Report Number: ICRR0024386

1. Project Data

Project ID	Project Name	
P152822	HOA: Support to FD Impacts	
Country	**Practice Area(Lead)**	
Eastern and Southern Africa	Social Sustainability and Inclusion	
L/C/TF Number(s)	**Closing Date (Original)**	**Total Project Cost (USD)**
IDA-58210,IDA-58320,IDA-58330,IDA-66660,IDA-D1200,IDA-D4210	31-Dec-2021	329,212,509.19
Bank Approval Date	**Closing Date (Actual)**	
31-May-2016	30-Jun-2024	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	175,000,000.00	0.00
Revised Commitment	329,999,866.84	0.00
Actual	329,324,973.36	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
Maria Shkaratan	Fernando Manibog	Avjeet Singh	IEGSD (Unit 4)

Project ID	Project Name	
P164101	Uganda Support to FD Impacts (P164101)	
Country	**Practice Area(Lead)**	
Uganda	Social Sustainability and Inclusion	
L/C/TF Number(s)	**Closing Date (Original)**	**Total Project Cost (USD)**
		0

Bank Approval Date
17-Apr-2019

Closing Date (Actual)

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	0.00	0.00
Revised Commitment	0.00	0.00
Actual	0.00	0.00

Project ID
P171409

Project Name
DJ: DRDIP in the HOA (P171409)

Country
Djibouti

Practice Area(Lead)
Social Sustainability and Inclusion

L/C/TF Number(s)

Closing Date (Original)

Total Project Cost (USD)
0

Bank Approval Date
29-May-2020

Closing Date (Actual)

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	0.00	0.00
Revised Commitment	0.00	0.00
Actual	0.00	0.00

2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) was “to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in Targeted Areas of the Recipient territory” (Financing Agreement, page 6). The PDO was stated almost identically in the Project Appraisal Document (PAD), with a clarification regarding recipient territories, as follows: “to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the targeted areas of Djibouti, Ethiopia, and Uganda". (PAD, page viii)

The PDO was not revised.

For the purposes of this ICR review, the objective will be assessed as follows:

PDO 1: To improve access to basic social services for communities hosting refugees in the targeted areas of Djibouti, Ethiopia, and Uganda.

PDO 2: To expand economic opportunities for communities hosting refugees in the targeted areas of Djibouti, Ethiopia, and Uganda.

PDO 3: To enhance environmental management for communities hosting refugees in the targeted areas of Djibouti, Ethiopia, and Uganda.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

29-May-2020

c. Will a split evaluation be undertaken?

No

d. Components

Context: The Project was part of a regional operation in the Horn of Africa (HOA) and constituted Phase 1, which was followed by Phase 2 operation in Kenya. The Project used a community driven development (CDD) approach, supporting grassroots institutions, inclusive decision-making, social cohesion, and local government capacity building in relation to service delivery.

Component 1: *Social and Economic Services and Infrastructure* (cost at appraisal: US$85.0 million; actual cost: US$171.0 million) would aim at improving access to basic services and service-delivery capacity of subnational and local governments.

Sub-component 1.a. *Community Investment Fund* would finance investment funds, which, combined with community contributions, would fund infrastructure sub-projects, improving access to basic services. Under the CDD approach, communities would identify, prioritize, implement, and monitor the sub-projects.

Sub-component 1.b. *Capacity Support for Local Planning and Decentralized Service Delivery* would support capacity building of local governments in community-driven planning, local development, service delivery, and the integration of Project interventions into planning and budgeting. It would also coordinate local stakeholders and promote community learning.

Component 2 ***Sustainable Environmental Management*** (**cost at appraisal: US$33.6 million; actual cost: US$65.6 million)** would aim to address environmental impacts of protracted refugee presence.

Sub-component 2.a. ***Integrated Natural Resources Management*** would aim to reverse the degradation of ecosystems through such interventions as soil and stone bunds, artificial waterways, gully rehabilitation, terraces, and tree planting. Activity selection would follow the CDD approach, and labor-intensive public work (LIPW) would be used, while integrating women in the work and as beneficiaries.

Sub-component 2.b. ***Access to Energy*** would finance the provision of improved cooking devices, solar lanterns and lamps, and extending grid connections when possible.

Component 3 ***Livelihoods Program*** **(cost at appraisal: US$36.85 million; actual cost: US$57.9 million)** would aim to improve livelihoods and increase incomes of host communities by enhancing the productivity of both agricultural and non-agricultural (such as small businesses and services) livelihoods and strengthening community resilience.

Subcomponent 3.a. ***Support to Traditional and Non-Traditional Livelihoods*** would enhance productivity of agriculture and fisheries and increase incomes, employment, and self-reliance of refugees. A process-driven approach would be used, with three phases: (i) preparatory; (ii) livelihood business plan an subproject preparation; and (iii) subproject implementation, mentoring, and commissioning.

Subcomponent 3.b ***Capacity Building of Community-Based Organizations for Livelihoods*** would support the establishment of community institutions, including farmer organizations, cooperatives, and common-interest groups. Members would be trained in management, savings, financial management, and bookkeeping. This activity would be implemented by local technical committees and/or facilitators.

Component 4 ***Project Management, Monitoring and Evaluation (M&E), and Knowledge Sharing*** **(cost at appraisal: US$14.55 million; actual cost: US$30.6 million)** would support Project management.

Component 5 ***Regional Support for Coordination, Capacity and Knowledge*** **(cost at appraisal: US$5.0 million; actual cost: US$5.0 million)** would support the establishment of the Regional Secretariat on Forced Displacement and Mixed Migration (RSFDMM), primarily for the HoA, but with linkages to the Great Lakes Initiative. The RSFDMM would share the HoA approach, facilitate knowledge creation, and promote a better understanding of the nexus of socioeconomic development, forced displacement, and mixed migration in the HOA by commissioning studies. It would be anchored in the Intergovernmental Authority on Development (IGAD).

Revised Components:

New subcomponents were added at Restructuring 2 (Additional Financing 1) in April 2019:

Subcomponent 1.3 ***Displacement Crisis Response Mechanism (DCRM)*** would support a mechanism for rapidly scaling up assistance to communities affected by a refugee influx to expand education, health, and water supply services.

Subcomponent 4.1 ***Strengthened Transparency, Accountability, and Anti-Corruption Mechanisms (TAAC)*** would contribute to increasing transparency and accountability in public service delivery in Project areas.

Subcomponent 4.3 ***Policy Support*** would facilitate refugee policy formulation and dissemination, addressing fragmentation across government entities and strengthening coordination with humanitarian and development actors. It would promote an integrated approach to service delivery in both host and refugee communities in the medium and long term.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The appraisal estimate was US$175.0 million, while the actual disbursement amounted to US$329.2 million. The US$155.0 million discrepancy is due to two additional financing (AF) contributions amounting to US$155.0 million, which increased the total financing to US$330.0 million, the undisbursed amount of US$0.35 million, and the exchange rate fluctuations responsible for the remaining difference of US$0.45 million.

Project Financing: At appraisal, the Project was financed by a US$170.0 million IDA credit (including US$20.0 million to Djibouti; US$100.0 million to Ethiopia; and US$50.0 million to Uganda) and a US$5.0 million IDA grant to IGAD; the actual disbursement at closure was US$168.51 million and US$4.97 million, correspondingly. AF in the form of an IDA grant of US$150.0 million was provided to Uganda in April 2019; the actual disbursement at closure was US$151.16 million. Another AF in the form of an IDA credit of US$10.0 million was provided to Djibouti in May 2020; it was later revised to US$5.0 million; and the actual disbursement was US$4.57 million. Taken together, the IDA credit, the IDA grant, and the AF1 grant, and the AF2 credit amounted to a total actual disbursement of US$329.2 million.

Borrower/Recipient contribution: There was no Borrower's contribution.

Project Dates: The Project was approved on May 31, 2016, and became effective two months later, on July 20, 2016. The mid-term review (MTR) was planned for June 30, 2019, and it was concluded on September 16, 2019. The Project was restructured 10 times, and two of the restructurings involved additional financing (AF). The original closing date was December 31, 2021. The Project was extended by a total of two years and six months (or 30 months), to June 30, 2024 (the actual closing date), due to two AFs, challenging external factors, and delays in activity completion due to internal factors, mainly related to limited implementing capacity.

Restructurings involved: additional financing; increases in the Project's scale and RF targets; reallocation of financing across disbursement categories; and several closing date extensions. There was no decrease in the Project scope.

Restructuring 1 (February 13, 2018) was to revise the Uganda interventions. It added seven refugee hosting districts to the target area, increasing the Results Framework (RF) targets accordingly.

Restructuring 2 (AF, April 17, 2019) was to provide additional US$150.0 million to Uganda though an IDA grant, to respond to the increased number of refugees. The main changes were:

- Scaling up original activities and correspondingly increasing RF targets for five out of six PDO indicators and most intermediate results indicators (IRIs);
- Adding three new subcomponents: (i) a Displacement Crisis Response Mechanism (DCRM), for contingency funds for rapid responses; (ii) a Transparency, Accountability, and Anti-Corruption (TAAC) in Project areas; and (iii) Policy Support to an integrated approach to service delivery in both host and refugee communities and improved coordination of related actions.
- Integrating a new cross-cutting approach to managing social risks, such as community violence and conflict, gender-based violence (GBV), and violence against children (VAC), including: (i) mitigating risks through peace building and cohesion between host and refugee communities; (ii) integrating GBV and VAC prevention into activities; (iii) VAC-related capacity building for Project staff.
- Extending the closing date for Uganda for 24 months (two years), from December 31, 2021, to December 31, 2023.

Restructuring 3 (AF, May 29, 2020) was to provide additional US$10 million to Djibouti through an IDA credit, to meet additional needs of communities in the Project areas. The main changes were:

- Scaling up original activities and correspondingly increasing RF indicator targets;
- Adding Component 6 as a Contingent Emergency Response Component (CERC).

Restructuring 4 (September 1, 2021) was to extend the closing date for Ethiopia from December 31, 2021, to December 30, 2022, due to the impacts of COVID-19, flooding, locust infestation, and localized conflicts in the country.

Restructuring 5 (December 9, 2021) was to extend the closing date for Djibouti from December 31, 2021, to June 30, 2023, and for the IGAD component from December 31, 2021, to December 31, 2022, to allow time to complete the activities.

Restructuring 6 (December 21, 2022) was to extend the closing date for the IGAD component from December 31, 2022, to September 30, 2023, to allow time to complete the activities.

Restructuring 7 (July 6, 2023) was for Djibouti, to reallocate financing across disbursement categories.

Restructuring 8 (December 14, 2023) was to extend the closing date for Djibouti from December 31, 2023, to March 31, 2024, to allow time to complete the ongoing subprojects.

Restructuring 9 (December 20, 2023) was to update the RF and extend the closing date, as follows:

- Updating the RF targets to correct three typos in the AF1 Restructuring Paper (Uganda) and to account for the AF2 scale-up (Djibouti).
- Extending the closing date for Uganda from December 31, 2023, to June 30, 2024, to allow time to complete the ongoing subprojects.

Restructuring 10 (March 29, 2024) was to extend the closing date for Djibouti from March 31, 2024, to June 30, 2024, and for Ethiopia from December 2022 to June 2024, to allow time to complete the activities.

Split evaluation and RF targets used in efficacy analysis. A split evaluation is not necessary, as there was no decrease in the Project scope. The first three restructurings expanded the Project's scope and raised the RF targets. Therefore, Project efficacy will be assessed based on the RF targets as of

Restructuring 3 (May 2020). Note that typos and inconsistencies in the RF targets in the AF Restructuring Papers were corrected during Restructuring 9 (December 2023), and this evaluation will use the corrected numbers.

3. Relevance of Objectives

Rationale

Country and Sector Context. The Horn of Africa (HoA) region, with a population of 242 million people, includes eight countries: Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, and Uganda. HOA faces persistent development challenges, including endemic conflict, marginalization, poverty, insecurity, environmental degradation, imbalanced service provision, increasing competition for scarce natural resources, and frequent droughts and floods. Displacement has been a long-standing issue, starting in Uganda in1959. At the time of the Project appraisal, HOA countries were hosting 6.5 million internally displaced persons (IDPs) and three million refugees. The three Project countries – Ethiopia, Uganda, and Djibouti – had 1.25 million refugees. Ethiopia had the largest number of refugees in Africa, followed by Uganda. Djibouti served as a key transit route for migrants from HOA countries heading to the Middle East and Europe. This situation posed challenges for host countries in providing basic services and economic opportunities. The Project was designed to support the resilience and coping capacity of host communities affected by the prolonged presence of refugees, while also enhancing refugee self-reliance and inclusion. (ICR, pages 1, 7-8)

Relevance to Regional Strategies at closure. During Project implementation, the refugee population in the three Project countries doubled, reaching 2.5 million people or about 10 percent of the HOA region's entire population. This made the Project's long-term objectives of reducing pressure on host countries, enhancing refugee self-reliance, and promoting social cohesion even more relevant at closure than at appraisal. At closure, the Project was aligned with the international framework Global Compact on Refugees (GCR), affirmed by the United Nations (UN) General Assembly in December 2018, specifically in relation to two key response areas: (i) easing pressure on host countries, and (ii) enhancing refugee self-reliance. The Project was also aligned with (and contributed to the development of) progressive forced displacement policies in the HoA through the IGAD-led Nairobi Process (a series of initiatives addressing forced displacement). These initiatives included the 2017 Nairobi Action Plan, a regional application of the GCR, which treats refugee displacement as a development challenge rather than just a humanitarian crisis. The Project further aligned with the IGAD's 2021-25 Regional Strategy Framework, issued in 2020, particularly Pillar 3 "Social Development", Program Areas 3.2 "Migration and Displacement", aiming at durable solutions for affected populations and the protection of migrants, and 3.4 "Employment", promoting access to employment opportunities.

Relevance to the WBG's Assistance Strategies at closure. At closing, the Project was aligned with the Country Partnership Frameworks (CPFs) for the three Project countries. For Djibouti, it aligned with the CPF FY2022-2026, specifically, with Pillar 1 on inclusive private sector-led growth, job creation, and human capital; Pillar 2 on strengthening state capacity building; and the emphasis on gender parity and support to good governance, both of which were priorities for the Project. For Ethiopia, the Project aligned with the CPF FY2018-22, Pillar 2 of building resilience and inclusiveness, and draft CPF FY2024-28, areas of enhancing social inclusion and resilience and increasing productivity in rural and urban economies. In Uganda, it aligned with the CPF 2016-21, Objective 4 to enhance resilience of the poor and vulnerable, particularly to ease pressures on host communities caused by forced displacement; reiterated in the Performance and Learning Review (PLR) of 2021. (ICR, page 8)

Previous sector experience. At Project approval, the global approach to forced displacement was shifting from short-term humanitarian responses to longer-term development strategies. The Comprehensive Refugee Response Framework, a global initiative, was adopted by the UN in September 2016, and the Global Compact on Refugees (GCR) was affirmed by the UN in December 2018. (ICR, page 1) Before these documents were published, the World Bank launched a pioneering Regional Initiative in Support of the HoA on October 23, 2014, aimed at addressing vulnerability, increasing resilience and economic opportunities, and promoting development in HoA countries. The initiative included a series of projects, starting with the reviewed one, and a regional study “Forced Displacement and Mixed Migration in the Horn of Africa”, completed in June 2015. Following the reviewed Project, the second HoA Regional Initiative project was prepared for Kenya (P161067, approved in FY2017). Other potential countries include South Sudan, Somalia, Sudan, and Eritrea.

The objectives were pitched at the correct level considering that the Project was part of a wider Bank program and aligned with a global initiative, adopted by the UN. The Project was responding to a priority need and aligned with the country’s and World Bank’s strategic objectives. The weak capacity was known at appraisal, and measures to address it were incorporated in the project's design through the inclusion of regional policy and institutional support (Component 5). Therefore, the Relevance of Objectives is rated as High.

Rating
High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1
Objective
To improve access to basic social services for communities hosting refugees in the targeted areas of Djibouti, Ethiopia, and Uganda.

Rationale
The theory of change (ToC) for the Project was not included in the PAD but was created for the ICR. It listed the Project activities, outputs, and outcomes for the three investment Objectives, as well as for the objective of developing enabling policy for regional response to forced displacement. Under Objective 1, the Project supported the following activities: (i) construction/rehabilitation of infrastructure through community funds; and (ii) capacity building for local service delivery. The expected output of these activities was the constructed social and economic infrastructure. The achievement of the output was expected to lead to the outcome of improved access to basic social services.

The ToC listed main inputs (activities), outputs, and PDO outcomes of the Project and provided a clear causality of the results chain from one level to the next: from inputs (activities) to outputs and then to the PDO outcomes. However, the ToC could have been further improved by illustrating interconnections within each level, specifically, across outputs. In addition, critical assumptions (conditions necessary for the result chains to function as intended) were missing.

Intermediate Results Indicators (IRI) results:

1. “Beneficiaries that feel Project investments reflected their needs, %”. The achievement at closure was 87 percent, against the target of 80 percent. *The target was exceeded*.

2. “Beneficiaries that feel Project investments reflected their needs - female, number”. The achievement at closure was 1,383,250 people, against the target of 1,470,885 people. *The target was 94.4 percent achieved (substantially achieved).*

3. “Beneficiaries that feel Project investments reflected their needs - male, number”. The achievement at closure was 1,276,846 people, against the target of 1,470,885 people. *The target was 87.1 percent achieved (substantially achieved).*

4. “Infrastructure investments for which local governments adopt recurrent budget allocations and/or operation and maintenance plans, %”. The achievement at closure was 99 percent, against the target of 80 percent. *The target was exceeded*.

5. “Financed subprojects that are functioning or delivering services to communities six months after completion, number”. The achievement at closure was 2,439 subprojects, against the target of 575 subprojects. *The target was significantly exceeded*.

PDO outcomes:

1. “Beneficiaries with access to social and economic services and infrastructure, number”. Monitored through beneficiary assessments and progress reports, the indicator tracked the number of people benefiting from the new infrastructure and services financed by the Project. The achievement at closure was 4,469,117 people, against the target of 4,259,245 people. *The target was exceeded*.

The ICR noted that the impact evaluation showed improved access to services in Project areas, including: (i) better school enrollment, attendance, and teacher retention, as well as reduced travel time and household expenditures; (ii) better access to health care, with reduced waiting times and costs; (iii) improved electricity access, resulting in upgrading hospital equipment and improved business operations. (ICR, page 9)

2. “Direct project beneficiaries, number”. Monitored through beneficiary assessments and progress reports, the indicator tracked the number of people who were directly provided with new infrastructure or services, such as new water connections or immunizations. The achievement at closure was 2,666,096 people, against the target of 2,182,648 people. *The target was exceeded. The gender specific sub-target for “Female beneficiaries, %” was also exceeded,* with 52 percent achieved compared to the target of 50 percent.

3. “Direct beneficiaries of the project (refugees), Uganda only, number”. The achievement at closure was 378,790 people, against the target of 396,133 people. *The target was 95.6 percent achieved (almost fully*

achieved). The gender specific sub-target for “Female refugee beneficiaries, Uganda only, %” *was substantially achieved, at 93 percent of the target*.

4. “Number of households benefiting from displacement crisis response mechanism activities, Uganda only”. The achievement at closure was 30,210 people, against the target of 31,469 people. *The target was 95.0 percent achieved (almost fully achieved).*

The ICR noted that, in support of the objective for an enabling policy on regional forced displacement response, thematic meetings led by IGAD’s RSFDMM resulted in the Djibouti Declaration on Refugee Education and the Mombasa Declaration on Health. These efforts led to the creation of national action plans for refugee integration into education and health systems, moving away from costly parallel humanitarian service. IGAD also supported service delivery dialogues and coordination mechanisms in the Project countries. (ICR, page 9)

Rating. The Project exceeded or almost fully achieved its PDO indicator targets under Objective 1, which focused on increasing access to services by both host communities and refugees. The ICR provided detailed impact assessment data showing improved service provision across sectors and enhanced population wellbeing. The Project also exceeded or substantially achieved its three IRIs on (i) the functionality of Project-supported infrastructure six months post-construction, (ii) local government budgeting for infrastructure investment and O&M, and (iii) beneficiaries’ perception that Project investments met their needs. *Accordingly, the rating is Substantial*.

Rating
Substantial

OBJECTIVE 2
Objective
To expand economic opportunities for communities hosting refugees in the targeted areas of Djibouti, Ethiopia, and Uganda.

Rationale
The theory of change (ToC) for the Project was not included in the PAD but was created for the ICR. It listed the Project activities, outputs, and outcomes for the three investment Objectives, as well as for the objective of developing enabling policy for regional response to forced displacement. Under Objective 2, the Project supported the following activities: (i) skills development for employment and business development; (ii) support programs for technological innovations; and (iii) creation of community organizations (such as savings and financial literacy). The expected outputs of these activities were: (i) skills development training provided; (ii) technological innovations supported; and (ii) community organizations receive credits and training. The achievement of the outputs was expected to lead to increased productivity of farming and non-farming economic activities.

The shortcomings of the ToC are listed under Objective 1. In addition, the additional shortcoming under Objective 2 is the weak link between outputs and the PDO outcome. It is unclear how outputs like employment skills development and credits to community organizations would lead to expanded economic opportunities. Including intermediate results, such as improved employability and increased productivity, in the ToC would have clarified this connection.

Intermediate Results Indicators (IRI) results:

1. “Community organizations formed or strengthened and still operational one year after receiving funding, number”. The achievement at closure was 5,791 organizations, against the target of 4,955 organizations. *The target was exceeded*.

2. “Beneficiaries of livelihood-support activities, number”. The achievement at closure was 243,277 people, against the target of 172,933 people. *The target was exceeded*.

3. “Percentage of participating parishes with functional community monitoring groups”. The achievement at closure was 100 percent, against the target of 80 percent. *The target was exceeded*.

4. “Percentage of participating parishes in which social accountability is implemented using a community score card (CSC)”. The achievement at closure was 100 percent, against the target of 80 percent. *The target was exceeded.*

5. “Workdays created for short-term employment in the subprojects, number. The achievement at closure was 8,430,979 workdays, against the target of 10,998,360 workdays. *The target was 76.7 percent achieved (partially achieved).*

PDO outcome:

1. “Beneficiaries of economic development activities that report an increase in income, number”. The achievement at closure was 181,024 people, against the target of 274,311 people. *The target was 66 percent achieved (partially achieved).*

2. “Beneficiaries who engaged in economic activities (refugees and host community), Uganda only, number”. The achievement at closure was 56,333 people, against the target of 51,357 people. *The target was exceeded*.

The ICR noted that while impact evaluation data for PDO2 outcomes was only available for Uganda, a 12.2 percent increase in the average income for participants vs. non-participants supports the positive impact on economic opportunities (ICR, page 10).

3. “Beneficiaries reporting increase in household assets, Uganda only, %”. The achievement at closure was 70 percent, against the target of 60 percent. *The target was exceeded*.

The ICR pointed out that, in support of the objective for an enabling policy on regional forced displacement response, the project helped IGAD to formulate the Kampala Declaration on Livelihoods, Jobs, and Self-reliance and organize a regional workshop on engaging the private sector in displacement-affected areas. Adopted in March 2019, the Kampala declaration committed IGAD member states to advancing livelihood opportunities and economic inclusion for refugees, returnees, and host communities. It also led to the creation of national action plans to integrate refugees into the economy, promote self-reliance, and reduce dependency on humanitarian aid. (ICR, page 10)

Rating. Under Objective 2, the Project exceeded two PDO indicator targets for beneficiary engagement in economic activities (Uganda only) and the reported increase in household assets, while partially achieving its PDO indicator target for the number of beneficiaries of economic development activities whose income increased. The ICR noted survey data showing a 12.2 percent income increase for Project beneficiaries compared to non-participants in Uganda. The Project also exceeded four IRI targets, which measured the functionality of community organizations one-year post-funding, the share of participating parishes with functional community monitoring groups and those using CSCs, and the number of beneficiaries of the livelihood-support activities. At the same time, it only partially reached the fifth IRI target on workdays created. Although one PDO indicator target was only partially reached, it relied on subjective self-reporting by beneficiaries, limiting its value-added. Accordingly, the rating is Substantial, with moderate shortcomings.

Rating
Substantial

OBJECTIVE 3

Objective
To enhance environmental management for communities hosting refugees in the targeted areas of Djibouti, Ethiopia, and Uganda.

Rationale
The theory of change (ToC) for the Project was not included in the PAD but was created for the ICR. It listed the Project activities, outputs, and outcomes for the three investment Objectives, as well as for the objective of developing enabling policy for regional response to forced displacement. Under Objective 3, the Project supported the following activities: soil and water conservation, irrigation, afforestation, and alternative energy sources. The expected outputs of this activity were: (i) soil and water conservation, irrigation management, reforestation; and (ii) energy efficient technologies. The achievement of the outputs was expected to lead to the PDO outcome of enhanced environmental management.

The shortcomings of the ToC are listed under Objective 1. In addition, the ToC under Objective 3 would have benefited from including intermediate results, such as the reversal of soil and watershed degradation, and the reduction of firewood consumption and deforestation. This would clarify how outputs like improved conservation, irrigation, reforestation, and (especially) the use of energy efficient technologies, contribute to enhanced environmental management.

IRI results:

1. “Beneficiaries with access to improved energy sources, number”. The achievement at closure was 191,561 people, against the target of 120,014 people. *The target was exceeded*.

The Project substantially benefited targeted communities by providing such alternative energy sources as energy energy-saving stoves, solar lighting, and biogas equipment. These interventions reduced dependence on wood for cooking; improved the safety of women, who previously had to harvest firewood; enhanced health due to reduced pollution; and saved time that was previously spent collecting firewood.

2. “Area provided with irrigation and drainage services, hectares”. The achievement at closure was 8,024 hectares, against the target of 20,000 hectares. *The target was 40.1 percent achieved (modestly achieved).*

3. “Area provided with irrigation and drainage services - New, hectares”. The achievement at closure was 1,953 hectares, against the target of 14,000 hectares. *The target was 14.0 percent achieved (barely achieved).*

4. “Area provided with irrigation and drainage services - Improved, hectares”. The achievement at closure was 6,071.5 hectares, against the target of 6,000 hectares. *The target was exceeded*.

6. “Land area in the refugee-hosting areas under soil and water conservation practices, Uganda only, hectares”. The achievement at closure was 5,110 hectares, against the target of 5,169 hectares. *The target was 98.9 percent achieved (almost fully achieved).*

PDO outcomes:

1. “Land area where sustainable land management practices have been adopted as a result of the project, hectares”. The achievement at closure was 46,454 hectares, against the target of 42,806.5 hectares. *The target was reported as exceeded*.

The ICR noted that in support of the objective for an enabling policy on regional forced displacement response, IGAD conducted studies on renewable energy in the HOA, specifically on (i) lessons learned on solar home systems (SHSs) and clean cooking, and (ii) challenges and strategies for improving the uptake of renewable energy solutions through market-based approaches. IGAD’s innovation and technology marketplace event also facilitated experience-sharing, particularly from the Project.

Rating. Under Objective 3, the Project exceeded its PDO result on land area under sustainable management but partially achieved an important IRI target on area provided with irrigation and drainage services and barely achieved the sub-target for *newly* irrigated areas. Other IRI targets were either exceeded or substantially achieved. Accordingly, the rating is Modest, due to the low achievement of key targets on irrigation.

Rating
Modest

OVERALL EFFICACY
Rationale
The overall efficacy rating is Substantial, with moderate shortcomings. Access to basic social services (Objective 1) was substantially expanded; and economic opportunities (Objective 2) were improved substantially, with moderate shortcomings, as one PDO and one IRI target were only partially met. However, enhanced environmental management (Objective 3) was only modestly reached due to low achievement of key targets on irrigation and drainage.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic analysis

1. At approval, economic analysis was conducted for representative types of potential investments across the three investment components (Components 1,2, and 3) and the three Project countries, as the specific investments to be implemented were not known in advance. The analysis included seven interventions across Components 1-3 and eight cross-cutting interventions, including the following: construction of boreholes, health facilities, school buildings, paved roads, solar systems; and the implementation of financial systems. The benefits included: reduced transportation costs; financial savings from improved access to water points, education facilities, and primary health care; and increased productivity, efficiency, and economic returns in agriculture due to better roads, irrigation, and environmental management. Net present value (NPV) was estimated over five years at a social discount rate of 2.6 percent (equaling the inflation rate at the time of appraisal). PAD presents NPV for two investment types: water boreholes (US$76,974) and agropastoral and fishery (US$10,376,112). The investments showed positive NPV, which remained robust under a sensitivity analysis of a 10 percent cost increase and a 10 percent benefits decrease. The Economic Internal Rate of Return (EIRR) was 63.0 percent for agropastoral and fishery and at 184.0 percent for water boreholes.

2. At closure, the economic analysis was conducted for the implemented Components 1, 2, and 3, using an average discount rate of 13.4 percent (compared to the HOA averaged Cost of Capital of 12.1 percent) and the time horizon of 20 years. The benefits included: improved access to schools, improved water sources, health centers, and energy sources, as well as upgraded economic infrastructure and increased productivity and economic returns in agriculture. The overall NPV was estimated at US$35.8 million, and the EIRR at 63.2 percent.

It is worth noting that the time horizon of five years used in the economic analysis at approval is highly unusual, and no explanation is presented in the PAD or the ICR. The significant difference in discount rates at appraisal and at closure did not result in a large discrepancy between the EIRR at approval and closure mainly due to a more comprehensive list of benefits included in the calculations at closure, as well as the 20-year time horizon for accounting the benefits at closure.

Both at appraisal and closure, the NPV was positive. At appraisal, the EIRR was 63.0 percent and 184.0 percent, significantly above the opportunity cost of capital (discount rate) of 2.6 percent. At closure, the EIRR of 63.2 percent, also significantly exceeding the opportunity cost of capital of 13.4 percent. However, the economic outcomes at appraisal and closure are not directly comparable due to the differences in analytical approaches.

Administrative efficiency

The ICR highlighted the Project’s efficiency in adapting to a challenging operating context through operational responsiveness and restructurings, including securing additional financing due to rising refugee numbers. The Bank team proactively identified and addressed implementation challenges, mitigating risks despite difficult external circumstances and a complex structure spanning three countries and multiple localities. The CDD approach supported efficiency, offering flexibility in conflict-affected Ethiopia and ensuring effective implementation in Uganda (ICR, page 14-15).

The Project experienced a delay of two years and six months (30 months), extending from the original implementation period of five years and seven months (60 months) to eight years and one month (97 months), primarily due to external factors. These included a sharp rise in construction material prices due to global supply chain disruptions in 2020–21, extreme drought and water shortages affecting environmental and livelihood activities, insecurity in many Project areas in Ethiopia throughout Project implementation, delayed supplied due to attacks on commercial vessels in Red Sea since November 2023, locust invasions, and COVID-19 (ICR, page 17). Political delays, such as a year-long effectiveness delay in Uganda's parliamentary approval, and the relocation of the IGAD RSFDMM from Nairobi to Djibouti Ville, leading to staff resignations, also contributed. Internal challenges included limited capacity of Community Project Management Committees (CPMCs), Community Procurement Committees (CPCs), and the original implementing agency in Uganda, the latter necessitating a shift to a project unit under the Office of Prime Minister during implementation. Also, the capacity of community facilitators was inconsistent. (ICR, pages 14-15)

Considering the Project's economic efficiency at both approval and closure (demonstrated by EIRRs exceeding the opportunity cost of capital (the discount rate) and a positive NPV at both stages), as well as timely adjustments to both external and internal challenges, the Project's efficiency is rated as Substantial, with methodological shortcomings, primarily related to the non-comparability of PAD and ICRR economic analyses, which lessens the verifiability of the economic evidence that the PDOs were achieved efficiently.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	88.80	89.20 ☐ Not Applicable
ICR Estimate	✓	63.00	63.20 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The Relevance of objectives is rated as High; efficacy as Substantial, with moderate shortcomings; and efficiency as Substantial, with methodological shortcomings. Thus, the overall outcome is rated as Moderately Satisfactory*.

* Based on a six-point scale, where: 1 = Highly Unsatisfactory, 2 = Unsatisfactory, 3 = Moderately Unsatisfactory, 4 = Moderately Satisfactory, 5 = Satisfactory, and 6 = Highly Satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

Insecurity (the risk of political and climate shocks). The region's high vulnerability to climate shocks and security threats pose a significant risk to overall development efforts. Many of the project regions are characterized by marginalization, poverty, insecurity, environmental degradation, uneven service provision, increasing competition for scarce natural resources, and frequent droughts and floods. These challenges have built up over decades, requiring a long-term development approach to address them effectively. To mitigate this risk, more intensive development efforts will be necessary.

Government ownership. The risk of reduced government ownership was mitigated through the Project's significant support for institution building and policy development at the regional level, including the establishment of the HoA's Regional Secretariat on Forced Displacement and Mixed Migration (RSFDMM) and the design of progressive policies under the IGAD-led Nairobi Process. At the country level, Ethiopia's 2019 Refugee Proclamation is expected to support future policies on refugees and asylum-seeker access to services. Similarly, Djibouti's commitment to the Comprehensive Refugee Response Framework (CRRF) and the integration of refugees into its National Development Plan, along with Uganda's National Refugee Policy and the Refugee and Host Population Empowerment (ReHoPE) strategy, are likely to incorporate future refugee services into national plans. Djibouti's reclassification of refugee camps as integrated villages and Ethiopia's inclusion of refugees in national statistics further support these efforts. At the operational level, the Project's CDD approach provided tangible successful integration, reinforcing regional policies and encouraging national governments to adopt similar frameworks. (ICR, page 18)

Financial. The sustainability of project-supported investments depends on the availability of funds for operations and maintenance (O&M). Limited public funds, due to competing priorities, present a challenge. However, this risk is mitigated as O&M plans were developed for each Project-financed structure, and both government and community commitment to funding recurrent costs was confirmed by the ICR mission and the clients' completion report. Overall, 99 percent of the Project's infrastructure investments have O&M plans and/or recurrent budget allocations from local governments. There are concerns about the sustainability of environmental management results. A rapid assessment in Uganda identified that some Project-financed woodlots may not be sustained, as O&M weakened once the LIPW payments ceased. Additionally, there are also sustainability concerns regarding renewable energy due to a limited number of local suppliers and high costs of replacements. Many solar systems are expected to require repairs and maintenance within a year of operation. (ICR, page 18)

Technical. Technical capacity to provide O&M is crucial for the sustainability of project outcomes. While the O&M training provided by the project offers a reasonable level of assurance that routine maintenance will be carried out, major repairs—such as those for boreholes, which are technically complex—may present greater challenges. Additionally, the sustainability of some water investments is at risk, as community motivation might decline once the Labor-Intensive Public Works (LIPW) payments stopped.

8. Assessment of Bank Performance

a. Quality-at-Entry

The Project's design was informed by in-depth analytical work and aligned with the shift from a humanitarian to a long-term development approach for refugee responses. A 2015 joint World Bank-UN High Commissioner for Refugees (UNHCR) study "Forced Displacement and Mixed Migration in the Horn of Africa" highlighted the need to address social, economic, and environmental challenges in host communities, reframing the refugee agenda from a crisis to a development concern. The project was designed in consultation with UNHCR, which played a key role in regional policy dialogue and ensuring access to remote refugee-hosting areas. (ICR, page 13-14) The ICR also noted that the Bank's technical input, which helped create a common Project structure across three countries while customizing activities to each country context, was appropriate (ICR, page 17).

The Project was well-structured, with a component design that was generally adequate for its objectives. However, there were some shortcomings, including the low capacity of the Uganda's CPMCs, CPCs, and the original implementing agency, the latter necessitating a shift to a project unit under the Office of Prime Minister during implementation (ICR, page 14). Additionally, challenges arose with data aggregation for some RF indicators due to the lack of a common Management Information System (MIS) across the three Project countries (ICR, pages 17).

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The supervision was effective in identifying and addressing implementation challenges, despite difficult external circumstances and a complex structure spanning three countries and multiple localities. The Project's AF restructurings were appropriate and timely, securing financing to address an evolving crisis with increasing numbers of refugees in Uganda and to support underserved communities in Djibouti; expanding project activities to refugees; adding new subcomponents (DCRM and STAAC); and mainstreaming social risk management across Project activities in Uganda. The Project faced significant external challenges, including the COVID-19 impact on CDD activities, an increase in construction material prices due to global supply chain disruptions in 2020–21, extreme drought and water shortages, and insecurity in Project areas, thus resulting in a delay of 2.5 years. (ICR, page 17).

On balance, considering the Project's adequate design and implementation, and ability to adapt to challenging circumstances, while also accounting for some shortcomings in implementation arrangements, MIS design, and delays, the overall Bank Performance is rated as Satisfactory.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The original Results Framework (RF) reflected the logic of the Project interventions in the PAD and was aligned to the PDO, with clear quantitative indicators with baselines, targets, and time-bound parameters. The PDO indicators covered all main outcomes and were specific and measurable. The ICR reported that M&E design enabled uniform yet adaptable data collection across countries, with easy-to-monitor data. The Project included baseline, midline, and endline assessments for Ethiopia and Uganda, regular monitoring surveys for Djibouti, and an independent, impact evaluation in Ethiopia.

The RF design had some shortcomings. The quality of IRIs differed by Objective. Under Objective 1 (improved access to services), IRIs effectively linked activities (inputs) to outcomes and provided the necessary details (e.g., on service provision linked to actual needs of community members, subproject sustainability, and recurrent budget allocations for the financed assets' O&M). However, under Objective 2 (expanded economic opportunities), IRIs only partially linked activities to outcomes, missing important intermediate results. It was unclear if the PDO indicator on reported increased incomes was achieved through improved productivity, as intended, since the IRIs focused on (i) community organizations' formation and sustainability, (ii) number of livelihood support recipients, and (iii) social accountability through CSC use. Similarly, under Objective 3, IRIs lacked a clear link to outcomes, except for the one on access to improved energy sources. IRIs measuring irrigation service areas did not translate into enhanced environmental management. The ICR noted that while M&E design was consistent across the three Project countries, the absence of a common Management Information System (MIS) caused issues with standardized real-time data monitoring, data aggregation across the countries, and reporting (ICR, page 15).

b. M&E Implementation
The ICR reported that the initial issues with Project level data aggregation, occurring due to the lack of a common MIS, were soon resolved, ensuring accurate monitoring. The innovative Kobo Box, introduced through the World Bank's Geo-Enabling Initiative for Monitoring and Supervision (GEMS), was fully utilized in Uganda and piloted in Ethiopia, improving data collection methods. Due to challenges in Ethiopia, particularly security issues, data were collected manually. Overall, M&E data were collected regularly in each of the countries, and inconsistencies were detected and corrected as needed. (ICR, page 16)

c. M&E Utilization

The ICR reported that the M&E data were regularly used to (i) identify implementation lags, (ii) make cashflow and disbursement projections, and (iii) adjust the scope and timeframe of activities and through project restructurings, including the loan closing date extension. The data facilitated investment integration across components and informed decision-making. Although the MIS did not meet expectations for real-time, accurate data provision, the data were still regularly used to inform implementation planning. (ICR, page 16)

Considering both the strengths and shortcomings of the RF design, along with adequate M&E implementation and utilization in a challenging environment, the M&E quality is rated as Substantial.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

Environmental and Social Safeguards. The ICR reported that at appraisal, the Project was classified as Environmental Category B and triggered seven Bank's environmental and social (E&S) safeguard policies: Environmental Assessment (Operations Policy (OP)/Bank Procedures (BP) 4.01), Pest Management (OP 4.09), Physical Cultural Resources (OP/BP 4.11), Involuntary Resettlement (OP/BP 4.12), Forests (OP/BP 4.36), Safety of Dams (OP/BP4.37), and Projects on International Waterways (OP/BP 7.50). Safeguards performance was rated as Satisfactory for the first four years of implementation, until November 2020, then downgraded to Moderately Satisfactory until project closure. The downgrade was due to (i) implementation of some subprojects without evidence of proper environmental and social (E&S) screening or preparation of appropriate safeguards instruments, (ii) delays in the E&S reporting, and (iii) weak compliance monitoring. Action plans were implemented to address these issues. (ICR, page 16)

b. Fiduciary Compliance

Financial management (FM). The ICR reported that FM management was adequate, aligned with applicable policies and the Project Operations Manual (POM), and that the FM Manual was developed early on. While there were occasional delays in submitting the Annual Work Plans and Budgets (AWPBs) and Interim Financial Reports (IFRs) in Ethiopia and Djibouti, they did not cause major issues. Djibouti had a late submission of an unqualified external audit report. FM was rated Moderately Satisfactory throughout implementation. (ICR, page 16)

Procurement.

The ICR indicated that procurement activities were aligned with applicable policies, the POM, and the Procurement Manual, with no significant issues. All procurement risks mitigation measures recommended during Project preparation were implemented. Shortcomings including incomplete filing of some procurement activities in Systematic Tracking of Exchanges in Procurement (STEP) and a delayed procurement audit in Ethiopia, though the firm was eventually hired, and audits began in 2018.

Procurement performance was rated Moderately Satisfactory or Satisfactory throughout implementation, with the last three ratings being fully Satisfactory (ICR, pages 16-17).

c. Unintended impacts (Positive or Negative)

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d. Other

Gender. The ICR reported that the Project contributed to empowering women across the three countries. The benefits included female socio-economic advancement via expanded economic activities; increased female school enrolment due to separate sanitation facilities and streetlighting; inclusion in decision-making in local social and livelihood activities; better health through enhanced pre- and post-natal care; significant time savings and reduced cases of GBV due to new improved water sources; and increased female participation in household financial decision-making. Additionally, infrastructure investments, such as new roads, bridges, and street lighting, allowed women to extend working hours and start small businesses, therefore increasing incomes and savings. (ICR, page 13)

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	Modest rating for Objective 3 on environmental management. As per the ICR review guidelines, the Outcome Rating of a project with a modest achievement of one or more of the objectives, is Moderately Satisfactory.
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The following lessons were derived from the ICR (based on ICR, pages 18-19):

1. While addressing forced displacement is most effectively done at the local and community levels, consolidating enabling policy and institutional reforms at the regional level creates essential synergy and enables action on the ground. Through regional policy engagement, peer learning, and a common approach, the Project offered participating countries greater opportunities to take concrete actions. The Project established the HoA's *Regional Secretariat on Forced Displacement and Mixed Migration* (RSFDMM), under the *Intergovernmental Authority on Development* (IGAD), to facilitate cross-country approach and knowledge. This supported the design of progressive policies by the IGAD-led *Nairobi Process* (a series of initiatives to address forced displacement, treating it as a development challenge rather than a humanitarian crisis), which provided a platform for discussing previously muted sensitive issues, setting goals, and defining monitoring processes, thus enabling action. Additionally, IGAD-coordinated research and learning enabled countries to share experiences and inspire each other.

2. An integrated approach to service delivery in both host and refugee communities builds a critical social foundation for addressing forced displacement. Initially, the Project focused on host communities, based on the understanding that they were underserved, while refugee settlements received international assistance for basic services. However, an analysis of legal and policy framework for refugee integration, conducted during the additional financing for Uganda (April 2019), revealed challenges refugees faced in securing livelihoods and accessing social services, including limited land access and employment opportunities, and language barriers. (Source: AF Restructuring Paper, page 26). Building on this assessment and leveraging the positive attitudes in the Project-supported host communities towards including refugees as beneficiaries, the Project introduced an integrated approach to promote long-term refugee inclusion and host-refugee coherence.

3. Community procurement enhances speed and cost effectiveness. During Project implementation, procurement for subprojects in Ethiopia and Uganda was managed by communities as part of the CDD approach, in line with World Bank's procurement guidelines. Community procurement proved to be faster, more cost effective and, according to multiple stakeholders, less susceptible to elite capture compared to standard public procurement methods. It was widely regarded as a key element of the Project's success. In Uganda, strong and consistent positive feedback was received at the subnational level from District Chairs and Chief Administrative Officers. Incorporating community procurement into country systems would further support this approach in the future.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provides sufficient technical details on the Project's background, key implementation factors, restructurings, Bank performance, and M&E implementation and utilization. It offers a solid justification for the PDOs' strategic relevance and provides relevant information on the economic analysis and risk to development outcome. The ICR is technical, analytical, and internally consistent. The lessons learned are well-connected to the implementation experience, offering valuable insights for similar future operations.

However, the ICR has the following shortcomings:

(i) There are concerns regarding the efficacy analysis methodology and the level of technical details. While the OPCS guidelines require the use of formally approved targets in efficacy analysis, the ICR erroneously used the unapproved targets from the latest Implementation Status and Results Report (ISR) dated February 23, 2024, four months prior to Project closure. Note that in this Project, the RF targets were continuously adjusted in ISRs, but approved changes in targets occurred only twice: in relation to Restructurings 2 and 3 (the Uganda AF of April 2019 and the Djibouti AF of May 2020). These changes were clarified in the Project Paper for Restructuring 9, which corrected previous typos, inconsistencies, and omissions in the presentations of the target increases. The ICR’s use of ISR targets led to a skewed analysis, obscuring the low achievement of some PDO3 environmental management targets, specifically for area provided with irrigation and drainage, newly irrigated area, and workdays.

(ii) The administrative efficiency discussion was absent from the ICR’s Efficiency section.

On balance, considering the wealth of technical information and the analytical value-added the ICR provides, and despite the shortcomings in the efficacy analysis, the Quality of ICR is rated as Substantial.

a. Quality of ICR Rating

Substantial