



**The World Bank**

Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa (P161067)

REPORT NO.: RES47575

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

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

APPROVED ON APRIL 26, 2017

TO

THE NATIONAL TREASURY

SOCIAL SUSTAINABILITY AND INCLUSION

AFRICA EAST

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**I. BASIC DATA**

**Product Information**

Project ID P161067	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 26-Apr-2017	Current Closing Date 29-Apr-2022

**Organizations**

Borrower The National Treasury	Responsible Agency State Department for the Development of ASALs, Ministry of Devolution and the Arid and Semi-Arid Lan
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**Project Development Objective (PDO)**

Original PDO

Project Development Objective (from Project Appraisal Document)

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

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-60210	26-Apr-2017	29-May-2017	28-Jun-2017	29-Apr-2022	100.00	38.04	67.46
IDA-D1840	26-Apr-2017	23-May-2017	20-Jun-2017	29-Apr-2022	3.00	1.01	2.25
TF-A7762	06-Nov-2018	30-Jan-2019	30-Jan-2019	30-Jun-2021	8.18	7.99	.19



## Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

## II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

This Restructuring Paper seeks approval for a ten-month no-cost extension to TFA7762 from June 30, 2021 to April 29, 2022. The Trust Fund is a recipient-executed grant to the Government of Kenya under the Kenya Development Response to Displacement Impacts Project (KDRDIP P161067). This would be the second extension of the TF, taking the cumulative extension period to one year and ten months. The new closing date would align with the closing date of the project's IDA Credit (IDA 60210).

### Project Background

The Kenya Development Response to Displacement Impacts Project (KDRDIP) was approved by the Board on April 26, 2017 and became effective on June 28, 2017.

The Project Development Objective (PDO) is to “improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the targeted areas.” The project comprises four components: (i) Social and Economic Services and Infrastructure; (ii) Sustainable Environmental Management; (iii) Livelihoods Program; and (iv) Project Management and Monitoring and Evaluation. Employing a community-driven development (CDD) approach, subprojects are identified and implemented by beneficiary communities, with support from the local government. DRDIP is a regional operation that is also implemented in Djibouti, Ethiopia and Uganda under P152822.

KDRDIP has two sources of financing: (a) an IDA Credit of US\$100 million (IDA 60210), with a closing date of April 29, 2022; and (b) a Recipient Executed Trust Fund (TFA7762) of US\$8.18 million. TFA7762 is a contribution from the Danish International Development Agency (DANIDA). It was processed as Additional Financing to the project and the Grant Agreement was signed on January 30, 2019. The closing date is June 30, 2021.

### Project Status

After a slow start, the project is now making significant strides. During the last ISM conducted from 14-18 June 2021, progress towards achievement of the Development Objective (DO) and Implementation Progress (IP) was rated as Moderately Satisfactory. This was also the rating in the most recent Implementation and Status Results Report (ISR), dated February 23, 2021. Ratings for Project Management, Monitoring & Evaluation, Financial Management and Procurement have also consistently been Satisfactory or Moderately Satisfactory.

Implementation progress was slow in the first two years of implementation but is picking up now. In the 2019-2020 fiscal year, 74 COVID-related subprojects (health, WASH and livelihood) were completed to respond to the impacts of the pandemic. At present, 749 Community sub-projects are being implemented under Component 1. Under Component 2 on Natural Resource Management, the target communities have identified 519 sub-projects that are now under implementation. Additional subprojects under Component 3 on Livelihoods are being implemented by community groups across the five sub-counties targeted by the project. Component three supports a mix of



traditional/agricultural livelihood (crop production, livestock, agricultural extension, etc.) and non-traditional livelihood (trading, small businesses, agribusiness, etc.). 21,792 beneficiaries have so far benefited under the Livelihoods component and more are set to benefit from the targeted 2500 community groups to be funded in the financial year 2021/2022. After what had been a slow start, the project is now on track to meet targets in the results framework.

The DANIDA Additional Financing has contributed to all four components of the project.

**Proposed Changes**

As noted above, through the Kenya DRDIP Multi-Donor Trust Fund (MDTF), the Danish International Development Agency (DANIDA) extended additional grant funding of US\$8.18 million to the project in 2019. While the Grant Agreement was signed on January 30, 2019 the funds only became accessible to the project from January 2020. Considering the significant amount of the unutilized grant proceeds and to ensure that the grant could support the implementation of community-level sub-projects as planned, an extension of the grant period of 12 months from June 30, 2020 to June 30, 2021 was requested by the Government of Kenya (GoK) and approved by the World Bank.

As of June 29, 2021, US\$7.99 million of the US\$8.18 million has been disbursed. However, during the June 2021 Implementation Support Mission, the government reported that during the project’s transition in 2020 from the Office of the President to the Ministry of Devolution and Arid and Semi-Arid Lands (ASALs), there was a balance in the Grant’s Designated Account of US\$1.22 million that had not been included in the budget for 2020-2021 and, therefore, could not be spent. This amount has been included in the budget for 2021-2022, however, an extension of the closing date of TFA7762 is required to allow the government to utilize the remaining balance. Accordingly, this Restructuring Paper seeks approval for a ten-month no-cost extension to TFA7762 from June 30, 2021 to April 29, 2022 (to be consistent with the closing date of the IDA Credit). As noted, this would be the second extension of the TF, taking the cumulative extension period to one year and ten months. The government has assured the World Bank that the remaining balance in the TF will be spent before the new proposed closing date. The government's letter of request is for a 12-month extension, however, we have agreed with the National Project Implementation Unit that ten months would be sufficient.

**III. DETAILED CHANGES**

**LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-60210	Effective	29-Apr-2022		30-Apr-2022	30-Aug-2022
IDA-D1840	Effective	29-Apr-2022		30-Apr-2022	30-Aug-2022
TF-A7762	Effective	30-Jun-2020	30-Jun-2021	30-Apr-2022	30-Aug-2022



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