communities targeted for project investments will undergo extensive mandatory capacity building on community participatory planning and interlinked safeguards processes (which will be elaborated in the PIM). Care will be taken to ensure that activities are well coordinated and form synergies with other development programs, especially those that form part of the NEDI and the World Bank projects that are already active in the project area, namely the National Agricultural and Rural Inclusive Growth Project (Turkana) and the Regional Pastoral Livelihoods Resilience Project (all the DRDIP II project counties in Kenya). The proposed interventions will also contribute to the respective CIDP and the National Medium-Term Plan and form part of the county annual development plans to ensure that measures are taken that will result in project sustainability. The project will also promote reflection and learning within the project and ensure that lessons are disseminated to other government departments and development partners.

Participatory Process

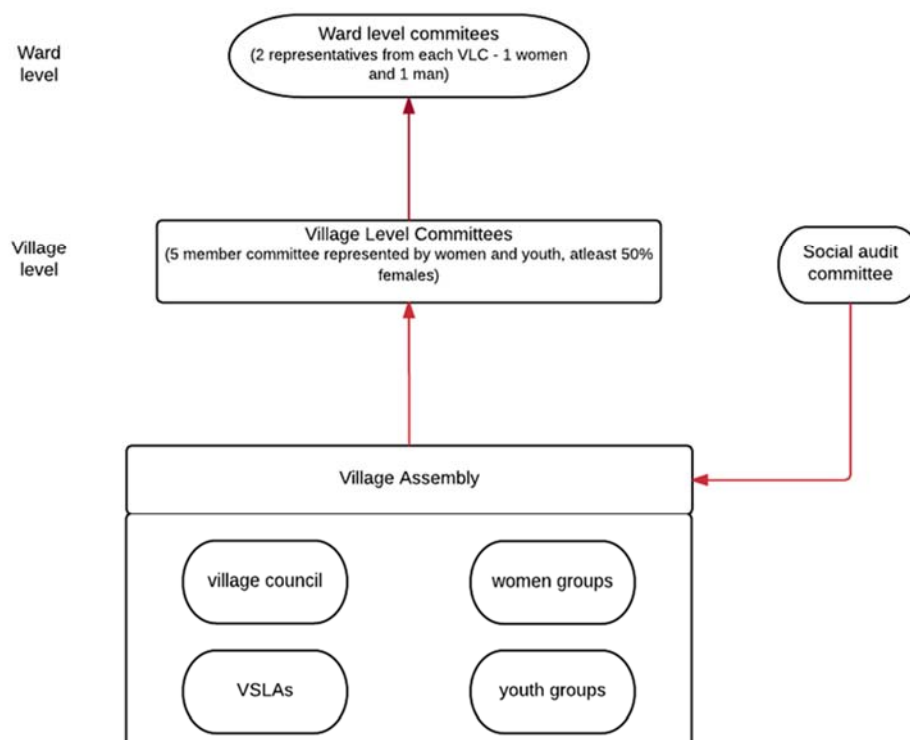
3. For the project to be responsive to the needs of the targeted project beneficiaries and also to make targeted communities aware of the project's services, both tangible and intangible, there is need to implement a participatory project stakeholder sensitization and mobilization plan which includes the following:

- Before entry into the community, the CIPIU undertakes a workshop with key stakeholders to collect secondary data about the community living in each of the villages.
- The stakeholders to be engaged include youth and women's groups, professional associations, faith-based organizations, CBOs, NGOs, marketing groups, farmer organizations, resource users' associations, and others undertaking work within the project scope area.
- The CIPIU will then make initial contact with the administrative structures to inform them of the project activities.



- The administrative structure includes the County Commissioner, ward representative, Deputy Commissioner, Chief, County Governor, and the relevant County Executives within the county.
 - Further engagements with the relevant departments is essential toward helping identify stakeholders involved in development within the project scope.
 - Community forums/*barazas* are conducted to inform the community about the project objectives and activities to build confidence, trust, and acceptance by the community.
 - A multisectoral team, which will facilitate a participatory planning process, is formed with community members including vulnerable women, youth, and other social groupings to identify community priorities for social and economic investments, livelihood enhancement, and sustainable environmental management.
 - The community action plans should be shared with other government departments, projects, and development partners for consideration in other processes.
4. The proposed arrangement will include the engagement with existing community structures at the village level complemented with support for enhancing the voice of the traditionally marginalized social groups for identifying community priorities for service delivery, prepare subproject proposals following the operational guidelines, implement the approved subprojects, and keep required records in a transparent way (details in Figure 3.1).

Figure 3.1. Proposed Implementation Arrangements at the Village and Ward Level





5. In view of this, a VLC will be formed to coordinate village level plans. The VLC will be a five-member committee selected by the village assembly including women, youth and the differently abled as representatives. Two representatives (one man and one woman) from each VLC will be selected to form a VLC for coordination and prioritization of subprojects for inclusion in work plan at the Ward level. A five member Social Audit Committee (SAC) will be selected by the Village Assembly to undertake audit of project investments and report to village assembly on quarterly basis.

Alignment with County Priorities

6. Through its CIPIU, the project at the counties will align identified priorities with the respective CIDP to ensure that the project complements county investments and ensures integration in the annual development plan for coordination. The project will support feasibility studies under the leadership of the county to assess the viability and the cost-benefit analysis of these subprojects. If viable, the DRDIP II team will proceed with the designing of the investment, followed by the mandatory safeguards studies according to the requirements of the GoK and World Bank procedures.

7. **Summary of sequence of events for subproject investments.** The sequence of events for implementation of subprojects generally follow the following 10 steps:

- Identification and mapping of existing resources and services for a gap analysis
- Identification of candidate subprojects (through community participation)
- In-county stakeholder consultations to confirm subprojects (with community participation through the CDP process)
- Feasibility studies and design of the subprojects
- Screening appropriate safeguards of the subprojects
- Development of safeguard instruments (for example, the Environmental and Social Impact Assessment, Resettlement Action Plan, Social Management Plans, Environmental Impact Assessment, Environmental Management Plan) (if established as necessary by the screening)
- Procurement of subproject
- Implementation, including construction
- Operation and maintenance

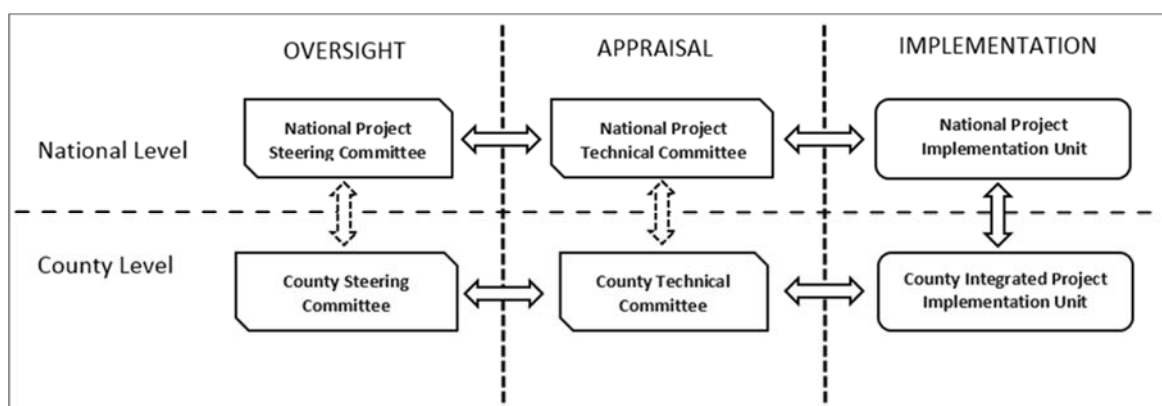
County-Level Implementation

8. A County Integrated Project Implementation Unit (CIPIU) will facilitate subprojects preparation following established protocols, provide oversight during the implementation of community subprojects including compliance with environmental and social safeguards, and report implementation progress and consolidated expenditures. The CIPIU will be headed by a dedicated County Project coordinator, assisted by the County Project Focal Point, and supported by the County staff as well as appropriate consultants as required for the effective implementation support and monitoring. The CIPIU will also ensure effective coordination of project activities with other operations supported by the World Bank and other development partners with the County Integrated Development Plan.



9. A County Technical Committee (CTC) with representation from line Ministries and county departments covering Water and Irrigation, Agriculture, Environment, Education, Health, Livestock, Fisheries (where relevant) will be formed for the technical appraisal of the sub-projects at the County level. Additionally, a County Steering Committee (CSC) will be established for the approval of annual work plan and budgets. The CSC will be chaired by County Secretary and will be represented by a member from County Treasury, UNHCR representative, Independent expert, representative of National Project Implementation Unit (NPIU) and County Project Coordinator will function as Secretary. Figure 3.2 provides the proposed implementation arrangements.

Figure 3.2. Proposed Implementation Arrangements



10. The CIPIU team members as well as the community facilitation teams will be trained on the CDD approach and safeguards screening approaches. An appropriate team of the CIPIU and community facilitators trained on CDD approach and safeguards screening approaches will then be mandated to take the communities through the participatory and safeguard process for project investment identified and prioritized by the community.

11. At the national level, a National Project Implementation Unit (NPIU) headed by a dedicated Project Coordinator has been established in the Department for Development of Arid and Semi-Arid Regions under the Executive Office of the President to provide oversight and promote coordination for the project. The NPIU is composed of sectoral experts, procurement specialist, financial management specialist, social safeguards specialist, Environmental Safeguards Specialist and Monitoring and Evaluation Specialist to provide broad for effective implementation support and monitoring. This NPIU is also responsible for preparing relevant project manuals and reporting formats. The NPIU will also provide oversight for social and environmental safeguards. Finally, it will be responsible for coordinating with the World Bank and other key stakeholders and provide timely updates on project performance, funds utilization and audits.

12. A National Project Technical Committee (NTPC) will be established for review of annual work plan and mid-year implementation progress. The NPIU will prepare consolidated annual work plans and budgets based on inputs received from the three participating CIPIUs and NTPC will review these annual plans and budgets, and recommend release of funds to counties. The NTPC will be represented by Principal Secretaries of the Ministries of Water and Irrigation; Agriculture; Environment; Livestock;



Fisheries; Health and Social Protection, as well as representatives of County Executive Committee from Turkana, Wajir and Garissa Counties.

13. A National Project Steering Committee (NPSC) will be established for policy decisions, boarder project oversight and approval of annual work plans and budget. The NPSC will be Chaired by the Chief of staff and Head of Public Services; Executive office of the President or his/her nominee; Governors of Turkana, Wajir and Garissa Counties or their nominees, representative from National Treasury, independent expert (as required), UNHCR Country representative and the national project coordinator as Member Secretary. The NPSC will approve annual work plans and budgets and ensure effective coordination between counties and different line departments of the National Government.

14. The functions of the NPSC will include the following:

- Review and approve annual work plans and budgets
- Monitor implementation progress and reporting
- Oversee biannual joint review and implementation support missions
- Recommend implementation and promotion of identified best practices and policies

Coordination with the NEDI

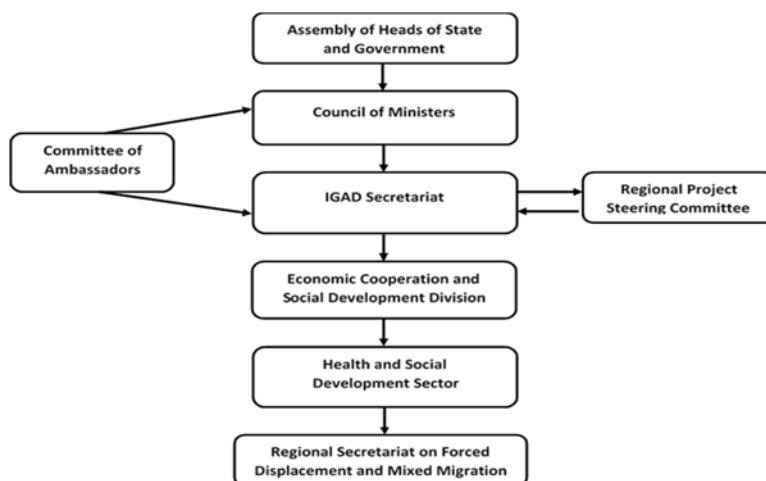
National Level

15. At the national level, an appropriate institutional arrangement is proposed to promote coordination among all operations under the NEDI. The DRDIP II will collaborate with all World Bank-funded projects in the NEDI counties (mentioned above) to exchange updates and lessons learned on the individual projects and ensure coordination and synergies.

Institutional and Implementation Arrangement for the IGAD Implemented Component 5

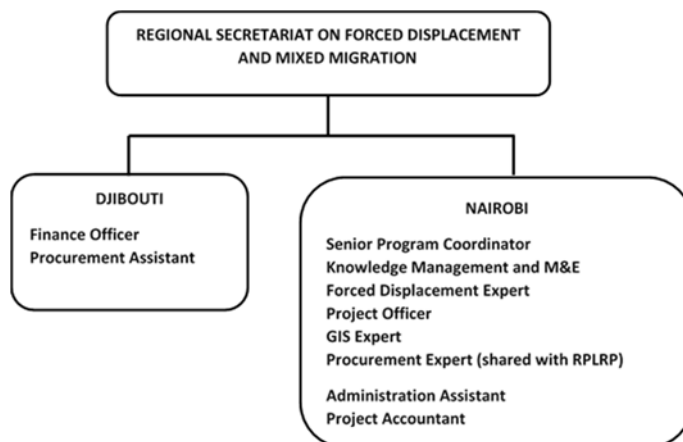
16. The IGAD component will be implemented by the existing IGAD Regional Secretariat on FDMM established under DRDIP Phase I (P152822) which is part of the Health and Social Development Department based at the IGAD Secretariat in Djibouti (Figure 3.3). This grant became effective on July 20, 2016. The secretariat operates with a senior program coordinator, accountant, finance officer, and procurement officer; recruitment for the M&E and knowledge expert and the Forced Displacement expert are both ongoing. For the IGAD component, the Regional Secretariat on FDMM will undertake project management, day-to-day planning, implementation and supervision of project activities, administration of procurement and financial management (FM), and M&E. Under the IGAD grant, the Regional Secretariat on FDMM will augment capacity with the recruitment of a dedicated project officer for the expanded mandate as well as a GIS expert. In general, the institutional and implementation arrangements of this existing DRDIP Phase I will be applicable for this project in implementing Component 5. No resources are envisaged to be disbursed or transferred to implementing entities other than the IGAD and the Regional Secretariat on FDMM.

Figure 3.3. Institutional and Implementation Arrangement for IGAD



17. The FDMM Regional Secretariat is based both in Djibouti, where the IGAD headquarters is located, and in Nairobi. The overall fiduciary responsibilities will be with the IGAD finance and administration in Djibouti with a secretariat support office in Nairobi staffed with operations, procurement, and accounts specialists (Figure 3.4).

Figure 3.4. Institutional and Implementation Arrangement for the Regional Secretariat



Financial Management

Kenya

18. **Planning and budgeting.** Budgeting will follow GoK budgeting procedures. Budget formulation for DRDIP II is being done by involvement of the specialists/focal points from the relevant ministries who are positioned in the PIU to support project implementation. These specialists are component leads who are in charge of the activities like agriculture, health etc. A project-coordinator has been selected to



consolidate the budget. After the budget is consolidated, the budget is forwarded to the accounting officer through the project manager. It is submitted to National Treasury for inclusion in the printed estimates.

19. **Execution and Monitoring.** The project will have a finance officer seconded from National Treasury to assist the project with budgeting. He will work closely with budget officers in the Cabinet Affairs department of the Office of the president. The quarterly Financial Monitoring Reports will be used for monitoring budget execution together with the GoK vote book management system. The budget officer is expected to create sub heads in IFMIS corresponding to the project components to facilitate monitoring in IFMIS.

Accounting Arrangements

20. **Staffing.** A well-qualified accountant has been seconded to the project. As the project progresses, the PIU will assess whether there will be need for a second accountant.

21. Accountants at CIPIU will be selected on the basis of ToRs prepared by the NPIU and cleared by the World Bank. The project accountants will be trained on World Bank financial management procedures. The training will be organized by the FMS for the project once the project is approved by the Board.

22. **Financial Management Manual.** In addition to the GoK PFM regulations and procedures, 2015 project Financial Management Manual will be prepared as part of the Project Implementation Manual before project effectiveness.

23. **Accounting Information System.** The project will use the Government Integrated Financial Management Information system (IFMIS) as well as maintain manual cashbooks, which will run parallel to the IFMIS records. The Project will maintain segregated manual cashbooks complemented by customized Microsoft Excel spreadsheets for recording expenditure incurred at the national level through OP. Similarly, the Project will maintain separate cashbooks in each of the three counties for recording expenditure incurred at the county level. The NPIU shall be responsible for designing and operating a financial management and accounting information system that shall be used in guiding the CIPIU in fulfilling their financial management obligations. Details of this should be included in the project financial management manual.

24. **Internal Controls and Internal Audit.** The Executive Office of the President, Cabinet Affairs Office where the implementing department (Development of Arid and Semi-arid Regions) is domiciled, maintains elaborate internal control arrangements in line with government financial regulations and procedures. These include procedures for approval and authorization of payments including imprest, proper segregation of functions, and internal check mechanisms. The payment processing system for the project at the national level will be mainstreamed within OP's accounting system, which has adequate controls. The three implementing counties will also be required to maintain elaborate internal control arrangements in line with the County PFM regulations 2015 as well as the project FM manual that will be prepared.

25. Any specific procedures relating to the project will be detailed in the project Financial Management Manual that will be prepared as part of the PIM.



26. **Internal Audit and Audit Committee.** The NPIU will ensure that there is an internal auditor deployed to the project. The National Treasury has seconded internal auditors to the Cabinet Affairs department of OP. There are three internal auditors in this department who are qualified and have adequate experience in Internal Audit. The Head of Internal Audit will include the project in his annual work plan and conduct quarterly audits as he has been doing for the other units in the Cabinet Affairs department.

27. The internal auditors do not do pre-audits which is commendable as it ensures that their independence is not impaired.

28. The OP should have one audit committee for the entire OP (all the departments). Right now, the audit committee is not operational. Advertisements and shortlisting have been done. The deadline for putting in place an audit committee was January 28, 2017 per the PFM guidelines.

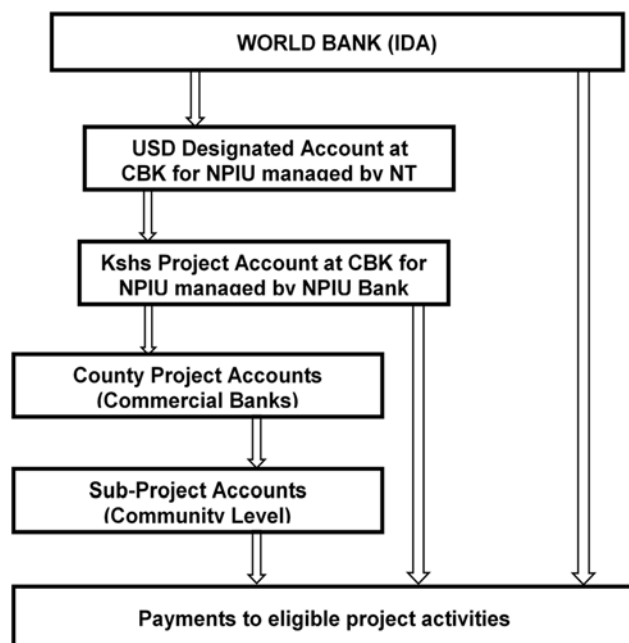
29. **Funds flow and disbursement arrangements.** The core principles guiding the funds flow arrangement are ensuring predictability and strong accountability. At the national level, the funds will directly flow from IDA to the NPIU U.S. dollar Designated Account at the Central Bank of Kenya managed by the NT to the NPIU KES project account at the Central Bank of Kenya (Figure 3.5). Details of operating the KES project account will be provided in the PIM. Transfers can be made to county project accounts based on fund requests initially supported by a work plan and subsequently on a replenishment basis. However, this transfer will only happen when CIPIUs have been established in the respective Targeted Counties with adequate resources, and staff with experience and training and under terms of reference satisfactory to the Association. For the community subprojects, funds will directly flow from the county project account to the subproject accounts at the community level. For the larger works, direct payments will be made to the respective contractor selected competitively.

30. Based on lessons learned from the past CDD projects, a Statement of Expenditure-based disbursement approach will be used. The initial disbursement will be based on a three months' consolidated annual work plan approved by the NPSC which will have county presentation. Subsequently, the replenishment will be done to the Designated Account upon submitting withdrawal applications for eligible expenditures for the period. The SOE can be submitted on a monthly basis.

31. The disbursement letter will detail out the other disbursement methods available under this project.

32. **Financial reporting arrangements.** The NPIU will prepare and submit quarterly IFRs and annual project financial statements to the World Bank. The quarterly IFR will be submitted to the World Bank within 45 days after the end of the quarter to which it is related. Each participating county will send the IFR of the county to NPIU within 30 days after the end of the quarter to enable consolidation at NPIU and submission to the World Bank within 45 days after the end of the quarter. The format of the IFR was agreed with the NPIU.

Figure 3.5. Kenya Fund Flow Arrangements



33. The annual audited project financial statements will be prepared on the basis of International Public Sector Accounting Standards and submitted to the Office of the Auditor General for audit within three months of the end of the financial year. The audited financial statement and the management letter will be submitted to the World Bank six months after the end of the financial year (Table 3.1).

34. **External auditing arrangements.** The Office of the Auditor General is mandated by the constitution of Kenya to audit all public funds. Hence, the Office of the Auditor General will be responsible for the audit of the DRDIP II. The NPIU will keep the books of accounts and prepare the accounts for audit. The OAG may contract private audit firms acceptable to the World Bank to conduct part or entire project audit on their behalf.

Table 3.1. Audit Arrangements for Kenya

Audit Report	Due Date
DRDIP II annual audited financial statement and management letter for the project (including reconciliations of the Designated Accounts with appropriate notes and disclosures and management letter responses).	Within six months after the end of each fiscal/financial year.

35. **Conclusion and supervision plan.** Some aspects of project's financial management arrangements require improvements in order for the systems to be adequate to provide, with reasonable assurance, accurate and timely information on the project's status as required by IDA (Table 3.2). The residual FM risk is assessed as **high** requiring World Bank supervision twice a year. FM supervision will be consistent with a risk-based approach and will involve a collaborative approach with the task team, including Loans/disbursement and procurement staff. This would cover all aspects of FM. Additional supervision



activities will include desk review of quarterly IFRs and internal audit reports, audited financial statements and management letters as well as timely follow up of issues arising, and updating the financial management rating in the implementation status reports and the portfolio and risk management system.

Table 3.2. Financial Management Action Plan

	Action	Responsibility	Due Date
1	Prepare an FM project procedures manual as part of the PIM	OP, NPIU	Three months of effectiveness
2	Deploy/Designate an financial management specialist for the three CIPIUs	Counties-Wajir, Garissa, Turkana	Three months of effectiveness
3	The project accountants be trained on World Bank financial management procedures	WB	During implementation
4	Internal audit to audit the project activities	OP, Cabinet Affairs	During Implementation
5	Constitute the Audit Committee	OP	During Implementation

IGAD

36. An FM assessment was conducted on the FM arrangements for this project according to the FM manual issued in March 1, 2010, and re-issued in February 2015. The assessment relied on the FM assessment conducted for the existing IGAD-implemented DRDIP Phase I (P152822) and lessons and experiences learned during implementation of this project including FM supervision mission reports, audit reports, and IFRs reviews of the existing and other projects implemented by the IGAD. This project will use the FM arrangements created by the existing DRDIP Phase I project. The objective of the assessment was to determine whether the IGAD secretariat has acceptable FM arrangements in place that satisfy the World Bank's OP/BP 10.00. These arrangements will ensure that the implementing entities (a) use project funds only for the intended purposes in an efficient and economical way; (b) prepare accurate and reliable accounts as well as timely periodic financial reports; (c) safeguard the assets of the project; and (d) have acceptable auditing arrangements.

37. Component 5 (IGAD component) will be implemented by the IGAD's FDMM Regional Secretariat, which was established under the existing active grant to the IGAD under the DRDIP Phase I (P152822). The same FM arrangements designed for this grant under P152822 will continue to be applicable in implementing Component 5 of this project. The IGAD Secretariat will be responsible for maintaining satisfactory FM arrangements throughout the life of the project for this component. No funds will be transferred to any other implementing entity other than the IGAD Secretariat and its regional secretariat on FDMM office. Should this arrangement change and if there is a requirement to disburse monies to other implementing entities, then an FM assessment will be conducted on entities receiving resources.

38. The IGAD regional secretariat on FDMM will prepare annual budgets based on their work plans and, thereafter, submit them to the World Bank at least two months before the beginning of the project's fiscal year. The budgets will follow budgeting guidelines of the IGAD Secretariat. Budgets should be approved before the financial year they relate to begins. During the financial year, budgets will be monitored on a quarterly basis using IFRs. The IFRs will compare the budget and actual expenditure and significant variances will need to be explained.



39. Accounting policies and procedures of the IGAD Secretariat were considered to be adequate and will continue to be applicable for this project. In addition, the IGAD Regional Secretariat on FDMM supported by the existing DRDIP Phase I (P152822) developed a PIM which is applicable for this project as well. There is adequate FM staffing at the IGAD secretariat and its Regional Secretariat on FDMM and these staff will handle Component 5 of this project. The existing accounting system (SUN Accounting system) will continue to be used for this project. The IGAD Secretariat will continue to prepare the project accounts of this project in a modified cash basis of accounting. Internal control procedures of the IGAD Secretariat and its Regional Secretariat on FDMM as documented in the PIM and the IGAD financial rules and regulations will be applicable for this project. The IGAD secretariat has an adequate internal audit unit and it will include the project under its audit plan and will conduct regular audits on the project to ensure that funds are being utilized for purposes intended.

40. With regard to financial reporting, the IGAD secretariat prepares and submits to IDA quarterly unaudited IFRs for the existing project—DRDIP Phase I (P152822)—within 45 days after the end of the quarter to which they relate. The IFR format and content has been agreed during the existing DRDIP (P152822) project negotiation. This existing IFR format will be used and will include the transactions of this project. Its form and content was reviewed, revised, and agreed. The quarterly IFR will continue to be submitted within 45 days of the end of the quarter. The financial reporting arrangement for the project is in Figure 3.6.

41. This project will be audited annually by an external auditor acceptable to the World Bank. Audit should be carried out in accordance with International Standards on Auditing. It is expected that this project audit will be coordinated with the existing DRDIP Phase I (P152822) project. Audit terms of reference were agreed. Audit reports together with management letters should be submitted to the World Bank within six months of the end of each fiscal year after effectiveness. The project will recruit within six months after effectiveness an external auditor acceptable to the World Bank. Audit reports will be publically disclosed by the World Bank in accordance with the World Bank Access to Information Policy.

Figure 3.6. IGAD Regional Secretariat on FDMM financial reporting arrangement



Disbursements

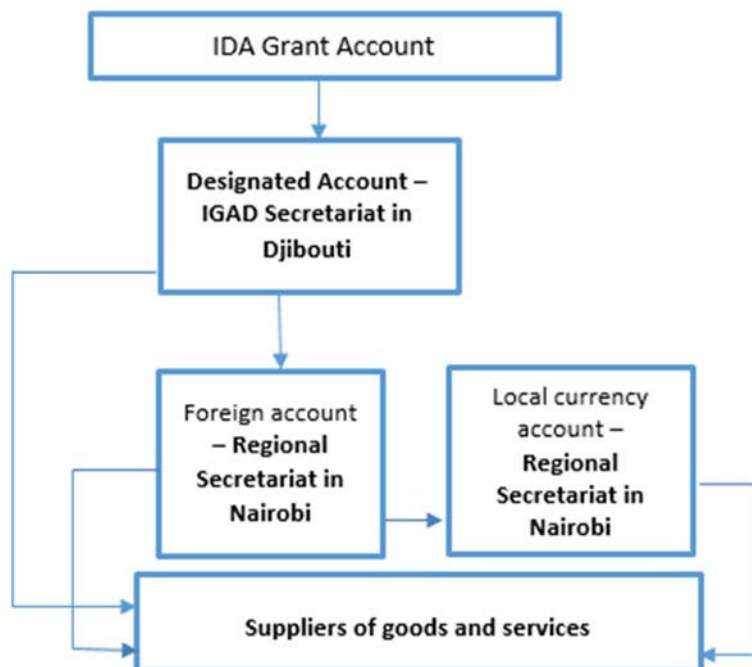
42. **Kenya.** Based on lessons learned from the past CDD projects, a Statement of Expenditure-based disbursement approach will be used. The initial disbursement will be based on a three months' consolidated annual work plan approved by the NPSC which will have county presentation. Subsequently,



the replenishment will be done to the Designated Account upon submitting withdrawal applications for eligible expenditures for the period. The SOE can be submitted on a monthly basis.

43. **IGAD.** Disbursement arrangements envisaged under the existing IGAD DRDIP Phase I (P152822) will continue to be applicable for this project as well. The IGAD secretariat will open a Designated Account in Djibouti at a commercial bank acceptable to IDA (details in Figure 3.7).

Figure 3.7. Funds flow arrangement



44. The Designated Account will be denominated in U.S. dollars. The IGAD Regional Secretariat on FDMM will also open a project account denominated in local currency and USD at a commercial bank acceptable to IDA in Nairobi. The IGAD Secretariat and IGAD Regional Secretariat on FDMM will continue to use the transaction-based method of disbursements (Statements of Expenditure) for this project. All disbursement methods will continue to be applicable. Details are stated in the disbursement letter and disbursement handbook.

Procurement

45. **Kenya.** Procurement for the project will be carried out in accordance with the “The World Bank Procurement Regulations for IPF Borrowers, July 2016”, hereafter referred to as ‘Procurement Regulations’. The project will also be subject to the World Bank’s Anti-corruption Guidelines, dated July 1, 2016.

46. As required by the Procurement Regulations, a Project Procurement Strategy for Development (PPSD) has been developed on the basis of which the Procurement Plan has been prepared setting out the selection methods to be followed by the Borrower during project implementation in the procurement



of goods, works, and non-consulting and consulting services financed by the World Bank. The Procurement Plan is part of the PPSD. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Summary of PPSD

The Project Development Objective (PDO) is to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the target areas.

In line with the regional project, the Kenya DRDIP will ensure that citizens participate and are actively engaged during various phases of implementation from the planning stage to enhance the belongingness, ownership, and sustainability of the subprojects. The approach adopted for implementation is CDD. The project will be implemented in three target areas of Garissa, Turkana, and Wajir affected by refugee presence and is a complex operating environment with security risks and a multitude of public, private, and NGO sector agencies operating in the humanitarian and development arena, at various levels.

The procurement under Components 1(b), 3(b), and 4 shall be carried out by the National Project Implementation Unit (NPIU) that has been established at the Executive Officer of the President. No procurement is envisaged at county or sub-county levels. Procurement under other components shall take place at community level. The PPSD focuses on Component 1 (b), 3 (b) and 4 as these components comprise of ***strategic core*** and ***strategic critical*** procurement transactions in terms of procurement risk and the estimated cost. The investment components 1(a), 2, 3(a) will be implemented by the local communities following community procurement procedures as outlined in CDD guidance note published by the World Bank and detailed in the operation manual. Most of the subprojects are disaggregated by type of service and target group, and are considered as ***tactical acquisition*** procurement transactions in terms of procurement risk and estimated cost. The subprojects are of low value and low risk. The operations manual outlines the procurement arrangements for low value, low risk activities.

Based on the project requirements, technical solutions and market base, procurement strategy has been developed to go for separate packages (target area wise) and for Open international competition. The suppliers' base for each of the above segments are distinct with different skills and risks. The selection of various consultancy services will be the critical procurement activities for the project. Based on the broad market assessment, there are potential service providers in the region for providing services required for the project. The project related requirements for Goods (both domestic and imported), Works, Services, Non-consultancy services can be procured from the domestic market. There are potential providers to supply the goods, construct required works, and provide consultancy services. The providers are keen to do business with the Government. For community support, Kenya have a large pool of NGOs operating in the project area.

To monitor the progress of the subprojects, ensure smooth coordination between different agencies and resolve issues that may arise during implementation stage, a multi-tiered institutional monitoring mechanism will be set-up using Project Management Information Systems (PMIS) and Facilitating Agencies (FA) in target areas. Inadequate procurement capacity, especially at local levels, could result in noncompliance and therefore capacity enhancement, regular oversight with the help of monitoring agencies, using robust centralized PMIS with geospatial tagging (the progress is also uploaded with



geotagged photographs, biometric record of participation in physical labor), and periodic audits through Independent Integrated Fiduciary and Accountability Review Agency will be required to enhance the efficiency and transparency during implementation.

The PPSD further advises the establishment of a database of subprojects, micro projects, and income generation activities for the benefit of communities and knowledge sharing.

The Intergovernmental Authority on Development (IGAD) in Eastern Africa has established a procurement unit at FMMM Regional Secretariat, Nairobi. The Procurement Unit, will be responsible for the implementation of activities that support the IGAD component. The procurement activities envisaged includes low value, low risk contracts for Goods and Consultant Services and Technical Assistance all of which would be sourced from the domestic market. Although IGAD has experience in implementing World Bank funded projects before, to augment the procurement capacity there will be need to hire an additional procurement staff at the secretariat.

47. **Systematic Tracking of Exchanges in Procurement (STEP):** The project will use STEP, a planning and tracking system, which would provide data on procurement activities, establish benchmarks, monitor delays and measure procurement performance.

48. **Procurement risk assessment:** A procurement capacity and risk assessment has been carried out by the World Bank for the NPIU at the Executive Office of the President and IGAD Regional Secretariat office in Nairobi who will be responsible for implementing the project at the National and Regional levels to review the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement. The assessment has been fed into the Procurement Risk Assessment and Management System (PRAMS). Based on the assessment and taking note of the roles and responsibilities of the line ministries in carrying out procurement, the existing procurement capacity within the agencies and at community level, and the risks associated with CDD operations the procurement risk rating is considered "**High**".

49. The key issues and risks concerning procurement for implementation of the project which include systemic weaknesses in the areas of: (i) procurement capacity at national and community level; (ii) accountability of procurement decisions especially at community level; (iii) Procurement delays in bid/proposal evaluation and signing of contracts; (iv) procurement record keeping; (v) capacity of procurement staff; (vi) procurement planning; (vii) procurement process administration, up to and including award of contracts; (viii) contract management; and (ix) procurement oversight.

50. Preliminary Risk mitigation measures based on the discussion and assessment include: (i) use of NGOs as facilitating agencies at the community level and deployment of competent procurement staff at the NPIU; (ii) Procurement capacity building at community level; and (iii) training new and current staff in World Bank procurement regulations.

51. **Use of National Procurement Procedures:** All contracts following national market approach shall follow the procedures set out in the Public Procurement and Asset Disposal Act of 2015 (PPADA). The PPADA governs purchase of works, goods and services using public resources by the national and county government entities, local authorities, state corporations, education institutions, and other GoK institutions. Under the PPADA, the Public Procurement Regulatory Authority (PPRA) has been established, in addition to the Public Procurement Directorate in the National Treasury. The PPADA sets out the rules



and procedures of public procurement and provides a mechanism for enforcement of the law. The new Constitution has devolved some of the key functions of the national government to the counties. In this respect, the Government is expected to issue the Public Procurement and Asset Disposal Regulations, 2017 which will cover national, county government and SOEs. Procurement function is decentralized to individual procuring entities. The PPRA has oversight and regulatory function including undertaking procurement reviews and audits. There is a Public Procurement Administrative Review Board under the secretariat of PPRA that deals with complaints received from bidders or consulting firms. The provisions of PPADA is consistent with the World Bank Procurement Regulations Section V – Para 5.4 National Procurement Procedures.

52. **Procurement of Works:** No major works are envisaged under the project

53. **Procurement of Goods:** Goods to be procured under this Project will include among others, office and IT equipment, IT Software & Information Systems, Conferencing facilities, motor vehicles, motor cycles, and office furniture.

54. While approaching international market procurement will be done using the World Bank's Standard Procurement Documents (SPDs). Procurements while approaching national market will be done using the National Standard Bidding Documents with appropriate modifications and additional annexes to address World Bank's Anti-corruption Guidelines and universal eligibility.

55. **Procurement of Consultancy Services:** Consulting services to be procured under the Project include community facilitating agencies, third party monitoring, grievances redress systems, monitoring and evaluation, environmental impact and social assessments, surveys, fiduciary audits, and technical assistance. Individual consultants and/or support personnel may also be hired to augment existing capacity within the NPIU and line ministries in accordance with the provisions of Para 7.32 of Procurement Regulations.

56. **Community Driven Development:** The CDD approach and procurement by the communities will follow Procurement Regulations paragraph 6.52 and Annex XII - Selection Methods paragraph 6.9 and 6.10. The procurement arrangement at community level and oversight mechanism such as citizen engagement, social audit and accountability will be detailed in the Project Operations Manual and in line with 'Guidance Note for Design and Management of Procurement Responsibilities in Community Driven Development Projects', dated March 15, 2012. The procurement arrangements shall be simple to enable the communities to carry out their own procurement activities with little or no assistance from national/county/sub-county officials. The fiduciary assurance shall come from citizen engagement, disclosure at community level, social audit, and use of women-led procurement committees at community level.

57. **Operating Costs:** These items will be procured using the Borrower national procurement and administrative procedures acceptable to the World Bank including selection of project implementation support personnel. The Borrower will also pay for costs associated with travel, accommodation, per-diems, office consumables and maintenance, motor vehicle maintenance, implementation support personnel, etc.



58. **Record keeping:** All records pertaining to award of tenders, including bid notification, register pertaining to sale and receipt of bids, bid opening minutes, bid evaluation reports and all correspondence pertaining to bid evaluation, communication sent to/with the World Bank in the process, bid securities, and approval of invitation/evaluation of bids would be retained by respective Agencies and also uploaded in the STEP.

59. **Disclosure of procurement information.** The following documents shall be disclosed on the agencies websites: (a) Procurement Plan and updates; (b) an invitation for bids for goods and works for all contracts; (c) request for expression of interest for selection/hiring of consulting services; (d) contract awards for goods, works, non-consulting and consulting services; (e) monthly financial and physical progress report of all contracts; and (f) an action taken report on any complaints received on a quarterly basis. Disclosure at community level will be made in social and public administrative areas easily accessible to the public and at project/activity sites. As part of citizen engagement, all civil works/subprojects will have a notice board displaying subproject description, financial and physical progress.

60. The following details shall also be published in the United Nations Development Business (UNDB) and World Bank's external website: (a) an invitation for bids for procurement of goods and works following open international market approaches; (b) Request for Expression of Interest for selection of consulting services following open international market approaches; and (c) contract award details of all procurement of goods and works and selection of consultants using open international market approaches.

61. **Fiduciary oversight by the World Bank:** The World Bank shall prior review contracts as per prior review thresholds set in the PPSD/PP.

62. All contracts not covered under prior review by the World Bank shall be subject to post review during implementation support missions and/or special post review missions, including missions by consultants hired by the World Bank. However, the World Bank may conduct at any time, Independent Procurement Reviews (IPRs) of all the contracts financed under the credit and/or grant.

63. **Contract management.** The high risk and high value procurements will be identified for increased contract management support and indicated in the procurement plan. The agencies will develop key performance indicators (KPI) for such identified contracts and the KPIs would be monitored during actual execution of contracts. World Bank team will provide additional due diligence and independent review of the contract performance of such identified procurements. A fully staffed PIU of the respective agencies will be responsible for overall project/contract management.

64. **Frequency of procurement supervision:** Two half-yearly missions are envisaged for procurement support and supervision of the proposed project.

65. **At the IGAD,** procurement will be carried out by the procurement unit at the IGAD Regional Secretariat on FDMM. Oversight will be provided by the IGAD procurement unit in Djibouti which carries out the procurement activities for all projects executed by IGAD. The IGAD secretariat has experience in implementing donor-supported projects, including those financed by the World Bank.



Environmental and Social (including safeguards)

66. The proposed project was screened by the World Bank Team and assigned the Environment Assessment category B. This is on the assumption that no major civil works will be funded and no major physical or economic displacements will take place. The World Bank Operational Policy on Environmental Assessment (OP/BO 4.01) has been triggered, given that implementation of the activities outlined under Components 1-3 namely expansion and improvement of service delivery, including small-scale infrastructure; construction or rehabilitation of physical structures for soils and water conservation, and water catchment management; other landscape restorative activities such as afforestation/reforestation, eradication of noxious plant species; land-based livelihood support activities; etc.; could result in environmental risks and social impacts, albeit these may be reversible, localized, and easily and cost-effectively mitigated. The Operational Policy on Pest Management (OP/BP 4.09) has been triggered, predicated on the assumption that the project will support activities under Component 2 and 3 that are likely to be agriculture-based and that may increase the application of agrochemicals (insecticides, herbicides, fungicides and fertilizers).

67. The Policy on Physical Cultural Resources (OP/BP 4.11) has been triggered as a precautionary measure. Although the project has no foreknowledge of any potential cultural and historical sites or resources of significance, it has incorporated “Chance Find” provisions in the ESMF to ensure that the appropriate preventive and mitigation measures are formulated and executed in the event that any such physical cultural resources are encountered during project implementation. In addition, the Policy on Safety of Dams (OP/BP 4.37) has been triggered under the assumption that Component 2 may support small dam construction as part of the small-and micro-scale irrigation schemes. To respond to requirements under this Policy, the project will use the 2010 FAO “Manual on Small Earth Dams, A Guide to Siting, Design and Construction”. Given that specific sites for sub-projects to be implemented through a CDD approach are not yet known/identified, a framework approach was proposed by the World Bank Safeguard Team, and the Borrower has prepared an Environmental and Social Management Framework (ESMF). The Borrower has ensured that free, prior and informed consultations during the preparation of the safeguard instruments, and the documentation of the stakeholder consultation and participation process. The report was cleared by the World Bank and disclosed in-country and at the World Bank’s InfoShop on March 3, 2017.

68. The Policy on International Waterway (OP/BP 7.50) has been triggered since the project will finance bore holes for drinking water supply and small-scale irrigation investments most likely to be located in international waterways of the Merti Aquifer. While the impact of these investments on the Merti Aquifer is likely to be insignificant and the cumulative abstraction minor, Riparian country of Somalia has been notified in accordance with the Operational Policy 7.50 on International Waterways. A results memo was approved by the Regional Vice President.

69. Among the key social issues for the project are (a) the issues relating to OP 4.10 for the Somali and Turkana communities and in-depth consultations to meet policy requirements; (b) low economic and social empowerment of women and youth; (c) weak and/or weakened customary institutions; (d) conflict over natural resource use and livelihoods; and (e) Kenyans who are registered as refugees in the Dadaab refugee camp who need to be rehabilitated following their screening in light of the GoK decision to close the Dadaab refugee camp complex. An expanded SA was carried out for the project to explore these aspects which informed the project design.



70. **OP 4.10 - Indigenous Peoples.** The population in Garissa County is 98 percent Somali, according to the CIDP, but, internally, the Somalis identify themselves with clans, which is a key factor in development and in distribution of resources in the county, employment, and also leadership selection. The clans found in the county are the Abudwaq, Aulihan, Abdalla, Muqabuul, Qare, and Dogodia. The three main sub-clans: the Aulidan, Abudwaq, and Muqabuul are from the Ogaden sub-clan and from discussions in the field, there seem to be very little tension between them (other than during elections). There are a few Bantu (Munyuyaya and Malakote) along the Tana River in Fafi subcounty.

71. Around Kakuma, the host community is mainly Turkana with a few other groups that came to do business there and look for jobs. There is some intermarriage between these groups and also between the host community and refugees, with very little tension between them. There has, however, been tension in the past between pastoralist groups over natural resources. The determination of whether the Turkana fit the OP 4.10 criteria and the GoK's definition of marginalized communities was explored during the SA.

72. All Somalis and Turkana fit the OP 4.10 criteria, however within this, there are some people within this community, whose livelihoods are more 'inextricably linked to the lands in which they live and the natural resources on which they depend', and may be excluded if special measures are not put in place. These are outlined include groups such as remote nomadic pastoralists who may not be easily reached due to the fact that are in remote areas with their herds. Other vulnerable and marginalised groups (as per the Constitutional definition) identified as part of the Social Assessment include: (i) the chronically poor; (ii) persons living with disabilities; (iii) street children; (iv) women, especially widowed and those in female-headed households; (v) the youth; and (vi) those living far from the market centers, including pastoralists. In Garissa, the Bahgari clan, whose members are still predominantly pastoral nomads, was considered more marginalized than the other sub-clans. There was also an indication that those non-Ogadeni clan members residing in the host communities in Dadaab, Fafi and Wajir South tend to be marginalized in decision-making and have limited access to resources. Such people are not given education bursaries and have no access to other local initiatives aimed at supporting the poor and vulnerable.

73. **OP 4.12 - Involuntary Resettlement.** The proposed project will not undertake any subprojects that will displace people. However, individual subprojects are not yet identified. Therefore, as a precautionary measure, the project has prepared, cleared and disclosed an RPF on March 3, 2017 to address any issues which might arise from economic displacement and/or restriction of access to communal natural resources under the project. During implementation, special attention will be given to community participation, grievance redress and benefit sharing mechanisms, and sociocultural systems/physical characteristics that are specific to the project sites and surroundings to ensure that those affected by implementation of the project, positively or negatively, have a voice and a mechanism of influencing project outcomes in line with World Bank safeguard policies.

Safeguards Process

74. Generally, the safeguard process for community investments follow the following steps:

- Once an investment has been assessed as viable, it is screened for safeguards by the CIPMU at a screening meeting with the community, which also identifies the potential



impacts of the project to ensure that there is broad community agreement which is documented and the attendance list is signed.

- If an investment is to take place on community land, a community resolution form is prepared showing that there is agreement on the project and that the process for consultation has been followed by the county land ministry or community land registrar (previously the County Land Management Board).
- Following positive screening, a report is submitted to National Environment Management Agency (NEMA) to determine whether an Environmental and Social Impact Assessment is required.
- Screening is done for vulnerable groups in the targeted area and a Social Management Plan (SMP) is done to ensure the inclusion of VMGs and IPs in consultations and ensure that they receive culturally appropriate social and economic benefits and adverse effects are avoided, minimized, mitigated or compensated.
- The screening reports, SMPs, and Environmental and Social Impact Assessments are then submitted to the World Bank for clearance.
- In the case of pesticide use (for example, livestock vaccination), a generic integrated pest management plan has been prepared which is adapted for each county before execution of such activities.

Monitoring and Evaluation

75. The proposed project will be implemented at the community level with necessary oversight and technical support at the national, subnational, and local levels. M&E capacities will be ensured at the national, subnational, and local levels for the collection, organization, and analysis of project-related data. The main instrument for M&E under the project will be the Results Framework, with indicators and the baseline, intermediate, and end-of-project targets, which will be the basis for reporting progress. The indicators, data sources, and data collection methods take into account the CDD approach and the limited institutional capacities in the project-targeted areas. All indicators are disaggregated by country, with further disaggregation by gender (percent female) for the core indicator on direct project beneficiaries.

Role of Partners (if applicable)

76. Project preparation involved close collaboration with UNHCR alongside the GoK to design the appropriate responses to the social, economic, and environmental situation and impacts in the refugee-hosting areas and to design a project appropriate to address these impacts. Project preparation has also involved intense consultations with all development partners active on forced displacement issues in Kenya and various NGOs working in the project target areas. Importantly, because UNHCR will be leading the process of return and reintegration process of Somali refugees, will continue to support refugees in Kakuma, and will undertake the screening of locals registered as refugees, coordination between the World Bank team and UNHCR will be critical in determining project implementation. Considering the importance of an areas-based development approach, some of the partners have shown keen interest to



support a World Bank-administered MDTF for providing additional technical assistance and bringing in global expertise. The task team is pursuing this during the preparation.



ANNEX 4: IMPLEMENTATION SUPPORT PLAN

Kenya

Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa Strategy and Approach for Implementation Support

1. The strategy for supporting project implementation will focus on successfully mitigating the risks identified at various levels and supporting the risk management proposed in the Systematic Operations Risk-Rating Tool (SORT). It will consist of (a) implementation support missions and (b) technical assistance in areas of weaknesses and where innovations are introduced.

Implementation Support Plan and Resource Requirements

2. Arrangements made at the preparation phase will be maintained during implementation support involving the regional Task Team Leader based in Washington and co-Task Team Leaders based in-country. This arrangement will enhance interaction with the participating countries and improve monitoring of progress. The Association is also seeking a possible trust fund budget to strengthen supervision activities on top of the Association's budget.

3. The Implementation Support Plan will comprise a number of critical review instruments to assess progress toward achieving the PDO and overall implementation progress and to effectively respond to issues and challenges as they arise. Such reviews will include among others (a) implementation support missions conducted semiannually; (b) annual beneficiary assessments and a midterm review that will include a comprehensive assessment of the progress achieved at the mid-point of project implementation and will serve as a platform for revisiting project design issues and where adjustments might be needed; (c) impact assessment; and (d) implementation completion where an independent assessment of the project will be undertaken and lessons drawn to inform future or similar operations.

4. The implementation support missions will specifically focus on reviewing the quality of implementation; finding solutions to implementation problems; assessing the likelihood of achieving the PDO; reviewing with the NIDs the action plan and disbursement programs for the next six months; reviewing the project's fiduciary aspects including disbursement and procurement; verifying compliance of project activities with the Association's environmental and social safeguard policies; and reviewing the results against the Results Framework. The missions will combine some field visits and multistakeholder discussions.

5. At the technical level, the Association team will assemble the appropriate technical skills and experience needed to support implementation of the DRDIP II. Fiduciary reviews will be conducted by the Association's FM and procurement specialists to ensure that fiduciary systems and capacities remain adequate during the course of project implementation in accordance with the Association's fiduciary requirements.

- (a) **FM.** The Association will require quarterly IFRs be submitted to the Association as well as the annual external audit report for review. The Association will also review other project-related information such as the internal control systems' report. Annual on-site visits will also be carried out by the Association to review the FM system including internal controls.



Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audit, and other reports will be reviewed by the Association, including transaction reviews, as needed. FM training to the Project Coordination Unit staff will be carried out by effectiveness. Additional FM training will be conducted during project implementation as needed.

- (b) **Procurement.** The Association will undertake implementation support missions every six months.

6. **Safeguards.** The Association's safeguard team will consist of social and environmental specialists who will guide the project team in applying the agreed safeguard instruments as well as reviewing compliance during implementation support missions.

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	<ul style="list-style-type: none"> Project implementation start up Establishment of the PIUs at national, subnational and local levels Support to implementation activities: sensitization, community consultations and planning, institution building, and strengthening of implementation capacity, including monitoring and evaluation (M&E) Development of monitoring and evaluation methodology and oversight of baseline survey Capacity building and mentoring of staff at all levels on procurement, financial management, M&E, and safeguards 	<ul style="list-style-type: none"> Project Management Health Fragility and Conflict Livelihoods Social Development Financial management Procurement M&E Environment Social Protection 	35,000 20,000 20,000 20,000 15,000 20,000 20,000 10,000 15,000 10,000	<ul style="list-style-type: none"> UNHCR, WFP, DFID, UNICEF – aligning development and humanitarian programming with the project Process and progress monitoring using third party
12–48 months	<ul style="list-style-type: none"> Joint IS missions with Government counterparts and UNHCR to monitor implementation performance including progress against targets of the Results Framework Review of community-driven development processes and livelihoods Review of annual work plans and disbursement schedule 	<ul style="list-style-type: none"> Project Management Health Fragility and Conflict Livelihoods Social Development Financial management Procurement M&E Environment Social Protection 	Same as above	Same as above



	<ul style="list-style-type: none"> Review quality of quarterly/annual reports Review of audit reports and interim financial report Review adequacy of the financial management system and compliance MTR undertaken (during year 3) 			
Other	Same as above and in addition <ul style="list-style-type: none"> Project Evaluation Project completion and Implementation Completion Report preparation 	Same as above	Same as above	Same as above

Skills Mix Required			
Skills Needed	Number of Staff Weeks per year	Number of Trips	Comments
<ul style="list-style-type: none"> TTL Co TTL, Health Fragility and Conflict Livelihoods Social Development Financial management Procurement M&E Environment Social Protection 	8 8 5 6 4 3 3 3 4 4	3 - 2 3 - - - - - -	Washington Based Nairobi Based Washington Based India Based Nairobi Based Nairobi Based Nairobi Based Nairobi Based Nairobi based Nairobi Based

Partners		
Name	Institution/Country	Role
UNHCR	Kenya	Joint programming for communities hosting refugees



ANNEX 5: ECONOMIC AND FINANCIAL ANALYSIS

Kenya

Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa

1. The economic and financial analysis conducted as part of project preparation suggests that the proposed interventions are economically and financially feasible. As a CDD project, it is not possible to predetermine actual investments. Therefore, analyses were carried out based on a typology of the DRDIP II investments. The analysis employs a cost-benefit methodology, which is perceived as a more appropriate approach for such a task.²¹ Particularly, it is a simplified cost-benefit analysis, where solely direct cost and monetary value of selected benefits are compared, whenever possible, and economic IRR are presented. In fact, the proposed interventions have several indirect benefits that are not quantifiable in monetary terms. For this reason, they cannot be accounted for, both in NPV calculations and in the sensitivity analysis. Nonetheless, they certainly can be listed among the project's top benefits. A list of indirect, intangible benefits is presented for such interventions.
2. The communities being analyzed face extreme poverty. They are poorly endowed with natural resources, have limited arable land, and are generally affected by scarce rainfall and no permanent sources of water. The main hypothesis is that appropriate design and implementation of various investments would significantly diminish the costs of addressing basic needs and essential services of host communities. The areas identified as critical to host communities' self-reliance and sustainability are grouped in three components that are meant to be implemented modularly based on local administrations' capacity, planning, and priorities. A positive externality may be that appropriate, basic investments in the above three areas would significantly contribute to the creation of an effective labor market, which in turn would lead to building self-reliant communities. In all, six interventions have been analyzed (Table 5.1): three relate to Component 1, two to Component 2, and one to Component 3.

Table 5.1. Project's Components and Areas of Intervention

	Development Area	Proposed Intervention
Component 1	Social and Economic Infrastructure and Services	<ol style="list-style-type: none"> 1. Construction of one borehole water well 2. Construction of health facility 3. Construction of school building
Component 2	Environmental and Natural Resource Management	<ol style="list-style-type: none"> 1. Reforestation of 1 ha land 2. Construction of one <i>Prosopis</i> Charcoal Plant
Component 3	Support to Livelihoods	<ol style="list-style-type: none"> 1. Livestock productivity improvement

²¹ Bugnion, C. 1998. "Economic Rationalization of Humanitarian Aid: Use of cost and effectiveness indicators to evaluate ECHO funded humanitarian emergencies." European Community Humanitarian Office.



Proposed Interventions for Component 1: Social and Economic Infrastructure and Services

Project 1: Ensuring Access to Water (Estimated cost: US\$9,750)

3. Water supply in rural areas in Kenya is characterized by low levels of access or, at best, poor service quality in the form of intermittent water supply. Seasonal water scarcity exacerbates the difficulty of improving water supply.²² The shortages of potable water negatively affects the sanitation and increases the morbidity associated with orofecal contamination.²³ This analysis focuses on a borehole as a water source, which, according to various existing analyses, can address the needs of 365 individuals, on average. Access to water is considered free of charge. Benefits and challenges of a borehole water source are presented in Table 5.2.

Table 5.2. Benefits and Challenges of Borehole Water Source

Host and Refugee Population		Government/Environment	
Positive	Negative	Positive	Negative
<p>Time savings particularly for women. Time saved can be used for children's welfare and upbringing, gaining new skills, training, or participation in associations.</p> <p>Reduction in morbidity and mortality with reduction in prevalence of waterborne diseases, at least by 25 percent, by improving access to drinking water, through (a) reducing diarrheal incidence rate by 10–40 percent and (b) reduced mortality rates, with reduced incidence of diarrhea.</p> <p>Reduction of conflicts and tension over scarce availability of water</p> <p>Strengthening social cohesion</p>	<p>Conflict over water point management</p> <p>Injuries or fatalities during building</p>	<p>Reduced costs of treatment for poor quality water-related illnesses</p> <p>Reduction of greenhouse gas emissions with compensatory reforestation around water points. This will create a carbon sink to soak up carbon dioxide, which in turn would help reduce greenhouse gas emissions.</p>	<p>The accelerated decline of groundwater levels, resulting from climate change and excessive use of groundwater resources</p> <p>Water and soil pollution during work</p>

Note: Studies in Nigeria – “GDN, 2013, Cost-Effectiveness and Benefit-Costs Analysis of Some Water Interventions” – revealed that a typical eight-member household spends about 14 hours a day to fetch water (that is, 5,110 hours per year) from traditional sources such as wells and rivers. The installation of a borehole or pipeline water system reduced this time, on an average, to 18 minutes to fetch 20 liters of water from boreholes and zero time to get piped-water, respectively.

²² Water Service Quality – WASREB Impact Report 2009. Kenya Water Services Regulatory Board (WASREB, a state corporation engaged in reforming the water sector in Kenya).

²³ Kenya - World Health Organization (WHO). 2015. *UN-Water Global Analysis and Assessment of Sanitation and Drinking-Water Report*. http://www.who.int/water_sanitation_health/glaas/2014/kenya-12-oct.pdf.



Project 2: Construction of a Health Facility (Estimated cost: US\$388,330)

4. Hospitals are perceived as vital and necessary resources that ensure self-reliance and benefits to a community,²⁴ including surgery, maternity care, HIV and tuberculosis treatment, and an inpatient feeding center for malnourished children.²⁵ The health staff-to-population ratio in the refugee-hosting areas in Kenya is, on average, 1.4 doctors per 100,000 persons—significantly below the Sub-Saharan Africa developing countries average of 20 per 100,000—and an average of 1.8 midwives per 100,000 persons²⁶ versus a Sub-Saharan Africa developing countries average of 112 per 100,000. All these figures are below World Health Organization standards.²⁷ The insufficient number of health infrastructure and healthcare personnel may very likely result in a high and rising incidence of disease such as tuberculosis, malaria, cholera, and AIDS.²⁸ There are benefits and challenges in building a health center (Table 5.3).

Table 5.3. Benefits and Challenges of Building a Health Center

Host and Refugee Population		Government/Environment	
Positive	Negative	Positive	Negative
Reduction of maternal mortality Protection of children Increased immunization through vaccination Improved fight against HIV/AIDS as well as treatments of the infected Increased access to health service	Poor quality of service and shortage of qualified nurses, midwives, and allied health professionals	Diminishing overall budget burden as the result of increased immunization and reduction of severe illness	Increasing costs of running facility center Shortage of qualified nurses, midwives, and allied health professionals

5. **Immunization.** UNICEF has been promoting an immunization program led by Kenya’s Ministry of Public Health and Sanitation in Dadaab since mid-2016. The initiative has dramatically reduced the risk of disease transmission in communities around the Dadaab refugee camp. In particular, the integrated campaign aims at protecting children and young adults in those communities against measles and polio and providing vitamin A supplementation and de-worming.²⁹

6. **Nutrition.** Since 2015, the UN WFP in partnership with United States Agency for International Development’s Office of Food for Peace has been supporting food-insecure communities around the Dadaab and Kakuma refugee camps by providing cash or food in exchange for work on improving

²⁴ Shephard, D.S., D. Hodgkin, Y. Anthony. 1998. *Analysis of Hospital Costs: A Manual for Managers*. Working paper.

²⁵ Kenya, *Medecins Sans Frontieres* (Doctors Without Borders, MSF). 2015. “Kenya: Cholera Outbreak Spreads to Dadaab Refugee Camp.” <http://www.msf.org/en/article/kenya-cholera-outbreak-spreads-dadaab-refugee-camp>.

²⁶ Kenya, *Medecins Sans Frontieres* (Doctors Without Borders, MSF). 2015. “Kenya: Cholera Outbreak Spreads to Dadaab Refugee Camp.” <http://www.msf.org/en/article/kenya-cholera-outbreak-spreads-dadaab-refugee-camp>.

²⁷ World Development Indicator based on World Health Organization data (2015).

²⁸ WHO (2006).

²⁹ UNICEF. Kenya. https://www.unicef.org/kenya/media_9098.html



community infrastructure, such as rehabilitating local roads or irrigation systems.³⁰ WFP has recently handed over food distribution to local communities' authorities. Furthermore, Food for Peace, which supports refugees living in the two camps and their host communities through direct food distributions, mother and child health and nutrition, and supplementary and therapeutic nutritious foods, is also providing funding and in-kind, ready-to-use therapeutic foods to UNICEF for the treatment of severe acute malnutrition. The International Federation of Red Cross and Red Crescent Societies has also been providing food, particularly therapeutic nutrition.³¹ In particular, maternal, infant, and young child nutrition programs have been implemented targeting pregnant women, lactating mothers, and children under age five. The outpatient therapeutic feeding program offers services to children with severe acute malnutrition, while the supplementary feeding program caters to children with moderate acute malnutrition and all pregnant women and lactating mothers. Nutritional support is also offered to patients living with tuberculosis and HIV. As a consequence, several premature children have been able to survive, gain weight, and develop the ability to breastfeed, while young mothers have been receiving adequate food and education on best food strategies to improve the availability and quality of breast milk.

Project 3: Building a Community School (Estimated cost: US\$195,484)

7. A community school can serve multiple purposes of being a school and a meeting and learning space for the community (Table 5.4). It will be characterized by a significant participation of the local community, which would contribute to creation, construction, financing, and management.

Table 5.4. Benefits and Challenges of Building One School

Host and Refugee Population		Government/Environment	
Positive	Negative	Positive	Negative
<p>Improved access to education</p> <p>Higher attendance of students and teachers leading to improved learning outcomes and building solid social capital</p> <p>Poverty reduction - access to education increases the chances of higher earnings in the future and thus, reduces poverty.</p> <p>Parental education positively affects the child's educational level, achievement, and health.</p> <p>Increases life expectancy and reduces mortality rate</p> <p>Boosts technological change by diffusion of knowledge</p>	<p>The limited capacity of the school may increase competition and exclusion.</p> <p>Increasing social tensions in case of excessive demand</p>	<p>Reduction of financial burden through efficient access to education for groups like girls, rural communities, ethnic minorities, and migrants is improved.</p> <p>High-cost efficiency with community involvement</p> <p>Poverty reduction</p> <p>Education reduces criminal activity.</p>	<p>The risk of increased budget burden when school does not secure funding for long-term running</p> <p>High risk of inefficient allocation and spending of funds</p> <p>Weak salary incentives may lead high rate of teacher absenteeism.</p> <p>Poor fiduciary control may increase the risk of corruption.</p>

³⁰ United States Agency for International Development. 2017. <https://www.usaid.gov/kenya/food-assistance>

³¹ International Federation of Red Cross and Red Crescent Societies, May 2016, <https://goo.gl/xobe57>



Note: Jimenez, E., and H. A. Patrinos. 2008. "Can Cost-Benefit Analysis Guide Education Policy in Developing Countries?" Policy Research Working Paper 4568; Wolfe, B., and S. Zuvekas. 1997. "Non-Market Effects of Education." *International Journal of Education Research* 27(6): 491–502.

8. **Girl child education is a very sensitive aspect of education related to girls' enrollment.** Very often girls are not enrolled in school because they are expected to marry early and join their husband's family, let alone contribute very early to their family income. For this reason, parents are not able to see how education could benefit their daughters or the family. However, several international programs, promoted by various international organizations and NGOs, have tried to sensitize communities and, more importantly, parents, with good results. Remarkably, benefits of education for girls include both short- and long-term positive effects. For example, an immediate set of outcomes concerns the acquisition by young girls of both basic education and, when programs are integrated with mentoring, important life skills to navigate the transition from childhood to adolescence, overcome negative peer pressure, avoid risky sexual behavior, give birth to their first children at a later age, change negative attitudes toward education, deal more effectively with problems related to female genital mutilation, and manage menstruation while in school.³² Among the long-term gains, the most important ones appear to be compounding the benefits of education by providing their community with lessons for future generations,³³ providing a role model for younger girls who could therefore overcome gender stereotypes, cultural norms, and eventually, taboos. Moreover, long-term benefits would contribute to address issues such as GBV; early and child marriages; female genital mutilation; menstrual management and hygiene; risky sexual behavior; truancy, drug abuse, and other negative behavior; subjugation of girls and women in poor communities; and life skills and academic achievement.

Proposed Interventions for Component 2: Environmental and Natural Resource Management

9. The high, unsustainable exploitation of the environment and natural resources in and around the refugee camps of Dadaab and Kakuma could be contained through a programmatic reforestation of the affected areas. A survey conducted in China in 2005,³⁴ as part of a Canadian International Development Agency (CIDA) study, reveals that such a project cannot be effectively implemented without providing households in the target areas with resources meant to substitute the drivers of deforestation itself. Households in the two host communities use trees for energy, grazing, and construction. A successful implementation of a reforestation project should address those needs to allow saplings to grow and consolidate. In the meantime, the Government could subsidize those households and provide them with energy, livelihood, and construction material. However, as found in the CIDA study, such a solution is only applicable over the short term as a Government cannot provide seamless subsidization. A possible approach to address the sustainability issue could be providing households with sustainable means that would be economically convenient substitutes. For this reason, the proposed economic analysis identifies two possible interventions meant to address the reforestation need while partially resolving the

³² <https://www.brookings.edu/research/mentoring-for-kenyas-marginalized-girls/>

³³ UNHCR reports crisis in refugee education <http://www.unhcr.org/en-us/news/press/2016/9/57d7d6f34/unhcr-reports-crisis-refugee-education.html>

³⁴ "The costs and benefits of reforestation in Liping County, Guizhou Province, China" in "Confronting Global Warming: Enhancing China's Capacity for Carbon Sequestration" (Project Number: A-031511) by CIDA. *Journal of Environmental Management* 85 (2007) 722–735.



substitution requirements, at least regarding the energy needs. Remarkably, energy needs represent the major driver of deforestation in the two areas of the study.

Project 4: Reforestation of 1 ha Land (Estimated cost: US\$2,558 per household per year)

10. According to the CIDA study, reforestation of 1 ha of land would entail an average cost of US\$2,558 per household per year on average. Such costs not only include seedlings but also cash and food subsidies to affected households. Individual or household cash flow from this activity can be discounted as it is offset by lost income for not using environmental and natural resources. On the other hand, gains with regard to environmental and natural resource restoration, albeit not quantifiable in monetary terms (Table 5.5), significantly outscore any other type of returns the initiative may entail.

Table 5.5. Benefits and Challenges of Reforestation

Host and Refugee Population		Government/Environment	
Positive	Negative	Positive	Negative
<p>Improved quality life because of increased presence of trees and vegetation and fauna</p> <p>Access to cleaner, unpolluted air</p>	<p>Potential food and livelihoods insecurity because of interruption of Government subsidization program</p>	<p>Substantial reduction in CO2 because of carbon sequestration</p> <p>Substantial enrichment of land because of presence of flora in otherwise deserted areas</p> <p>Reduced migration and conflict because of reduced desertification and increased livestock</p> <p>Increased health standards</p>	<p>Risk of resorting to tree depletion in case of energy needs or limited subsidization</p>

Project 5: Construction of a Prosopis juliflora Charcoal Plant (Estimated cost: US\$114)

11. *Prosopis juliflora*, commonly named *mathenge*, is a widespread tree species in dryland areas in Kenya, including, among many others, Garissa and Turkana,³⁵ which is considered a threat to livestock by local residents. Yet, if properly managed and utilized, it can also improve social and economic conditions, and the livelihoods of those communities. The Kenya Forest Service—a Government agency—has sponsored various workshops aimed at promoting favorable uses of the tree.³⁶ Among many possibilities, its transformation into charcoal appears to be one of the most cost-effective and useful exploitations, with two positive outcomes: substantial eradication of a harmful tree from the affected areas and environmental protection of flora and fauna in areas hosting refugees by saving more valuable trees used

³⁵ Kenya Forest Service. “Demystifying Mathenge.” Government of Kenya.

³⁶ http://www.kenyaforestservice.org/index.php?option=com_content&view=article&id=419:demystifying-mathenge&catid=81&Itemid=538.



for charcoal production (Table 5.6). Construction of a *Prosopis* charcoal plant appears to be extremely affordable, estimated at US\$114, and its returns on investment are clearly economically convenient. In fact, carbonization of branches and other parts of the tree can be conducted using natural elements such as soil and leaves to make an earth-mound-kiln. Indeed, costs only refer to labor and wood-cutting tools. Building on existing studies³⁷ and adjusting for Kenya's cost of living and wage levels, the analysis shows a remarkable cost-effectiveness of such an initiative. Assuming a production of 450 bags of charcoal per hectare per year and a price of US\$2.30 per bag, the expected margin has been estimated in US\$520 per hectare per year, with an NPV of US\$2,267 over a five-year period.

Table 5.6. Benefits and Challenges of *Prosopis* Charcoal Transformation

Host and Refugee Population		Government/Environment	
Positive	Negative	Positive	Negative
<p>Improved quality life because of increased presence of local flora and fauna</p> <p>Access to a more affordable, sustainable energy source</p> <p>More efficiently cooking food and lighting homes, with no need to cut valuable trees</p> <p>Extended study hours for school children because of augmented charcoal availability</p> <p>Remarkable increase in job creation potential because of <i>Prosopis</i> charcoal plant and possible trade</p>	<p>Possible conflict over limited <i>Prosopis</i> areas if charcoal production becomes overly common</p> <p>Flora and fauna depletion if <i>Prosopis</i> becomes scarce because of overuse, which may make people resort to burning old wood from other trees. The issue may become bigger in case of augmented demand.</p>	<p>Decreased pressure because of improved employment opportunities for both production and trade of <i>Prosopis</i> charcoal</p> <p>Increased number of taxpayers</p>	<p>Risk of conflict or resorting to valuable tree depletion in case of augmented energy demand or <i>Prosopis</i> scarcity</p>

Proposed Interventions for Component 3: Support to Livelihoods

Project 6: Livestock Productivity Improvement (Estimated cost: US\$510 per livestock unit³⁸ per year for production of dairy only; USD 14 per livestock unit for production of dairy and meat)

12. The proposed project covers various aspects related to livestock productivity and its objective is to increase the household income of farmers through increased livestock productivity (Table 5.7). A 2012

³⁷ https://www.researchgate.net/publication/287127244_Is_control_through_utilization_a_cost_effective_Prosopis_juliflora_management_strategy.

³⁸ The livestock unit (LSU) is a reference unit which facilitates the aggregation of livestock from various species and age as per convention, via the use of specific coefficients established initially on the basis of the nutritional or feed requirement of each type of animal. The reference unit used for the calculation of livestock units (=1 LSU) is the grazing equivalent of one adult dairy cow producing 3,000 kg of milk annually, without additional concentrated foodstuffs. [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Livestock_unit_\(LSU\)](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Livestock_unit_(LSU))



study by University of Nairobi, International Livestock Research Institute, and University of Liverpool³⁹ The project assesses two different scenarios: (a) cattle for production of dairy only and (b) for production of both dairy and meat. Adjusting for an average 6.5 percent inflation rate over the past five years (2012–2016), the interventions in the areas of the study are apparently economically convenient with an IRR of 114 percent under normal parameters and 92 percent in case of 10 percent higher costs and 10 percent lower benefits in the case of dairy only, and 2,082 percent under normal parameters and 1,720 percent in case of 10 percent higher costs and 10 percent lower benefits in the case of both dairy and meat production.⁴⁰

Table 5.7. Benefits and Challenges of Livestock Productivity Project

Displaced and Local Population		Government/Environment	
Positive	Negative	Positive	Negative
<p>Government commitment to the development of the subsector</p> <p>Possibility to own and manage large quantity of quality livestock</p> <p>Possible availability of local and export markets for livestock products</p>	<p>Possible low productivity because of:</p> <p>a possible low genetic potential of indigenous livestock;</p> <p>low-input, low-output animal husbandry practices of the majority of livestock owners;</p> <p>shortage of grazing and animal feeds;</p> <p>high cost and poor quality of inputs;</p> <p>poor rural infrastructure (mainly road network and power), with negative implications on service delivery and marketing;</p> <p>inadequate technical support from the understaffed and poorly equipped</p>	<p>Inclusion of the livestock sector among the strategic exports</p> <p>Promotion of farmers’ organizations and improved agricultural service delivery, including for livestock</p> <p>Willingness of a number of national and multinational NGOs and development partners to provide counterpart funding and technical assistance to develop the sector</p> <p>Availability of a local and export markets for livestock products.</p>	<p>Possible civil unrest and instability because of limited grazing</p>

³⁹ “Productivity in Different Cattle Production Systems in Kenya.” *Tropical Animal Health and Production* 45 (2). July 2012. www.researchgate.net/publication/229436946_Productivity_in_different_cattle_production_systems_in_Kenya

⁴⁰ The analysis only regards small herd size of 2–10 livestock units.



	government agencies; and lack of facilities for value addition, particularly for the processing of livestock products.		
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NPVs of Proposed Interventions over a Five-Year Period

13. The cost and monetary value of the selected benefits, the cumulative value of benefits as well as the NPV of selected development projects are presented in Table 5.8. Because of the highly controversial monetary value of human life, as well as deferred benefits of school graduates, the analysis of five years' benefits excluded the benefits from building a hospital and school. Moreover, given the high number of indirect benefits, which cannot be quantifiable in monetary terms, the NPV and subsequent sensitivity analysis does not include the paved roads and reforestation projects.

Table 5.8. NPVs of Proposed Interventions - Social Discount Rate Used: 3 Percent
(Equal to Inflation Rate as of March 2015)

Development Project	Investment (US\$)	Present Value of Benefits from First to Fifth Year (US\$)					Estimated Cumulative value of benefits (US\$)	NPV (US\$)
		1	2	3	4	5		
Borehole water	9,750	18,176	17,646	17,132	16,633	16,149	85,736	75,986
Prosopis Charcoal	114	505	490	476	462	449	2,381	2,267
Livestock Productivity Dairy Only	510	608	591	573	557	540	2,869	2,359
Livestock Productivity Dairy & Meat	14	300	291	283	275	267	1,416	1,402

Source: Team calculations based on cost-benefit analysis simulations and estimated NPV of monetized benefits.

Sensitivity Analysis

14. A sensitivity analysis has been conducted to assess the effect on the IRR of variations in benefits and costs in the realization of benefits, limited to projects where benefits could be expressed in monetary terms. Notwithstanding an increase in cost by 10 percent or a decrease in the total estimated benefits by 10 percent, the results appear to remain robust. Moreover, a third scenario that contemplates a 10 percent increase in costs combined with a 10 percent decrease in benefits still shows a robust IRR (Table 5.9), considering a social discount rate of 3 percent according to World bank guidelines. In conclusion, the



overall net discounted benefits of the presented conservative cost-benefit analysis remain positive under any circumstances.

Table 5.9. Sensitivity Analysis

	Water (%)	<i>Prosopis</i> Charcoal production (%)	Livestock Productivity Dairy Only (%)	Livestock Productivity Dairy and Meat (%)
Base Scenario	183	440	114	2082
Cost + 10% or Benefit – 10%	165	400	103	189
Cost + 10% and Benefit – 10%	150	363	92	1720

Source: Team calculations based on cost-benefit analysis simulations and estimated NPV of monetized benefits. Social discount rate (SCD) of 3 percent in accordance with World Bank guidelines.



ANNEX 6: SUPPORT TO IGAD FOR EXPANSION OF THE REGIONAL SECRETARIAT ON FORCED DISPLACEMENT AND MIXED MIGRATION

Kenya

Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa

Strategic Context and Rationale

1. The IGAD, through its Regional Secretariat on FDMM, has a critical role under the regional operation to advocate holistic regional responses to forced displacement to influence interventions in refugee-hosting and refugee-producing member states. In this context, the Regional Secretariat on FDMM created and supported under DRDIP I (P152822) seeks to build the capacities of Project countries and institutions in Djibouti, Ethiopia and Uganda as well as the other IGAD Member States.
2. Under the existing DRDIP I (P152822), a US\$5 million grant to the IGAD has enabled the establishment of the Regional Secretariat on FDMM based in Nairobi and Djibouti with the necessary capabilities to (a) advocate holistic regional responses to FDMM that are supported by data generated on displacement to influence interventions in refugee-hosting and refugee-producing member states; (b) support policy dialogue with member states and academic and research institutions on transitional/progressive solutions to displacement; (c) generate evidence on innovative management of the impacts of FDMM through research; (d) build the capacities of countries and institutions in the HOA to innovatively respond to FDMM; (e) undertake knowledge management and focused M&E of DRDIP implementation; (f) forge partnerships between humanitarian and development actors in the HOA region to rethink the application of durable solutions; and (g) consolidate the capacity of the IGAD to respond to FDMM and be a strong actor, both regionally and internationally, in discussions affecting the HOA.
3. The DRDIP II (P161067) will support the expansion of IGAD's existing Regional Secretariat for FDMM to include Kenya that will join other DRDIP countries in the PRSC and represented by nominees of its national steering committee and the project coordinator. Kenya as well as all other IGAD Member States will benefit from the Regional Secretariat-led activities including research, knowledge generation, the documentation of lessons learned to enhance the coordination, knowledge sharing, and learning across the project countries. The RPSC will provide oversight of the implementation of the regional program and will guide, advise, and support a regional policy dialogue. In addition, this DRDIP II will support DRDIP project countries and other IGAD Member States to: (i) discuss the challenge of the Somalia displacement that they all have in common; and (ii) engage the Republic of Somalia to more effectively participate in this dialogue and to take a lead role in the planning and coordination of displacement-responsive development in places of return and on addressing displacement challenges more widely.
4. For Somalia, the Regional Secretariat will help improve the ability of the Republic of Somalia to define appropriate development responses at the federal, state, and local government levels. In Somalia, increased refugee return from asylum countries, including Kenya and Yemen, is occurring against the backdrop of ongoing conditions of drought, poverty, vulnerability, and internal displacement. Existing development deficits, poverty and internal displacement in the communities to which refugees will return compound a broader inability by the Government and international partners to provide adequately for returnees in Somalia. The risk is that the pressures posed by refugee return will contribute to further disparities and exclusion which further compromise community resilience. Considerable investment is required to address vulnerabilities within the receiving communities to enable sustainable refugee return.



Currently, a number of different agencies and actors are supporting returnees, IDPs, and host communities with shelter, livelihood intervention, and essential social services. There is increasing commitment to enable the Government better lead and coordinate those efforts and to supplement them with longer-term developmental responses. The activities under the proposed Additional Grant to the IGAD will facilitate this.

5. Somalia's arrears status and non-IDA eligibility means that there are constraints to large-scale investment by the World Bank in directly supporting sustainable return of refugees or the implementation of development responses to forced displacement at the present time. Multiple other actors are, however, mobilizing support for area-based multisectoral development investment in places of return in Somalia as well as defining durable solutions for wider displacement challenges. Those efforts to build community resilience to support the reintegration of returning refugees, while also addressing issues of vulnerability and internal displacement, are gaining pace.

6. **The pressures of refugee return.** Among the member countries which have seen refugee return, most of this is to urban centers including in countries like South Sudan in the past and Somalia currently. While some urban infrastructure exists (such as water supply, sanitation, and paved road networks), much of the service delivery is weak. For example, the main source of urban power remains fossil fuel generators and solid waste management is stretched. Formalizing land ownership in the urban settings is particularly problematic with few systems for regularization. The urban fabric has been substantially affected by IDP movements, which are extremely fluid. In these countries, many IDPs settle for a time in poorly serviced encampments or in vacant housing and hence remain vulnerable to eviction. While return policies exist in countries like Somalia or South Sudan, there is a need to create a common understanding on how to operationalize it, with Governments taking the lead in coordination of return processes.

7. In these refugee return settings, host communities, services, and institutions in the absence of increased support may soon reach their optimal absorption capacities and will be inadequate to support sustainable refugee returns. In some areas, these thresholds have been stretched to their breaking point, while in others they have already been exceeded. This is evident in resettlement areas in Uganda that continues to receive large number of South Sudanese refugees. In Somalia, the Jubbaland Refugee and Internally Displaced Persons Agency—the agency tasked to coordinate the resettlement and create policies to manage the return—has requested assistance from international partners faced with the immense challenge of managing the returns in a context of internal displacement and fragility. A key major challenge remains the lack of a database on available services in areas of return that would guide interventions and programming. Although there are some mappings done by various agencies, each tends to focus on a specific area of mandate without a consolidated approach. Information on the profiles of returnees would also be useful for planning livelihood opportunities as well as service delivery.

8. **Beyond humanitarian assistance.** During the past 20 years, the humanitarian community has been leading the response to the needs and protection of IDPs, refugees, and returnees in the IGAD member countries. This has helped in lifesaving provision and monitoring of the human rights situation of those affected but conversely it has also resulted in fragmentation of service provision across sectors and has mostly focused on settlements and camps for displaced persons, with little attention to the broader needs of host communities and receiving communities, in the absence of an area-based planning approach. There has also been insufficient government leadership of the humanitarian responses.



9. **Government leadership.** In the past, a recurring weakness in attempts to bring development and humanitarian actors together around displacement in IGAD Member States has been inadequate government leadership to enable coordinated planning across different actors. The Regional Secretariat on FDMM is supporting the conceptualization of development responses for forced displacement, government leadership of those responses, and improving linkages between humanitarian and development actors and strategies in its member countries.

10. **Capacity support.** The Regional Secretariat on FDMM will undertake a further capacity assessment to identify how those capacity gaps can be met through extension of their ongoing regional initiatives on policy dialogue, technical assistance, data collection and capacity building. The intention of the US\$3 million grant to the IGAD is to contribute to filling the capacity gaps and finance activities to fill the critical gaps to enable a government-led, development response to displacement impacts in IGAD member States to support durable solutions in host and return areas of refugees including Somalia.

Component Activity Description

11. The component will be implemented in two stages:

(a) **First Stage, first six months.**

- (i) The IGAD Regional Secretariat on FDMM will commission a rapid assessment to assess the capacity, processes, and systems building needs in support of return and reintegration including a quick mapping and profiling of key actors. This assessment will build on capacity diagnostic work under way by other actors. The results of the assessment will enable the IGAD's FDMM Regional Secretariat to define a plan for bringing Republic of Somalia into relevant and existing regional capacity building initiatives being undertaken by the Regional Secretariat. This planning exercise will result in an implementation plan to be completed within six months of effectiveness of this grant. The implementation plan will be finalized on the basis of consultation with key stakeholders and will be reviewed to be acceptable to the World Bank.
- (ii) Kenya will become part of the Project Regional Steering Committee by nominating representatives from the Project National Steering Committee and the National Project Implementation Unit.

(b) **Second Stage, until the end of the Project.** In subsequent years, activities will be funded in accordance with the agreed implementation plan. Illustrative activities that may be funded under the component are as follows:

- (i) Extension of regional technical assistance for developing relevant policies and appropriate guidelines for ensuring a coordinated development response in return areas and to address forced displacement more widely
- (ii) Extension of regional technical assistance for building capacities, systems, and processes for sustainable return and reintegration of refugees and displaced persons



- (iii) Extension and management of a regional database to include mapping of pressure points, services, spatial planning to determine gaps in provision, identify priorities for areas and agencies, and prevent duplication and inefficiencies
- (iv) Regular monitoring, reporting, and learning from experiences for scaling up
- (v) Responding to 'just-in-time' needs expressed by government authorities, which could range from providing an expert with specific skills to reviewing documents or carrying out assessments

12. The component design takes into account the IDA regional guidelines and the World Bank's policy on countries with loans in nonaccrual status. IGAD will manage, contract and hold to fiscal account all component activities. There will be no on-lending by IGAD to member countries that are IDA-ineligible like Somalia and Sudan.



ANNEX 7: LABOR INTENSIVE PUBLIC WORKS⁴¹

Kenya

Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa

1. The counties of Garissa, Turkana, and Wajir, in the north and northeastern region of Kenya, where the DRDIP II will be implemented, suffer from high levels of poverty, lack of access to income-generating opportunities, and widespread environmental degradation. LIPWs are proposed to serve as an effective temporary measure to provide immediate access to predictable and timely income to the needy. Such interventions will help smooth critical consumption gaps during lean periods, while more long-term and sustainable employment opportunities are being established under the project. At the same time, infrastructure activities will focus on strengthening community assets aimed at enhancing natural resource productivity, thereby addressing issues arising from environmental degradation. To benefit households in the most meaningful way, LIPWs will be planned and implemented on a multiyear basis, enabling predictable income.

Proposed Basic Features of LIPWs under the DRDIP II

2. Based on the unique environmental and cultural dynamics of the targeted areas, and considering the main risks involved with implementation of LIPW activities in these areas (see Key Risks), the following are proposed as the basic features of LIPW under the DRDIP II. These will be further discussed and agreed upon with the Government and documented in an operations manual developed specifically for LIPWs under the DRDIP II before commencing implementation, which will be a part of the PIM.

- **Targeting.** LIPW under the KDRIDP will provide beneficiaries from poor and vulnerable households with a seasonal transfer in return for their participation in the public works activities. Beneficiaries of LIPWs within the defined geographic target will be first identified based on vulnerability criterion. The poorest and most vulnerable households with able-bodied members will then be selected and verified using community mobilization and targeting methods. During preparation of the operations manual, the possibility of using the harmonized targeting tool currently being developed for the NSNP will be explored, as well as the possibility of using existing data from the Single Registry of beneficiaries, established in the Ministry of East African Community, Labor and Social Protection under the NSNP. Moreover, in Turkana County, a massive registration process has been undertaken for the Hunger Safety Net Program (which forms part of the NSNP), and usefulness of this data for targeting of LIPWs will be considered. Building on, or at least aligning to, the Single Registry will ensure coordination of efforts and avoid duplication of support to households that are already benefiting from the NSNP and other related social protection assistance.
- **LIPW menu.** LIPW will consist of a variety of subprojects to create important community assets. Based on multistakeholder consultations, these could include rural access roads, tree

⁴¹ To assess the potential to implement LIPWs under the DRDIP II, a feasibility study was World Bank in November 2016. The feasibility study was undertaken in the host communities around the Dadaab and Kakuma refugee camps in Garissa and Turkana counties, respectively. The study focused on (a) understanding existing relevant public works interventions, including design and implementation arrangements; (b) determining institutional capacity of the Government and stakeholder to design and implement LIPWs; and (c) recommending options for the ways in which LIPW could be considered under the DRDIP II.



nurseries, afforestation, the construction of different soil and water conservation measures and flood control structures, small-scale irrigation, hand-dug wells, valley tanks, community pond construction, and the construction or rehabilitation of market places (detailed in Table 7.1).

Table 7.1. LIPW Activities and Their Expected Outcome

Activities	Expected Outcome
Physical soil and water conservation activities (hillside terraces, gully control, and so on) Nursery establishment and seedling production Seedling plantation Agro forestry Mulching of degraded area Area closure/woodlots	Improved land productivity and soil fertility
Water pan/pond construction Sand dam construction Shallow well construction Micro dam construction Drainage and irrigation canal construction Stream diversion Spring development	Improved access to drinking and irrigation water and increased water recharge into the aquifer
Roads and bridges Market sheds and pavements Stock routes	Improved market infrastructure
Vegetative fencing and fodder belt Conservation measures	Increased availability of fodder
Repairing classrooms and health facilities Build latrines Build classrooms and health facilities	Improved health and education facilities
<i>Prosopis</i> management	Improved access to agriculture and pasture land

- **Creation of community asset.** The productive assets created by LIPW will be designed to support poor households, as well as to benefit the entire community. These assets will help the communities to respond to and build resilience against the negative effects of climate change and other shocks and stresses by helping them diversify risk, enhance their incomes, and build their skills and assets.
- **Design and implementation approach.** The project would apply an enhanced Food for Asset (FFA) design and implementation approach, currently financed by WFP. As such, more labor-intensive subprojects will be selected, with the result that at least 60 percent of each subproject budget allocated to LIPWs will be spent on cash transfers to participants. Flexibility will be incorporated in the design to effect the payments/transfer based on both daily wage rate and task-based rate, depending on the work norm/productive rate adopted at the national level. For example, for activities such as nursery management, a daily rate will be applied and for activities such as water pan construction, the national work norm will



be used. The major change to an FFA approach will be the use of improved participatory LIPW planning based on multiyear watershed planning principles, which will be conducted according to a clearly defined time frame that will enable the timely implementation of subprojects. Specifically, a multiyear watershed plan will provide a road map for systematic and sustainable natural resources management and development. Each year, the annual LIPW plan will be drawn from the multiyear watershed plan, which will continue to consolidate and build on the preceding year's development efforts. Particulars of the design and implementation approach will be detailed in the operations manual.

- **Women's need.** LIPW will take into account the special needs of women, and will require that at least 50 percent of LIPW participants are women. To achieve this target, the project will ensure that selected LIPW activities appropriately meet the needs of women. Through their representation on the community committees, women will also be fully involved in the decision making, including in selecting the types of LIPW activities to be adopted and their locations.

Key Design and Implementation Consideration

3. Given the complex dynamics of the region and the need to ensure that LIPWs are effective in their intended purpose, the following are some key recommendations that will inform the design of the operational guidelines for the DRDIP II and facilitate planning and implementation of sustainable assets that will ensure potential benefits are fully realized.

- **Sensitization.** There is a need to sensitize political leaders, line ministries staff, and communities on the objective and principles of LIPW. To ensure LIPW subprojects' sustainability and county government support, the DRDIP II should be integrated into the county development plans, to the extent possible.
- **Joint program planning and implementation modalities.** The program planning and implementation modalities for LIPWs will be jointly discussed and agreed between the respective county governments, WFP, and the World Bank, as the main partners of LIPW activities in the target areas. This will include modalities, wage rates, and payment modalities, among others. Moreover, a common planning and implementation guidelines will be developed with all relevant stakeholders based on existing government standards, norms, and FFA planning principles. These design guidelines will be made available for all subprojects/assets that will be implemented under the DRDIP II. Existing work norms in use by FFA will be revised accordingly to cover all LIPW-related activities.
- **Selection of assets.** Priority will be given to improve the assets already constructed in target areas before new assets are considered.⁴² Adequate technical assessments of proposed LIPW activities will be undertaken before construction takes place. A watershed-based

⁴² This is especially important for water pans given their relevance to the environment of the target counties, as they are unable to store water in their current design because of technical inadequacies.



approach will be adopted in planning and implementation to ensure sustainability of assets created and delivery of intended benefit.

- **Gradual expansion and seasonality.** Implementation will proceed in a gradual manner, starting first at a small scale, and then expanding based on lessons learned, to enable adequate systems to be put in place for effective implementation under the DRDIP II. This will include an appropriate mechanism for payment of cash transfers to beneficiaries and an adequate MIS to capture key data from LIPW. The implementation cycle (planning, appraisal, approval, disbursement, and implementation) will make sure that implementation takes place during the lean agriculture period and does not interfere with basic agriculture operation of the respective community.
- **Implementing capacity.** While the current FFA implementation arrangement appears to be working well, there is nonetheless a need to strengthen the existing capacity of the government staff at different levels through training and provision of funds for office facilities and field supervision, including transport. Supervision and monitoring will also be important and will require adequate dedicated resources. To the extent possible, LIPW implementation arrangements will build on existing arrangement through consultation, coordination, and collaboration with all relevant parties.
- **Community-driven approach.** The project will ensure that the communities are in charge of their LIPW subprojects/assets and are effectively empowered to participate in the decision-making process, including on selection of beneficiaries and identification and prioritization of LIPW activities. Moreover, operation and maintenance plans for the assets will be created together with the communities to ensure that they are feasible and in line with existing capacity on the ground. This will be a prerequisite to approving communities' LIPW plans.
- **Watershed development approach.** To realize outcomes relating mainly to natural resource management, a watershed development approach will be pursued such that implementation of activities progresses in a logical and environmentally sequential manner. What can be improved at the household level is closely linked with what can be done on a larger watershed level—downstream effects of upslope activities can only be avoided by using a watershed development approach.

Key Risks

4. There are a number of key risks that will be considered as the arrangement for implementation of LIPW under the DRDIP II are finalized. These risks will also be considered and monitored throughout implementation to ensure success of LIPWs. These risks include the following:

- **Inadequate capacity for implementation and monitoring.** Given the lack of adequate implementation capacity, careful consideration will be given to implementing arrangements and how the capacity gaps would be filled. Monitoring of LIPW will be a key aspect for consideration in the design of LIPWs.



- **Fiduciary risks related to payment to beneficiaries.** Currently, there are no established cash payment transfer mechanisms for FFA activities, as payments are made through food vouchers. To minimize fiduciary risks, the project will carefully consider the appropriate mechanism for making payments to beneficiaries. There are existing experiences that could be built on, but these will be examined for appropriateness in establishing an adequate and feasible payment system for LIPW beneficiaries in the target areas.⁴³
- **Operational systems for implementation.** Related to above, the operational systems needed for implementation, including a MIS to capture data on LIPW and its beneficiaries will be carefully designed.
- **Overlap and duplication of existing interventions.** The coordination of project-supported LIPW initiatives with existing interventions, including the NSNP and the FFA, will be a key priority. Consideration will be given to the potential to link the MIS to the existing Single Registry for the NSNP to minimize the risk of overlap and duplication, as above.
- **Insufficient time for project implementation.** It is expected that actual transfer of wages as part of LIPW interventions will not commence immediately as critical operational systems for implementation will first need to be developed, particularly related to a payment transfer mechanism and a MIS. Therefore, for LIPW interventions under the DRDIP II to have meaningful impact, sufficient time will be given for establishment of operational systems and implementation of LIPWs.

⁴³ For example, the National Safety Net Project currently uses two different payment service providers—Equity Bank and Kenya Commercial Bank—for payment to beneficiaries who could be considered for the LIPWs. WFP is using mobile money transfers through Safaricom for food supplies which can be purchased from preselected vendors.



ANNEX 8: MAP

