

AFRICAN DEVELOPMENT BANK GROUP



MULTINATIONAL (SOMALIA /SUDAN)

RURAL LIVELIHOODS' ADAPTATION TO CLIMATE CHANGE IN THE HORN OF AFRICA II (RLACC II)

APPRAISAL REPORT

AHAI DEPARTMENT

November 2017

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Currency Equivalent

October 2016

Unit of Account		Currency
1 UA =	8,63480	(SUDANESE POUND)
1 UA =	861,028	(SOMALI SHILLING)
1 UA =	1,41733	(US DOLLAR)
1 UA =	1,24294	(EUROPEAN EURO)

Fiscal Year

Sudan: Oct. 1st – Sept. 30th
Somalia: Jan. 1st – Dec. 31st

Weight and Measures

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

Acronyms and Abbreviations

AfDB	=	African Development Bank
AR-5	=	Fifth Assessment Report of the IPCC
ASAL	=	Arid and Semi-Arid Lands
COMESA	=	Common Market of Eastern and Southern Africa
CSI	=	Core Sector Indicator
DRSLP	=	Drought Resilience and Sustainable Livelihood Program
EIRR	=	Economic Internal Rate of Return
FIRR	=	Financial Internal Rate of Return
GEF	=	Global Environmental Facility
HoA	=	Horn of Africa
IGAD	=	Intergovernmental /// on Development
IPCC	=	United nations Intergovernmental Panel on Climate Change
LDCF	=	Least Developed Countries Fund
LPI	=	Livestock Policy Initiative
M&E	=	Monitoring and Evaluation
NGO	=	Non-Governmental Organization
NPV	=	Net Present Value
PAR	=	Project Appraisal Report
PIU	=	Project Implementation Unit
PCU	=	Project Coordination Unit
RECs	=	Regional Economic Communities
RLACC	=	Rural Livelihoods' Adaptation to Climate Change
SCCF	=	Special Climate Change Fund
TADs	=	Trans-boundary Animal Diseases
UA	=	Unit of Account
USD	=	US dollar

Grant Information

Client's Information

GRANT RECIPIENT	Republic of Sudan and Federal Republic of Somalia
EXECUTING AGENCIES	<u>Sudan Project:</u> Higher Council for Environment and Natural Resources (HCENR) - Ministry of Environment
	<u>Somalia Project:</u> Intergovernmental Authority on Development

Financing Plan

Source	Amount (USD)	Amount (UA)	Percentage	Instrument
GEF Focal Area: Climate Change Adaptation	17,067,592	12,042,073	100%	
Sudan	7,082,407	4,997,006	41%	GEF Grant
Somalia	9,985,185	7,045,067	59%	GEF Grant
Total Cost	17,067,592	12,042,073	100%	

Important Financial Information

Grant Currency	USD
Type of Interest	N/A
Interest Rate Margin	N/A
Commitment Charge/Fee	N/A
Service Charge	N.A
Tenor	N/A
Grace Period	N/A
FIRR, NPV (base case)	17%, NPV value at 12% is USD 1.71 millions
EIRR, NPV (base case)	20%, NPV value at 12% is USD 2.19 millions

Timeframe - Main Milestones (expected)

CEO Approval by the GEF	Somalia: December, 2016 Sudan: March 2017
Project Approval by ADB	November, 2017
Effectiveness	January 2018
Completion	January 2021
Last Disbursement	April 2021
Closing date	June 2021

Program summary

Overview. The Rural Livelihood's Adaptation to Climate Change in the Horn of Africa – Phase II (RLACC II) project is a multinational program that covers Somalia and Sudan. The program activities are country-driven and will be implemented through two Projects respectively in Sudan and Somalia.

- The Sudan component targets the States of White Nile, Gedaref and Kassala, for a total cost of USD 7,082,407;
- The Somalia component targets Somaliland (Awal region, villages of Quljeed, Ton and Salawley-Cheikh Hared), Puntland (Bari and Nugaal region), and South Central Somalia (Galguduud and Hiraan States), for a total of USD 9,985,185.

Project Outcomes. The project is expected to improve the resilience of pastoral and agro-pastoral communities to climate change in the two countries through: (i) introducing adaptation strategies to reduce the negative impacts of climate change and strengthen the capacity of pastoral/agro-pastoral households to cope with climatic hazards, (ii) enhancing the capacity of communities to not only absorb shocks, but to also effectively adapt their livelihoods to harsher climatic conditions, (iii) helping pastoral and agro-pastoral households manage drought risks, (iv) supporting community-led initiatives to protect, conserve and restore natural resources in a sustainable and climate-resilient manner, (v) strengthening the participation of pastoral communities in planning and implementing activities pertaining to their development.

Although the RLACC II program targets specific villages or regions, an important criterion for the selection of targeted sites was their position in the target countries' migration flows. Due to the seasonal migratory nature of pastoralists, the project's benefits will not be limited to the project sites and their surroundings.

Needs Assessment. Vulnerabilities and risks for the HoA have been assessed with the AR-5 (IPCC) and through Bank commissioned regional studies (Sustainable livestock Development in the HoA, Assessment and Management of Transboundary Water Resources in the IGAD, etc.). Various needs have also been identified through meeting and workshops with government officials and various stakeholders.

Based on these assessments, the AfDB set in place a regional program called "Drought Resilience and Sustainable Livelihood Program" (DRSLP) which is currently being implemented to address drought and livelihood issues in the rural areas of the HoA. The proposed RLACC (II) program will be implemented to compliment the DRSLP.

Bank's Added Value. The Bank has significant experience in implementing multinational and regional operations, and is already implementing a set of programs covering various countries of greater Horn of Africa (Djibouti, Ethiopia, Kenya, Somalia, Djibouti, South-Sudan and Sudan) and addressing issues with significant trans-boundary implications, notably, the DRSLP which is being implemented in successional phases 1, 2, 3, and 4). Furthermore, the Bank is experienced in implementing GEF projects in general and GEF climate change adaptation operations in particular.

Lessons learnt from the Bank's involvement in these countries were incorporated in the design of the current program. The Bank also brings into the programming a fragility lens approach, which makes the design, implementation and review of projects more sensitive to the drivers of fragility with the goal of building resilience in countries and communities.

Knowledge Management. Knowledge management approach for the project focuses on learning from other relevant projects / programs and initiatives, and planning for the project to assess, document and share these experiences and expertise with relevant stakeholders. Different knowledge management activities will thus be implemented through the RLACC II projects

The program will also work in close collaboration, and share its best practices and lessons learned, with all co-financing projects, as well as other GEF financed initiatives and other projects implemented by the Bank and in the region.

At the regional level, the Intergovernmental Authority on Development (IGAD) will be in charge of sharing knowledge product elaborated by the RLACC II and RLACC I at the regional level to foster knowledge sharing and utilization. PIUs, which carry out the day-to-day implementation of the project's activities, will be responsible for the mainstreaming of relevant information at the countries levels through the IGAD platform. At the regional level, this should result in dynamic and structured flows of information and knowledge between projects and within the RLACC programs in the HoA.

Results-based logical framework

Program name:		Rural Livelihoods' Adaptation to Climate Change in the Horn of Africa II (RLACC II)				
Purpose of the program:		Enhance pastoralists livelihoods through climate change resilient and communities				
Result chain		Performance Indicator			Means of Verification	Risks/ Mitigation Measures
		Indicator (including CSI)	Baseline (2016)	Target (2020)		
Impact	Contribute to the reduction of drought induced food insecurity through the implementation of adaptive measures to climate change in of the targeted rural pastoral and agro-pastoral communities	Number of food insecure households and malnutrition rates	Around 9 million people are food insecure and the malnutrition rate is over 25 % in both countries	Reduce by at least 20% the number of food insecure households by at least 5% malnutrition rates.	National survey and reports	<u>Assumption:</u> Governments continuous commitment to managing drought and building resilience
Outcomes	1.1. Climate change-related adaptation measures are integrated into development plans of targeted local communities	Number of development plan that has at least one climate-change adaptation measures integrated and an indicative budget for its implementation by the end of the project.	1.1.3. None of the development plans at the country level include at least one explicit adaptation measure and an indicative budget for its implementation	1.1.3. At least 3 pilot development plans in each country include at least one adaptation measure and an indicative provision for its implementation	Government and community planning documents	<u>Risk:</u> Lack or insufficient ownership of the project activities by the communities <u>Mitigation:</u> Early and sustained sensitization on the need for communities to engage in building resilience.
	2.1. Adaptation practices are developed and implemented to respond to specific climate-change induced stress in the livestock sector in ASALs ecosystems.	Number of people/households adopting newly introduced adaptation practices that build their resilience in the face of CC like strengthen women's access to resources for sustainable food production, renewable energy, and clean water sources	integration of livestock agriculture is the major adaptation practice	≥ 4,000 households (≥50% are women led)	project survey, Assessment Report	<u>Risk:</u> Insufficient human and institutional capacities <u>Mitigation:</u> The programme will have capacity building activities in both countries
	2.2. Vulnerabilities to climate change hazards are reduced for targeted pastoral and agro-pastoral communities	Sources of income through diversification with number and percentage of jobs (person-days) generated by the project for women and men	One major source of income	At least 50% of people diversified their incomes with at least two major sources of income ≥ 4,000 households	Field visit reports and project report	<u>Risk:</u> A series of years without major climate events could weaken the interest of decision-makers to address climate-sensitive initiative and investments
	3.1. Project coordination, Knowledge management and M&E are well implemented and coordinated	Degree of execution of the project M&E Plan by the project's end	N/A	The M&E plan is fully developed and executed in a timely manner	M&E documents, PIRs, APRs, AWP	<u>Mitigation:</u> Training and sensitization of national and local decision-makers to the impact of CC and measures to increase the resilience at the local level with a long-term vision.
Outputs	1.1.1. Sensitization, awareness and information on climate change increased among local stakeholders	1.1.1. % of men and women in project sites declaring to know what CC is and how it affects them in project sites.	1.1.1. Lack of awareness on climate change adaptation techniques in the rural sector	1.1.1. ≥ 60% of the people in project zones (≥40% are women) declare to know what climate	1.1.1. project surveys	

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1.1.2. National sub-national, and local government officials are trained on climate change resilience and their operational capacities are strengthened	1.1.2 Number of decision makers and planners (men and women) trained on the integration of climate change adaptation tools and methods (water harvesting technologies, water resources management, farming methods and drought resistant varieties, alternative income generating activities) in their plans by the end of the project	0 person trained	change is and how it affects them in project sites At least 2,440 people trained (≥40% women)	1.1.2. training reports, project reports	<u>Risk:</u> Livestock-related investments cost may become high given the low population density and the pastoral seasonal mobility <u>Mitigation:</u> The siting of infrastructure will be planned along the corridors so that it also caters for the needs of the transhumant pastoralists.	
	1.1.2. Availability of tools and methods for the integration of CC into local development plans by the end of the project, and the number of people using them (disaggregated by gender)	1.1.2. Tools and methods are not available	1.1.2. ≥ 3 tools or methods, used by ≥ 1,500 people (≥40% are women) in the two councils.	Project implementation progress reports	<u>Risk:</u> Poor coordination and cooperation among key national institutions dealing with pastoralist issues <u>Mitigation:</u> Training and coordination of stakeholders on this issue	
	1.1.3. Number of workshops, study tours and meetings held where lesson from the project were discussed by the end of the project (with 30% of women benefiting)	1.1.3. N/A	1.1.3. ≥ 8 workshops, study tours and meetings organized to discuss project lessons in the project areas	1.1.3. Development framework, policies, plans and programs.	<u>Risk:</u> inadequate acknowledgement of the role of civil society and CBOs by national and local governments. <u>Mitigation:</u> Training and sensitization of officials on the importance of non-governmental organizations during the project implementation and ultimately in the resilience-building process.	
	1.1.3. Number of community-based agreements and adaptation plans that have input from both women and men, engaging in national debate and analysis of environmental impacts, and climate change policy, regulatory frameworks, and programs.	1.1.3. N/A	1.1.3. At least 5 community-based agreements and adaptation plans by project site, with a women participation of about 40 %		<u>Risk:</u> conflicts between pastoralists and sedentary	

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		Indicator (including CSI)	Baseline (2016)	Target (2020)		
		disaggregated by gender				farmers as well as between different pastoral groups
	2.1.1. Innovative adaptive techniques are implemented in order to ensure that pastoral infrastructure is climate resilient	2.1.1. % of pastoralists benefiting from climate change compatible irrigation, water harvesting methods and agricultural practices (disaggregated by gender)	2.1.1. N/A	2.1.1. At least 50% of target areas supplied in drinkable water and irrigation agriculture (at least 30% benefiting are women)	2.1.1. Survey Reports, Project Reports	<u>Mitigation:</u> promotion of dialogue and conflict resolution mechanisms at various levels to broaden perspective and visions.
	2.1.2. Specific adaptive activities and measures are adopted to ensure that pastoral and agro-pastoral communities are climate-resilient	2.1.2. % of people who have adopted community-based adaptive activities in the context of climate-change (disaggregated by gender)	2.1.2. Lack of community-based adaptive activities tackling climate change	2.1.2. 50% of the pastoral and agro-pastoral communities adopting community-based adaptive activities (at least 30% are women)	2.1.2. Project Reports and Meetings	
	2.2.1. Diversification of income-generating adaptive activities in order to lessen targeted pastoral and agro-pastoral communities’ vulnerabilities.	2.2.1. % of increase in household incomes as a result of project implemented adaptation measures disaggregated by gender	2.2.1. N/A	2.2.1. 30% increase	2.2.1. Project progress reports and supervision missions reports	
	2.2.2. Development and strengthening of the supply chain for new income-generating activities in target pastoral and agro-pastoral communities	2.2.2. Change in wellbeing of participating households in project activities (access to water, access to market, access to improved agro-pastoral technologies,...)	2.2.2. N/A	2.2.2. ≥ 4,000 households	2.2.2. Field Visit Reports and Project Reports	
		2.2.2. Number of women with access to land and credit opportunities, smart seeds and crops as well as equipment	2.2.2.N/A	2.2.2. At least 40 % of beneficiaries are women		
	3.1.1. Knowledge products generated at national and regional level are attained	3.1.1. Number of knowledge products developed by the project	3.1.1. N/A	3.1.1. ≥ 5 knowledge products are developed	3.1.1. knowledge products	
	3.1.2. Timely efficient and cost-effective project implementation and M&E systems set up and implemented	3.1.2. Implementation progress of project activities and the M&E system	3.1.2. N/A	3.1.2. 4 annual PIRs and 12 quarterly progress reports, 1 Mid-Term Review, 1 Completion report	3.1.2. Project progress reports and M&E documents	

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		3.1.2 The generated data from the RLACC II M&E system is fed into the overall Drought resilience M&E framework for the HoA	3.1.2 N/A	At least one annual update of the Drought resilience M&E system is sent by the RLACC II.		
	Components					Costs (USD)
	1. Improving pastoral and agro-pastoral communities’ adaptive capacity and the resilience of their livelihoods to climate change in target areas					1,859,515
	2. Improving the sustainability of pastoral and agro-pastoral livelihoods					11,269,034
	3. Project management knowledge and M&E activities					1,801,058
	Contingencies					2,137,986
	Total (GEF grant)					17,067,592

RLACC II Program Time Frame

Year	2017				2018				2019				2020				2021			
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
INITIAL ACTIVITIES																				
Appraisal																				
Loan and Grant negotiation and approval																				
Signature of loan agreement and fulfilment of first disbursement conditions																				
Publication of the General Procurement Notice																				
Recruitment of project staff																				
Project Launching																				
Participatory confirmation and prioritisation of activities with communities																				
Procurement of property goods works and services for the PIUs																				
Signature of agreements with partner entities																				
IMPROVING ADAPTIVE CAPACITY AND THE RESILIENCE OF LIVELIHOODS TO CC																				
Training of staff and stakeholders in the project's various thematic areas																				
Workshops organized for mainstreaming of CC in policies and strategic frameworks at sub-national, national levels																				
IMPROVE THE SUSTAINABILITY OF PASTORAL AND AGRO-PASTORAL LIVELIHOODS																				
Meetings related to the adoption of adaptive activities and measures to ensure targeted communities' climate resilience																				
Infrastructure rehabilitation and construction																				
Diversification of communities' economic activities and improvement of their access to markets																				
Introduction of SLM & other activities (pilot farms, distribution of drought-tolerant seeds, etc.) in agriculture & forestry sectors																				
KNOWLEDGE AND M&E ACTIVITIES																				
Listing of adopters and information during field visit																				
Field Visit Report																				
Mid-Term Report																				
Project Completion Report																				

I. STRATEGIC THRUST & RATIONALE

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

1.1.1 The program is consistent with the principles of key regional initiative, policies and projects adopted by the governments of the participating countries, namely: (i) The Inter-Governmental Authority on Development (IGAD) Drought Disaster Resilience and Sustainability Initiative (IDDRSI)”; (ii) Regional Programming Paper (RPP, 2013) “To End Drought emergencies in The Horn of Africa” (2012); (iii) the new Sendai Framework for DRM (2015–2030), which contains the collective commitment of governments and the United Nations to work towards reducing societal vulnerability to disasters generally and stop drought in particular. The program also fits in the Bank’s new Regional Integration Strategy and Policy Paper (2014-2023), the Bank’s Ten year Strategy (2013-22), the Bank’s Strategy for Addressing Fragility and Building Resilience in Africa (2014-19), and the recent High 5s vision of the Bank. At the national level, the RLACC program is in line with the participating countries strategies and priorities. Additional details on the strategic fit of RLACC in each country are given in the individual countries’ PARs.

1.1.2 The program is fully aligned with National Adaptation Programme of Action (NAPA) for Sudan and Somalia respectively approved in 2007 and 2013. In Sudan, the NAPA emphasizes the rural dimension of poverty in Sudan and focuses on three sectors: agriculture, water resources, and public health. By focusing on a wide range of interdependent technologies and methods such as the introduction of solar energy for communal services, e.g. for water pumping purposes, new irrigation methods for agriculture, rangeland rehabilitation and the introduction of veterinary services, the program fully reflects the priorities laid out in Sudan’s 2007 NAPA and strategic frameworks included in the revised Sudan National Adaptation Plan (2014).

1.1.3 In Somalia, the NAPA has identified the urgent and immediate activities to address potential negative impacts of climate variability and climate change on people and their livelihoods within the context of recurrent famine crises and the national priorities over peace-building and economic recovery. Thus, the NAPA identifies the following sectors as vulnerable to climate change: water resources, agriculture and food security, animal husbandry, grazing and range-lands, health, marine and coastal resources, biodiversity and natural disasters. In that framework, the activities in Somalia within this program will focus on supporting pastoralist livelihoods and will therefore have a specific emphasis on livestock management, water and land resources management.

1.1.4 In addition, both countries Intended National Determined Contribution (INDC) to the 21st Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC), published in November 2015, acknowledges that climatic as well as non-climatic factors such as ecosystems degradation, complex disasters and conflicts, limited access to capital, market infrastructure and technology, unsustainable management of natural resources, and socio-economic factors such as poverty, lack of income diversity, unequal distribution of income, urbanization, population growth, have all weakened people’s ability to adapt to changes in climate. These factors are well taken into account by the proposed activities under this program in order to build resilience to climate change in Somalia and Sudan.

1.2 Rationale for Bank’s Involvement

1.2.1 Incidences of climate change (CC) in the Horn of Africa (HoA), as assessed in the AR-5 published by the United Nations Intergovernmental Panel on Climate Change (IPCC, 2014) are: rising temperatures, rainfall variability, drought, desertification, deforestation and land degradation, floods and other extreme weather events (extreme precipitations, stronger El Niño, etc.) Additionally, pastoral livelihoods in the ASALs of the HoA have been negatively affected by political marginalization, social exclusion, lack of good governance at all institutional levels, imbalanced power relations between the state and civil society, and gender inequality. These phenomena are the cradle for increasing vulnerability of rural pastoral and agro-pastoral communities in the region that rely the most on the environment for their livelihood. The resulting environmental migration is in turn causing, among others, competition for natural resources, ethnic tensions, and distrust between the original area of migration and the receiving areas. As both Somalia’s and Sudan’s resources are scarce, both

countries are prone to such kinds of conflicts. Consequently, taking into account the weight of the pastoralist activities and populations, increasing their resilience to climate change represents a vital issue for the HoA countries' stability, economic recovery and future prospects.

1.2.2 The proposed GEF funded project's focus on climate change adaptation in the rural sector in Somalia and Sudan fills a vital missing gap in the pastoralist and agro-pastoralist sub-sectors in both countries which is not fully covered by DRSSLP and other partners and is urgently needed to support economic diversification in the context of climate change. Multiple feedback loops between severe drought occurrence and vulnerable livelihoods due to water scarcity and grasslands farming have led to competition over natural resources access between drought displaced households and transhumant pastoralists.

1.2.3 As one of the most important multilateral institutions acting in Africa, the AfDB has an extensive experience in supporting and financing community based initiatives and projects in the continent. Investing in areas like agriculture, natural resources management and improving livelihoods are crucial for reducing poverty and vulnerability to climate change. The Strengthening of Climate Resilience in the Kafue Sub-Basin, in Zambia, or the Carla Climate Adaptation for Rural Livelihoods and Agriculture in Malawi are two of the many examples of projects financed by the Bank and designed to respond to the climate change effects, reduce poverty and enhance food security in some of the most vulnerable communities in the continent. The success of these projects shows the Bank's competency and commitment to implementing climate change adaptation measures in the region, including the respective INDCs from the Paris agreement. Therefore, the Bank will continue playing a lead role in supporting the governments of both countries in achieving their objectives and implementing important measures to fight climate change effects and reduce poverty in Sudan and Somalia.

1.2.4 The Multinational (Sudan and Somalia) rural livelihoods' adaptation to climate change in the Horn of Africa – Phase II (RLACC II) is in alignment with the Bank's priorities and strategies, which includes bringing growth that is not only environmentally sustainable, but also empowering. Indeed, the Bank's Climate Change Action Plan to assist RMCs in implementing their NDCs and build mitigation and adaptation in Africa is one of the actions aligned with the project.

1.2.5 The Project is fully aligned to one of the Bank's Ten Year Strategy (TYS: 2013-2022) core areas of infrastructure and also to one area of special emphasis namely agriculture. The project also contributes to the High-5 priorities (2016-2025), namely the Feed Africa and Improve the Lives of Africans priorities. It will introduce climate-resilient water harvesting technologies, promote conservative agriculture practices, provide capacity building and training on sustainable resources management, and reduce food insecurity risk by diversifying the pastoral and agro-pastoral livelihood base of target communities. Moreover, the Project will improve rural people participation along the livestock value chain starting from production and processing to marketing. The project will thus promote both immediate and longer-term climate-resilient initiatives into pastoral livelihoods in arid and semi-arid areas (ASALs) of Sudan and Somalia while ensuring inclusiveness of rural men, women and youth as direct beneficiaries. The RLACC I and II activities complement those of the recently approved 'Short Term Regional Emergency Response Project' (STRERP).

1.2.6 Given its focus on climate change adaptation, the project is fully aligned with the Bank's Climate Change Action Plan 2 (CCAP2) and in particular with its pillar 1 "Boosting Adaptation and Climate-resilient Development in Africa". As highlighted in the CCAP2, this project by focusing on resilient infrastructures and climate adaptation measures, demonstrates the Bank's effort to leverage its internal resources to strengthen the adaptive capacities of countries by supporting the diversification of local economies. Indeed, building on the AfDB funded DSRLP, the GEF funding is mobilized by the Bank to build resilience in both countries in the agricultural and pastoral sub-sectors.

1.2.7 Finally, the project addresses the programs identified under the Bank's Somalia Country Brief (CB) (2017-2020) and well aligned with its objective to "Build longer term resilience in Somalia, through targeted support to the development of relevant infrastructure, institutional capacity, and skills". Consequently, by enhancing pastoralist livelihoods, the project fits well with the CB pillar 1 which seeks to rebuild key infrastructure to enhance resilience and diversify livelihoods. The CB highlighted the importance of the agricultural sector in Somalia and in particular the livestock sector which contributes to more than 40% of national GDP. By tackling the issues related to climate change adaptation in this sector, this project will help build resilience with the adoption of adaptive measures combined with resilient infrastructures.

Baseline Project

1.2.8 The baseline project for the proposed project is the Drought Resilience and Sustainable Livelihood Program (DRSLP), a multi-phased program running over 15 to 20 years. It targets the root causes of drought crises in the countries of the HoA, and its first phase was implemented in Djibouti, Ethiopia, and Kenya. Somalia and Sudan are both included in the second phase (DRSLP II). The baseline project was approved by the Bank's Board of Directors in November 2014; and the project started in August 2015. Meanwhile, Sudan is covered through the third phase (DRSLP III) in June 2015. Following the same concept and using FEG Grant resources, RLACC I was approved in December 2016 covering Djibouti and Kenya to the tune of USD 5.484 million for Djibouti and USD 2.784 million for Kenya.

1.2.9 DRSLP focuses its intervention on building the necessary infrastructure for mobilizing and managing surface and ground water in the context of pastoral and agro-pastoral production systems. This consists of rangeland development and rehabilitation works, land development for crop production, and small water mobilization and supply infrastructure for crop and livestock production. In addition, the capacity building element of the DRSLP will focus its intervention on providing local communities and authorities with investments in infrastructure development and capacity strengthening.

1.2.10 On the long run, the DRSLP is a response to the devastating climate change evidenced drought, environmental degradation, and poverty in the HoA's vulnerable communities. However, the baseline alone does not sufficiently tackle certain issues related to climate change resilience and the sustainability of pastoral and agro-pastoral livelihoods. For instance, stakeholders are not fully involved in planning and decision-making processes. Existing and planned activities under DRSLP II (in Somalia and Sudan) and DRSLP III (in Sudan) do not lead to the full integration of CC considerations in community development plans and sectoral policies, and climate hazards still need strengthened mitigation. Consequently, the RLACC II project aims at completing the activities of the baseline program on these key issues, and is in line with the ongoing RLACC I project in Djibouti and Kenya.

1.2.11 Over decades, most interventions to address climate change issues (and especially drought) in the HoA have been of emergency humanitarian relief nature. Like the DRSLP (Baseline project), the RLACC II project seeks to be innovative as it proposes solutions to tackle this issue in a medium and long-term perspective, through an integrated approach that aims at improving water resource mobilization, rangeland management, livelihoods diversification, infrastructure for market access and building human and institutional capacity within a framework that is sensitive to conflict resolution and management.

1.3 Aid coordination

1.3.1 Regional and International organizations (Swiss Development Cooperation Agency, African Water Facility, etc.) are engaged in addressing climate change and livelihoods challenges in the region. However, it is noteworthy to mention that, in general, most Development Partners' (DPs) interventions in CC are mainly short-term responses and humanitarian relief-focused.

1.3.2 The Bank discussed with several Partners and donors to garner support for the program. In particular, the Bank is supporting the countries of the HoA to access GEF funds from the Least Developed Countries' Fund (LDCF) and the Special Climate Change Fund (SCCF) in order to finance the RLACC activities to complement the baseline program (DRSLP). During the appraisal mission, consultations were made with many relevant DPs including FAO, USAID, IFAD, UNDP and EU to ensure close coordination and harmonization of activities towards common goals and objectives of the RLACC. Generally speaking, the consultations helped avoiding overlaps and redundancies among the different interventions while funding by the different partners was done on an individual basis.

II. PROJECT DESCRIPTION

Program development goal: Enhance pastoralists livelihoods through climate change resilient communities

2.1 Project components

The activities listed in the table below are indicative. More specific activities for each country are contained in their respective PARs. Furthermore the activities in each countries will be confirmed and prioritized with the target communities in participatory workshops.

Table 1: Project components

Component name	Cost (USD)	Component description
Improving pastoral and agro-pastoral communities' adaptive capacity and the resilience of their livelihoods to climate change in target areas	1,859,515	<p>Trainings in (i) water harvesting technologies, (ii) water resources management, (iii) farming methods and drought resistant varieties, (iv) management and maintenance of irrigation infrastructure, and (v) climate resilient rangeland management options.</p> <p>Women are an important focus of the project, and numerous activities will improve their participation and decision-making skills in various sectors that will be crucial for the development of the communities and its adaptation to climate change</p>
Improve the sustainability of pastoral and agro-pastoral livelihoods	11,269,034	<p>Water infrastructure: water harvesting infrastructure (hafirs, boreholes), and supply network (irrigation, etc.) are constructed or rehabilitated, with a focus on community-based implementation and capacity building</p> <p>Rangeland rehabilitation: the project is in line and supports the baseline project in the targeted communities through (i) reseeding and re-plantation activities, and (ii) training</p> <p>Improvement of access to market for (i) livestock, and crops value chains and (ii) diversification of livelihoods</p> <p>Developing veterinary and health services, with a focus on cattle-diseases related to climate change.</p> <p>Drought tolerant seeds: (i) provide trainings through establishment of nurseries to produce and distribute drought tolerant seeds for agriculture, but also for pastures and community forestry; (ii) training women in agricultural techniques tailored to local conditions (iii) establish Pilot Farms to demonstrate / train on the efficiency of drought tolerant seeds for agriculture; (iv) training on water management and adaptive agricultural techniques.</p> <p>Diversification of livelihoods: (i) the development of income-generating activities (handcraft, processing of livestock products, the growing of fruit trees, honey and leaf-growing), (ii) give an important role to women through trainings and the activities organized with women associations, and (iii) is linked as stated above, with the improvement of access to market</p> <p>Soil conservation through: (i) land degradation and desertification control measures, and (ii) the various awareness-raising campaigns and workshops listed in component 1.</p>
Project management, Knowledge and M&E activities	1,801,058	<p>Annual and quarterly progress reports</p> <p>Gender sensitive knowledge indicators are expected in order to measure the activities related to women empowerment</p>

Component name	Cost (USD)	Component description
		The project will also develop targeted villages' climate change vulnerability profiles, and share these profiles with relevant stakeholders.
Physical and price contingencies	2,137,986	
Total	17,067,592	

2.2 Project type

RLACC – phase II is a multinational operation using the GEF-managed trust funds ‘Least Developing Countries Fund (LDCF)’. Both Sudan and Somalia are benefitting from LDCF resources through the GEF Focal Area 1 (Climate Change Adaptation) as grants. The GEF approved the Somalia project in December 13, 2016¹ and the Sudan project in March, 2017². As both Somalia and Sudan are under sanctions, the project interventions will be limited to technical assistance activities.

2.3 Project cost and financing arrangements

2.3.1 The total RLACC II cost is estimated at USD 17,067,592 (exclusive of tax and customs duty); entirely proposed for financing by the GEF from the Least Developed Country Fund (LDCF) to contribute to the implementation of the GEF climate change adaptation strategy (GEF focal area Climate Change Adaptation - CCA). The grant amounts to USD 9,985,185 for Somalia and USD 7,082,407 for Sudan.

Table 2: Project cost estimates by components

Components		US\$			% Foreign
		Local	Foreign	Total	
Improving pastoral and agro-pastoral communities' adaptive capacity and the resilience of their livelihoods to climate change in target areas	Sudan	265,088	323,997	589,085	55
	Somalia	482,763	787,667	1,270,430	62
Improve the sustainability of pastoral and agro-pastoral livelihoods	Sudan	2,261,700	2,450,175	4,711,875	52
	Somalia	2,950,722	3,606,437	6,557,159	55
Project management knowledge and M&E activities	Sudan	230,059	359,837	589,896	61
	Somalia	229,142	238,494	467,636	51
Project management costs	Sudan	128,625	177,625	306,250	58
	Somalia	183,656	253,620	437,276	58
Total base costs	Sudan	2,885,472	3,311,634	6,197,106	53
	Somalia	3,846,282	4,886,218	8,732,500	56
Physical contingencies	Sudan	216,750	293,250	510,000	58
	Somalia	297,166	406,584	703,750	58
Price contingencies	Sudan	153,873	221,428	375,301	59
	Somalia	225,063	323,872	548,935	59
Total project costs	Sudan	3,256,095	3,826,312	7,082,407	54
	Somalia	4,368,511	5,616,674	9,985,185	56
Total		7,624,606	9,442,986	17,067,592	55

¹ <https://www.thegef.org/project/rural-livelihoods-adaptation-climate-change-horn-africa-phase-ii-rlacc-ii>

² <https://www.thegef.org/project/rural-livelihoods-adaptation-climate-change-horn-africa-phase-ii-rlacc-ii-0>

Table 3: Project cost estimates by category of expenditure

Expenditures	USD			
	Local	Foreign	Total	% Foreign
1. Works				
Sudan	1,040,267	1,140,588	2,180,855	52.3
Somalia	1,320,638	1,750,613	3,071,251	57
2. Goods				
Sudan	252,000	273,000	525,000	52
Somalia	342,125	401,625	743,750	54
3. Services				
Sudan	893,813	1,092,437	1,986,250	55
Somalia	1,228,150	1,563,100	2,791,250	56
4. Operating costs				
Sudan	690,795	814,205	1,505,000	54.1
Somalia	924,920	1,201,330	2,126,250	56.5
Total Base Cost				
Sudan	2,876,875	3,320,230	6,197,105	53.6
Somalia	3,815,833	4,916,668	8,732,501	56.3
Physical Contingencies				
Sudan	216,750	293,250	510,000	57.5
Somalia	297,166	406,584	703,750	57.5
Price Contingencies				
Sudan	153,873	221,428	375,301	59
Somalia	225,063	323,872	548,935	59
Total project cost				
Sudan	3,247,498	3,834,908	7,082,407	54.1
Somalia	4,338,062	5,647,124	9,985,185	56.5
Total	7,585,560	9,482,032	17,067,592	55.5

Table 4: Expenditure schedule by component

Components	Costs (US\$)			
	Y1	Y2	Y3	Y4
Improving pastoral and agro-pastoral communities' adaptive capacity and the resilience of their livelihoods to climate change in target areas				
Sudan	190,564	381,129	508,172	190,565
Somalia	88,363	176,726	235,634	88,362
Improve the sustainability of pastoral and agro-pastoral livelihoods				
Sudan	983,574	1,967,148	2,622,863	983,574
Somalia	706,781	1,413,563	1,884,750	706,781
Project management knowledge and M&E activities				
Sudan	70,146	140,291	187,054	70,145
Somalia	88,484	176,969	235,958	88,485
Project management costs				
Sudan	65,591	131,183	174,910	65,591
Somalia	45,937	91,875	122,500	45,938
Total base costs				
Sudan	1,309,875	2,619,751	3,492,999	1,309,875
Somalia	929,565	1,859,133	2,478,842	929,566
Physical contingencies				
Sudan	57,579	162,461	232,382	57,579
Somalia	123,803	200,303	255,840	123,803
Price contingencies				
Sudan	82,340	164,681	219,574	82,340
Somalia	56,295	112,591	150,120	56,295
Total project costs				
Sudan	1,449,794	2,946,893	3,944,955	1,449,794
Somalia	1,109,663	2,172,027	2,884,802	1,109,664
Total	2,559,457	5,118,920	6,829,757	2,559,458

2.4 Project's target area and population

2.4.1 The project will cover two countries of the HoA, namely Sudan and Somalia, targeting rural pastoral and agro-pastoral communities highly vulnerable to climate change and affected by factors such as domestic and regional migration (transhumance practices, displacements due to conflicts or food insecurity) – all of which are drivers and consequences of environmental fragility.

2.4.2 In Sudan, the project will be implemented in the project will be implemented in three States, respectively the White Nile State, the Gedaref State and the Kassala State. Targeted areas in the States are respectively: (i) White Nile State, Dueim Locality, Al Baja Reserve Pasture Area, (ii) Gedaref State, Gadambalia Locality, (iii) Kassala State, Aroma Locality, Togaly villages and Um Safari village.

2.4.3 In Somalia, the project will intervene in localities selected in South Central Somalia, Somaliland and Puntland States. The targeted localities are: (i) South Central Somalia: Hiiraan and Galguduud States,

Localities of Beledweyn and Guriceel, (ii) Somaliland: Awdal region, villages of Quljeed, Ton and Salawley-Cheikh Hared, (iii) Puntland: Bari and Nugaal regions,

2.4.4 More details on the targeted area and communities are provided in the annexed specific countries' reports.

2.4.5 The RLACC II program is expected to increase targeted communities' adaptive capacity and the resilience of their livelihoods to climate change through capacity building and the introduction of adaptation technologies, improved access to natural resources (especially water), and diversification of livelihoods.

2.5 Participatory process for project identification, design and implementation

2.5.1 The RLACC II program is intended to address the adaptation of rural pastoral and agro-pastoral communities to Climate Change (CC) and to reduce their vulnerabilities to CC induced hazards. During the project formulation, discussions and surveys were conducted with key stakeholders and beneficiaries, revealing the numerous constraints communities have faced, and their very diverse nature. Most of them are directly linked with CC and its various effects. Overseeing these various effects, CC hazards constitutes the common challenge for the HoA, as its devastating impacts on agriculture, livestock production, reduced terms of trade, household incomes, economic stability and governance. The many conflicts of political nature or over natural resources characterizing the regions were also identified as a driver of fragility. Specific country participatory processes conducted during project identification are provided in the countries' PARs. The engagement of Community Based Organizations, Civil Society and other forms of collective initiatives are big success factors the implementation of the project. Sensitization and training sessions will be extensively conducted to make sure that the beneficiaries and their organizations are very well aware of their essential role as recipients and as participants of/in the project activities. Sensitization will target crucial topics such as management of pasture and water resources in a conflict free environment. In Sudan, a validation workshop with the stakeholders was organized to discuss the content of the project and to secure buy-in. In Somalia, due to the political Situation in the country, consultations were done in Hargeisa (Somaliland) and remotely with Puntland and Mogadishu. In addition, draft project documentation was also shared with the Governments of the two countries for their final review and comments. More consultations with relevant stakeholders will be conducted to confirm and prioritize activities prior to the onset of implementation.

2.6 Bank Group experience, lessons reflected in project design

2.6.1 The Bank's long standing experience in the design and implementation of Climate Change (especially drought resilience and water infrastructure development) was capitalized and mainstreamed in the design of this project. The Bank experience lies on previous similar multinational project addressing specific climate change issues in the HoA, such as the DRSLP program, and collaboration with other institutions and regional initiatives (IGAD, COMESA, NEPAD, CAADP, etc.)

2.6.2 The Bank's strategy on ending fragility and building resilience stresses the importance of better design of projects in countries facing fragility, to build resilience, through more inclusive growth and development. To this end, the Bank now requires a fragility lens application in each project, which has been undertaken in annex 5 attached.

2.6.3 While the experience of the Bank in the area of Drought Resilience is not a long one, the team was able to tap into whatever the available information in terms of implementation challenges and ways to address them. The RLACC II is building on the achievements, successes and lessons of former and current initiatives such as the DRSLP. The aim is to enhance the effectiveness of RLAC II by resorting to swifter and closer to

the ground operational units in comparison to IGAD implementation model with a Fund Management Unit hosted in IGAD Secretariat in the case of DRSLP. The DRSLP has established mechanisms to enhance the availability of infrastructure for natural resources management (water and pastures) at the regional level (given the mobility of pastoralists across borders) and ensuring stability of the environment as well as the harmonious sharing of the resources in a sustainable manner. The current project was inspired by the first countries benefiting from the project such as Djibouti and Kenya. The key activities included developing water storage and other related infrastructures, development of market infrastructure and communication and information systems in pastoral rural areas; optimizing potential value chains and strengthen regional trade and; enhancing community participation in the management of water, pasture and livestock marketing. The project will also build on existing initiatives and policies to develop better collaboration and information exchange, rather than creating new costly systems. A brief description of the ongoing portfolio in Somalia and Sudan is given respectively in annexe 3 and annexe 4 at the end of this report.

2.7 Key performance indicators

2.7.1 The project aims at enhancing pastoralists, livelihoods through climate change resilient infrastructures. The progress toward achieving this objective will be measured through different key performance indicators at the impact, outcomes and output levels. At the impact level, the indicators used will be based on the increase of agricultural production in the target areas, resulting in the reduction of food insecurity, measured by national surveys and reports.

2.7.2 For the outcome, the measure will be made through: (i) the development/use of methods, policies and frameworks mainstreaming Climate Change issues, (ii) number of communities adopting the adaptive measures (iii) the percentage of women participating in specific activities. In terms of outputs, the indicators will include: (i) number of people trained, (ii) the number of study tours and workshops, (iii) the number of knowledge products and the degree of execution of the project.

2.7.3 While national data collection will be under the responsibility of the countries projects, a monitoring and evaluation expert at IGAD, working in close collaboration with the country level PIUs and other key partners, will be responsible for feeding the data provided to him into the existing Drought Resilience platform at the secretariat. The M&E specialist at IGAD will work with the country level M&E specialists to harmonize the data collection format. The information generated will be disseminated to other projects' communities and potential users in the region.

III. PROJECT FEASIBILITY

3.1. Economic and financial performance

FIRR (base case) 17%	NPV value at 12% is USD 1.71 million
EIRR (base case) 23%	NPV value at 12% is USD 2.19 million

3.1.1 Somalia and Sudan are both included in the second phase of DRSLP II. The implementation of these projects will first enable a better carbon sequestration. The improving of water resource mobilization, through the building of boreholes, haffirs and other water infrastructures, and the introduction of new climate resilient practices, such as drought resilient seeds, will benefit communities in having better crop productivity, and thus, boost their economic growth. This process will enable a reduction of conflicts, especially about resources availability. Moreover, the introduction of sustainable land management with activities of reseeding and re-plantation will also have an important impact on reducing natural resources scarcity and poverty, lessening soil erosion and increasing soil fertility. Providing veterinary services and training for communities about new

climate resilient practices will improve food security and benefit for the whole regions in reducing conflicts and migrations.

3.1.2 The financial internal rate of return (FIRR) of the project is calculated at 21%, the net present value (VPV) is estimated at USD 1.71 million. The economic internal rate of return (EIRR) of the project is estimated at 25% and the net present value (NPV) at 12% opportunity cost of capital is estimated at USD 2.19 million.

3.1.3 The project will have both direct and indirect benefits. Improved livelihoods for the agro-pastoral communities will be the main direct benefit. The emphasis on a multi-level, integrated approach to pastoral development through support and funding for a range of initiatives will help pastoralist communities and households undertake livestock and non-livestock related income generating activities, accompanied by awareness raising, information and capacity building.

3.1.4 A parallel dynamic of social inclusion and economic growth will help reintegrate the most vulnerable and marginalized population categories into the local economy and combat the social and economic marginalization in which many pastoral groups are trapped. For instance, the creation of new boreholes and water supply networks in villages will reduce periods of unemployment/inactivity due to lack of irrigation boosting economic growth at the village level and improving villagers' livelihoods. Farmers' income is expected to increase from better crop productivity as a result of sustainable irrigation schemes and the introduction of new adaptive practices and appropriate technological package into crop production.

3.1.5 Additional programme benefits include an increased value of livestock through the setting up of veterinarian services, thus further improving food security, and reducing vulnerability to external shocks such as animal disease outbreaks. The efforts of the project to provide micro financing will benefit to pastoralists and agro-pastoralists to diversify their sources of livelihoods.

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

3.1.7 The methodology used to estimate these project benefits is based on a costs benefits analysis. Indeed, assessing the costs and benefits of a program is of essential importance to meaningfully quantify its impacts. Following the GEF approach, a baseline model is required, in this case the DRSLP II and III project. The global environmental benefits and the incremental costs, and besides, the project impacts, are compared to the baseline project without the support of the GEF. This implies in concrete terms an analysis of the situation with and without the additional GEF funded project. This analysis was conducted for each country, Somalia and Sudan, in order to assess the economic and financial performances of the country projects.

3.2 Environmental and social aspects

Environmental aspects

3.2.1 The project focuses on building capacity on a country (ies) – wide adaptation intervention to climate change aimed at improving the resilience of communities and agro-pastoral communities, their livelihoods and their production systems. The project will have major positive impacts on the environment: (i) improved management of natural resources (water and land) at local, State, national and regional level, (ii) improved resilience of the ecosystems with the introduction of drought-resistant plants for shelterbelt around villages or for agriculture and (iii) rehabilitation of rangelands. In light of these benefits, the project is proposed for category 3.

3.2.2 An environmental and social review has been made, based on the potential environmental and social effects of the project, and prior to the undertaking of any formal, activity-related and/or site-specific Environmental and Social Impact Assessments (ESIAs). As the project will be funded by the GEF through the AfDB, all works must comply with the due environmental and social assessment process, when required either by regulation or AfDB, as well as with the recommendations of the upcoming ESIAs (in case further environmental and social studies are performed), including compliance with the appropriate avoidance, management and mitigation measures. The extent of activity- and site-specific ESIAs will be assessed by the AfDB and key national institutions/institutional partners when site location as well as activity parameters (size of infrastructures, characteristics of each resilient culture, etc.) are formalized. The review identifies minor risks to environment and social issues (referred to as “effects”) from activities in their general form and outlines strategies for managing those risks and minimizing undesirable environmental and social impacts. National institutions will be ultimately responsible for the supervision of the environmental and social matters, with the AfDB providing updates on the adequacy and respect of measures. The supervising entities and/or experts will ensure timely remedial actions are taken by the contractor where necessary.

Climate change aspects

3.2.3 As an adaptation programme, it will reduce pastoral and agro-pastoral communities’ vulnerability to CC induced hazards through campaigns, workshops and trainings aiming at raising stakeholders’ awareness on this issue. In addition, the project’s support to the diversification of the sources of income will provide the beneficiary communities with the necessary cushion for the shocks stemming from the CC. The implementation of diverse infrastructures solutions and the adoption of new techniques should also have a positive impact, increasing communities’ resilience. Furthermore, since the Bank’s Climate Change Action Plan is to assist RMCs in implementing their NDCs and build mitigation and adaptation in Africa, the funding for this project is totally in accordance with climate adaptation finance.

Social aspects

3.2.4 The RLACC II program will have a major positive impact on social aspect at community, regional and national level. Indeed, the program will (i) reduce the scarcity of natural resources and its related pretension to conflicts; (ii) the diversification of livelihoods – mostly at women’s benefit – will contribute to increase households’ incomes and wealth, (iv) the improvement of the population health, (v) the improvement of market access will strengthen inter-communities linkages and reduce conflict or distrust issues.

Gender aspects

3.2.5 The proposed project has an important focus on women and gender equality. Indeed, many activities focus on women empowerment and capacity-building, from awareness raising activities, to the introduction of adaptive techniques and training. The implementation of adaptive techniques (output 2.1.1.) is not gender-

specific, but the objective is clearly to improve the climate resilience for communities for specific economic sectors (mainly agriculture and livestock husbandry), as climate change has a significant impact on communities, mostly women and children. Also, adaptive technologies will contribute to reducing workload experienced by women and children, who are often the groups charged with water collection for households and livestock.

3.2.6 In addition, the output 2.1.2 is designed to train communities and targeted groups to the use of techniques and technologies introduced with output 2.1.1. Women are clearly the main focus of this output, as most of its activities are targeting women. In order to achieve target number of women, it is advised that women organizations in pastoral communities are targeted. Finally, the outcome 2.2 seeks to diversify income-generating activities, which is expected to have a strong impact on women empowerment. Indeed, the activities suggested should reduce rural women's domestic workload through labour-saving technologies. By reducing women's workload, the project will empower the women beneficiaries in achieving a more equitable balance in workload and in the sharing of economic and social benefits.

3.2.7 Furthermore, additional indicators not mentioned in the logical framework, such as the number of management committees, access to education for girls, access to land and credit opportunities, access to smart seeds and crops and access to equipment could be added or at least considered.

Involuntary resettlement

3.2.8 The implementation of this project does not imply any involuntary resettlement or limiting access to natural resources.

IV. IMPLEMENTATION

4.1 Implementation arrangements

4.1.1 For Somalia, all fiduciary responsibilities will be handled by IGAD's Fund Management Unit (FMU) that is implementing the DRSLP II in coordination with the Bank. To this end, a tri-partite Protocol of agreement will be signed between the Bank, IGAD and the Federal Government of Somalia (FGS) to describe in detail the implementing arrangements. IGAD's capacity has been strengthened through the establishment of the FMU to implement the DRSLP II in Somalia and Sudan. The FMU is composed of a Coordinator, an Accountant, a Procurement Expert, and an Administrative assistant. The FMU has gained experience and knowledge through the management of the on-going DRSLP II and the coordination of the several interventions in the country. However, in order to match the anticipated additional workload (given that FMU is handling the DRSLP II – Somalia and Sudan projects and the recently approved STRERP) and also improve the quality of reporting within the FMU, a dedicated Project Technical Team (PTT) will be recruited competitively from the region composed of a Team Leader with expertise in Climate Change Adaptation and project management and four Experts (an expert in Adaptation to Climate Change, an expert in M&E and Community Mobilization, an Accountant and a procurement specialist). The PTT will be responsible for the day to day supervision of project activities in Somalia and will report to the FMU. On the ground activities will be implemented through focal points in the line Ministries (Ministry of Environment and Ministry of Agriculture / Livestock in South Central Somalia, Puntland and Somaliland). The IGAD will be responsible for the recruitment process of RLACC II PTT. The choice of the FMU-IGAD as a partner in managing the RLACC II, came from the fact that the IGAD through the FMU is coordinating the DRSLP in Somalia and for which RLACC II is a supplementary funding and therefore overall coordination and synergy will be ensured with the involvement of the FMU. The RLACC II will make the provisions needed for the key operating expenses at the IGAD Secretariat. Considering the multinational dimension of RLACC II, the FMU-IGAD will assist the implementation units in the sense of mobilizing and disseminate the M&E data through the regional platform already set up by the IGAD to make it accessible to the RLACC I and II participating countries, the Horn of Africa region and the Drought Resilience Knowledge Community at large. In each State, National Project Steering Committee will provide strategic direction (policy guidance and review of project progress) and approve annual work plans and budget of the project. It will also examine the various project activities, through inputs provided by the FMU/PTT. It is chaired by the Ministry of Environment, and consists of representatives of the Federal Government of Somalia and of the established autonomous States'

Governments (including representatives from other ministries, etc.), the civil society and other relevant stakeholders.

4.1.2 In Sudan, the Executing Agency is the Higher Council for Environment and Natural Resources (HCENR) - Ministry of Environment. In order to guarantee a successful implementation of the project, a Project Implementation Unit (PIU) for RLCC II should be established with key experts (an Expert in Adaptation to Climate Change – National Coordinator, an Expert in M&E, an Expert in mobilization for Community-based Adaptation, a procurement specialist and an accountant). These experts will be nationals recruited competitively creating a light PIU to be housed in the Higher Council for Environment and Natural Resources (HCENR) - Ministry of Environment that will be responsible for the day-to-day implementation of the project activities, including fiduciary affairs. Three State Coordinators will need to be seconded by State Governments from ministries relevant to environment to facilitate implementation at State levels. For coordination purposes RLACC II PIU should work in harmony with the DRSLP coordination unit at federal and state levels. A National Project Steering Committee (PSC) will be established to provide strategic direction (policy guidance and review of project progresses) and approve annual work plans and budget of the project. The PSC will be chaired by the Ministry of Environment at federal level, and consists of representatives of ministries of Finance, Electricity and Water (represented by Drinking Water and Sanitation Unit), Animal Wealth, Agriculture and Forestry and representative of the three States government (White Nile, Gedaref and Kassala). The Project Coordinator will serve as the rapporteur for the PSC, which will examine the various project activities and represent the organ of key project decisions. As part of regional coordination responsibility in the drought resilience projects and initiatives, RLACC II PIU should grant the flow of M&E information to IGAD Secretariat (through the FMU) to enable coordination of the overall tracking of the agreed performance indicators in the region.

4.2 Procurement arrangements

All procurement of goods and works and acquisition of consulting services financed by the Bank will be in accordance with the Bank's Procurement Policy for Bank Group Funded Operations dated October 2015 as revised from time to time, using the relevant Bank Standard Bidding and Request for Proposals Documents. The summary procurement arrangements for the two countries is provided the table below. The detailed procurement arrangements for each country are given in their respective PARs.

Table 5: Procurement Arrangements (USD million)

Item Description	Amount (USD million)				
	NCB	Shortlist	Other *	NBF	Total
A. GOODS					
Vehicles			0.33		0.33
Equipment			0.94		0.94
Total Goods			1.27		1.27
B. WORKS					
Pilot Farms	0.70				0.70
Hafirs and boreholes	2.29		0.45	0.002407	2.74
Veterinary and health services	1.21		0.25		1.46
Nurseries for seeds	0.25		0.10		0.35
Total Works	4.45		0.80	0.002407	5.25
C. SERVICES					
Training			2.66		2.66
Technical Assistance		0.42			0.42
Studies		0.27	0.06		0.33
Audit		0.42			0.42
Surveys		0.23			0.23
Consultancy (Individual)		0.36	0.13		0.49
Consultancy (Firm)		0.11	0.10		0.21
Total Services		1.81	2.95		4.76
D. OPERATIONAL COSTS			2.13	1.51	3.64
Contingencies	0.75	0.39	0.70	0.30	2.14
Total	5.20	2.20	7.85	1.81	17.06

* Includes Shopping, recruitment of individual consultant and use of approved Government procedures

4.3 Financial Management Arrangements and Disbursement

4.3.1 The financial management (FM) operations of the Sudan component of the Project will be carried out under the overall direction of the Accounting Officer of the Ministry of Environment, the Executing Agency (EA). The financial transactions of the project will be initiated, processed, recorded and reported in accordance with the country's Financial and Accounting Act (2007), and the Financial and Accounting Regulations (2011) as well as the Bank's FM Guidelines. To facilitate FM in the project, a local professional Accountant with relevant qualifications and level of experience acceptable to the Bank including proficiency in English, will be competitively recruited by the EA and will be part of the PIU that will be established prior to grant effectiveness.

4.3.2 In regard to the Somalia Component, the FM system (including budgeting, accounting, funds flow, internal controls, financial reporting and audit arrangements) that is being followed under DRLSP II will apply to the Project. The IGAD Secretariat, through the existing Fund Management Unit (FMU) will be responsible for the FM and will be carried out in accordance with the recently developed DRLSP FM Manual and the Bank's FM Guidelines. The FM capacity within the FMU will benefit from the recruitment of a project dedicated accountant in the RLACC II PTT, with qualifications and experience acceptable to the Bank.

4.3.3 The PIU (for the Sudan) and the FMU (for the Somalia component) will be responsible for accounting, reporting, funds flow, banking arrangements, internal controls and audit arrangements and reporting for the activities carried out at both the federal and state levels. The PIU and FMU will be required to produce quarterly interim financial reports (IFRs) for the project, which will be submitted to the Bank no later than forty-five days after the end of each quarter. Annual Project specific financial statements (PFSs) will be prepared in accordance with the Generally Accepted

Accounting Principles (GAAP) in the Sudan and the IFRS (for the Somalia component) which will be submitted to the auditors within three (3) months following the closure of every financial year. The project audits for the Sudan component will be conducted by the National Audit Chamber (NAC), or a competitively recruited private audit firm to be appointed by NAC based on the Bank's Standard Audit Terms of Reference. In the case of the Somalia component, the audits will be carried out by private audit firm to be appointed by IGAD, based on the Bank's Standard Audit Terms of Reference. The audit reports, complete with a Management Letters, will be submitted to the Bank not later than six months after the end of the financial year. The cost of the audits will be paid from the respective grants, if carried out by private audit firms.

4.3.4 In regard to disbursements under the Somalia Grant, resources will be disbursed through the Intergovernmental Authority on Development Secretariat (IGAD). To this end, IGAD will be responsible for preparing and submitting disbursement requests to the Bank for payment. Transfer of funds the FGS and the participating States will follow the fund transfer system already in place under the DRLSP II and IGAD will retain the fiduciary responsibility for such transfer. On the other hand, the disbursements under the Grant to the Republic of Sudan will be under the responsibility of the Higher Council for Environment and Natural Resources (HCENR), the Executing Agency. The project will use mainly the direct payment and the Special Account methods for disbursements. The Bank's Disbursement Letter for each Grant shall be issued stipulating key disbursement procedures and practices. With regard to the SA method of disbursement, Government of Sudan and IGAD (as the Implementing Agency for Somalia) will each open a Project Special Account at the Central Bank (for the Sudan) or a commercial bank acceptable to the Bank (for IGAD) to receive funds. The opening of the Project Special Accounts will be a condition for the first disbursement of the Grants to the respective Recipients.

4.4 Governance

4.4.1 Somalia and Sudan, and at a wider level the HoA, have been affected by a chronic cycle of poverty, instability and conflict over natural resources. Challenges commonly faced by all the countries of the region are weak governance, conflict prevention, nomadic pastoralists, food security and resource sharing.

4.4.2 IGAD has become a central part of the political and security architecture of the HoA. It focuses particularly on regional governance and integration, through the promotion of responsible leadership at local, national and regional levels, and the introduction of anti-corruption measures; also on the efficient management of the natural resources, food security, border control and non-proliferation of small arms. The project integrates specific measures to mitigate governance risk to ensure that resources are used judiciously and for the purposes for which they are intended. In this regard, the project will provide assistance in procurement and financial management to the various executing agencies and Implementing Units. The project will coordinate its efforts with Bank and non-Bank ongoing interventions in the region dealing with capacity building of public institutions, CBOs, NGOs and IGAD, as well as recipient communities on which the project implementation depends. Indeed, the recipient communities' appropriation of the project are essential to its implementation and its dynamic in time. It is also considered that the project will evolve throughout time by being in contact with communities. Their solicitation, mobilization and engagement is therefore essential right from the start of the project.

4.5 Sustainability

4.5.1 During the project preparatory stages, the choice of rangeland rehabilitation, veterinary, and water infrastructures and capacity building were the results of a consensus over technical discussions held during the project identification, preparation and appraisal stages. The project activities are community-driven and government facilitated. The beneficiaries, men and women, have been consulted all along the design process

of the project. Their continued involvement at implementation and monitoring of project progress and achievements will increase the sense of ownership and responsibility, and will lead to the sustainability of the investments. Cost sharing and cost recovery mechanisms will be taught to the target communities and used whenever possible to further promote investment sustainability. Communities will also be responsible for the management and maintenance of the constructed/rehabilitated infrastructure. To this end, communities' sensitization and mobilization campaigns will be conducted from the onset of the project implementation.

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

4.5.3 The LDCF program will be complementary to the DRSLP by mainstreaming climate change adaptation into its capacity-building component. In order to achieve this, the LDCF program will mobilize communities and strengthen their capacity to ensure sustainable implementation and management of infrastructure. This complementarity between the DRSLP and the LDCF programs where the former will focus on primary infrastructure and the latter on its sustainable operation and management with a focus on integrating climate change will ensure the sustainability of the overall intervention.

4.5.4 Lastly, as the project's implementation is based on numerous preparatory stages and lessons learned from other programs or projects done in both countries, the project deliverables should outlive the initial phase due to the engaged mobilization efforts at grass root level (communities) and the sustained commitment of the trained policy makers to project objectives and approaches. Given, the limited opportunities for work in the country, it is expected that the trained personnel and staff in the government will remain even after the project is completed. This provides an additional comfort to the sustainability concerns.

4.6 Risk Management

Table 6: Project Risks and Mitigation Measures

Risks	Mitigation measures
Sectoral development policies and programs promote the settlement of migratory pastoralist, affecting negatively pastoralist adaptation strategies	Training and policy development will have an integrated approach, highlighting the interaction of multiple dimensions, and emphasizing the migratory issue. Diversification of livelihoods of pastoralist and agro-pastoralists communities must be promoted as a coping measure.
The cost of livestock-related infrastructure investment may become very high in relation to the very low sedentary livestock inventory due to high seasonal mobility of pastoral groups.	<p>The siting of infrastructure will be planned along the corridors so that it also caters for the needs of the transhumant pastoralists.</p> <p>Investments will have long-term positive impacts on sedentary and transhumant pastoralists. Both groups will be sensitized to share the maintenance load of infrastructure as they also share their benefits.</p> <p>The design of the infrastructure will be made simple so that the maintenance cost will be kept at a reasonable level.</p>
Poor coordination and cooperation among key national institutions dealing with pastoralists and agro-pastoralists issues	Training and coordination of stakeholders on this issue in order to foster coordination and cooperation

Risks	Mitigation measures
Conflict between pastoralists and sedentary farmers as well as among different pastoral groups	Promotion of dialogue and conflict resolution mechanisms with a community, regional or national-level approach, in order to broaden perspective and visions.
Inadequate acknowledgement of the role of the civil society and CBOs by national and local governments	Training and sensitization of officials on the importance of civil society and CBOs during the resilience-building process.

4.7. Knowledge building

Working with the Executing Agencies and the Implementation Units, IGAD will be in charge of mobilizing and sharing knowledge product elaborated across countries to foster efficiency and improve implementation. The Project Implementation Unit, which carries out the day-to-day implementation of the project's activities, will be responsible for the mainstreaming of relevant information provided through the IGAD and providing the coordination agency with knowledge products. At the wider level, this should result in dynamic and structured flows of information and knowledge between projects and within the RLACC program in the Horn of Africa.

V. LEGAL INSTRUMENTS AND AUTHORITY

5.1 Legal Instruments

The legal instruments governing this Project will be: (a) a Tripartite Protocol of Agreement between the Federal Republic of Somalia, the Intergovernmental Authority on Development (IGAD) and the Bank and the Fund, in their capacities as an administrator of the GEF; and a Protocol of Agreement between the Republic of The Sudan and the Bank and the Fund, in their capacities as an administrator of the GEF.

5.2 Conditions associated with the Fund and the Bank's Intervention

- 5.2.1 Entry into Force: Conditions Precedent to Entry into Force of the Grant: The respective Protocols of Agreement shall enter into force on the date of their signature.
- 5.2.2 Disbursement: The obligation of the Bank and Fund to make the first disbursement of the Grants to the respective Recipients shall be conditional upon the entry into force of the respective Protocols of Agreement.
- 5.2.3 Undertakings: The Recipients of the Grants shall undertake to respectively open a Special Account denominated in foreign currency and a local currency account at a bank acceptable to the Fund and Bank to receive the respective Grants.

5.3 Compliance with Bank Policies

This project complies with all applicable Bank policies.

VI. RECOMMENDATION

Management recommends that the Boards of Directors approve the implementation, of the proposed GEF supplementary grant financing of USD 7,082,407 to the Republic of Sudan and USD 9,985,185 to the Federal Republic of Somalia for the purposes and subject to the conditions stipulated in this report.

Annex 1: CEO Endorsement Letter of the full size project Somalia



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Naoko Ishii
CEO and Chairperson

December 13, 2016

Mr. Mahamat Assouyouli
GEF Coordinator
African Development Bank
01 B.P. 1387 Abidjan
Cote D'Ivoire

Dear Mr. Assouyouli:

I am pleased to inform you that I have endorsed the full-sized project proposal detailed below:

Decision Sought:	CEO Endorsement of Sub-Project under a Program
GEFSEC ID:	9488
Agency(ies):	AfDB
Focal Area:	Climate Change
Project Type:	Full-Sized Project
Country(ies):	Somalia
Name of Project:	Rural Livelihoods' adaptation to climate change in the Horn of Africa - Phase II (RLACC II)
Parent Program:	Regional: Rural Livelihoods's Adaptation to Climate Change in the Horn of Africa -Phase II (RLACC II)
GEF Project Grant:	\$9,985,185
Agency Fee:	\$798,815
Funding Source:	Least Developed Countries Fund

I am endorsing this project on the understanding that the GEF Agency will have its internal approval of the project no later than four months after the CEO endorsement.

This endorsement is subject to the comments made by the GEF Secretariat in the attached document. It is also based on the understanding that the project is in conformity with LDCF focal areas strategies and in line with GEF/LDCF policies and procedures.

Sincerely,

Naoko Ishii
Chief Executive Officer and Chairperson

Attachment: GEFSEC Project Review Document
Copy to: Country Operational Focal Point, GEF Agencies, STAP, Trustee

1818 H Street, NW □ Washington, DC 20433 □ USA
Tel: +1 (202) 473 3202 - Fax: +1 (202) 522 3240
E-mail: gefceo@thegef.org
www.thegef.org

Annex 2: CEO Endorsement Letter of the full size project Sudan



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Naoko Ishii
CEO and Chairperson

March 29, 2017

Mr. Mahamat Assouyouli
GEF Coordinator
African Development Bank
01 B.P. 1387 Abidjan
Cote D'Ivoire

Dear Mr. Assouyouli:

I am pleased to inform you that I have endorsed the full-sized project proposal detailed below:

Decision Sought:	CEO Endorsement of Sub-Project under a Program
GEFSEC ID:	9501
Agency(ies):	AfDB
Focal Area:	Climate Change
Project Type:	Full-Sized Project
Country(ies):	Sudan
Name of Project:	Rural Livelihoods' Adaptation to Climate Change in the Horn of Africa - Phase II (RLACC II)
Parent Program:	Regional: Rural Livelihoods' Adaptation to Climate Change in the Horn of Africa -Phase II (RLACC II)
GEF Project Grant:	\$7,082,407
Agency Fee:	\$566,593
Funding Source:	Least Developed Countries Fund

Break-down of Indicative Agency Fee				
Agency	Trust Fund	Fees committed at Council Approval	Fees to be committed at CEO Endorsement	Total (US\$)
AfDB	LDCF	\$226,637	\$339,956	\$566,593

I am endorsing this project on the understanding that the GEF Agency will have its internal approval of the project no later than four months after the CEO endorsement.

1818 H Street, NW Washington, DC 20433 USA
Tel: +1 (202) 473 3202 - Fax: +1 (202) 522 3240
E-mail: gefceo@thegef.org
www.thegef.org

Annex 3: Ongoing Bank portfolio in Somalia at June 2017

Project Title	Approval	Effectiveness	Closing	Age (yrs)	Amount (UA)	Disb. Ratio
Economic and Financial Governance Institutional Support Project	Dec-13	Apr-14	Jun-18	3.8	2,500,000	84.4
Water Resources Management and Investment Plan	Oct-14	Oct-15	Mar-18	3.0	2,498,917	17.2
Somalia-DRSLP II	Nov-14	Jul-15	Dec-20	2.8	15,000,000	7.2
Institutional Support to Financial Governance in Somalia	Jun-15	Jul-15	Dec-18	2.3	1,225,275	18.2
Socio-Economic Re-Integration of Youth at Risk	Jan-16	May-16	Dec-17	1.6	3,000,000	39.9
Water Infrastructure Development for Resilience in Somaliland	Jun-16	Oct-16	Mar-20	1.2	5,498,917	11.5
Somalia National Statistical Capacity Building Project	Oct-16	Feb-2017	Dec-20	0.9	1,200,000	-
Improving Access to Water and Sanitation in Rural Somalia	Nov-16	Feb-17	Dec-20	0.8	7,589,000	19.1
Strengthening Institutions for Public Works	Nov-16	Mar-17	Dec-19	0.8	5,500,000	19
Say No to Famine: Short Term Regional Emergency Response Project	Jul-17	-	Dec-19	0.2	25,000,000	-
Total					69,012,109	

Comments

The Bank's current active portfolio (approved and ongoing operations), as shown in the table above, comprises 10 projects of which 8 are national and 2 are regional, for a total commitment of UA 69.01m. In terms of sectoral distribution, the agriculture sector has the largest allocation, amounting to UA 40m (58%), followed by the water and sanitation sector at UA 15.6m (23%), social sector at UA 8.5m (12%), and multisector at UA 4.9m (7%). The portfolio's average age is about 1 year, with an average disbursement rate of 24%.

Major portfolio implementation challenges in Somalia include: (i) Political instability and frequent Cabinet reshuffles; (ii) Weak capacity at national level to implement projects and lack of knowledge of the Bank's rules, procedures and regulations; (iii) Insecurity that makes it difficult for regular supervision missions and limits access to clients; and (iv) Continued concerns (by the Bank and development partners) with the transparency, ability and legitimacy of *Public Financial Management* (PFM) systems in the Federal Government of Somalia, which has created delays in the start-up and implementation of projects.

In order to improve project implementation, the Bank is progressively introducing the following remedial measures: continual training of Somali Government counterparts on Bank operating rules and procedures (e.g. launching workshop for the Public Works project including a day of training on disbursement requests, and project financial management and reporting); using third parties to implement and monitor projects, especially in areas where Bank staff have limited access; and conducting regular project supervision missions.

Annex 4: Ongoing Bank portfolio in Sudan at June 2017

Project Name	Window	Approval Date	Disburs. Deadline	Amount Approved (UA)	Amount Disbursed (UA)	Disburs. Rate (%)	Out-standing Issues
Darfur Water Project for Peace & Conflict Resolution	African Water Facility (ADF-AWF)	24.5.12	31.12.16	3,000,000	2,760,000	92.0%	The project has disbursed 92%. The PCU has submitted a request for last tranche of disbursement. The investment plan has been finalized and its dissemination is planned for in Q3 of 2017.
Technical Assistance to Full Poverty Reduction Strategy Paper	Transition Support Facility	16.06.13	30.06.15	1,973,285	1,973,285	100%	Project is 100% disbursed. The Project experienced initial problems due to delays in receiving funds from the Bank due to the US sanction in Sudan. Progress is being made to finalize the full PRSP through consultations and donor coordination activities.
University of Nyala Livestock Project.	Korean Technical Cooperation Trust Fund	21.05.13	21.05.16	331,333.33	331,333.33	100%	Project is 100% disbursed and the PCU is currently undertaking project completion activities.
Technical Capacity Building for Public Finance and Macroeconomic Management Project	Transition Support Facility Pillar 1 Resources	06.12.13	05.12.18	22,190,000	976,360	7.7%	The project is currently 7.7% disbursed. The pace of implementation has accelerated and several procurement activities have been done. Progress made to overcome difficulties encountered in obtaining IT software and equipment due to US sanctions on Sudan. Procurement has been slow due to the size and technical nature of the goods and services sought that require careful scrutiny.
African Legal Support Facility (ALSF)	ALSF	09.03.14	30.12.17	651,856.49	100,000	15.36	The Project has now disbursed 15.4% through direct payment to the legal firm engaged to support the Government in litigation cases pending against it.
Drought Resilience and Sustainable Livelihood Programme Phase II	TSF/RO	14.11.14	31.12.20	20,000,000	1,940,000	9.70	Project is 9.7% disbursed. The PCU is on board and implementation activities have started.
Building Capacity for Inclusive Service Delivery	50% of PBA	02.03.15	30.06.20	27,990,000	163,385.18	3.89	The Project is 1% disbursed and progress made in engaging the Internal Labour Organization (ILO) to support the national health insurance activity. Plans are underway to undertake detailed assessment of rehabilitation needs by site, developing work plans, preparing bill of quantities, and bidding documents.
Drought Resilience and Sustainable Livelihood Programme Phase III	TSF/RO	14.11.15	31.12.20	10,000,000	520,000	5.20	The project has now disbursed 5.2% and procurement activities has been revamped by addition of more procurement staff to the project by the government. Also the rehabilitation of hafirs and hand dug wells has started in the three states.
Capacity Building for Improved Quality of Education and	TSF Pillar 1	14.05.15	30.05.20	15,000,000	570,000	3.80%	The project is 3.8% disbursed. The PCU is on board and implementation activities initiated. Supervision mission undertaken in Q2 of 2017.

Skills Development							
Water Sector Reform Project	TSF Pillar 1	10.07.15	30.07.20	15,000,000	480,000	3.2%	The project has disbursed 3.2%. The PCU is already on board. The procurement process has been initiated for consultancy services to prepare sector assessment and also for consultancy services to supervise works.
Capacity Building for Enhanced Gender Participation in Peace Building and Economic Activities	TSF Pillar III	02.02.16	30.02.21	3,200,000.00	1,280,000	40.00	The project has disbursed 40% and most procurement activities are being finalized. The PPP workshop was conducted in May 2017 and a consulting firm has been selected to train women in agriculture in farmer field schools located in Darfur, Blue Nile and South Kordofan states.
Enable Youth Program	TSF Pillar 1	28.11.16	28.11.21	20,960,000	1,330,000	6.34	The project has disbursed 6.34% and progress has been made in conducting assessment of the incubation centers by IITA. Most of the procurement activities are at advanced stage.
Total				140,866,479.8	12,424,363.5	8.82%	

Comments

During the second quarter of 2017, the Bank had twelve ongoing operations with a total commitment of about UA 141 million. This comprises agriculture and drought resilience (36%), technical assistance and capacity building in the social sectors (33%), financial and economic governance (18%) and targeted operations in water and sanitation (13%). The portfolio is concentrated in economic governance, and capacity building and targeted operations in the social sectors (64%), which conform to core priorities of the Transition Support Facility (TSF), the main source of financing Bank operations in Sudan. In 2016, the portfolio performance was assessed as satisfactory, with an overall rating of 3 on a scale of 1-4. The Country Portfolio Performance Report (CPPR) was presented to CODE on March 2017 as a combined document with the Completion Report of the CB 2014-2016.

Annex 5: Fragility assessment

The Horn of Africa Region is highly arid and has experienced substantial degradation from man-made activities. Many of these areas are geographically remote and lack of adequate infrastructure and often do not have sufficient social service provision such as extension services. This, combined with climatic changes, induces cyclical droughts and even famines as well as chronic food insecurity. Loss of harvests and livestock, severely affect livelihoods, and further entrench the economic marginalization of vulnerable groups. The effects are often massive displacements, or conflicts at intercommunal levels over natural resources including water and pasture, during periods of severe crisis. The project being implemented in Sudan and Somalia responds to these fragility risks as outlined in the matrix below.

Project Design Responsiveness to Fragility Risks

Key areas of the Project linked to Addressing Fragility and Building Resilience		
Fragility Risk	Downside risks	Proposed Project interventions to address fragility and Resilience
High levels of land degradation, exacerbated by rising populations, land overuse, removal of forest cover, and climate variability arising from changing global climatic conditions.	High levels of degradation may lead to higher competition over resources, reducing social cohesion, generating conflict and community displacements.	Component 1: Improving pastoral and agro-pastoral communities' adaptive capacity and the resilience of their livelihoods to climate change in targeted areas.
Droughts leading to crop failure and livestock depletion.	High levels of degradation may lead to higher competition over resources, reducing social cohesion, generating conflict and community displacements.	Component 2. Improve the sustainability of pastoral and agro-pastoral communities through adaptation practices developed and implemented to respond to specific climate-change induced stress in the livestock sector in ASALs ecosystems. Reducing vulnerabilities to climate change hazards for targeted pastoral and agro-pastoral communities Diversification of income-generating adaptive activities in order to lessen targeted pastoral and agro-pastoral communities' vulnerabilities

Key areas of the Project linked to Addressing Fragility and Building Resilience		
Fragility Risk	Downside risks	Proposed Project interventions to address fragility and Resilience
Unexpected displacement/ migrations and refugee flows to project implementation areas	Disruption of livelihoods in displaced groups as well as the receiving communities.	Component 3: Knowledge and M&E activities : Coordination with other agencies especially with those in the humanitarian sector to identify risks to communities and implementation in advance and in order to respond quickly and in a flexible manner
Worsen intercommunal conflict particularly between herding and farming communities.	Disruption of livelihoods in among both the farming and herding communities.	Component 2. Diversification of income-generating adaptive activities in order to lessen targeted pastoral and agro-pastoral communities' vulnerabilities and competition over resources