

Probable Date of Board Presentation

24 November

FOR CONSIDERATION

MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary General

SUBJECT : **MULTINATIONAL: PROGRAM TO BUILD RESILIENCE FOR FOOD AND NUTRITION SECURITY IN THE HORN OF AFRICA (DJIBOUTI, KENYA, SOMALIA, AND SOUTH SUDAN) ***

DJIBOUTI
ADF GRANT OF UA 13.93 MILLION

KENYA
ADF LOAN OF UA 30 MILLION

SOMALIA
ADF GRANT OF UA 9.48 MILLION
TSE GRANT OF UA 5 MILLION

SOUTH SUDAN
ADF GRANT OF UA 18.82 MILLION
TSE GRANT OF UA 5 MILLION

IGAD
ADF GRANT OF UA 2.97 MILLION

Please find attached the Appraisal Report related to the above-mentioned Project.

The Technical Annexes will be distributed separately.

The Outcome of Negotiations and draft Resolutions will be submitted to you as an addendum.

Attach:

Cc : The President

* Questions on this document should be referred to:

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AFRICAN DEVELOPMENT BANK GROUP



PROGRAM TO BUILD RESILIENCE FOR FOOD AND NUTRITION SECURITY IN THE HORN OF AFRICA

MULTINATIONAL: Djibouti, Kenya, Somalia, and South Sudan

APPRAISAL REPORT

Date: November 2021

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AFRICAN DEVELOPMENT BANK GROUP



**MULTINATIONAL
((DJIBOUTI, KENYA, SOMALIA AND SOUTH SUDAN))**

**PROGRAM TO BUILD RESILIENCE FOR FOOD AND NUTRITION SECURITY
IN THE HORN OF AFRICA**

APPRAISAL REPORT

Public Disclosure Authorized

Public Disclosure Authorized

RDGE/AHAI DEPARTMENTS

November 2021

TABLE OF CONTENTS

I – STRATEGIC THRUST AND RATIONALE	1
1.1 Program linkages with countries and Horn of Africa strategies and objectives.....	1
1.2 Rationale for the Bank’s involvement.....	1
1.3 Aid coordination	3
II – PROGRAM DESCRIPTION	3
2.1 Program objectives and components.....	3
2.2 Technical solutions retained and alternatives explored	5
2.3 Program type.....	6
2.4 Program cost and financing arrangements.....	6
2.5 Program target area and population.....	8
2.6 Participatory process for program identification, design, and implementation	9
2.7 Bank group experience and lessons reflected in program design.....	9
2.8 Key performance indicators.....	10
III – PROGRAM FEASIBILITY	10
3.1 Economic feasibility and performance	10
3.2 Regional integration and trade, the environment, climate change, fragility and resilience, gender 11	11
IV – IMPLEMENTATION	14
4.1 Implementation arrangements.....	14
4.2 Monitoring	15
4.3 Governance	16
4.4 Sustainability	16
4.5 Risk management	17
4.6 Knowledge sharing.....	17
V – LEGAL INSTRUMENTS AND AUTHORITY	17
5.1 Legal instruments.....	17
5.2 Conditions associated with the Bank/Fund’s intervention.....	18
5.3. Compliance with Fund policies.....	19
VI – CONCLUSION AND RECOMMENDATIONS	19
Appendix 1: Regional Program Fragility and Resilience Analysis	I
Appendix 2: Matrix on M&E Arrangements	IV
Appendix 3: Matrix of Risks.....	VII
Appendix 4: Map of the Program Area.....	VIII

Currency Equivalents

August 2021

Unit of Account (UA)	Local Currency
1 UA	254.32 DJF (Djiboutian franc)
1 UA	155.18 KES (Kenyan shilling)
1 UA	826.49 SOS (Somali shilling)
1 UA	565.04 SSP (South Sudanese pound)
1 UA	1.43 USD (United States dollar)
1 UA	1.20 EUR (euro)

Fiscal Years

Djibouti:	1 January to 31 December
Kenya:	1 July to 30 June
Somalia:	1 January to 31 December
South Sudan:	1 July to 30 June

Weights and Measures

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

	Acronyms and Abbreviations
AAAP	Africa Adaptation Acceleration Program
ADF	African Development Fund
ADF-15	Fifteenth General Replenishment of the African Development Fund
BREFONS	Program to Build Resilience for Food and Nutrition Security
CSP	Country Strategy Paper
DRSLP	Drought Resilience and Sustainable Livelihood Programme
EIRR	Economic Internal Rate of Return
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
GALS	Gender Action Learning System
ICPAC	IGAD Climate Prediction and Applications Centre
ICPALD	IGAD Centre for Pastoral and Livestock Development
IGAD	Intergovernmental Authority on Development
IDDRSI	IGAD Drought Disaster Resilience and Sustainability Initiative
NPV	Net Present Value
PBA	Performance-Based Allocation
PCU	Project Coordination Unit
PIA	Priority Intervention Area
PIU	Project Implementation Unit
RCU	Regional Coordination Unit
RFP	Request for Proposal
TSF	Transition Support Facility
UA	Unit of Account
USD	United States Dollar

Grant and Loan Information

Client information

BORROWER	Republic of Kenya
RECIPIENTS	Republic of Djibouti Federal Republic of Somalia Republic of South Sudan IGAD
EXECUTING AGENCIES	Djibouti: Ministry of Agriculture, Water, Fisheries and Livestock Kenya: Ministry of Agriculture, Livestock, Fisheries and Cooperatives Somalia: Ministry of Livestock, Forestry and Range South Sudan: Ministry of Agriculture and Food Security IGAD

Initial financing plan for the whole Program (UA million)

Country	Instrument	ADF-PBA	ADF TSF-Pillar I	ADF-RO	Total	Contribution to support IGAD regional activities*
Djibouti	Grant	1.50		13.50	15.00	1.07
Ethiopia***	Grant	18.00		10.00	28.00	0.75
Kenya**	Loan**	15.00		15.00	30.00	0.00
Somalia	Grant	1.10	5.00	9.10	15.20	0.72
South Sudan	Grant	5.00	5.00	15.00	25.00	1.19
Sudan***	Grant	9.60		14.40	24.00	1.14
Total		50.20	10.00	77.00	137.20	4.86

* Countries agreed to allocate 7.9% of their respective RO resource to finance regional activities to be implemented by IGAD.

** Kenya agreed to implement IGAD identified regional activities for the equivalent of 7.9% of RO resource under its loan.

*** The Bank has suspended operations with Sudan and the current security environment in Ethiopia is not conducive for project investments. Management will submit to the Board a streamlined proposal for the Sudan and Ethiopia components when the investment environment in these countries resumes.

Actual financing plan for the Program (UA million)

No	Country	ADF Grant	ADF Loan	TSF-Pillar I	FAO Co-Financing	Government Contribution	Beneficiaries' Contribution	Total
1	Djibouti	13.93				1.75	0.81	16.49
2	Kenya		30.00			4.50		34.50
3	Somalia	9.48		5.00		1.62	0.17	16.27
4	South Sudan	18.82		5.00	0.48	2.78	0.29	27.37
5	IGAD	2.97						2.97
	Total	45.20	30.00	10.00	0.48	10.65	1.27	97.60

ADF Main Financing Loan Information (Kenya only)

Loan currency	UA
Interest type*	1%
Interest rate spread*	N/A
Commitment fee*	0.5% on undisbursed loan amount commencing 180 days after signature of the loan agreement
Other fees*	0.75% per annum service charge on disbursed but unpaid amount
Tenor	30 years
Grace period	5 years
NPV (base case)	UA 12,158,882 (USD 17,265,613)
EIRR (base case)	22.6%

**if applicable*

Timeframe: Main Milestones (Expected)

Approval of the concept note	August 2021
Clearance by OPSCOM of the PAR	November 2021
Board approval of the program	November 2021
Effectiveness	February 2022
Closing Date	December 2026
Last Disbursement	April 2027
Completion Date	June 2027

Program Summary

General programme overview: The Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS) is designed as a follow-on phase of the DRSLP with the objective of improving the living standards for women, youth, and the population in general. This regional Program was prepared and designed to be implemented in six countries, Djibouti, Ethiopia, Kenya, Somalia, South Sudan, and Sudan. Due to the uncertain security situation in two of the countries, Ethiopia and Sudan, Program implementation in these countries will be deferred until a more conducive environment is attained. Implementation will therefore be undertaken in a phased approach with the first phase being in four countries (Djibouti, Kenya, Somalia, and South Sudan) with a follow up phase in Ethiopia and Sudan at a later period.

The Program has four components: (i) strengthening pastoral and agropastoral production systems' resilience to climate change; (ii) supporting the development of agribusiness; (iii) building the capacity of pastoral and agropastoral communities to adapt to climate change; and (iv) coordination of the program. The total program cost is UA 97.60 million which will benefit approximately 3 million pastoralists and farmers. The main outcomes include: (i) Increased agricultural (crops and livestock) production to up 30%, (ii) Increased annual income per capita by about 30%, (iii) 180,000 pastoralists and farmers with access to TAAT innovative technologies and practices, (iv) 450,000 pastoralists and farmers benefiting from extension by using digital advisory services under the program, (v) 35,000 additional jobs created for youth and women, (vi) Increased number of farmers and pastoralists using climate services e.g., index based insurance, with a gender focus to 800,000 people and (vii) Periodic monitoring and reporting of the state of resilience at the national and regional levels.

Needs assessment: Recurrent droughts and unpredictable rainfall patterns are characteristic features of the arid and semi-arid lands (ASALs), which receive less than 600 mm of annual rainfall and comprise more than 70% of the Horn of Africa (HOA) region, where the eight member countries of IGAD (Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, and Uganda) are located. The IGAD region covers an area of 5.2 million km², has a population of more than 250 million people and is endowed with a considerable range of natural resources, with a huge potential for a variety of possibilities in wealth and progress. Despite this great potential, the HOA countries are struggling to cope with the vagaries of their harsh and worsening ecological circumstances. Over the years the droughts have been increasing in severity and frequency and their impacts are exacerbated by advancing desertification, land degradation, global warming, and climate change phenomena. These circumstances have created conditions of chronic vulnerability in the HOA, with persistent food insecurity, widespread economic hardships, conflicts, migration, and untold human suffering, affecting the pastoralist and agro-pastoralist communities that inhabit the ASALs. The strategic priorities of countries in the Horn of Africa region are defined by their greatest single imperative – the urgent need to build resilience to environmental and socio-economic shocks, through investing in sustainable development and optimizing the productivity of available resources.

Value added for the Bank: The program is in line with the Bank's Ten-Year Strategy (2013-2022), supporting its twin objectives (inclusive growth and a transition towards green growth) and its three special areas of focus (agriculture and food security, fragile states, and gender). The program will also help to achieve three of the Bank's High 5 development priorities: Feed Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa. The program aligns with Pillar I of the Eastern Africa Regional Integration Strategy Paper 2018–2022 and the Strategy for Addressing Fragility and Building Resilience in Africa (2014–2019, extended to 2021). In addition, the program will help achieve the Bank's policy commitments under Pillar I of the Fifteenth General Replenishment of the African Development Fund (ADF-15) regarding: (i) technologies for agriculture; (ii) climate-smart agriculture; (iii) gender inclusivity; and (iv)

promote regional quality infrastructure that connects African markets and supports women. The program will also contribute to meeting objectives under ADF-15's Pillar II: (i) to address regional dimensions of fragility and (ii) to mainstream climate change preparedness in operations. The Bank will add value to the Program by consolidating the successes of DRSLP and applying lessons from its execution.

Knowledge management: By adopting a regional approach underpinned by robust coordination, the program will generate and share a critical mass of knowledge. This knowledge will boost cross-border learning and prepare countries to better cope with drought, build resilience, and manage shared natural resources more effectively. In this regard, the Bank, working with IGAD, will create thematic platforms to gather, manage, and disseminate knowledge within the region and beyond. The program will also connect with other national and regional initiatives in drought resilience, such as the Programme to Build Resilience to Food and Nutrition Insecurity in the Sahel, to deepen knowledge on drought resilience. Knowledge dissemination activities will use national, regional, and international networks, multimedia, and appropriate information technology tools to reach the range of drought-prone communities, governments, non-governmental entities, and other actors working on resilience. The program's implementation will also benefit from the findings and recommendations of several national and regional fragility assessments currently being undertaken by the Bank.

RESULTS-BASED LOGFRAME

RESULTS FRAMEWORK					
PROGRAM INFORMATION					
PROGRAM NAME AND SAP CODE: PROGRAM TO BUILD RESILIENCE FOR FOOD AND NUTRITION SECURITY IN THE HORN OF AFRICA. PROGRAM NUMBER: P-Z1-C00-073			COUNTRY/REGION: Djibouti, Kenya, Somalia, South Sudan, and IGAD / Eastern Africa		
PROGRAM DEVELOPMENT OBJECTIVE: Build resilience to food and nutrition insecurity and the impacts of climate change in the Horn of Africa.					
ALIGNMENT INDICATOR (S): Bank's priority/sector strategy: <i>High 5s: Feed Africa, Improve the quality of life for the people of Africa</i>					
Alignment indicators: <i>Number of people who are hungry / malnourished; population living below the poverty line</i>					
RESULTS MATRIX					
RESULTS CHAIN AND INDICATOR DESCRIPTION	RMF INDICATOR	UNIT OF MEASUREMENT	BASELINE (2022)	TARGET AT COMPLETION (2027)	MEANS OF VERIFICATION
OUTCOME STATEMENT 1: Increased Resilience of Agropastoral Production Systems					
OUTCOME INDICATOR 1.1: Agricultural production (crops and livestock)	X	Crops: tons/ha Livestock: carrying capacity (ha/LU)	Baseline survey in 2022	Increase by 30%	Government Reports Program (PIUs IGAD) reports, and surveys
OUTCOME INDICATOR 1.2: People benefitting from improved access to cross-border, pastoral natural resources (pasture, water, and transhumance routes)	X	Number (% W ¹)		Increase by 30%	
OUTCOME INDICATOR 1.3: Carbon sequestration		MM tCO ₂ e	-	8	
OUTCOME STATEMENT 2: Increased Income from Agropastoral Value Chains					
OUTCOME INDICATOR 2.1: Annual income per capita (M/F)		USD	Baseline survey in 2022	Increase by 30%	Government Reports Program (PIUs IGAD) reports, and surveys
OUTCOME INDICATOR 2.2: Direct jobs created for youth and women	X	Number (% W)		35,000 (33%)	
OUTCOME INDICATOR 2.3: Trade values (livestock value chains)		(USD)	Baseline survey in 2022	Increase by 10-15%	
OUTCOME STATEMENT 3: Improved Populations' Capacity to Manage and Adapt to Climate Change Risks					
OUTCOME INDICATOR 3.1: Pastoralists and farmers in the program target area who use climate services (e.g. seasonal climate forecasting)		Number (% W)	Baseline survey in 2022	Additional 0.8 million (50%)	Government Reports Program (PIUs IGAD) reports, and surveys
OUTCOME INDICATOR 3.2: Regional climate forecasts and reports on the state of resilience in the Horn of Africa.		Number	0	1 per year	
COMPONENT 1: Strengthening Pastoral and Agropastoral Production Systems' Resilience to Climate Change					

¹ Percentage allocated to/for women

OUTPUT STATEMENT 1.1: Climate-resilient infrastructure developed					Program progress reports Monitoring and evaluation reports
OUTPUT INDICATOR 1.1.1: Water mobilization infrastructure sensitive to gender ² (small earth dams, boreholes, covered water pans, shallow wells, water distribution systems) constructed or rehabilitated		Number	0	431	
OUTPUT INDICATOR 1.1.2: Area of irrigated land developed	X	Ha	0	6,000	
OUTPUT INDICATOR 1.1.3: Area of rangeland/pasture rehabilitated		Ha	0	300,000	
OUTPUT INDICATOR 1.1.4: Animal feed, health, and market access infrastructures (livestock markets, animal health posts, mobile clinics, veterinary labs, fodder banks/hay sheds, feeder roads) constructed		Number	0	100	
OUTPUT INDICATOR 1.1.5: IGAD regional clusters with operationalized cross-border MOUs to better control transboundary animal diseases and zoonoses		Number	0	3	
OUTPUT STATEMENT 1.2: Sustainable management of agropastoral lands promoted					Program progress reports Monitoring and evaluation reports
OUTPUT INDICATOR 1.2.1: Area of additional pastoral and agropastoral lands under sustainable land management		Ha (%W)	0	110,000 (33%)	
OUTPUT STATEMENT 1.3: Climate-smart innovations and technologies promoted and harmonized across the Horn of Africa					
OUTPUT INDICATOR 1.3.1: Number of pastoralists and farmers with access to Technologies for African Agricultural Transformation (TAAT) innovative technologies and practices	X	Numbers (%W)	0	180,000 (33%)	
COMPONENT 2: Agribusiness and Trade Development Supported					
OUTPUT STATEMENT 2.1: Access provided to digital advisory services					Program progress reports Monitoring and evaluation reports
OUTPUT INDICATOR 2.1.1: Farmers and pastoralists benefiting from extension or using digital advisory services under the program	X	Number (%W)	0	450,000 (33%)	
OUTPUT STATEMENT 2.2: Inclusive entrepreneurship and trade promoted					Program progress reports Monitoring and evaluation reports
OUTPUT INDICATOR 2.2.1: People benefitting from enhanced entrepreneurship skills development and access to finance	X	Number (%W)	0	2,350 (33%)	
OUTPUT INDICATOR 2.2.3: Countries adopting harmonized sanitary and phytosanitary measures to facilitate trade		Number	0	4	
COMPONENT 3: Strengthening Agropastoral Communities' Capacity to Adapt to Climate Change					
OUTPUT STATEMENT 3.1: Enhanced climate services infrastructure					Program progress reports Monitoring and evaluation reports
OUTPUT INDICATOR 3.1.1: Climate products and services for agriculture and livestock developed	X	Number	-	10	
OUTPUT INDICATOR 3.1.2: Regional information database on the state of resilience in the region developed	X	Number	0	1 (2024)	
OUTPUT STATEMENT 3.2: Climate risk finance and insurance mainstreamed					Program progress reports Monitoring and evaluation reports
OUTPUT INDICATOR 3.2.1: Uptake of climate risk financing and insurance solutions		Number (%W)	0	Increase by 30%	
COMPONENT 4: Program Coordination and Knowledge Management					

² Gender-sensitive infrastructure is designed, planned, and managed on the basis of systemic consultations with the most vulnerable or disadvantaged (UN Women).

OUTPUT STATEMENT 4.1: Program work plans and activities at regional and country levels implemented, monitored, and regularly evaluated					Program progress reports Monitoring and evaluation reports
OUTPUT INDICATOR 4.1.1: Gender action plans implemented	X	Number	-	4	
OUTPUT INDICATOR 4.1.2: Baseline surveys conducted to monitor progress	X	Number	-	4	

PROGRAM IMPLEMENTATION SCHEDULE³

	2021		2022				2023				2024				2025				2026				2027			
	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	
Appraisal	■																									
Loan and grant negotiations and approval		■	■																							
Signature of the loan agreement and fulfilment of first disbursement conditions			■																							
Publication of the general publications notice			■	■																						
Completion of program staff recruitment			■	■																						
Program launch				■	■																					
Procurement of goods, works, and services for the PIUs/PCUs					■	■																				
Signature of agreements with partner entities					■																					
Strengthening Pastoral and Agropastoral Production Systems' Resilience to Climate Change																										
Award of contracts for consultancy services			■	■																						
Award of contracts for the construction of infrastructure							■	■																		
Awareness-raising and training of beneficiaries and communities									■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Construction of infrastructure and training of management committees									■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Supporting the Development of Agribusiness																										
Award of contracts for consultancy services			■	■																						
Preparation of studies' RFPs and bidding documents							■	■																		
Award of contracts for the construction of infrastructure									■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Construction of infrastructure and training of management committees									■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Building Agropastoral Communities' Capacity to Adapt to Climate Change																										
Award of contracts for consultancy services			■	■																						
Award of contracts for the construction of infrastructure							■	■																		
Awareness-raising and training of beneficiaries and communities in conflict management and other issues									■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Coordinating Programs and Managing Knowledge																										
Establishment of PIUs and PCUs				■	■	■																				
Establishment of an accounting system and the preparation of a procedure manual						■	■	■	■																	
Establishment of a baseline and a monitoring and evaluation system				■	■	■	■	■																		
Baseline surveys			■	■	■	■																				
Quarterly progress reports					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

PCU = program completion report; PIU = program implementation unit; RFP = request for proposal

³ This is a general program implementation schedule. A more detailed annual work schedule will be developed before each project year commences.

REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE AFRICAN DEVELOPMENT BANK AND FUND TO THE BOARDS OF DIRECTORS ON A PROPOSED LOAN AND GRANT TO DJIBOUTI, KENYA, SOMALIA, SOUTH SUDAN, AND IGAD FOR THE PROGRAM TO BUILD RESILIENCE FOR FOOD AND NUTRITION SECURITY IN THE HORN OF AFRICA

Management submits the following Report and Recommendation on proposed Grants and a Loan for UA 85.20 million composed of: (1) an ADF Grant of UA 45.20 million comprising of: (i) UA 13.93 million to Djibouti; (ii) UA 9.48 million to Somalia; (iii) UA 18.82 million to South Sudan; and (iv) UA 2.97 million from the Regional Operations (RO) window to IGAD; (2) an ADF Loan of UA 30.00 million to the Republic of Kenya; and (3) Transition Support Facility Pillar 1 Grant of UA 10.00 million comprising: (i) UA 5.00 million to Somalia; and (ii) UA 5.00 million to South Sudan to finance the Program to Build Resilience for Food and Nutrition Security in Djibouti, Kenya, Somalia and South Sudan.

I – STRATEGIC THRUST AND RATIONALE

1.1 Program linkages with countries and Horn of Africa strategies and objectives

1.1.1 The Program to Build Resilience for Food and Nutrition Security (BREFONS) is consistent with the principles of key regional and national initiatives, policies, and programs adopted by the governments of the participating countries. These initiatives include the Intergovernmental Authority on Development (IGAD)'s Drought Disaster Resilience and Sustainability Initiative (IDDRSI), launched in 2012. IDDRSI builds the resilience of drought-prone communities in the face of food insecurity, poverty, and environmental degradation. IDDRSI aligns with IGAD's regional programming paper and member countries' own programming papers, which were developed to end drought emergencies, increase resilience to drought, and build sustainability in the region.

1.1.2 BREFONS is one of the priority programs identified under the Horn of Africa Initiative. Supported by the African Development Bank, the European Union, and the World Bank, the Horn of Africa Initiative was launched in October 2019 by six Horn of Africa countries: Djibouti, Eritrea, Ethiopia, Kenya, Somalia, and Sudan. The Horn of Africa Initiative has four pillars: (i) the development of regional infrastructure networks, including the upgrading of economic corridors; (ii) trade and economic integration; (iii) increased resilience to climatic and other shocks; and (iv) human capital development. BREFONS therefore is consistent with the objectives of Pillar III of the Initiative. BREFONS also falls within the framework of the Climate Investment Plan for the Sahel Region (PICRS 2018–2030), which has six pillars: (i) the restoration and rehabilitation of degraded land; (ii) integrated water resource management; (iii) the sustainable management of agricultural and pastoral systems; (iv) better energy efficiency and access to clean energy; (v) the development of communication and advocacy; and (vi) capacity building.

1.2 Rationale for the Bank's involvement

1.2.1 The Horn of Africa region is experiencing the effects of climate change with an increase in temperature, more variable rainfall, and more intense floods. The socioeconomic consequences are severe. Of the 160 million people who live in the Horn of Africa, 70 million live in areas prone to extreme food shortages. Despite the region's significant potential in agriculture, its vast unexploited fertile lands, and the fact that it is home to over 40% of Africa's population of cattle, sheep, and goats, more than 40% of the population is undernourished because of food insecurity and livelihoods that fail to supply even their basic needs. Some 25 million people already suffer from food shortages, and the unusual desert

locust upsurge in 2019 and 2020 has further undermined food security and livelihoods, especially for the most vulnerable communities. Access to food is already difficult for those communities and the COVID-19 pandemic and the resulting rise in food prices has only served to exacerbate the situation. In addition to its climate vulnerabilities, the Horn of Africa is among the continent's most conflict-prone, and fragile regions. Any adaptation strategy or action plan for building resilience in the region must grapple with a lack of accurate climate forecasting, the proliferation of animal diseases related to the movement of pastoralists between countries, and transboundary conflicts caused by the scarcity of natural resources (water and pasture). This scarcity is amplified by climate change.

1.2.2 BREFONS's response is an integrated suite of interventions to build resilience in target communities in the program's six beneficiary countries. With this package, BREFONS will help achieve three of the Bank's High 5s: Feed Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa. BREFONS aligns with Pillar I of the Eastern Africa Regional Integration Strategy Paper 2018–2022, which seeks to build infrastructure, as it will invest in infrastructure which improves resilience to droughts and enhances agricultural productivity. BREFONS also aligns with Pillar II – to enhance capacity within regional and national institutions, especially in fragile countries as it will develop IGAD's capacity to coordinate regional interventions which enhance resilience. As a result, BREFONS has been prioritized in the regional integration strategy paper's indicative operational program and in the country strategy papers (CSPs) of all the participating countries: Djibouti's CSP (2016–2020, extended to 2022), Kenya's CSP (2019–2023) Somalia's country brief (2017–2021), South Sudan's interim CSP (2012–2018, extended to 2021).

1.2.3 BREFONS also aligns with the Bank's Feed Africa Strategy for Agricultural Transformation (2016 – 2025), the Strategy for Addressing Fragility and Building Resilience in Africa (2014–2019, extended to 2021), the Bank's Gender Strategy (2021–2025), and the Jobs for Youth in Africa Strategy (2016–2025). The Program will help achieve the Bank's policy commitments under Pillar I of the Fifteenth General Replenishment of the African Development Fund (ADF-15) regarding: (i) technologies for agriculture; (ii) climate-smart agriculture; (iii) gender inclusivity; and (iv) promote regional quality infrastructure that connects African markets and supports women. The program will also contribute to meeting objectives under ADF-15's Pillar II: (i) to address regional dimensions of fragility and (ii) to mainstream climate change preparedness in operations.

1.2.4 The Program will contribute to the countries' intended nationally determined contributions (NDCs) and national adaptation programs of action, which include enhancing the resilience of the agriculture sector. Finally, the program will help achieve several global sustainable development goals, particularly goals 1, 2, 4, and 8. BREFONS is also a priority intervention under the Climate Smart Digital Technologies for Agriculture and Food Security Pillar of the Africa Adaptation Acceleration Program (AAAP) led by the Bank and the Global Center on Adaptation (GCA).

1.2.5 Financing BREFONS will cement the Bank's position as a leading development player in the region in terms of addressing fragility and building resilience. The program builds on the success of the Drought Resilience and Sustainable Livelihoods Program (DRSLP), whose implementation started in 2013 with a commitment of USD 300 million to support 12 resilience-enhancing projects in six countries (Djibouti, Eritrea, Ethiopia, Kenya, Somalia, and Sudan). Outcomes of the DRSLP include: (i) improved agriculture and livestock productivity and production; (ii) improved access to natural resources, mainly water and fodder; (iii) diversified livelihoods; (iv) improved accessibility to market and veterinary services; and (v) developed human and institutional capacity in the Horn of Africa. The countries in the region highly valued the achievements of the DRSLP and recognized the need to continue. The Program builds on this progress, leverages the lessons learnt, and consolidates the benefits realized to date.

1.3 Aid coordination

1.3.1 Established in 2012, the IDDRSI facilitates the coordination of activities addressing drought resilience and livelihood challenges in the IGAD region. It brings a range of expert partners together: IGAD member states, development partners, civil society, and specialized research and training institutions. The Bank is a member of IDDRSI's Steering Committee and has taken the lead in addressing drought as a driver of fragility in the Horn of Africa. In addition to the Bank, the European Union, and the World Bank, the principal development institutions implementing drought resilience programs in the Horn of Africa, others include the African Union, the United Nations agencies, the Islamic Development Bank, the Arab Bank for Economic Development in Africa, and various international non-governmental organizations and bilateral donors.

1.3.2 While preparing and appraising BREFONS, the Bank consulted widely with development partners to explore the potential for co-financing and to harmonize the program with other interventions in the region. At the regional level, the Horn of Africa Initiative, a USD 15 billion initiative also manages donor coordination. BREFONS addresses the pillar on increased resilience to climatic shocks (pillar 3) of the Horn of Africa Initiative. The Bank will continue to coordinate with partners when implementing the program and other Bank-financed operations, since coordinating proactively with other development partners tends to make interventions more complementary. The World Bank, for example, is in the early stages of preparing livestock insurance and groundwater projects that will build resilience and have already been prioritized by the Horn of Africa Initiative.

II – PROGRAM DESCRIPTION

2.1 Program objectives and components

2.1.1 **Program objectives:** BREFONS's principal goal is to build resilience to food and nutrition insecurity in the project intervention areas in the Horn of Africa. The program will lead to improvement in the living conditions of women, youth, and the population in general. BREFONS's specific objective is to build resilience to food insecurity and climate change by enabling participating countries to: (i) increase agropastoral productivity and production systems in cross-border areas in the IGAD region (the regional clusters); (ii) make agropastoral value chains more competitive, thereby ultimately boosting trade and incomes; and (iii) enhance populations' adaptive capacity so that people can better prepare for and manage climate change, climate risks, and climate variations.

2.1.2 **Program components:** BREFONS has four components: (i) strengthening pastoral and agropastoral production systems' resilience to climate change; (ii) supporting the development of agribusiness; (iii) building agropastoral communities' capacity to adapt to climate change; and (iv) coordinating the program and managing knowledge. Table 1 describes these components briefly while further details can be found in the technical annexes to the country reports.

Table 2.1: Description of Program Components

Component	Description
<p>Component 1: Strengthening Pastoral and Agropastoral Production Systems' Resilience to Climate Change</p> <p>UA 48.77 million (50.0%)</p>	<p><u>Sub-component 1.1: Developing climate-resilient infrastructure</u></p> <ul style="list-style-type: none"> • 431 water mobilization infrastructure works constructed or rehabilitated (e.g. small earth dams, boreholes, covered water pans, shallow wells, water distribution systems). • 6,000 ha of irrigation lands developed. • 300,000 ha of rangeland/pastureland rehabilitated or developed. • 100 animal feed, health, and market access infrastructure developed or rehabilitated (e.g. livestock markets, animal health posts, mobile clinics, veterinary labs (including cross-border labs in borderlands), fodder banks or hay sheds, feeder roads). • 3 cross-border memorandums of understanding operationalized in 3 IGAD border clusters to better control transboundary animal diseases and zoonoses in border areas. • Cross-border veterinary laboratories assessed in 3 IGAD border clusters. <p><u>Sub-component 1.2: Supporting the sustainable management of agropastoral land.</u></p> <ul style="list-style-type: none"> • 110,000 ha of pastureland placed under sustainable land management. • Consultancy that combines (i) a land loss and land restoration study and (ii) an assessment of land tenure patterns and corridors, the design of tools, and the production of catalogues. <p><u>Sub-component 1.3: Improving access to climate-smart innovations, and technologies</u></p> <ul style="list-style-type: none"> • Validation and cost-effectiveness analysis of integrated pest management technologies for fall armyworm and locusts conducted in 3 agroecological zones. • Regional guidelines on integrated pest management developed and disseminated • 180,000 pastoralists and farmers with access to Technologies for African Agricultural Transformation (TAAT) innovative technologies and practices
<p>Component 2: Supporting the Development of Agribusiness</p> <p>UA 16.52 million (16.9%)</p>	<p><u>Sub-component 2.1: Increasing access to digital advisory services, financing, and markets.</u></p> <ul style="list-style-type: none"> • 450,000 pastoralists and farmers (women and youth) benefitting from extension on using digital advisory services. • A regional innovation hub/data centre established to coordinate and share knowledge among innovation partners, governments and other stakeholders. <p><u>Sub-component 2.2: Developing entrepreneurship skills and increasing access to finance.</u></p> <ul style="list-style-type: none"> • 2,350 people (women and youth groups) whose skills were enhanced for entrepreneurship in alternative income-generating activities. • 2,350 women and youth provided with inputs and access to finance for alternative income generation in renewable energy (solar and biodigester systems). • Livestock value chains in the IGAD region made more competitive as actors comply with the Agreement on the Application of Sanitary and Phytosanitary Measures and refer to market research under the African Continental Free Trade Agreement.
<p>Component 3: Strengthening Agropastoral Communities' Capacity to Adapt to Climate</p>	<p><u>Sub-component 3.1: Enhancing climate services infrastructure.</u></p> <ul style="list-style-type: none"> • Climate services developed and maintained (e.g. prediction, drought monitoring and forecasting, crop and rangeland monitoring, seasonal forecasting). • Climate information and regular hazard early warnings produced in actionable

Change UA 17.59 million (18.0%)	<p>format. Seasonal user interaction forums organized.</p> <ul style="list-style-type: none"> • 800,000 Pastoralists and farmers in the program target areas with access to climate services (e.g., seasonal climate forecasting)
	<p><u>Sub-component 3.2: Providing climate risk finance and insurance.</u></p> <ul style="list-style-type: none"> • A joint feasibility study conducted on the establishment of a regional climate risk mechanism (mechanism to be framed as a public-private partnership). • Consultancy to design the framework for a regional standards certification body for quality index insurance. • Technical assistance provided to establish or strengthen digital services for parametric/index insurance for climate risks.
	<p><u>Sub-component 3.3: Strengthening operational capacity for resilience.</u></p> <ul style="list-style-type: none"> • Strengthening capacities of government officials to develop bankable proposals that can qualify for climate finance. • Training and capacity building of government officials to cascade early warning systems and forecasting information to communities for pastoral livelihood security and farmer food security • Mainstream climate risk management into national plans, policies and strategies • Strengthening national climate monitoring and reporting systems • Development of NDC implementation action plans on adaptation and resilience interventions building on country commitments to the implementation of the Paris Agreement. • Regional capacity developed to train trainers on the gender action learning system (GALS) approach and methodology. • Regional coordination and supervision of gender activities and research conducted on sociocultural norms in agropastoral communities across the IGAD region. • National and regional staff trained on food security and nutrition indicators, data collection (methodologies, methods, tools), data analysis (including hazard/risk analysis), and vulnerability assessments. • Support the monitoring of IDDRSI implementation at regional and national levels
Component 4: Program Coordination and Knowledge Management UA 14.72 million (15.1%)	<ul style="list-style-type: none"> • Planning project activities • Coordination and monitoring of activities • Procurement of goods, services and works • Financial management • Project monitoring/evaluation • Annual audits and final project evaluation
Total Program Cost	UA 97.60 million

2.2 Technical solutions retained and alternatives explored

2.2.1 The pastoral and agropastoral areas in the program area are experiencing reduced and unpredictable rainfall patterns and more frequent extreme weather events (droughts and floods). These conditions, as well as other biophysical, socioeconomic, and institutional challenges, are linked and affect natural resources as well as pastoral and agropastoral production. This in turn affects the resilience of the communities who depend on them. BREFONS proposes multisectoral and multi-institutional solutions and an institutional set-up conducive to stakeholders' adopting the technical solutions proposed. The interventions proposed by BREFONS are holistic and address water, pasture, natural resource management, access to innovative technologies, access to markets, animal health, capacity

building, and knowledge management in a gender-sensitive approach. See Table 2 for a summary of the alternative interventions which were considered and the reasons for their rejection.

Table 2.2: Alternatives Considered and Reasons for Rejection

No	Alternative	Brief Description	Reason(s) for Rejection
1.	Construct multipurpose water infrastructure (serving people, agriculture, and livestock), such as medium and large dams.	Building strategically located dams to supply enough water to agropastoral communities in drought-prone areas.	<ul style="list-style-type: none"> Needs are scattered throughout the territory. Given the erratic rainfall patterns that have become common, smaller, well-sited structures are more appropriate for mobilizing water. Institutional capacity to train communities to manage large water structures sustainably is weak. Capital investment and operating costs would be high, as would the potential environmental and social harm.
2.	Develop the livestock sector (the mainstay of the region's economy) through a major sector approach.	Focussing on improving animal health and the trade in livestock to allocate and manage resources more efficiently and with greater concentration.	To focus on developing livestock could exacerbate the population's vulnerability to climatic shocks and internal conflicts stemming from resource scarcity. Diversifying livelihoods is a better, more efficient way to foster resilience and adaptation.
3.	Prepare and implement distinct national projects.	Having each country prepare and implement its own national project.	Transboundary issues would not be addressed very well, and the cost of developing communities' resilience would be much higher.

2.3 Program type

2.3.1 BREFONS is a regional investment operation that will be financed by ADF-15 grants and loans sourced from countries' performance-based allocations (PBAs), the regional operations envelope, and the Transition Support Facility (TSF) Pillar I. The program activities are to be financed in line with TSF guidelines.⁴

2.4 Program cost and financing arrangements

2.4.1 BREFONS' total cost, including provisions for physical contingencies and price escalation, is estimated at UA 97.60, of which UA 85.20 million (87.3%) will be funded under ADF-15. The ADF-15 resources will come from the regional operations envelope (UA 52.60 million), country PBA (UA 22.60 million), and Pillar I of the TSF (UA 10.00 million). Government contribution of UA 10.65 million (10.9%) and beneficiary contributions of UA 1.27 million (1.3%) will be mobilized in kind and in cash. The FAO is also contributing UA 0.48 million and will implement the project in South Sudan on behalf of the Government. Tables 3 to 5 summarize the program's estimated costs by component, source of financing, and category of expenditure. Table 6 presents an expenditure schedule. Detailed cost tables are presented in respective country reports and in the IGAD regional component report (see the technical annexes to the program appraisal report).

⁴ Operational Guidelines for the Implementation of the Strategy for Addressing Fragility and Building Resilience in Africa and for the Transition Support Facility. ADB/BD/WP/2014/46/Rev.3/Approval - ADF/BD/WP/2014/30/Rev.3/Approval

2.4.2 To finance common regional activities undertaken by IGAD, countries agreed to allocate 7.9% of their RO resources for a total budget of UA 4.16 million. IGAD will implement part of these regional activities for a budget of UA 2.97 million on behalf of 3 countries (Djibouti, Somalia, and South Sudan) while Kenya will implement the remaining activities under its loan resources for an amount of UA 1.19 million.

Table 2.3: Program Cost Estimates by Component

Program Component	Amount (UA million)			% Foreign Cost
	Local	Foreign	Total	
1. Strengthening Pastoral and Agropastoral Production Systems' Resilience to Climate Change	20.85	23.92	44.77	53
2. Supporting Agribusiness Development	5.57	6.95	12.52	70
3. Strengthening Agropastoral Communities' Capacity to Adapt to Climate Change	6.68	6.91	13.59	51
4. Coordinating Programs and Managing Knowledge	7.52	4.85	12.37	19
Total Base Costs	40.62	42.63	83.25	49
Physical Contingencies	2.85	3.08	5.93	52
Price Contingencies	5.5	2.92	8.42	35
Total Cost	48.97	48.63	97.60	48

Table 2.4: Source of Financing

Source	Amount (million) and Percentage Contribution (%)					
	Foreign		Local		Total	
	UA million	%	UA million	%	UA million	%
ADF	48.15	99.0	29.72	60.7	77.87	79.8
FAO	0.48	1.0	0	-	0.48	0.5
Government	0	-	16	32.7	16	16.4
Beneficiaries	0	-	3.25	6.6	3.25	3.3
Total	48.63	49.8	48.97	50.2	97.60	100

Table 2.5: Program Cost by Category of Expenditure⁵

Category of Expenditure	Amount (UA million)			% Foreign Cost
	Foreign	Local	Total	
Investment Costs				
Goods	8.3	0.74	9.04	91.8
Works	18.14	11.19	29.33	56.5
Services	15.78	11.7	27.48	45.7
Total Investment Costs	42.22	23.63	65.85	55.5
Recurrent Costs				
Operating Costs	0.41	16.99	17.4	2.3
Total Recurrent Costs	0.41	16.99	17.4	2.3
Total Base Costs	42.63	40.62	83.25	49.1
Physical Contingencies	3.08	2.85	5.93	52
Price Contingencies	2.92	5.5	8.42	34.7
Total Program Cost	48.63	48.97	97.60	48.4

Table 2.6: Expenditure Schedule by Component

Item Description	Amount (UA million)					
	PY1	PY2	PY3	PY4	PY5	Total
1. Strengthening Pastoral and Agropastoral Production Systems' Resilience to Climate Change	8.6	10.03	9.27	8.4	8.47	44.77
2. Supporting Agribusiness Development	3.4	3.78	4.17	1.04	0.13	12.52
3. Strengthening Agropastoral Communities' Capacity to Adapt to Climate Change	2.97	5.69	3.02	1.14	0.77	13.59
4. Coordinating Programs and Managing Knowledge	2.93	2.64	2.45	2.01	2.34	12.37
Total Base Costs	17.9	22.14	18.91	12.59	11.71	83.25
Physical Contingencies	0.61	1.82	1.7	1.18	0.62	5.93
Price Contingencies	0.24	1.66	2.31	2.35	1.86	8.42
Total Program Cost	18.75	25.62	22.92	16.12	14.19	97.60

PY = Program year

2.5 Program target area and population

2.5.1 BREFONS's beneficiaries include populations in the Horn of Africa affected by climate change, including increased temperatures, high rainfall variability, and intense flooding, each of which have serious socioeconomic consequences. The program's approach is to deploy an integrated suite of interventions to build resilience to climate change in these populations and improve food and nutrition security. Priority is given to areas in the IGAD cross-border clusters and economic corridors. Interventions were selected using six principles: (i) concentrating interventions in a limited number of vulnerable districts or district equivalents; (ii) promoting community-managed infrastructure (to include

⁵ Details of the items that will be procured under each category of expenditure for each participating country and the region are specified in each entity's component report (see the technical annexes to the program appraisal report, Volume II of II).

value addition); (iii) intervening in contiguous districts, counties, or woredas, to make it easier to implement and supervise program activities; (iv) developing synergies with existing actions in the region and country; (v) developing institutional and operational capacity to respond to climate risks; and, (vi) aligning with/implementing nationally determined contributions and other climate change-related policies and strategies. A comprehensive feasibility study was conducted to inform the program's design and preparation. The study conducted a technical and economic analysis, selected intervention areas and activities, identified program costs, and assessed environmental and social safeguards.

2.5.2 The program expected to improve living conditions for three million people and their 15 million animals living in rural communities in targeted areas of the six countries. It will do this by improving the communities' access to water, pasture, climate smart technologies, animal health and infrastructure for irrigation and markets, resulting in increased crop and animal production. Because pastoralists in the region migrate seasonally, people and livestock from areas outside the target areas will benefit as well. More importantly, diversifying livelihoods and mobilizing and conserving water resources will reduce the population's exposure to climate shocks and conflicts related to water use. Women and youth will benefit, as certain activities (including income-generating activities) will be specifically designed to enhance women's and youth's economic and social integration and empowerment. Details concerning target areas and populations are presented in each country's report.

2.6 Participatory process for program identification, design, and implementation

2.6.1 During the Program's feasibility study, high-level and grassroots consultations took place with all stakeholders, including women and youth. Workshops were held and individuals were contacted to identify the challenges and needs that existed in each country. The large number of people mobilized during the consultations confirms that countries and IGAD are highly committed to the program and have high expectations of its ability to bring improvements. During the feasibility studies, extensive consultations with beneficiary communities in all the areas of likely intervention took place. Moreover, the feasibility reports were validated by stakeholders' workshops in each country. Consultations of beneficiaries and stakeholders – communities, women's groups, youth associations, civil society organizations (CSOs), and non-governmental organizations (NGOs) —will continue in the implementation phase.

2.6.2 During the program's preparation and appraisal missions, the Bank consulted widely with senior government officials, technical experts, and development partners in the region. The program's final design reflects the views and recommendations of stakeholders and the program's activities have been harmonized with other interventions in the region. This participatory approach at the design stage will be deepened during implementation. Representatives drawn from the program's beneficiaries will be members of the country project steering committee and will be closely involved with monitoring and evaluation. The capacities of beneficiary associations and relevant government institutions will be strengthened to better manage and coordinate program activities.

2.7 Bank group experience and lessons reflected in program design

2.7.1 Lessons from previous interventions by the Bank and other donors show that to build drought resilience in an environment where sharing natural resources leads to regular conflicts, a regional approach in designing the program is imperative. Experience also shows that the IGAD region urgently needs to strengthen the management of its scarce natural resources at the regional level, by enhancing coordination and reinforcing information bases so that countries can manage their transboundary resources in a way that is economically efficient and allocates water equitably for different uses. This

need drove the IGAD countries to establish the IDDRSI in 2012, to enhance coordination to end drought emergencies and reduce food and nutrition insecurity. BREFONS will be implemented to build on the experience of IDDRSI.

2.7.2 At the operational level, several lessons from the Bank's DRLSP inform BREFONS's design. For example, in past interventions, the lack of technical designs for water infrastructure and other kinds of infrastructure caused long delays in implementation. For this reason, advance contracting procedures with the appropriate safeguards are proposed to procure the services of consultants prior to the program's approval. Another difficulty in past interventions has been the lack of feasibility studies to inform and verify the practicality of programs' components and activities. To avoid this, BREFONS commissioned a comprehensive feasibility study which conducted a technical and economic analysis, selected intervention areas and activities, calculated program costs, and assessed environmental and social safeguards. Finally, in other interventions, frequent changes in key staff have hindered implementation (much time is lost as new staff members are trained in Bank fiduciary procedures and reporting requirements). To mitigate this risk, the program will require commitments or undertakings to minimize staff turnover.

2.7.3 Drawing on other lessons, the program will ensure flexibility in procurement arrangements and their packaging and will allow partners or state enterprises to implement activities where advantageous. Activities in remote areas will be packaged in a way that attracts skilled labour and contractors. In addition, the program has adopted a regional, cluster-based, long-term approach; will pursue stronger coordination at the regional and national levels; will use and strengthen country systems; and will encourage strong community ownership and implementation structures that work well in the context of each country. Finally, the program reflects the Bank's experience engaging in fragile states and adapting to their unique circumstances. More country-specific measures are described in the technical annexes.

2.8 Key performance indicators

2.8.1 BREFONS's results framework presents the key performance indicators that will be measured throughout the program's lifecycle. Quarterly progress reports will track implementation regularly, and technical and financial audits will be undertaken annually. Efforts will be made to disaggregate data for gender at every level. The main indicators for monitoring program outcomes and outputs are: (i) the number of infrastructure works developed for water, animal health, and access to market (ii) incremental changes to the productivity/production of livestock and main crops; (iii) the area of rangeland rehabilitated; (iii) the number of additional direct jobs created for youth and women and changes in beneficiaries' incomes (data to be disaggregated by gender); (iv) the increase in the number of farmers and pastoralists who use climate services; (viii) the establishment of regional databases on the state of resilience in the region; and (v) the operationalization of regional memorandums of understanding on better controlling transboundary animal diseases and zoonoses across borders.

III – PROGRAM FEASIBILITY

3.1 Economic feasibility and performance⁶

3.1.1 This program focuses on rural infrastructure, especially water mobilization and livestock infrastructure that will improve agricultural productivity and the livelihoods of local communities.

⁶ This section provides the aggregate and summary economic and financial analysis for the six participating countries. An analysis for each country is presented in Appendix 1.

BREFONS’s main activities include investing in irrigation infrastructure, promoting climate-smart agriculture by introducing new and improved technologies, rehabilitating feeder roads and stock routes, improving animal health, improving social conditions and gender equality, and building institutions. In addition to producing direct benefits, BREFONS will induce indirect effects as its broader spillover impacts are felt. The program will also produce forward and backward linkages because of increased production, more marketable surplus, boost economic activities, and generate employment. This will improve people’s socioeconomic status and welfare, with increased food security, better health and education, higher incomes, and more development overall. It will raise the population’s quality of life.

3.1.2 A financial and economic analysis was undertaken to assess the viability of the investment. The analysis primarily considered the direct benefits from irrigated agriculture, from activities associated with irrigated agriculture, and from livestock production by comprehensively assessing the value chains involved. Three indicators of economic viability were used: the economic internal rate of return, the net present value, and the benefit-cost ratio. The analysis compared agricultural net benefit flows (the difference between the value of production and the cost of production for each enterprise selected) and the cost of the overall program. Economic prices were derived from data furnished by a range of institutions, from relevant documents, and from other materials furnished by government officers and stakeholders. The analysis for water mobilization/irrigation infrastructure is based on three assumptions: (i) a program lifespan of 25 years; (ii) infrastructure operating costs of 2% per year of capital expenditure over the life of the program and an infrastructure investment of 7% of capital expenditure in year 10; and (iii) the timing of investments according to an investment calendar that draws on the program’s schedule of expenditures.

3.1.3 On this basis, the analysis calculates an aggregate economic internal rate of return of 32% for the Program and an average net present value of USD 26,358,474 (Table 3.1). This demonstrates that at the project is both financially feasible and profitable as the IRR is above the discount rate and has a positive NPV. Further sensitivity analysis was conducted on the IRR for various scenarios, such as 20% increase in costs, 20% decrease in income/benefits, etc. In all cases the IRR was higher than the discount rate and, in most cases, it was much higher. The NPV was also always positive. This demonstrates that the Program is not only very robust but also it would remain viable under a range of alternatives.

Table 3.1: Results of the Economic and Financial Analysis

Country	Discount rate (%)	Net present value (USD)	Economic internal rate of return (%)
Djibouti	12	4,483,115	30
Kenya	12	17,265,613	22.6
Somalia	10	16,815,578	34
South Sudan	12	13,489,055	36
All Program countries	10	26,358,474	32

3.2 Regional integration and trade, the environment, climate change, fragility and resilience, gender

3.2.1 Regional integration and trade: As noted in the Horn of Africa Initiative’s communiqué of October 2018, participating governments and IGAD have prioritized the program under Pillar 3 of the Horn of Africa Initiative: building resilience to climatic and other shocks. BREFONS is recognized as having a strong regional commitment. An integrated regional approach is central to the program’s design. This is because the Horn of Africa countries share similar ecological characteristics, such as

transboundary water resources, whose management requires regional coordination. A regional approach is also required to tackle transboundary animal diseases by adopting harmonized vaccination calendars along regional clusters and by upgrading cross-border veterinary labs in frontier areas. This approach is also important to harmonize national, bilateral, and regional standards and a quality assurance mechanism and to agree on a sanitary and phytosanitary framework that enhances the flow of regional and international trade. The 2019–2021 desert locust outbreak is a stark reminder that tackling transboundary animal diseases and pests can only succeed when approached regionally. BREFONS is therefore designed as a regional operation that will combine national and regional interventions.

3.2.2 Environmental issues: BREFONS is a climate change adaptation operation aimed at improving the resilience of communities and agropastoral production systems with minimal negative environmental and social impacts. Consequently, the Bank’s integrated safeguards system has classified the program as Category 2, meaning that site-specific program activities are expected to have only moderate environmental and social risks and impacts that can be managed by the tools proposed by the program’s environmental and social safeguards instruments, environmental and social impact assessments (ESIAs), environmental and social management plans (ESMPs), and environmental and social management frameworks (ESMFs). Draft ESIA/ESMP and ESMF reports have been validated by the participating countries and were disclosed both in-country and on the Bank website in compliance with the mandatory 30-day period of disclosure before BREFONS is presented to the Board for consideration.

3.2.3 BREFONS will have considerable positive impacts on the environment and ecosystems in the Horn of Africa. In particular, it will: (i) improve the management of natural resources at the local, national, and regional level; (ii) improve access to infrastructure for water, animal health, and access to markets; (iii) rehabilitate pastureland and rangelands; (iv) improve productivity/production in the livestock, crops, forestry, and pastoral sectors; (v) increase the number of farmers and pastoralists who use climate services; and (vi) conserve pastureland and soils and prevent erosion. The ESIA/ESMP and ESMF will outline measures to minimize and mitigate the program’s potential negative impacts and optimize the program’s benefits. Implementing environmental measures will involve various actors, including governments, local authorities, communities, grassroots organizations, non-governmental organizations, local populations, women, the private sector, research institutes, among others. The program’s environmental monitoring will be conducted by the entity responsible for environment and social safeguards in each country.

3.2.4 Climate change: The Bank’s climate safeguards system screened the program for climate risks and classified it in Category 2, meaning that the program’s activities are moderately vulnerable to the impacts of climate change. Foreseeable climate risks include rising temperatures, erratic rainfall patterns, floods, droughts, and increased crop pests and diseases. These risks could have several impacts: reduced crop yields or failed crops; a reduction in pasture; increased water scarcity for domestic use, for crops and livestock; damaged critical infrastructure owing to flooding; conflict over scarce resources, and potentially even human migration or displacement. The program is, however, designed to strengthen agropastoral communities’ resilience and build food and nutrition security and therefore its components will directly address these risks in several ways. First, under Component 1, the development of climate-resilient infrastructure, the adoption of sustainable land management practices, and the facilitation of access to climate-smart technologies and innovations will increase water storage, increase soil fertility, make more pastureland available, and promote the use of heat-resistant crops. These measures will strengthen community resilience, especially during periods of prolonged drought. Second, under Component 2, increased access to entrepreneurship training, digital advisory services, and markets and more business opportunities in renewable energy (e.g., solar and biodigesters) will make it possible for youth and women to take advantage of new and better income-generating opportunities. This will diversify people’s means of subsistence, reduce the current over-dependence on agriculture as a

livelihood, and create green jobs. Third, under Component 3, investments in climate services, the promotion of climate risk finance and insurance, and the development of operational and institutional capacity is expected to better prepare agropastoralists for extreme weather events, thus also building their resilience and their capacity to adapt to the impacts of climate change. Fourth, the program as a whole will advance the priority adaptation actions in the agricultural sector that participating countries have outlined in their nationally determined contributions and other climate-related policies and strategies.

3.2.5 Fragility and resilience: BREFONS will directly address food and nutrition insecurity, which is one of the main drivers of fragility in the Horn of Africa. Given that the drivers of fragility are complex and interconnected, the program will also focus on other drivers and manifestations of fragility in the region, such as poverty, conflicts between farmers and pastoralists, terrorism, violent extremism, and forced displacement. Investing in food and nutrition security will alleviate poverty and help prevent conflict. Hunger and food insecurity are strongly connected to poverty, and poverty is a major driver of fragility, conflict, and violence. It follows that conflict can cause food insecurity and hunger, just as hunger and food insecurity can cause latent conflicts to flare up and trigger violence. At the same time, conflict exacerbates the vulnerability of poor people, forcibly displacing them from their homes and depleting their assets. By building food and nutrition security in the Horn of Africa, the program will yield peace and security dividends in the region – dividends that are indispensable for sustainable development. BREFONS will apply principles of conflict sensitivity and “Do No Harm” by ensuring that its implementation avoids aggravating intercommunal tensions or drivers of fragility, but instead inspires a constructive and peaceful environment. In these ways, BREFONS’s components reinforce the areas of focus of the Bank’s Strategy for Addressing Fragility and Building Resilience in Africa (2014–2019, extended to 2021).

3.2.6 Gender: Information from gender assessment reports and consultations with stakeholders during the appraisal mission in the six participating countries reveals that women in male- and female-headed households in agropastoral communities face several gender-based barriers. These barriers include harmful traditional practices, low levels of literacy, and less power over intra-household and extra-household decisions about productive resources. These conditions undermine women’s well-being, economic empowerment, and gender equality overall. Furthermore, women have less access to social infrastructure and services, and their low level of literacy and marketable skills means that they are less active on the job market. Unless addressed during program implementation, these challenges could impede women’s participation in BREFONS, hindering women’s economic empowerment and undermining gender equality. That is why BREFONS has budgeted for a gender action plan at the regional level. The plan uses the gender action learning system (GALS) approach, which seeks to transform harmful and unfavourable sociocultural gender norms and practices that significantly hinder women’s empowerment and gender equality. Drawing on the program’s regional components and the GALS methodology, BREFONS will train national champions to support activities planned to promote women’s economic empowerment. In these activities, women will act as the principal agents of change and men will function as their allies. An additional concern is women’s roles in the agribusiness activities planned by the program: this role could increase women’s workloads, as women are already responsible for household and family activities. To address this concern, BREFONS has budgeted for gender-sensitive infrastructure that will reduce women’s labour and time poverty, and eliminate childcare barriers by constructing children’s playgrounds, nurseries and positioning boreholes near villages and residential areas, solar energy systems, and biodigesters.

3.2.7 In the Bank’s gender marker system, BREFONS is considered GEN II. This category indicates that by the end of the program period, the program is expected to have produced several positive

outcomes for women. For example, the expectation is that income will increase for women involved in agropastoral value chains (the output indicator for this outcome will be increased annual per capita income for women in both male- and female-headed households) and jobs will be created for women and youth. Furthermore, the program is expected to increase women's access to social services and infrastructure, which will reduce women's labour and time poverty and make it possible for women to participate in more livelihood diversification activities. A regional gender analysis and the corresponding gender action plan with a regional budget allocation are annexed as B12 of the technical annexes to the program appraisal report. In summary, it is envisaged that BREFONS will reduce women's gender-based challenges and empower women economically by increasing their access to productive resources and gender-sensitive infrastructure and services.

IV – IMPLEMENTATION

4.1 Implementation arrangements

4.1.1 A regional coordination unit (RCU) will be established at IGAD to coordinate the regional activities that will be implemented through IGAD and its specialized institutions, the IGAD Climate Prediction and Applications Centre (ICPAC), the IGAD Pastoral Centre for Livestock and Pastoral Development (ICPALD), and the IGAD Food Security, Nutrition and Resilience Analysis Hub (IFRAH). The RCU will be staffed with a regional coordinator, a monitoring and evaluation expert and an accountant, all of whom will be recruited competitively and whose performance-based contracts will be renewable annually, conditional on satisfactory performance. A regional program technical committee will harmonize the country and regional activities and create synergy between them. The regional program technical committee will include representatives from the RCU, the three specialized institutions involved, the program steering committee, IGAD's Agriculture and Environment Division, the Conflict Early Warning and Response Network and the respective country program coordination units. IGAD's IDRRSI Coordination Platform will provide the RCU with overall strategic guidance.

4.1.2 At the country level, implementation arrangements will vary between countries and details can be found in the respective country reports. The relevant national Ministries will coordinate implementation. In Djibouti and Kenya, country projects will be implemented by Executing Agencies that are not only experienced in implementing similar operations such as DRSLP but are also familiar with the Bank's fiduciary rules and procedures. Projects in Somalia and South Sudan will be implemented by a third-party implementation agency with solid experience, a field presence, and the capacity to mobilize staff across the country, including to insecure areas. Additionally, each country will appoint a national project steering committee responsible for project oversight, overall policy guidance, strategic direction, and the review and approval of work plans and budgets.

4.1.3 Program readiness: In preparing the program, measures were put in place to ensure timely start-up, including compliance with the Bank's Presidential Directive (PD 02/2015) on disbursement. The measures include the use of advance contracting and prompt preparation of tender documents to fast-track program implementation. The use of existing PIUs in most of the countries will also ensure timely commencement of program implementation.

4.1.4 Procurement arrangements: The goods, works, and consulting services financed by the Bank will be procured according to the Procurement Policy for Bank Group-Funded Operations (October 2015) and the provisions in each financing agreement and the details were agreed to during appraisal. The risk assessments of countries, sectors, executing agencies, and procurement systems that took place at the appraisal stage have determined which procurement regimes to use - whether broader procurement systems or the Bank's own procurement system – and have shaped the procurement management plans

for transactions or groups of transactions. Appropriate mitigation measures have been identified and costs are estimated in each country's procurement capacity development action plan.

4.1.5 The choice of procurement systems depends on the findings of the risk assessments that the Bank conducted during appraisal. It is on that basis that it was decided to apply the Bank's procurement methods and procedures in Djibouti, Somalia, and South Sudan. In Kenya, BREFONS will use country procurement systems for national competitive bidding and purchasing goods and works, subject to the conditions in Annex III of the financing agreement. When Kenyan activities procure packages of goods, works, and consultancy services using open international competitive bidding, the Bank's procurement methods and procedures will apply. More specific procurement arrangements and draft procurement plans for each country are outlined in the country reports. The procurement plans will be updated fully before negotiations commence.

4.1.6 Financial management and external audits: The financial management arrangements for each country reflect the Bank's assessment of the capacity of that country's executing agency and the structure of the program in the country (see Appendix 6 and respective country reports for details). The external audit arrangements for country projects will apply the Bank's terms of reference for auditing Bank-financed projects, as well as any other relevant international auditing standards. Annual audit reports, complete with Management letters and responses, will be submitted to the Bank no later than six months after the end of each fiscal year.

4.1.7 Disbursement arrangements: Details on the disbursement arrangements of each country component are presented in Technical Annex B4, Volume II. Generally, disbursement arrangements may use three methods: the special account method, the direct payment method, or the reimbursement method. The special account method requires a special account (or several special accounts) to be opened in banks acceptable to the Bank. These accounts finance eligible expenses. The direct payment method serves to pay expenses related to goods, works, and consultancy services. The reimbursement method is used for expenses that are eligible for African Development Fund (ADF) support and are pre-financed by the executing agency with the Bank's prior approval.

4.2 Monitoring

4.2.1. BREFONS's monitoring and evaluation mechanism will follow the program's organizational structure. Efforts will be made to collect gender-disaggregated data at every level where possible. The program will also make use of existing national datasets and project reports. The Bank will conduct supervision missions twice a year, will conduct a midterm review in year 3, and will prepare a program completion report in year 5. The country project implementation units will prepare and submit quarterly progress reports according to the Bank's format and procedures. Monitoring and evaluation experts will monitor the performance of each country's project activities. Working closely with the countries' projects implementation units and with key partners, the program's regional monitoring and evaluation expert will be responsible for coordinating data collection, data analysis, and the dissemination of the findings on the program's regional component.

4.2.2 BREFONS's monitoring and evaluation experts will supervise the assessment of the program's national and regional outcomes and impacts. The executing agencies, project implementation units, and the national and regional institutions in charge of statistics (or specialized monitoring and evaluation consultants) will establish baselines and assess the program's impacts. Additionally, countries will recruit the expertise necessary to develop a harmonized, gender- and conflict-sensitive monitoring and evaluation mechanism and prepare an implementation manual to operationalize the collection and processing of national and regional data and report on findings against the indicators set out in the logical framework. The schedule of key program activities is summarized in Table 8.

Table 8: Schedule of Key Program Activities

Activity	Entity Responsible	Timeframe
Appraisal	ADF	August 2021
Negotiations	Governments/ADF	October 2021
Program Approval	ADF	November/December 2021
Signature of Grant Protocols and Loan Agreements	Governments/IGAD/ADF	February 2022
Program Launch	ADF/Governments/IGAD	March–April 2022
Service Delivery	Governments/IGAD	May 2022–December 2026
Midterm Review	ADF/Governments/IGAD	June 2024
Completion Report	ADF/Government/IGAD	June 2026 or when the disbursement rate reaches 85%
Auditing	Government/IGAD	Annually

4.3 Governance

4.3.1 The Horn of Africa has been affected by a chronic cycle of poverty, instability, and conflict over natural resources. Challenges commonly faced by the countries of the region relate to weak governance, nomadic pastoralism, food insecurity, and sharing resources. In this regard, IGAD has become a central part of the region’s political and security architecture. IGAD works on regional governance and integration by promoting responsive leadership at the local, national, and regional levels and by introducing anti-corruption measures. IGAD also works on the efficient management of natural resources, on food security, on border control, and on the non-proliferation of small arms. IGAD-affiliated regional, multisectoral interventions like BREFONS help prevent and mitigate conflict by addressing the root causes of instability.

4.3.2 In terms of governance, BREFONS’s principal risk relates to public financial management and procurement. To minimize this risk, the program will: (i) ensure the use of the Bank’s standard bidding documents and procedures where applicable; (ii) distribute the Bank’s financial management manual to all project staff; (iii) encourage the regular submission of progress reports; and (iv) employ qualified, experienced procurement and financial management specialists in national project implementation units. The Bank will also run regular fiduciary clinics to address any remaining capacity gaps. Bank staff will conduct regular supervision missions and audits and follow up closely to monitor adherence to Bank standards and procedures as a way of securing value for money.

4.4 Sustainability

4.4.1 Starting with the feasibility study and continuing during program preparation, intervention activities were chosen by consensus among BREFONS’s stakeholders, including its beneficiaries. Consequently, BREFONS’s activities will be driven by the community and facilitated by governments. Both male and female beneficiaries were consulted throughout the program’s design phase. The beneficiaries’ continued involvement throughout implementation and when monitoring the program’s achievements will increase their sense of ownership and shared responsibility and help to render the investments sustainable. Cost-sharing and cost recovery mechanisms will be used whenever possible to make investments more sustainable still.

4.4.2 BREFONS will build capacity in the program’s target communities by developing, strengthening, and revitalizing community-based management systems. It will do this by mobilizing community members and community-based associations, raising their awareness, and providing training.

Water infrastructure and other types of infrastructure will be designed as simply as possible to make beneficiaries' operation and maintenance of them easier and more cost-effective. The program's activities to foster trade, add value to existing activities, and diversify income will deepen the linkage between production and markets, facilitate access to inputs and related services, and improve the livelihoods of male- and female-led households. This will greatly enhance commitment among actors in the value chain, from production to consumption. Furthermore, in all countries, BREFONS will encourage involvement by the private sector, using public-private partnerships to draw in private investors in order to leverage limited public resources.

4.5 Risk management

4.5.1 As noted above, the program has certain fiduciary risks, environmental and climate change-related risks, and social risks. The program's other risks and their mitigation measures are described in Appendix 3. The program's overall implementation risk is assessed as moderate to substantial. The Bank has identified all the foreseeable risks that are likely to arise and has proposed mitigation measures that reflect lessons learnt from the region's DRSLP, which is ongoing. Close supervision, coordinated with IGAD and other development partners, will ensure that risks are monitored continuously throughout implementation.

4.6 Knowledge sharing

4.6.1 As the Bank increases its interventions in the Horn of Africa, important knowledge will be generated on how to successfully build resilience in the region and beyond. Attention will be paid to local knowledge and experiences and to lessons from similar interventions in other regions. The program will promote cross-border learning within the region by joining existing resilience knowledge networks and by ensuring that the IGAD Secretariat plays an active role in regional coordination. Learning linkages with the Sahel program will be encouraged by sharing information and exchanging visits. Face-to-face gatherings, virtual networking, and dedicated websites will help share knowledge among communities, public institutions, and other stakeholders.

4.6.2 Progress reports, audit reports, midterm review reports, completion reports, and other information collected as per the monitoring and evaluation framework will be used to document lessons learnt. Regional and national coordination units will collect, collate, and analyse data (including standardized monitoring and evaluation reports) from all country activities and participating institutions. The Bank will share this knowledge with other development partners and stakeholders engaged in drought and climate change resilience activities.

V – LEGAL INSTRUMENTS AND AUTHORITY

5.1 Legal instruments

5.1 The legal instruments for the Program are as follows:

- a) a Loan Agreement between the African Development Fund and the Republic of Kenya;
- b) a Protocol of Agreement between the African Development Fund and the Republic of Djibouti;
- c) a Protocol of Agreement between the African Development Fund and the Federal Republic of Somalia;
- d) a TSF Grant Agreement between the African Development Bank and the African Development Fund (as administrators of the Transition Support Facility) and the Federal Republic of Somalia
- e) a Tripartite Funding and Implementation Agreement amongst the African Development Fund, the Republic of South Sudan and the Food and Agriculture Organisation (FAO)
- f) a Tripartite Funding and Implementation Agreement between the African Development Bank and

the African Development Fund (as administrators of the Transition Support Facility), the Republic of South Sudan and FAO

- g) a Protocol of Agreement between the African Development Fund and the IGAD.

The above agreements are jointly referred to as the “Agreements”.

5.2 Conditions associated with the Bank/Fund’s intervention

5.2.1 Conditions precedent to entry into force: The Loan Agreement with the Republic of Kenya shall enter into force subject to the fulfilment of the conditions provided for in Section 12.01 of the General Conditions Applicable to Loan Agreements and Guarantee Agreements of the Fund. The Protocol of Agreements as outlined in 5.1 above shall each enter into force upon signature by the respective parties.

5.2.2 Conditions precedent to first disbursement of grants and loan: The obligation of the Bank/Fund to make the first disbursement of the respective grants and loan shall be subject to the entry into force of the respective Protocol of Agreements and the Loan Agreement, in accordance with the provisions of Paragraph 5.2.1 above, and the submission of evidence, in a form and substance acceptable to the Fund, of fulfilment by the Recipient or Borrower of the following conditions:

- i. Submission of evidence of the recruitment/appointment of staff for the project implementation units (Regional Program Coordination Unit for IGAD) with qualifications and terms of reference acceptable to the Fund, as follows: (a) Coordinator; (b) Monitoring and Evaluation Expert; and (c) Accountant.

5.2.3 Other conditions:

The Borrower/ Recipient shall provide to the Fund, within six months after the first disbursement:

Djibouti, Kenya, Somalia, South Sudan

- i. Submission of the evidence of the establishment of the National Project Steering Committee with composition and terms of reference acceptable to the Fund
- ii. Provision of Counterpart Contribution, as stipulated in the respective loan/ grant agreements

IGAD:

Submission of the evidence of the establishment of the Regional Program Technical Committee (RPTC) which will include representatives from RCU, ICPAC, ICPALD, IFRAH, AED, ECRI, CEWARN, and representatives from National Program Coordination Units (NPCUs), within three months of the first disbursement of the Grant.

Kenya:

shall within six (6) months of the Date of the Loan Agreement, submit evidence of the competitive recruitment of a third-party implementing agency with qualifications and terms of reference acceptable to the Fund, to implement the IGAD identified regional activities of the Project.

5.2.4 Undertakings:

The Borrower/ Recipients undertakes to:

- i. carry out the Program in accordance with the Environmental and Social Management Plans (“ESMPs”), and the Bank’s Safeguards Policies and the applicable national legislation in a

- manner and in substance satisfactory to the Bank;
- ii. prepare and submit to the Bank Project Reports, including quarterly reports on the implementation of the ESMPs including any deficiencies identified and the corrective measures thereto;
- iii. refrain from taking any action which would prevent or interfere with the implementation of the ESMPs, including any amendment, suspension, waiver, and/or avoidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the Bank;
- iv. each of the Borrower/Recipient shall cause its respective relevant sector ministry to provide coordination for implementation of country Projects; and
- v. each of the Borrower/Recipient shall cause the establishment of a national Project Steering Committee (PSC) which shall be responsible for respective country Project oversight, overall policy guidance, strategic direction, and review and approval of work plans and budgets.

5.3. Compliance with Fund policies

5.3.1 This Program complies with all applicable Bank policies including the Regional Operations Selection and Prioritization Guidelines.

VI – CONCLUSION AND RECOMMENDATIONS

6.1 On 4th November 2021, the Bank suspended disbursements to Bank financed operations in Sudan and put on hold all new operations, due to the recent political situation and presence of a de-facto government. Considering these developments, management has decided to defer the **financing** of the Sudan component in the Program until the situation in the country is conducive for project implementation. Management will submit at a later stage, the streamlined appraisal report for the financing of the Sudan component for consideration.

6.2 On 9th October 2021, Ethiopia declared a state of emergency due to the deteriorating security situation in the country. Considering these developments, management has decided to defer the financing of the Ethiopia component of the Program until the situation in the country is conducive for project implementation. Management will submit at a later stage, the streamlined appraisal report for the financing of the Ethiopia component for consideration.

6.3 Management recommends that the Board of Directors approve, subject to the terms and conditions stipulated in this report, the following financing for the Program:

- (i) an award to the Republic of Djibouti for an ADF grant of UA 13.93 million (composed of UA 1.5 million from the Performance Based Allocation (PBA) and UA 12.43 million from Regional Operations (RO) Envelope).
- (ii) An award to the Federal Republic of Somalia for an ADF grant of UA 9.48 million (composed of UA 1.1 million from PBA and UA 8.38 million from RO Envelope) and a Transition Support Facility (TSF) Pillar 1 Grant of UA 5.0 million;
- (iii) An award to the Republic of South Sudan for an ADF grant of UA 18.82 million (composed of UA 5.0 million from PBA and UA 13.82 million from RO) and a TSF Pillar 1 Grant of UA 5.0 million;
- (iv) A loan to the Republic of Kenya from the ADF, for an amount of UA 30 million (composed of UA 15.0 million from PBA and UA 15.0 million from RO);

- (v) An award to the Intergovernmental Authority on Development (IGAD) for an ADF grant of UA 2.97 from the RO envelope for the implementation of the regional components of Program as stipulated in this Report.

Appendix 1: Regional Program Fragility and Resilience Analysis

I. Introduction - Horn of Africa context

The Horn of Africa comprises eight countries belonging to the Inter-Governmental Authority on Development (IGAD). This regional body supports its member states in their manifold development efforts, especially in peace processes and food security. Initially comprising eight members, the Eritrea-Ethiopia border dispute pushed Eritrea to withdraw its membership in 2007 and left the body with seven countries. The region has about 6960 km of coastline with the Indian Ocean, Gulf of Aden, Gulf of Toudjoura, and the Red Sea. Also, the IGAD region has 6910 Km of international borders with Egypt, Libya, Chad, the Central African Republic, the Democratic Republic of Congo, Rwanda, and Tanzania.

The Horn of Africa covers an immense territory of 5.21 million square kilometers with a total population of 297.24 million and an average population growth rate of 2.35% per annum. However, four members of IGDA show a high trend of growth above the regional average, with Uganda and Somalia having the highest growth. While population growth requires enough food, the Horn of Africa has a large territory with 70% of the entire land made up of Arid and Semi-Arid Lands (ASALs), receiving less than 600 mm of rainfall annually. The remaining land offers various climates and landscapes, including cool highlands, swamp areas, tropical rain forests, and other features typical of an equatorial region. Indeed, the Horn of Africa also hosts diverse ecosystems and agro-ecological zones at different altitudes ranging from 150 meters below sea level (Dalul) to about 4600 meters above sea level (Mount Kenya). Farmlands account for 7%, forests 19%, and permanent pastures 28% of the total land area, with the remaining 46% being relatively unproductive or marginal land. Additionally, this region also contains extensive mineral resources that have not yet been fully explored and exploited.

Although the region has significant potential for maximizing agriculture production and eradicating food insecurity, its rainfall variability brings recurrent droughts and dry spells which increasingly affect the most vulnerable regions on the African continent. This issue highlights the need for policies and programs that enhance the technical and research capacities of the region beyond those targeting land and environmental degradations that affect agricultural production and economic growth. In addition to reinforcing food insecurity, famine, and poverty, degradation also fuels social, economic, and political pressures that can generate conflicts among the communities living along the borderlands.

II. Overview of the Horn of Africa's resilience and fragility

The Horn of Africa resilience and fragility assessment in 2020 draws a profile marked by a more robust capacity for citizen engagement in political discourse and an electoral process for enhancing political participation despite the corrupt practices that undermine the credibility of public institutions. The Horn of Africa struggles with intense pressure on its security situation characterized by a high number of armed groups operating under the terrorism umbrella. Its citizens also lack equality of justice because of the impunity common for senior officials and limited access to justice. Lack of accountability in public institutions, including abuse of power, remains a crucial factor that jeopardizes the region's capacity to provide better legal services and access civil justice. Against this context, the development plan and its potential impact on social and economic inclusion face a fragile social cohesion that indicates a weak capacity to involve civil society organizations in the political discussions needed to enlarge political inclusiveness and then sustain political stability. The Horn of Africa remains a zone where economic and income inequality has created a migration movement where even vulnerable populations such as youth and women feel compelled to leave their home communities and seek economic opportunity outside the region. Unfortunately, internally displaced people and refugees remain at high risk when the host community itself migrates.

III. Fragility drivers addressed by the program in its intervention countries

One significant effect of the increased impacts of climate change across Africa is to increase the risks of food insecurity. Lower-than-expected rainfall in late 2020 and early 2021 and deteriorating macroeconomic conditions have contributed to the high level of food insecurity projected to last at least through September 2021 in much of program zone. Prolonged and frequent droughts across the Horn of Africa, particularly in Somalia, Ethiopia, and Kenya, are threatening the lives of millions of children. Violent storms can lead to immediate, life-threatening dangers for children, including malnutrition and a higher risk of infectious and diarrheal diseases. In addition to the loss of lives, livestock, and crops, as well as population displacement, the above-normal rains and cyclonic activity in late-2019 and early-2020 contributed to a desert locust upsurge that has affected Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan, and spread to Uganda, South Sudan, and Tanzania. Of the 24.7 million severely food insecure people across the Greater Horn of Africa, an estimated 10.25 million live in areas affected by desert locusts in Ethiopia, Kenya, and Somalia. Without urgent effective control measures, the locusts could severely impact the food security of households already struggling to cope with multiple shocks.

The Program to Build Resilience for Food and Nutrition Security in the Horn of Africa addresses the underlying causes of food insecurity. Drought and conflict are the main factors that have exacerbated the problem of food production, distribution, and access. High rates of population growth and poverty have also played a part within an already challenging environment of fragile ecosystems. Almost 80% of the population of the region is rural. It depends almost exclusively on agriculture for its consumption and income needs and must largely find measures for addressing poverty and food insecurity problems within the agricultural sector. Although poverty and food insecurity are connected, food production remains highly significant when agriculture is the primary source of livelihood for most poor people. Some 76% of the region's population is in the agricultural sector. However, poverty can be diminished when food insecurity is reduced. Consequently, the long-term solution to food insecurity lies beyond purely the production of different food and includes addressing the issues of rural livelihoods in general. Social safety nets of various sorts are also part of the solution to absolute poverty and food insecurity, not only in exceptional circumstances such as drought but also over the long periods required to arrive at socially inclusive sustainable solutions.

Specifically, the Program to Build Resilience for Food and Nutrition Security in the Horn of Africa will address the drivers of fragility such as the lack of access to farm lands, land grabbing, conflict, and violence around water-scarcity, natural disasters, and climate change. To that extent, all possible effects of food insecurity like malnutrition, hunger, volatility of food prices and unemployment will benefit from the program's impacts and its mitigation of negative impacts on the population.

IV. Food and nutrition security's opportunities for building regional resilience

Agriculture and livestock remain the dominant component of the economies of the IGAD member countries in terms of their contribution to GDP, employment, and income. One of the main thrusts of IGAD is to boost agricultural production and improved management of natural resources and the environment to ensure resilient livelihoods and sustained economic growth. The program entry point enabling reductions in the climate change impacts that severely affect lives and food production is providing sufficient food for the current population and future generations through better access to innovative and resilient technologies. Improving existing infrastructure and investing in new capacity adds value to farmers to get their crops to market avoiding the hurdles of poor infrastructure such as a lack of roads, storage facilities, and food processing equipment, which otherwise make the market inaccessible. If the infrastructure is improved, more food will be available on the market, and food insecurity will consequently decrease. Furthermore, targeting cross-border trade to solidify regional economic integration will mitigate cross-border conflicts and diminish illicit trade around the

communities living along the borderland. Equally essential, the multisector approach adopted in designing the program constitutes another response to address the food diversification required to provide rich and balanced food to the children affected by malnutrition.

V. Conclusion and recommendations

The Horn of Africa's economic mainstay is agriculture, livestock, and crop production, providing the basis for food, export earnings, and employment for over 80% of its population. Supporting agribusiness development will improve its contribution to the national economies of the IGAD Member States. Since they produce similar commodities and there is a low level of infrastructure development in the region, intra-state trade remains low, and markets are neither interdependent nor interlinked. Among the impediments to growth within the region is the poor transportation infrastructure, especially for landlocked countries such as Ethiopia, South Sudan, and Uganda. IGAD's overarching objective of regional integration is to create an open, unified, economic space for private operators – a single market open to competitive entry and well-integrated into the global economy. Focusing on youth, children, women, and other vulnerable population categories will improve human welfare in the Horn of Africa, provide essential services, and enhance social development for the people of the IGAD.

Appendix 2: Matrix on M&E Arrangements

A. Alignment indicators						
Indicator name	Definition/ description	Source	Baseline and targets (where possible)			
Number of people who are hungry / malnourished;	<i>Number of people with food and nutrition insecurity</i>	IGAD (IFRAH) Reports	Baseline (date): TBD; Target (date): TBD			
Population living below the poverty line	<i>Proportion of the population with a standard of living below the poverty line.</i>	IGAD (IFRAH) Reports	Baseline (date): TBD Target (date): TBD			
B. Outcome and output indicators (<i>performance indicators</i>)						
Indicator name	Definition/ description	Methodology for collection	Responsibility for collection	Frequency of reporting	Results planning	
					Midterm	Completion
Outcome Indicators						
<i>% Increase agricultural (crops and livestock) productivity</i>	<i>% Increased agricultural productivity as a result of increased access to water & pasture</i>	Program progress reports, M&E reports	Regional PCU, National PIUs	Annually	10	30
<i>% Increase of access to cross-border natural resources</i>	<i>Increased access to cross-border natural resources (water, pasture, and transhumance routes)</i>			Annually	10	30
<i>Increased carbon sequestration (MM tCO2e)</i>	<i>Increased carbon sequestration as a result of improved land/ soil conservation practices</i>			Annually	TBD	TBD
<i>% Increase annual income per capita</i>	<i>Increased annual income per capita from pastoral value chains</i>	Program progress reports, M&E reports	Regional PCU, National PIUs	Annually		
<i>Number of additional jobs created</i>	<i>Number of additional jobs created for youth and women</i>			Annually	15,000	35,000
<i>Increased access to climate services.</i>	<i>Number of farmers and pastoralists using climate services</i>			Annually	300,000	800,000
<i>State of resilience in the region regularly reported</i>	<i>State of resilience in the HOA region regularly updated and disseminated</i>	Program progress reports; IFRAH Reports		Annually	once per year	once per year
Output Indicators						

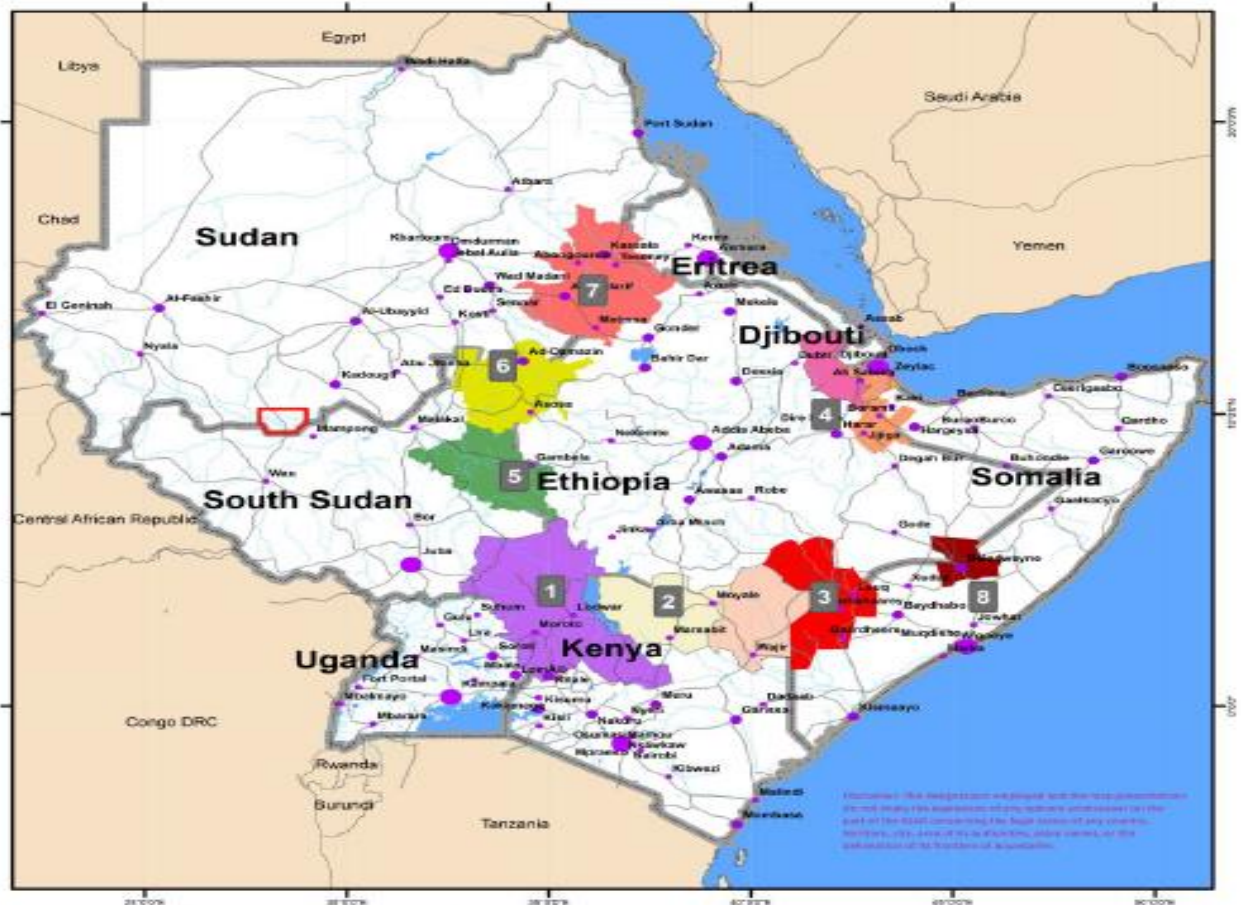
<i>Number of water mobilization infrastructures developed</i>	<i>Number of water infrastructures (small earth dams, boreholes, covered water pans, shallow wells, water distribution systems)</i>	Project progress reports	Regional PCU, National PIUs	Quarterly	150	431
<i>Area of irrigated lands / rangeland developed</i>	<i>Area of irrigation lands/ rangeland (ha) rehabilitated/developed</i>	Project progress reports	Regional PCU, National PIUs	Quarterly	2,000/100,000	6,000/300,000
<i>Number of animal health and market access infrastructures</i>	<i>Number of livestock markets, animal health posts, mobile clinics, vet. labs, fodder banks/hay sheds, and feeder roads developed/rehabilitated</i>	Project progress reports	Regional PCU, National PIUs	Quarterly	45	100
<i>Number of cross-border MOU operationalized</i>	<i>Cross-border MOUs to enhance TADs and Zoonosis control in border areas operationalized</i>	Project progress reports	Regional PCU, National PIUs	Annually	1	3
<i>Area (ha) under sustainable land management</i>	<i>Area of pastoral and agropastoral lands under sustainable management</i>	Project progress reports	Regional PCU, National PIUs	Quarterly	50,000	110,000
<i>Number of pastoralists accessing innovative technologies and practices</i>	<i>Farmers and pastoralists accessing innovative technologies under the program</i>	Project progress reports	Regional PCU, National PIUs	Quarterly	80,000	180,000
<i>Increased uptake of digital tools services</i>	<i>Farmers and pastoralists benefiting from extension on using digital advisory services</i>	Project progress reports	Regional PCU, National PIUs	Quarterly	180,000	450,000
<i>People benefitting from livelihood diversification support</i>	<i>Number of people benefitting from entrepreneurship skills development and access to finance</i>	Project progress reports	Regional PCU, National PIUs	Quarterly	1,000	2,500
<i>Number of regional climate products and services developed</i>	<i>Number of climate products and services for agriculture and livestock developed</i>	Project progress reports	Regional PCU, National PIUs	Annually	-	10
<i>State of resilience reporting system</i>	<i>Regional information database on state of resilience in the region established</i>	Project progress reports	Regional PCU, National PIUs	Annually	-	1

<i>established</i>						
<i>% increase of people accessing climate risk financing and insurance</i>	<i>Increased uptake of climate risk financing and insurance solutions</i>	Project progress reports	Regional PCU, National PIUs,	Annually	10	30

Appendix 3: Matrix of Risks

CATEGORY OF RISK	DESCRIPTION OF RISK	RATING	MITIGATION MEASURE	OWNER OF RISK
Countries' political and governance context	Insecurity and conflicts in the region	High	IGAD has put in place a conflict resolution mechanism that might reduce the challenges. The Program is itself expected to foster peace among conflicting communities.	IGAD and countries
Environmental and social elements	Climate change and climate variability	Substantial	Environmental degradation and extreme climatic events (severe droughts and floods) could undermine the program's effectiveness. By including measures to manage natural resources sustainably and develop alternative livelihoods (including for women), the Program will alleviate the consequences of environmental degradation on communities and production systems.	Countries/beneficiaries
Sector strategies and policies	Governments' commitment undermined by the COVID-19 pandemic	Moderate	Building communities' resilience to climate change is a priority for the region and for participating countries. Governments are maintaining adequate political commitment to implementing the program and maintain their effort on promoting vaccination and respect of protective protocols.	Countries/IGAD
The operation's technical design	Insufficient capacity to execute the program, given its complexity	Moderate	The program will build the capacity of the program staff and the program's beneficiaries. Lessons learnt from the DRSLP have been integrated in the program's design and the implementation plan.	Bank/Countries
Fiduciary elements and value for money	Failure to comply with the Bank's fiduciary guidelines, resulting in implementation delays	Moderate	The Bank will continue to run fiduciary clinics to strengthen capacity.	Countries/Bank/IGAD
Social elements	Insufficient involvement of women in the program activities as a result of resistance in the community	Low	Gender equality is expected to be a core principle of the Program. The program will emphasize building capacity within women's groups of pastoralists and farmers.	Countries/Bank/IGAD
Capacity of the implementing entities	Weak implementation capacity within the project implementation units	Low	In some participating countries, the program will use project implementation units that are already running DRSLP with strengthened with the addition staff. Additional capacity building/training will be provided. The Bank will also conduct annual fiduciary clinics.	Countries/Bank/IGAD

Appendix 4: Map of the Program Area



Cross Border Clusters

- | | |
|---|---|
| <ul style="list-style-type: none"> 1 IGAD Cluster 1 (AKA Karamoja Cluster) 2 IGAD Cluster 2 (AKA Borana Cluster) 3 IGAD Cluster 3 (AKA Somali Cluster) 4 IGAD Cluster 4 (AKA Dikhil Cluster) plus proposed new areas in Somaliland 5 Proposed cross border cluster; Ethiopia and South Sudan border | <ul style="list-style-type: none"> 6 Proposed cross border cluster; Ethiopia, Sudan and South Sudan Junction 7 Proposed cross border cluster; Ethiopia, Sudan and Eritrea 8 Proposed cross border cluster; Ethiopia, Somalia border |
|---|---|
- Roads
 Rivers

ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)



AFRICAN DEVELOPEMENT BANK GROUP

A. Basic Information⁷

Project Title: Program to Build Resilience for Food and Nutrition Security in The Horn of Africa		Project "SAP code": P-Z1-C00-073
Country: Djibouti, Ethiopia, Kenya, Sudan, South-Sudan, Somalia	Lending Instrument ⁸ : DI <input checked="" type="checkbox"/> FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input type="checkbox"/>	
Project Sector: Agriculture	Task Team Leader: Mohamud EGEH	
Appraisal date: 3 rd September 2021	Estimated Approval Date: 24 th , November, 2021	
Environmental Safeguards Officer: GODONOU, Lisbeth Joselyne		
Social Safeguards Officer: Kingsley EJIM		
Environmental and Social Category: 2	Categorization date: July 13 th , 2021	Operation type: SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>
Is this project processed under rapid responses to crises and emergencies?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Is this project processed under a waiver to the Integrated Safeguards System?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

B. Disclosure and Compliance Monitoring

B.1 Mandatory disclosure

Environmental Assessment: Environmental and Social Management Framework (ESMF) - Djibouti		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA <input type="checkbox"/>	
Date of "in-country" disclosure by the borrower/client	October 11 th , 2021	
Date of receipt, by the Bank, of the authorization to disclose	October 12 th , 2021	
Date of disclosure by the Bank	October 13 th , 2021	
Environmental Assessment: Environmental and Social Management Framework (ESMF) and environmental and social impact assessment (ESIA)-Ethiopia		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA <input type="checkbox"/>	
Date of "in-country" disclosure by the borrower/client	October 20 th , 2021	
Date of receipt, by the Bank, of the authorization to disclose	October 20 th , 2021	
Date of disclosure by the Bank	October 22 nd , 2021	
Environmental Assessment: Environmental and Social Management Framework (ESMF) and environmental and social impact assessment (ESIA)-Kenya		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA <input type="checkbox"/>	
Date of "in-country" disclosure by the borrower/client	October 21 st , 2021	
Date of receipt, by the Bank, of the authorization to disclose	October 22 nd , 2021	
Date of disclosure by the Bank	October 22 nd , 2021	
Environmental Assessment: Environmental and Social Management Framework (ESMF) - Sudan		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA <input type="checkbox"/>	
Date of "in-country" disclosure by the borrower/client	October 21 st , 2021	
Date of receipt, by the Bank, of the authorization to disclose	October 22 nd , 2021	
Date of disclosure by the Bank	October 22 nd , 2021	
Environmental Assessment: Environmental and Social Management Framework (ESMF) and environmental and social impact assessment (ESIA)-South Sudan		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA <input type="checkbox"/>	
Date of "in-country" disclosure by the borrower/client	October 21 st , 2021	
Date of receipt, by the Bank, of the authorization to disclose	October 22 nd , 2021	
Date of disclosure by the Bank	October 22 nd , 2021	
Environmental Assessment: Environmental and Social Management Framework (ESMF) - Somalia		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA <input type="checkbox"/>	
Date of "in-country" disclosure by the borrower/client	October 21 st , 2021	
Date of receipt, by the Bank, of the authorization to disclose	October 22 nd , 2021	
Date of disclosure by the Bank	October 22 nd , 2021	
Resettlement Action Plan/Framework/Others (specify:)		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>	
Date of "in-country" disclosure by the borrower/client	[Date]	
Date of receipt, by the Bank, of the authorization to disclose	[Date]	
Date of disclosure by the Bank	[Date]	

⁷ Note: This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

⁸ DI=Direct Investment; FI=Financial Intermediary; CL=Corporate Loan; BS=Budget Support; GU=Guarantee; RPA=Risk Purchase Agreement; EF=Equity Financing; RBF=Results Based Financing.

ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)



AFRICAN DEVELOPPEMENT BANK GROUP

Vulnerable Peoples Plan/Framework/Others (specify:)		
Was the document disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]	
Date of receipt, by the Bank, of the authorization to disclose	[Date]	
Date of disclosure by the Bank	[Date]	
If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: NA.		

B.2. Compliance monitoring indicators

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized and secured?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>

C. Clearance

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

Yes No

	<i>Name</i>	<i>Signature</i>	<i>Date</i>
Prepared by:			
Environmental Safeguards Officer:	GODONOU, Lisbeth Joselyne		October 25 th , 2021
Social Safeguards Officer:	Kingsley EJIM		October 25 th , 2021
Task Team Leader:	Mohamud EGEH		October 25 th , 2021
Submitted by:			
Sector Director:	Vincent CASTEL, OiC for FREGENE, MARTIN	<i>V Castel</i>	October 25th, 2021
Cleared by:			
Director SNSC:	ISSA, MAMAN-SANI	Cleared	October 26, 2021