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Report No: PAD1678

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON

PROPOSED CREDITS TO THE

REPUBLIC OF DJIBOUTI
IN THE AMOUNT OF SDR 14.5 MILLION
(US\$20 MILLION EQUIVALENT)

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
IN THE AMOUNT OF SDR 71 MILLION
(US\$100 MILLION EQUIVALENT)

REPUBLIC OF UGANDA
IN THE AMOUNT OF SDR 35.5 MILLION
(US\$50 MILLION EQUIVALENT)

AND A PROPOSED GRANT TO THE
INTERGOVERNMENTAL AUTHORITY ON DEVELOPMENT
IN THE AMOUNT OF SDR 3.6 MILLION
(US\$5 MILLION EQUIVALENT)

FOR THE

DEVELOPMENT RESPONSE TO DISPLACEMENT IMPACTS PROJECT
IN THE HORN OF AFRICA

May 4, 2016

Social, Urban, Rural and Resilience Global Practice
Africa Region
Middle East and North Africa Region

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CURRENCY EQUIVALENTS

Exchange Rate Effective February 29, 2016, for Djibouti and
March 31, 2016, for IGAD, Ethiopia, and Uganda.

Currency Unit = Djibouti Francs (DJF), Ethiopian Birr
(ETB), Ugandan Shillings (UGX)
US\$1 = 178 DJF, 21.46 ETB, 3,370 UGX
US\$1 = SDR 0.723948 for Djibouti; SDR 0.709814
for IGAD, Ethiopia, and Uganda

FISCAL YEAR

January 1 – December 31 (Djibouti)
July 1 – June 30 (Uganda, IGAD)
July 8 – July 7 (Ethiopia)

ABBREVIATIONS AND ACRONYMS

ADDS	<i>Agence Djiboutienne de Développement Social</i> (Djiboutian Social Development Agency)	FPCU	Federal Project Coordination Unit
AGP	Agricultural Growth Project	FSC	Federal Steering Committee
ARRA	Administration for Refugee and Returnee Affairs	FTC	Federal Technical Committee
BoFEC	Bureau of Finance and Economic Cooperation	GDP	Gross Domestic Product
CAC	Community Audit Committee	GRS	Grievance Redress Service
CDD	Community Driven Development	GTP	Growth and Transformation Plan
CFO	Chief Finance Officer	HOA	Horn of Africa
CFT	Community Facilitation Team	IBRD	International Bank for Reconstruction and Development
CPEC	<i>Caisse Populaire d'Epargne et de Crédit</i> (Credit Union Savings and Credit)	ICGLR	International Conference on the Great Lakes Region
CIG	Common Interest Groups	ICT	Information and Communication Technology
CPC	Community Procurement Committee	IDA	International Development Association (the Association)
CPMC	Community Project Management Committee	IDP	Internally Displaced Persons
DRDIP	Development Response to Displacement Impacts Project	IGAD	Intergovernmental Authority on Development
DTPC	District Technical and Planning Committee	IS	Implementation Support
ESMF	Environmental and Social Management Framework	KDC	Kebele Development Committee
FM	Financial Management	M&E	Monitoring and Evaluation
FA	Financing Agreement	MENA	Middle East and North Africa
FAO	Food and Agriculture Organization	MIS	Management Information System
		MoANR	Ministry of Agriculture and Natural Resources
		MTR	Mid Term Review
		NCB	National Competitive Bidding
		NDP II	Second National Development Plan

NGO	Non-Governmental Organization	RSC	Regional Steering Committee
NRM	Natural Resources Management	RTC	Regional Technical Committee
NUSAF	Northern Uganda Social Action Fund	SA	Social Assessment
ONARS	<i>Office National d'Assistance aux Réfugiés et Sinistrés</i> (National Office for Assistance to Refugees and Disaster Victims)	SAC	Social Audit Committee
		SFO	Senior Finance Officer
		SMP	Social Management Plan
		SOP	Series of Projects
OPM	Office of the Prime Minister	SORT	Systematic Operations Risk-rating Tool
OAU	Organization of African Unity		
PCDP	Pastoralist Community Development Project	SSNP	Social Safety Net Project
		STA	Settlement Transformation Agenda
PCU	Project Coordination Unit	UN	United Nations
PDO	Project Development Objective	UNHCR	United Nations High Commissioner for Refugees
PIM	Project Implementation Manual		
PIST	Project Implementation Support Team	WAC	Woreda Project Appraisal Committees
PIU	Project Implementation Unit	WB	World Bank
PSNP	Productive Safety Net Project	WBG	World Bank Group
RF	Results Framework	WoFED	Woreda Office of Finance and Development
RPF	Resettlement Policy Framework		
RPCU	Regional Project Coordination Unit	WPCT	Woreda Project Coordination Team
RPLRP	Regional Pastoral Livelihoods Resilience Project	WSC	Woreda-level Steering Committee
		WTC	Woreda-level Steering Committee

Regional Vice Presidents:	Makhtar Diop and Hafez Ghanem
Regional Director:	Ahmadou Moustapha Ndiaye
Country Directors:	Asad Alam, Diarietou Gaye, and Carolyn Turk
Senior Global Practice Director:	Ede Ijjasz-Vasquez
Practice Manager:	Robin Mearns
Task Team Leaders:	Varalakshmi Vemuru, Endeshaw Tadesse, Teklu Tesfaye and Benjamin Burckhart

AFRICA / MIDDLE EAST AND NORTH AFRICA

Development Response to Displacement Impacts Project in the Horn of Africa

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PAD DATA SHEET
REPUBLIC OF DJIBOUTI
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
REPUBLIC OF UGANDA

Development Response to Displacement Impacts Project in the Horn of Africa
(P152822)

PROJECT APPRAISAL DOCUMENT

AFRICA
MENA

Report No.: PAD1678

Basic Information			
Project ID P152822	EA Category B - Partial Assessment	Team Leader(s) Varalakshmi Vemuru, Endeshaw Tadesse Gossa, Teklu Tesfaye, Benjamin Burckhart	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects [X]		
Project Implementation Start Date May 31, 2016	Project Implementation End Date June 30, 2021		
Expected Effectiveness Date September 1, 2016	Expected Closing Date December 31, 2021		
Joint IFC No			
Practice Manager Robin Mearns	Senior Global Practice Director Ede Jorge Ijjasz-Vasquez	Regional Director Ahmadou Moustapha Ndiaye	Regional Vice Presidents Makhtar Diop Hafez Ghanem
Borrowers: Intergovernmental Authority on Development (IGAD), Republic of Djibouti, Federal Democratic Republic of Ethiopia, and Republic of Uganda			
Responsible Agency: IGAD			

Contact:	Mahboub Maalim	Title:	Executive Secretary			
Telephone No.:	+253 31 27 17	Email:	mahboub.maalim@igad.int			
Responsible Agency: Agence Djiboutienne de Développement Social (Djibouti)						
Contact:	Mahdi Mohamed Djama	Title:	Director General			
Telephone No.:	+25377804249	Email:	mahdi.mohamed.djama@gmail.com			
Responsible Agency: Ministry of Agriculture and Natural Resources (Ethiopia)						
Contact:	Nigatu Bogale	Title:	Director, Emerging Regions Coordination Directorate			
Telephone No.:	+251911530077	Email:	nigatu_bogale@yahoo.com			
Responsible Agency: Office of the Prime Minister (Uganda)						
Contact:	Christine Guwatudde Kintu	Title:	Permanent Secretary			
Telephone No.:	(256-41) 434-2231/259-498	Email:	ps@opm.go.ug			
Project Financing Data (in US\$ Million)						
<input type="checkbox"/> Loan	<input checked="" type="checkbox"/> IDA Grant	<input type="checkbox"/> Guarantee				
<input checked="" type="checkbox"/> Credit	<input type="checkbox"/> Grant	<input type="checkbox"/> Other				
Total Project Cost:	175.00	Total Bank Financing:	175.00			
Financing Gap:	0.00					
Financing Source		Amount				
BORROWER/RECIPIENT		00.00				
International Development Association (IDA)		170.00				
IDA Grant		5.00				
Total		175.00				
Expected Disbursements (in US\$ Million)						
Fiscal Year	2017	2018	2019	2020	2021	2022
Annual	14.8	38.7	56	42.9	17.9	4.7
Cumulative	14.8	53.5	109.5	152.4	170.3	175
Institutional Data						

Practice Area (Lead)				
Social, Urban, Rural and Resilience Global Practice				
Contributing Practice Areas				
Agriculture, Energy & Extractives, Fragile, Conflict & Violence, Social Protection & Labor				
Cross Cutting Topics				
[X] Climate Change				
[X] Fragile, Conflict & Violence				
[X] Gender				
[X] Jobs				
[] Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Health and other social services	Other social services	100		
Total		100		
<input checked="" type="checkbox"/>	I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.			
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Social dev/gender/inclusion	Conflict prevention and post-conflict reconstruction	50		
Social dev/gender/inclusion	Other social development	25		
Social dev/gender/inclusion	Social Inclusion	25		
Total		100		
Proposed Development Objective(s)				
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 targeted areas of Djibouti, Ethiopia, and Uganda.				
Components				

Component Name	Cost (US\$ Millions)	
Social and Economic Services and Infrastructure	85.00	
Sustainable Environmental Management	33.60	
Livelihoods Program	36.85	
Project Management and Monitoring and Evaluation	14.55	
Regional Support for Coordination, Capacity and Knowledge	5.00	
Systematic Operations Risk- Rating Tool (SORT)		
Risk Category	Rating	
1. Political and Governance	Substantial	
2. Macroeconomic	Moderate	
3. Sector Strategies and Policies	Moderate	
4. Technical Design of Project or Program	Substantial	
5. Institutional Capacity for Implementation and Sustainability	Substantial	
6. Fiduciary	Substantial	
7. Environment and Social	Substantial	
8. Stakeholders	Moderate	
9. Other		
OVERALL	Substantial	
Compliance		
Policy		
Does the Project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the Project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No []
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Does the Project meet the Regional criteria for readiness for implementation?	Yes [X]	No []
Safeguard Policies Triggered by the Project		
	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04	X	
Forests OP/BP 4.36	X	
Pest Management OP/BP 4.09	X	

Physical Cultural Resources OP/BP 4.11	X	
Indigenous Peoples OP/BP 4.10	X	
Involuntary Resettlement OP/BP 4.12	X	
Safety of Dams OP/BP 4.37	X	
Projects on International Waterways OP/BP 7.50	X	
Projects in Disputed Areas OP/BP 7.60		X

Legal Covenants

Name	Recurrent	Due Date	Frequency
Independent Procurement Auditor. Schedule II Section V 2, Uganda and Ethiopia	One time	Within six months after effectiveness	

Description of Covenant

Recipients shall recruit a qualified and experienced Independent auditors to carry out annual procurement audit.

Name	Recurrent	Due Date	Frequency
Adoption of the Project Regional Strategy. Schedule 2, Section V. 2, IGAD	One time	Six months after effectiveness	

Description of Covenant

IGAD will prepare and adopt the Project Regional Strategy, in form and substance satisfactory to the Association.

Name	Recurrent	Due Date	Frequency
Establishment of the Project Regional Steering Committee. Schedule 2, Section I, A, 1(b), IGAD	One time	Six months after effectiveness	

Description of Covenant

IGAD to establish and thereafter maintain the Project Regional Steering Committee to provide overall guidance and oversight for the Project at the regional level.

Name	Recurrent	Due Date	Frequency
Establishment of the Regional Secretariat. Schedule I, A 1 (C), IGAD	One time	Six months after effectiveness	

Description of Covenant			
IGAD to establish and thereafter maintain the Regional Secretariat to run the day-to-day management of the Project at the regional level, and provide secretariat services to the Project Regional Steering Committee.			
Name	Recurrent	Due Date	Frequency
Project Steering Committees. Schedule II Section 1 b, Ethiopia	One time	Six months after effectiveness	
Description of Covenant			
Ethiopia to establish and thereafter maintain the Project Steering Committees at federal, regional and Woreda levels to provide overall guidance and oversight for the Project at the federal, regional and Woreda levels.			
Name	Recurrent	Due Date	Frequency
Project Technical Committees. Schedule II Section 1 c, Ethiopia.	One time	Six months after effectiveness	
Description of Covenant			
Ethiopia to establish and thereafter maintain the Project Technical Committees at federal, regional and Woreda levels to provide technical support for the Project at the federal, regional and Woreda levels.			
Name	Recurrent	Due Date	Frequency
National Steering Committee. Schedule II Section 1 b, Uganda	One time	One month after effectiveness	
Description of Covenant			
Uganda to establish and thereafter maintain the national Steering Committee to provide overall guidance and oversight for the Project at the national level.			
Name	Recurrent	Due Date	Frequency
Technical Working Committee. Schedule II Section 1 c, Uganda	One time	One month after effectiveness	
Description of Covenant			
Uganda to establish and thereafter maintain the Technical Working Committee to provide operational and technical oversight for the Project at the national level.			
Conditions			
Source of Funds	Name	Type	
IDA	Subsidiary Agreement, Article V 5.01, Djibouti	Effectiveness	
Description of Condition			
The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity			
Sources of Funds	Name	Type	

IDA	Partnership & Livelihood Grant Agreement Schedule 2 Section IV B1 b, Djibouti FA.		Disbursement	
Description of Condition				
The Project Implementing Entity in Djibouti has provided to the Association evidence satisfactory in form and substance that a Partnership Agreement has been signed with <i>Caisse Populaire d'Epargne et de Cr�dit</i> (CPEC) and the first Livelihood Grant Agreement has been signed.				
Team Composition				
Bank Staff				
Name	Role	Title	Specialization	Unit
Varalakshmi Vemuru	Team Leader (ADM Responsible)	Senior Social Development Specialist	Task Team Leader	GSURR
Endeshaw Tadesse Gossa	Team Leader	Senior Social Protection Specialist	Co-TTL	GSPDR
Teklu Tesfaye	Team Leader	Senior Agricultural Specialist	Co-TTL	GFADR
Benjamin Burckhart	Team Leader	Social Development Specialist	Co-TTL	GSURR
Qaiser M. Khan	Team Member	Program Leader	Sector Lead Economist	AFCE3
Andrew D. Goodland	Team Member	Program Leader	Lead Agriculture Economist	AFCE3
Hayalsew Yilma	Team Member	Senior Irrigation Specialist	Irrigation and NRM	GFADR
Tesfahiwoot Dillnessa	Team Member	Program Assistant	Program Assistant	AFCE3
Shimelis Woldehawariat Badisso	Procurement Specialist	Senior Procurement Specialist	Procurement	GGODR
Meron Tadesse Techane	Financial Management Specialist	Senior Financial Management Specialist	Financial Management	GGODR
Asferachew Abate Abebe	Safeguard Specialist	Senior Environmental Specialist	Environmental Safeguards	GENDR
Chukwudi H. Okafor	Safeguard	Senior Social	Social Safeguards	GSURR

	Specialist	Development Specialist		
Constance Nekessa-Ouma	Safeguard Specialist	Social Development Specialist	Social Safeguards	GSURR
Catherine Asekenye Barasa	Safeguard Specialist	Social Development Specialist	Social Safeguards	GSURR
Diego Garrido Martin	Team Member	Senior Operations Officer	Monitoring and Evaluation (M&E)	GCFDR
Esayas Nigatu Gebremeskel	Team Member	Livestock and Pastoral Development Specialist	CDD and Livelihood Program	GFADR
Fatou Fall	Safeguard Specialist	Senior Social Development Specialist	Social Safeguards	GSURR
Kadar Mouhoumed Omar	Team Member	Operations Analyst	Operations	MNCDJ
Nagad Khaireh Allaleh	Team Member	Program Assistant	Operations Support	MNCDJ
Grace Nakuya Musoke Munanura	Team Member	Senior Procurement Specialist	Procurement	GGODR
Herbert Oule	Safeguard Specialist	Environmental Specialist	Environmental Safeguards	GENDR
Isabella Micali Drossos	Counsel	Senior Counsel	Legal	LEGAM
Ishanlosen Odiaua	Safeguard Specialist	Consultant	Environmental Safeguards	GEN05
Moussa Djama Kayad	Team Member	Procurement Specialist	Procurement	GGODR
Edwin Nyamasege Moguche	Team Member	Consultant	Financial Management	GGODR
Joel Byaruhanga	Team Member	Consultant	Financial Management	GGODR
Rock Jabbour	Team Member	Financial Management Analyst	Financial Management	GGODR
Agnes Kaye	Team Member	Program	Program Support	AFMUG

		Assistant		
Joseph Ellong	Team Member	Senior Program Assistant	Program Support	GSURR
Sarah Coll-Black	Team Member	Senior Social Protection Specialist	Safety Nets	GSPDR
Anders Pedersen	Team Member	Energy Specialist	Renewable Energy	GEEDR
Ashutosh Raina	Team Member	Consultant	Skills Development Specialist	GSURR
Abhinav Kumar Gupta	Team Member	Consultant	Livelihoods Specialist	GSURR
Giuseppe Manzillo	Team Member	Consultant	Economist	GCT05
Verena Phipps-Ebeler	Team Member	Social Development Specialist	Gender	GSURR
Bernhard Metz	Team Member	Consultant	Geographical Information System	GSURR
Isabelle Huynh	Team Member	Senior Operations Officer	Information and Communication Technology	GTI11
Jose C. Janeiro	Team Member	Senior Finance Officer	Disbursement	WFALA
Eric Ranjeva	Team Member	Finance Officer	Disbursement	WFALA
Christiaan Johannes Nieuwoudt	Team Member	Finance Officer	Disbursement	WFALA

Extended Team

Name	Title	Office Phone	Location

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Djibouti	Obock	Obock	X	X	
Djibouti	Ali Sabieh	Ali Sabieh Region	X	X	
Ethiopia	Afar National Regional	Afar Region	X	X	

	State				
Ethiopia	Binshangul Gumuz National Regional State	Benishangul-Gumuz Region	X	X	
Ethiopia	Gambela National Regional State	Gambela Region	X	X	
Ethiopia	Ethiopian Somali National Regional State	Somali Region	X	X	
Ethiopia	Tigray National Regional State	Tigray Region	X	X	
Uganda	Arua	Arua District	X	X	
Uganda	Adjumani	Adjumani District	X	X	
Uganda	Isingiro	Isingiro District	X	X	
Uganda	Kiryandongo	Kiryandongo District	X	X	
Consultants (Will be disclosed in the Monthly Operational Summary)					
Consultants Required? Yes					

I STRATEGIC CONTEXT

A Regional and Country Context

1. Global forced displacement is arguably the defining humanitarian/development challenge of this generation¹. The number of displaced people is growing. Wars, conflict, and persecution have forcibly displaced a cumulative total of 59.5 million people—19.5 million refugees and asylum seekers and 38.2 million internally displaced persons by the end of 2014². According to the World Bank Group’s November 2015 report, forced displacement remains largely concentrated in low and middle income countries, particularly in Africa, the Middle East, and South Asia.³

2. Africa hosts over one third of the world’s displaced population, accounting for about one quarter of the total number of refugees globally as well as the greatest number of internally displaced persons. The Horn of Africa (HOA), a region with an estimated 242 million inhabitants, includes eight countries: Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, and Uganda, which collectively host more than 9.5 million displaced persons, including more than 6.5 million internally displaced persons and approximately 3 million refugees. Displacement has been protracted in the HOA, with refugee arrivals recorded in 1959 in Uganda and in 1991 in both Ethiopia and Djibouti. Migration within and outside the HOA is driven by natural events and human actions; with climate change and environmental degradation acting as threat multipliers, compounding displacement⁴.

3. The Regional Initiative in Support of the HOA, launched by the World Bank on October 23, 2014⁵, built on two interrelated pillars: (i) vulnerability and resilience; and (ii) economic opportunity and integration to address key drivers of instability and promote development in the HOA. Displacement has emerged as a regional phenomenon with spillover effects in countries neighboring those experiencing conflict and posing major challenges to reducing poverty and achieving sustainable development with peace and security in the region. Despite its rich endowment in human, social, and natural capital, the HOA is plagued by a complex history of capacity constraints, pockets of poverty and insecurity, increasing environmental degradation, and a range of other persistent development challenges. Conflict remains endemic, and the complex cultural, social, and political nature of the conflicts is compounded by demographic shifts due to population growth and movement of people; imbalanced service provision; increasing competition for scarce natural resources; and harsh climatic conditions, including frequent droughts and floods.

4. In June 2015, a regional study entitled “Forced Displacement and Mixed Migration in the Horn of Africa” was prepared. It reinforced the regional nature of forced displacement in the HOA with a clear regional “spill-over effect” of the violence and insecurity within a country. When refugees cross international borders, neighboring countries that host these refugees directly bear the consequences of that violence and insecurity. This calls for a coordinated

¹ “A Response to Global Forced Displacement.” Staff Working Paper (November 2015), World Bank Group, Washington, D.C.

² *ibid*

³ Over half of the refugees worldwide come from Syria, Afghanistan, and Somalia; other countries that account for large numbers are Sudan, South Sudan, the Democratic Republic of Congo, Myanmar, Iraq, and Eritrea.

⁴ “Accelerating Climate-Resilient and Low-Carbon Development: The Africa Climate Business Plan.” Africa Region, World Bank Group, Washington, D.C.

⁵ “Leaders Commit Billions in Major New Development Initiative for the Horn of Africa.” Press Release (October 27), World Bank, Washington, D.C. <http://www.worldbank.org/en/news/press-release/2014/10/27/leaders-commit-billions-major-new-development-initiative-horn-africa>.

regional response between humanitarian and development partners as a prerequisite for reaching development solutions for improving the prospects of the displaced.

5. The study found that refugee camps and settlements are located in relatively underdeveloped and underserved areas compared with the rest of their host countries. The refugee-hosting communities have a precarious socioeconomic situation, plagued by food insecurity, limited access to basic social services and economic infrastructure; poor livelihood opportunities; and a degraded natural resource base. The study highlighted that the protracted displacement of refugees has further exacerbated the situation of communities that host refugees with competition over scarce social services and economic infrastructures, livelihood opportunities, and environmental and natural resources, which has led to a growing incidence of conflicts and clashes. Enhancing the productive capacities and coping mechanisms of the host populations is seen as an important step for safeguarding a very-much-needed asylum space for refugees in the host countries in the HOA. A shrinking of the asylum space will likely leave refugees stuck in legal and humanitarian limbo, which will lead to deeper poverty and greater vulnerability.

6. The proposed regional operation, the Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa builds on the conclusions and recommendations of the study covering the three refugee-hosting countries of Djibouti, Ethiopia, and Uganda for the first phase⁶ of a longer-term engagement. The countries included in this first phase face significant forced displacement challenges: (i) Ethiopia is host to the largest number of refugees in Africa; (ii) Uganda has a very progressive refugee policy and is a favored asylum destination; and (iii) Djibouti has a major problem with significant migrant inflows alongside refugees. Based on the implementation experience, results, and learning, the proposed project could potentially be deepened in the proposed targeted areas and expanded to other refugee hosting districts in Uganda, and to other countries in the region.

7. Djibouti, Ethiopia, and Uganda have domestic refugee legislations that regulate the asylum and refugee status determination process; set up national refugee agencies; and provide various rights and privileges to all refugees, including protection and nonrefoulement⁷ (details in Annex 2). However, none of the domestic refugee legislations in the three project countries provide a path to citizenship for refugees, and none allow for the local integration of refugees. The proposed project is situated within these existing legal and policy frameworks and in a context of protracted displacement in shrinking asylum space.

Djibouti

8. Djibouti is one of the smallest countries in Africa. It covers an area of 23,200 square kilometers and is home to a population of about 864,617 (2011). The small size of Djibouti's economy limits its ability to diversify production and increases its reliance on foreign markets, making it more vulnerable to external market downturns and hampering access to external capital. With less than 1,000 square kilometers of arable land (0.04 percent of the country's total land area) and an average annual rainfall of only 130 millimeters, Djibouti is completely dependent on imports to meet its food needs. Faced with this scarcity and successive droughts,

⁶ The DRDIP is a first phase of a potential SOP in the Horn of Africa. It is expected that, in due course, the project could include Kenya and South Sudan with IDA financing and Somalia, Sudan, and Eritrea through trust funds (because they are currently not eligible for IDA).

⁷ "No Contracting State shall expel or return ('refouler') a refugee in any manner whatsoever to the frontiers of territories where his life or freedom would be threatened on account of his race, religion, nationality, membership of a particular social group or political opinion." (Article 33(1) of the 1951 United Nations Convention relating to the Status of Refugees.

the country's traditionally nomadic people have settled, primarily in urban areas. Approximately 71 percent of the population lives in cities—58 percent in Djibouti-Ville, the capital, alone.

9. Djibouti has been hosting refugees since 1991. Over 15,000 refugees, mainly Somali, are currently hosted at the Holl Holl and Ali Addeh refugee camps in the Ali Sabieh region; Yemeni refugees are hosted at the Markazi refugee camp in the Obock region. Following the 2014 Yemeni crisis, over 30,600 persons of various nationalities have arrived in Djibouti. As of December 2015, the arrivals from Yemen include 16,691 persons (55 percent) who are Yemeni nationals; 11,996 (39 percent) transiting migrants; and 1,919 (6 percent) Djiboutian returnees. As of December 2015, of the 6,179 refugees registered, 2,829 ([United Nations High Commissioner for Refugees](#) -UNHCR 2016) are sheltered in the Markazi refugee camp; the rest live in Obock town and Djibouti city. In Djibouti, the Ministry of the Interior is the main government institution in charge of refugee protection. The national refugee agency is the Office National d'Assistance aux Réfugiés et Sinistrés (ONARS) (National Office for Assistance to Refugees and Disaster Victims).

10. In addition to hosting Somali refugees, Djibouti is the main transit route for migrants from HOA countries traveling to the Middle East and Europe in search of economic opportunities. Mixed migration⁸ is a common challenge in the HOA, as evidenced by the hazardous journey made by thousands of mostly Ethiopians but also Somali migrants through Djibouti in transit to Yemen and the Arab Peninsula in search of better lives in Saudi Arabia and the Gulf States. Since 2009, departure points around the Obock area of Djibouti have become the locus for mixed migration flows of individuals attempting to reach Yemen. By 2014, the rapidly rising number of people travelling through Djibouti en route to Yemen reached 94,000. The International Organization on Migration in Djibouti opened the Migrant Response Centre in Obock town, which houses some migrants, however the pressure on local services and consequently on residents remains.

Ethiopia

11. Ethiopia is a large, diverse, and landlocked country with an area of 1.1 million km². It is also a country of many nations, nationalities, and peoples, with a total population of about 94.1 million and a population growth rate of 2.6 percent (2013). Only 17 percent of the population lives in urban centers, the great majority in Addis Ababa. Ethiopia has experienced strong economic growth, averaging 10.7 percent per year between 2003 and 2011 compared with the regional average of 5.0 percent. Gross domestic product (GDP) increased by 9.7 percent in fiscal 2012/13 and 10.3 percent in fiscal 2013/14. The growth reflects a mix of factors, including agricultural modernization, the development of new export sectors, strong global commodity demand, and government-led development investments. On the supply side, growth was driven by an expansion of the services and agricultural sectors, while the role of the industrial sector was relatively modest.

12. Ethiopia hosts the largest population of refugees in Africa as a consequence of droughts, conflicts, political events, and civil wars in neighboring countries such as Somalia, Eritrea, South Sudan, and Sudan. At the end of December 2015, 733,644 refugees were distributed across the five National Regional States of Afar, Tigray, Ethiopian Somali, Gambela, and Benishangul-

⁸ UNHCR defines mixed migration as a movement in which a number of persons are travelling together, generally in an irregular manner, using the same routes and means of transport, but for different reasons. Persons travelling as part of mixed movements have varying needs, and their profiles include asylum-seekers, refugees, trafficked persons, unaccompanied/separated children, and migrants in irregular situations.

Gumuz at 23 refugee camps located in 16 woredas and 23 kebeles (UNHCR 2015). The refugee-hosting woredas are characterized by harsh weather conditions, poor infrastructure, weak institutional capacity, and poverty. The presence of refugees puts further strains on already weak public services and economic infrastructures as well as on livelihood opportunities, jeopardizing the resilience of the communities hosting refugees.

13. Most Eritrean and Somali refugees in Ethiopia are living in protracted displacement. The majority of refugees live in camps situated near the borders of their respective countries of origin. The Administration for Refugee and Returnee Affairs (ARRA) administers the refugee camps, with financial and technical assistance from the UNHCR and other aid agencies. Education, health, and other services are provided by UNHCR's implementing partners, including ARRA and international and local Nongovernmental Organizations (NGOs).

Uganda

14. Uganda is one of the least urbanized countries in Africa, with 83 percent of the population (or roughly 28.9 million people out of a total of 34.9 million) living in rural areas, making agriculture dominated by smallholder farmers and rural development important. Uganda has experienced robust GDP growth, averaging 6 percent from 2005 to 2014, but poverty reduction, while substantial, has not kept pace. Uganda has a record of prudent macroeconomic management and structural reform that has helped the country overcome exogenous shocks. However, due to high population growth, real GDP growth per capita averaged only about 3.5 percent over the 2005–14 period. The poverty rate fell from 56.4 percent in 1992 to 19.1 percent in 2014, but there is substantial and growing urban–rural and regional inequality. Uganda will need to address several challenges in order to enable structural transformation of the economy, strengthen competitiveness, and sustain high growth. Lack of integration with northern Uganda further creates challenges of social cohesion. Infrastructure gaps and bottlenecks need to be addressed to promote greater physical and digital connectivity both within the country, the wider region, and the global markets. Agricultural productivity and value addition need to be strengthened to improve the livelihoods of the average citizen.

15. By December 2015, as a result of ongoing conflicts and instability in the Democratic Republic of Congo, Somalia and South Sudan, Uganda was hosting 512,691 refugees and asylum-seekers, making it the third largest refugee-hosting country in Africa. The December 2013 South Sudanese crisis and the 2015 Burundian crisis resulted in major refugee influxes. Approximately 190,000 Congolese refugees are hosted in South-West and Mid-West Uganda, and almost 167,000 South Sudanese are hosted in the northern districts.

16. Uganda's current refugee policy framework is among the more generous and progressive in the HOA, in Africa, and globally. The 2006 Refugee Act and 2010 Refugees Regulations entitle refugees to work; provide them freedom of movement and access to Ugandan social services, including documents such as government identification (IDs); Conventional Travel Documents (CTDs); and birth, death, marriage, and education certificates. As a matter of policy, all refugees in settlements on gazetted lands⁹ are provided with a subsistence agriculture plot (albeit of diminishing size due to overcrowding), but only a few refugees who are in settlements on communally-owned land have more than a small kitchen garden. Refugees in Uganda can

⁹ Gazetted lands have been published in the official gazette by either a statutory instrument or a legal notice issued by the responsible minister.

own property and enter into contracts, including land leases.¹⁰ The Department of Refugees under the Office of Prime Minister administers the refugee settlements.

B Sectoral and Institutional Context

17. The refugee-hosting countries of Djibouti, Ethiopia, and Uganda have remained relatively peaceful in recent years, unlike neighboring countries that have been devastated by war and conflict. As a result, refugees have been pouring across borders. Refugees in the HOA are hosted close to international borders in communities facing poverty and unemployment, deficits in human capital development and social service delivery, and limited access to basic infrastructure. Investments in these traditionally underserved border areas under the proposed operation are firmly aligned with the national priorities of the three project countries.

18. The presence of refugees in Djibouti, Ethiopia, and Uganda has resulted in negative economic, social, and environmental impacts, in addition to some positive economic impacts on refugee-hosting communities. The Forced Displacement and Mixed Migration in the HOA study identified negative impacts, including rising food and commodity prices, the depression of local wage rates, and increasing environmental degradation. Multi-stakeholder consultations in the three host countries, especially with refugee-hosting communities and the refugees themselves during preparation, revealed a number of impacts that refugee presence has on hosting areas, including increased competition—direct and indirect—for basic social services such as health, education, and drinking water; a degraded physical and natural environment due to high pressure on biomass to meet energy and construction needs; limited livelihood opportunities; and decreasing water availability evidenced by deeper boreholes and increased costs for water transport; crowded health centers and classrooms; and increased distances, time, and/or cost for collecting wood for cooking and lighting.

19. However, consultations held with host communities and local authorities revealed that refugees at camps in Djibouti and Ethiopia as well as in settlements in Uganda are provided with humanitarian assistance by the UNHCR and its implementing partners, including food aid, housing materials, basic education and health services, and drinking water and sanitation facilities. Inter- and intra-camp roads are being set-up in areas of protracted displacement, along with secondary schools and medical centers. Informal economic activities and remittances augment the buying power of refugees. Consultations with refugees revealed similar concerns and brought to the fore their unmet needs in terms of access to higher education, referral health services, better-quality energy sources for cooking and lighting, and—importantly—opportunities for skills enhancement and avenues for pursuing livelihoods. There was no denying that this competition was also a driver of latent and potential conflicts between the hosts and the refugees. Benefits and positive impacts of refugee presence for host communities include: refugee households serving as a market outlet for animal- and host-produced agricultural products; an increase in the availability of labor, especially for local agricultural production; and infrastructure investments made by UNHCR.

20. In Djibouti, which is currently at peace, underlying tensions are exacerbated by high poverty and unemployment levels and by cross-border threats. At the same time, refugees from neighboring countries that are devastated by war and conflict are spilling into Djibouti in large numbers, aggravating the economic and social situation. An example is the recent Yemeni

¹⁰ Refugees have the explicit right to lease land for up to 49 years under the Uganda National Land Policy of 2013. In practice, however, refugees have limited access to agricultural land, and this is the primary constraint preventing them from moving from subsistence to surplus production.

instability. According to available data from the Djiboutian government, Djibouti's absolute poverty rate was an estimated 23 percent¹¹ in 2013, down from 24.1 percent a decade ago. The unemployment rate is high: approximately 75 percent of youth are unemployed. Since 2007, drought conditions—the worst in 60 years in the region—have exacerbated poverty and have triggered substantial refugee flows. Estimates are that the drought has affected at least half of the rural population in Djibouti, with annual economic losses of 3.9 percent of GDP for the period 2008–11. Social tensions could worsen as pressure is added to an already fragile service-delivery and livelihood scenario. Project interventions will help address vulnerabilities, such as poverty and unemployment, deficits in human development and social service delivery, and limited access to basic infrastructure, while building resilience. While refugee policies, except for Uganda's, do not explicitly refer to the right to work, refugees do participate in economic activities. The DRDIP will therefore create a socioeconomic ecosystem for communities in refugee-hosting areas that will facilitate greater economic returns for both communities hosting refugees and for the refugees themselves. The DRDIP falls in the medium-term strategy (Strategy for Accelerated Growth and Employment Promotion—SCAPE¹²) of the Vision Djibouti 2035, including improving the standard of living, reducing unemployment (employment creation) and reducing vulnerability, among other objectives.

21. Ethiopia has completed the implementation of the first phase of its ambitious Growth and Transformation Plan (GTP I; 2010/11–2014/15) and recently started implementation of the second phase (GTP II 2015/16 – 2019/20), which sets the long-term goal of having Ethiopia become a middle-income country by 2023 with growth rates of at least 11 percent per year during the GTP II period. To achieve the plan's goals and objectives, the Government of Ethiopia has followed a “developmental and democratic state” model with a strong role for the Government in select aspects of the economy. It has prioritized key sectors, such as industry and agriculture, as drivers of sustained and inclusive economic growth and job creation. The GTP reaffirms the Government of Ethiopia's commitment to human development, and the programs of its development partners are broadly aligned with its priorities. The DRDIP will directly contribute to the plan's strategic pillar of maintaining the rapid, broad-based, and equitable economic growth and development by expanding demand-driven, basic socioeconomic services and creating access to economic infrastructure in the emerging and displacement-impacted areas of the country, thereby contributing toward the Sustainable Development Goal of ending poverty in all of its forms.

22. Uganda, as part of its Second National Development Plan (NDP II), emphasizes the need for inclusive and sustainable growth while increasing overall competitiveness and creating additional wealth and employment. Because refugee-hosting areas are more vulnerable to shocks than non-impacted areas, the Government of Uganda is currently developing the Settlement Transformation Agenda, which aims at achieving self-reliance and local settlement among refugees and to promote social development in refugee-hosting areas. Some of its objectives are relevant to the DRDIP, including sustainable livelihoods, environmental protection, and community infrastructure. The DRDIP will support the implementation of the Settlement Transformation Agenda by adopting an area-based and progressive-solutions approach in four refugee-hosting districts in Uganda.

¹¹ DISED, 2014, EDAM-BC 2013, Rapport de Seuil de Pauvreté

¹² *Stratégie de Croissance Accélérée et de Promotion de l'Emploi*

23. The capacity of government institutions in the refugee-hosting areas of the three countries is relatively weak. The DRDIP will contribute to social, economic, and infrastructural connectivity of the underserved communities with the overall national development processes by supporting the sensitization of local authorities, the capacity enhancement of local governments, and the active engagement of affected communities and grassroots institutions in the local planning, decision-making process, and oversight of public services and in the implementation and operation and maintenance of infrastructure.

C Contributing to Higher-Level Objectives

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

25. The “Forward Look” of the World Bank Group¹³ recognizes that protecting the poor and displaced from fragility and violence is a key developmental challenge for the next decade, in a context of the potential rise of fragile and conflict-affected areas around the world, but particularly in Africa. The DRDIP will respond to the rising client demand for lessening the human and economic impacts of conflict and violence by supporting refugees and their host communities, reconstructing and rehabilitating critical socioeconomic infrastructure, and—importantly—by containing regional spillovers of conflicts. The DRDIP is also closely aligned with the World Bank’s Strategy for Addressing Forced Displacement, presented to the Development Committee, through a developmental approach to support host communities better manage the shocks and impacts of the refugee presence.

26. The DRDIP contributes to the World Bank’s Africa Development Strategy, especially Pillar 2 (Vulnerability and Resilience), because it is designed to mitigate the impacts of the refugee presence on vulnerable host communities in order to improve their resilience and strengthen the capacity of the public sector. The project supports the Regional HOA Initiative recommendations regarding a development intervention that addresses refugee-hosting areas, which would be focused on building host community resilience by addressing negative environmental and economic impacts and by investing in infrastructure to improve economic opportunities for refugees and host communities. Global experience shows that self-reliant refugees are better prepared to return to their countries of origin (World Bank 2015a). Significantly, the DRDIP’s investments in historically under-resourced marginal areas in Djibouti, Ethiopia, and Uganda will promote shared prosperity by enabling households to achieve enhanced human capital development, greater resilience with increased incomes and assets, and an improved physical environment. Given the protracted displacement of refugees in the project areas, this will require sustainable investments.

27. Additionally, the DRDIP contributes to the new MENA Strategy “Economic and Social Inclusion for Peace and Stability in the Middle East and North Africa: A New Strategy for the World Bank Group” by investing in the underserved and less-developed refugee-hosting communities. The project is expected to increase the resilience of local communities to refugees in Djibouti, which directly supports the third pillar on resilience to refugee and migration shocks

¹³ Forward Look: Second Engagement, World Bank Group: Meeting Future Challenges.” World Bank Group, Washington, D.C

on host communities by focusing on building trust and their assets by mitigating the impacts of the refugee presence and thus safeguarding the asylum space. Given the cross regional nature of the DRDIP, it also directly supports the second pillar on regional collaboration across both the Africa and the MENA regions.

28. At the national level, the DRDIP supports the main objectives of national development strategies and policies and is fully consistent with the Country Partnership Strategy for the three project countries (table 1.1).

Table 1.1. Alignment of the DRDIP with the Country Partnership Strategies and Framework

Country	Alignment with the Country Partnership Strategy/Framework
Djibouti	The project is aligned with the International Development Association’s (the Association’s) Country Partnership Strategy (FY14-FY17) for Djibouti, which rests on two pillars: (i) reducing vulnerability; and (ii) strengthening the business environment. The DRDIP focuses on the first pillar of the Country Partnership Strategy by increasing access to basic social services and economic opportunities to poor communities and by strengthening local governance in disadvantaged rural and urban areas. The project is also aligned with the Performance and Learning Review (FY16) which rests on the two revised pillars: (i) reducing vulnerability; and (ii) strengthening public and private-sector capacity for service delivery.
Ethiopia	The project supports a number of the strategic objectives of the Association’s Country Partnership Strategy (FY13–FY16) for Ethiopia, including increasing access to and quality of infrastructure (roads, water, and sanitation); promoting natural resource development; increasing access to quality health and education services; and creating livelihood opportunities. It also contributes to the foundation pillar of good governance and state building.
Uganda	The project is fully aligned with the Association’s Country Partnership Framework (FY16-FY21) for Uganda. It will contribute to the first strategic focus area of Framework by improving social service delivery, and to the second by enhancing resilience of the poor and the vulnerable in Uganda.

II PROJECT DEVELOPMENT OBJECTIVE

A Project Development Objective

29. 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 of Djibouti, Ethiopia, and Uganda.

30. The proposed regional project will ensure that citizens participate and engage in the process of identifying and prioritizing their developmental needs, including expanding socioeconomic infrastructure and livelihood opportunities to improve self-reliance among refugee-hosting communities, improving social cohesion between refugees and refugee-hosting communities, increasing the voices and roles of citizens in decision making regarding development, and eliciting a greater demand for social accountability. The operational approach will be CDD and will involve: (i) capacity support to grassroots institutions; (ii) ensuring that the voices of all communities are heard in the decision making process; (iii) strengthening

decentralized government administrative functions; and (iv) investing in public-service delivery and social mobilization to enhance social cohesion among beneficiary communities.

B Project Beneficiaries

31. The project will be focused on communities in refugee-hosting areas that have experienced negative impacts due to a refugee presence. The beneficiaries of the project investments will be both the host and refugee communities (details in Annex 2). The project is potentially expected to benefit a total host population of 1,204,568 and a total refugee population of 821,942 (table 2.1).

Table 2.1. Beneficiary Details

Country	Host population	Refugee Population
Djibouti	90,634	19,377
Ethiopia	485,130	604,908
Uganda	628,804	296,406
Total	1,204,568	821,942

32. The project will support an area-based planning approach that will enable communities to identify and prioritize investments with a specific focus on women, female-headed households, and youth, groups that are disproportionately affected by displacement. Even though the project is focused on the needs of host communities, its holistic approach will ensure that refugees will benefit from its investments in socioeconomic infrastructure, environmental amelioration, and livelihood opportunities and will contribute to the design of transitional/progressive solutions for refugees in a more conducive and opportunistic social and economic ecosystem. These investments will also mitigate latent and potential conflicts caused by increased competition for services, livelihoods, and natural resources. Currently, there are existing/established committees among both refugees and host communities that meet regularly, discuss outstanding issues, resolve problems, and jointly devise solutions and monitor progress. These arrangements will be harnessed and reinforced to encourage interaction and greater social cohesion between the refugees and host communities.

33. The project’s institutional beneficiaries include local governments, implementing agency staff, and the agencies responsible for refugees in each of the DRDIP countries as well as the Intergovernmental Authority on Development (IGAD). It is envisaged that the careful integration of community priorities into the local government development planning process will ensure ownership and sustainability of the investments at the community and local government levels.

34. Project beneficiary communities will therefore benefit from: investments in basic socioeconomic infrastructure financed under the project; increased opportunities for augmenting incomes from traditional and nontraditional livelihoods; improved environmental and ecosystem services; improvements in local governance and accountability; improved access to basic social services, connectivity, and domestic energy; and reduced exposure to protection risks such as gender-based violence.

35. The project targeted areas include all of the refugee-hosting areas in Djibouti and Ethiopia and four of the nine in Uganda. (See table 2.2 and Annex 2 for details.)

Table 2.2. Project Areas

Country	Project Targeted Areas
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Djibouti	Two regions, two sub prefectures, and one town with surrounding areas <ul style="list-style-type: none"> • Ali Sabieh Region: Ali Addeh and Holl Holl • Obock Region: Obock Town and surrounding
Ethiopia	Five regions, 16 woredas with 117 kebeles <ul style="list-style-type: none"> • Afar National Regional State: Asayita and Berahle Woreda with 11 kebeles • Benishangul-Gumuz National Regional State: Mao-Komo Special Woreda and Bambasi and Homosha Woredas with 32 kebeles • Gambela National Regional State: Gog, Abol, and Dimma Woredas, and Itang Special Woreda with 28 kebeles • Tigray National Regional State: Tahtay-Adyabo, Tsimbla and Tselemt Asgede Woreda with 15 kebeles • Ethiopian Somali National Regional State: Dollo Ado, Boklomanyo, Awbarre, and Kebribeyah Woreda with 31 kebeles
Uganda	Four districts, three town councils, and 13 subcounties <ul style="list-style-type: none"> • Adjumani District: Adjumani Town Council and Subcounties of Pakere, Dzaipi, Ukusijoni, and Itirikwa • Isingiro District: Isingiro Town Council and Subcounties of Kikagati, Rushasha, Ngarama, and Rugaga • Arua District: Subcounties of Uriama, Odupi, and Rigbo • Kiryandongo District: Bweyale Town Council and Subcounties of Kiryandongo, and Mutunda

C Project Development Objective-Level Results Indicators

36. The following key indicators will be used to track progress toward the PDO:
- (i) Beneficiaries with access to social and economic services and infrastructure (disaggregated by type of service and target group)¹⁴
 - (ii) Direct project beneficiaries (number)
 - (iii) Female beneficiaries (percentage)
 - (iv) Beneficiaries of economic development activities that report an increase in income (disaggregated by type of service, gender, and target group)
 - (v) Land area where sustainable land management practices have been adopted as a result of the project (hectare)
 - (vi) Strategy for the Regional Secretariat and annual progress reports endorsed by participating countries

III PROJECT DESCRIPTION

37. The DRDIP is a US\$175 million equivalent regional operation to address the impacts of forced displacement on countries and communities in the HOA that are hosting refugees. It is a multi-sectoral development response by the governments of Djibouti, Ethiopia, and Uganda. The proposed regional operation addresses unmet social, economic, and environmental needs in local host communities within the three countries. The proposed financing instrument is investment project financing, with total proposed IDA funds of US\$175 million equivalent to be disbursed

¹⁴ The target group will be disaggregated by gender, host, internally displaced peoples, and refugee communities, as appropriate.

as credit at US\$20 million equivalent for Djibouti; US\$100 million equivalent for Ethiopia; US\$50 million equivalent for Uganda; and a US\$5 million equivalent grant to IGAD.

38. **Innovative design.** Key innovative aspects of the project design include (i) its particular focus on communities hosting refugees, and (ii) the use of government systems including government financing systems, structures, and institutions to deliver a development response to forced displacement. The targeted areas in the three participating countries face significant development deficits compared to the rest of their respective countries, which is reflected in the limited investments made by each of these governments in these host communities. It also demonstrates the limited capacity of the governments' systems. The DRDIP seeks to enhance the investments in the host areas and communities and to strengthen the government institutions and systems, putting in place enhanced absorption and utilization capabilities in these hitherto underserved areas.

39. **Harnessing synergy.** Cross-Global Practices collaboration is an important organizing principle for the proposed operation. Building on the experiences and good practices of related sectors and operations, the DRDIP seeks to maximize synergies across Global Practices and with other projects. Concretely, synergies will be sought with:

- **Djibouti.** The DRDIP in Djibouti will be implemented in synergy with the Social Safety Net Second Additional Financing Project and the Second Additional Financing for the Rural Community Development and Water Mobilization Project (PRODERMO). Under the DRDIP, construction of infrastructure will provide wage labor opportunities for young people and women among the target communities. The DRDIP can usefully benefit from the social registry being developed with support from the Social Safety Net Project (SSNP). In addition, SSNP beneficiaries could be given priority to receive support for taking up traditional and nontraditional livelihood activities under the DRDIP, provided they meet the eligibility criteria. SSNP beneficiaries will be sensitized to productively invest the income they earn from the livelihood activities supported by the regional project. Moreover, PRODERMO's efforts to increase access to water in rural communities in Obock and to enhance their capacity to manage water and agropastoral resources using a participatory approach to community-based development will be furthered by the DRDIP's investments in traditional and nontraditional livelihoods to diversify income sources, enhance productivity and returns through value-chain investments, and support community-based organizations focused on livelihoods to ensure the sustainability of project outcomes.
- **Ethiopia.** The DRDIP in Ethiopia will be implemented in synergy with agricultural and pastoral livelihoods and environmental amelioration with the third phase of the Pastoralist Community Development Project (PCDP-III), the Regional Pastoral Livelihoods Resilience Project (RPLRP), the Sustainable Land Management Project (SLMP-II), the Productive Safety Net Program (PSNP-IV), and the Agricultural Growth Project (AGP-II).
- **Uganda.** Synergies in Uganda include livelihoods and infrastructure investments, market linkages, and environmental amelioration with the Northern Uganda Social Action Fund—III.
- **Regional.** Synergies in the areas of mutual learning, and M&E, will be sought with the Great Lakes Region: Improving Resilience and Social Cohesion of Displaced and Border Communities Project; and with the RPLRP under implementation in Uganda, Ethiopia, and Kenya with IGAD hosting a Regional Secretariat and coordinating policy harmonization and

other regional aspects. Synergies on finding durable solutions for Congolese refugees in Uganda will be sought with the Great Lakes Project.

40. **Social cohesion.** Addressing competition and potential conflicts over social services and economic infrastructure, limited livelihood opportunities, and degraded environmental and natural resources through the three investment components is expected to ease tensions and foster positive relationships between the host and refugee communities in the targeted areas of participating countries. The prioritization of investments addressing the drivers of conflict through an area-based approach could potentially offer “quick-wins” that benefit both host and refugee communities, thus easing tensions, increasing social cohesion, and deepening integration between host communities and refugees. This approach also will strengthen the community’s confidence in the project and its approach to mitigating potential conflicts.

41. **Gender, youth, and sexual and gender-based violence.** To address gender inequality, youth empowerment, and gender-based violence, linkages will be established with extensive analytical work undertaken in the region, including learning initiatives supported through the State and Peace-Building Fund and LOGiCA trust funds and those through operations such as the Great Lakes Emergency Sexual and Gender-based Violence and Women’s Health Project, and the Global Platform for Sexual and Gender-based Violence in Fragile and Conflict-Affected Situations. This work would respond directly to priorities articulated in IDA 17 highlighting gender and fragile and conflict-affected situations as special themes and, in particular, commitments for increased attention to gender-based violence in fragile and conflict-affected situations—a dedicated indicator in the IDA 17 Results Framework.

42. **Regional Agency.** The US\$5 million equivalent IDA grant to IGAD would support the establishment of the Regional Secretariat for Forced Displacement and Mixed Migration to: (i) advocate holistic regional responses to forced displacement and mixed migration that are supported by data generated on displacement to influence interventions in refugee-hosting and refugee-producing member states; (ii) support policy dialogue with member states and academic and research institutions on transitional/progressive solutions to displacement; (iii) generate evidence on innovative management of the impacts of forced displacement and mixed migration through research; (iv) build the capacities of countries and institutions in the HOA to innovatively respond to forced displacement and mixed migration; (v) undertake knowledge management and focused M&E of the DRDIP implementation; (vi) forge partnerships between humanitarian and development actors in the HOA region to rethink the application of durable solutions; and (vii) consolidate the capacity of IGAD to respond to forced displacement and mixed migration and be a strong actor, both regionally and internationally, in discussions affecting the HOA.

43. Critical areas of interest for the Regional Secretariat would be: (i) examine policies and practices across refugee-hosting countries that enable work and livelihood opportunities for refugees, which promotes self-reliance and the creation of a conducive socioeconomic ecosystem for communities hosting refugees that would facilitate greater economic returns for both host communities and refugees; (ii) promote better regulations to facilitate ease of movement across HOA countries, including easier access to travel documents for mitigating irregular migration; (iii) explore strategies for governments to better manage migration and displacement situations; and (iv) address gender inequality, gender-based violence, and issues affecting youth at the regional level of the HOA.

A Project Components

44. The DRDIP seeks to foster a fundamental shift in the way forced displacement is addressed in the HOA, including thinking about forced displacement impacts as a developmental challenge as well as a humanitarian and security-related one; developing a government-led and implemented development response that complements traditional humanitarian agencies; and forming a long-term response to systemic and structural constraints impeding development that are exacerbated by the presence of refugees in underserved refugee-hosting areas. Because the major impacts of forced displacement and categories of investment is comparable across the three countries, the four major project components, described in detail below, will be implemented in all three countries in a modular and sequenced fashion that is focused on mobilization and capacity support for communities and local governments and through an implementation process responsive to community priorities. The communication, social mobilization, and participatory planning process will be complimented by awareness raising and capacity support for communities, community institutions, and local governments as well as capacity enhancement and institutional strengthening, including systems and process development for the implementing agencies. This will be followed by social, economic, and environmental investments that reflect community priorities. While Ethiopia will follow geographical phasing, both Uganda and Djibouti will follow phasing of components for implementation. Detailed phasing and sequencing has been integrated in the respective Project Implementation Manuals (PIMs) for each country.

45. The DRDIP seeks to address the social, economic, and environmental impacts of the presence of refugees in host communities through interlinked technical and investment components. **Component 1** will entail: (i) building capacity of local government units and implementing agency staff in participatory planning processes; (ii) mobilizing communities and establishing community institutions for planning, implementation, M&E, and oversight of subprojects; and (iii) supporting investments in basic social services and economic infrastructure. **Component 2** will focus on: (i) environmental management, including technical advisory services for implementation of environmental management activities through a labor intensive public works mode; and (ii) access to energy sources for cooking and lighting, including potential public-private-people partnerships. **Component 3** will support: (i) identifying beneficiaries and traditional and nontraditional livelihoods; (ii) forming community livelihood groups and support-group management activities; and (iii) providing individuals and groups with needed technical, business, market, and financial advisory services. The synergies between the three investment components are expected to amplify impacts. For instance, market, storage, and access roads created under Component 1 will enhance economic opportunities supported under Component 3. Soil and water conservation efforts under Component 2 will support enhanced productivity of traditional livelihoods supported under Component 3. Improved access to energy under Component 2 will provide women the opportunity to participate in economic opportunities under Component 3, with time saved and an improvement in their physical and mental wellbeing.

46. **Component 4** will support national-, subnational-, and local-level project coordination activities, including M&E and a management information system, fiduciary management, communication and citizen engagement, and compliance with environmental and social safeguards. **Component 5** will consolidate regional efforts toward addressing displacement and mixed migration through policy dialogue and engagement, research, capacity support,

knowledge management, and partnership functions that will then support innovative responses to displacement and mixed migration.

Component 1: Social and Economic Services and Infrastructure (US\$85 million)

47. Refugee-hosting areas in Djibouti, Ethiopia, and Uganda are characterized by significant development deficits, including low human capital and limited access to basic social services and economic infrastructure. The service-delivery capacity of local authorities in the three countries is also weak. Component 1 aims to improve access to basic social services and economic infrastructure and improve the service-delivery capacity of local authorities at the target subnational and local levels by financing community and strategic investments as well as capacity-support initiatives. Community investments will be matched by community contributions, both in cash and in kind (time, materials, and labor). The process will follow a community-driven development approach.

48. ***Subcomponent 1(a): Community Investment Fund (US\$78 million)***. Subcomponent 1(a) seeks to improve community access to basic social services and economic infrastructure by providing investment funds that, together with community contributions, will expand and improve service delivery and build infrastructure for local development. Investments will be identified, prioritized, implemented, and monitored by beneficiary communities. Potential investments (subprojects) include the construction, upgrading, rehabilitation, and/or expansion of basic social services, such as education, water supply, human health, and veterinary care; and economic infrastructure such as rural roads, market structures, and storage facilities. The target community, with guidance from local government, will identify and prioritize the specific social services and economic infrastructure to be funded under this subcomponent through the community-driven development approach. Only those subprojects that are currently functioning—that can cover their operating costs and have staff—and those who have a budget for staff and materials provided by their respective administration will be supported, ensuring the sustainability of the interventions. Subcomponent 1(a) will also support strategic investments that are larger in scope and impact than typical community-level investments (subprojects) and that will serve a cluster of project beneficiary communities. These investments will not exceed 20 percent of the total budget for community investments; will be identified through the community prioritization process; and when possible, will employ local labor during construction, especially women and youth. Local governments will be responsible for operation and maintenance. The project will make efforts to establish an information and communication technology platform composed of a network of mobile phones and applications that will link beneficiaries and those managing the fund to a web-enabled dashboard. The platform will be used to upload data on investments and implementation status on a close-to-real-time basis. The process for the planning, implementation, and monitoring of Subcomponent 1(a) is explained in detail in the PIM for each participating country.

49. ***Subcomponent 1(b): Capacity Support for Local Planning and Decentralized Service Delivery (US\$7 million)***. Subcomponent 1(b) will seek to improve the service-delivery capacity of local-level government authorities. It will support capacity support interventions for local government authorities and local implementing institutions in the areas of community-driven planning process, local development management, service-delivery capacities enhancement, mainstreaming of project interventions with government development planning and budgeting process, coordination of potential development stakeholders at local-level and community-level

development learning. Capacity support activities to be financed under the project, have been detailed in the PIMs, including: (i) supplying critically needed items such as office equipment and facilities, field gear, vehicles, and technical resources; (ii) preparing, printing, and dissemination of technical training materials; (iii) training and development of knowledge and skills at all levels, including for technical staff and host communities; and (iv) experience sharing. The project will also support technical assistance to reinforce the capacity of specialized implementing agencies, including the recruitment of national and international technical assistance for the planning, engineering design, procurement, construction management, and technical monitoring of physical investments.

Component 2: Sustainable Environmental Management (US\$33.6 million)

50. Refugee-hosting areas face a severe degradation of their environmental and natural resources, including deforestation and the devastation of agricultural and range lands. The continued presence and influx of refugees exacerbates already severe environmental conditions, turning localities into fragile ecosystems. Component 2 aims to ensure that environmental and natural resources are carefully and sustainably managed so they can support current and future needs and livelihoods. The implementation of demand- and supply-side interventions will be supported by the component. Supply-side interventions will support and enhance sustainable environmental and ecosystem services, including integrated natural resources management and small-, micro- and household-scale irrigation schemes. Alternative energy sources will aim to reduce unsustainable exploitation of natural resources, including risk mitigation and other challenges faced by crisis-affected host communities. Demand-side interventions will seek to address gender issues by reducing drudgery in terms of time and energy spent by women and girls collecting wood for fuel, lowering their exposure to risk of violence while collecting it, and improving health and indoor air pollution through the use of cleaner fuels and fuel-saving cooking technologies. These aspects have been detailed in the individual PIM for each country.

51. ***Subcomponent 2(a): Integrated Natural Resources Management (US\$26.8 million).*** Subcomponent 2(a) intends to enhance the productivity of environmental and natural resources, including arresting the degradation of fragile ecosystems in forest, range, and agricultural lands. It would support soil and water conservation through biological and physical activities on individual farms and communal lands, including the construction of soil bunds, stone bunds, artificial waterways, cut-off drains, check dams (gully rehabilitation), bench terraces, hillside terraces, trenches, area closures, planting of multipurpose trees, and groundwater recharge interventions. The subcomponent will enhance irrigation water use and management, thereby increasing irrigated land, production, and productivity for host communities. Key activities to be supported include the construction, rehabilitation, or improvement of existing traditional and modern small-, micro- and household-scale irrigation schemes. Where appropriate, these activities will be implemented in a labor-intensive public works mode, and specific efforts will be made to integrate women—not only into the labor opportunities but also as beneficiaries of the activities. The use of remote sensor technologies installed on water pumps at the farm level to monitor water use and inform water management decisions could be considered. Capacity-building activities that enhance the implementation of integrated natural resources management and small-scale irrigation development and management will be supported in each participating country, with technical assistance to service providers at multiple levels and support to communities provided.

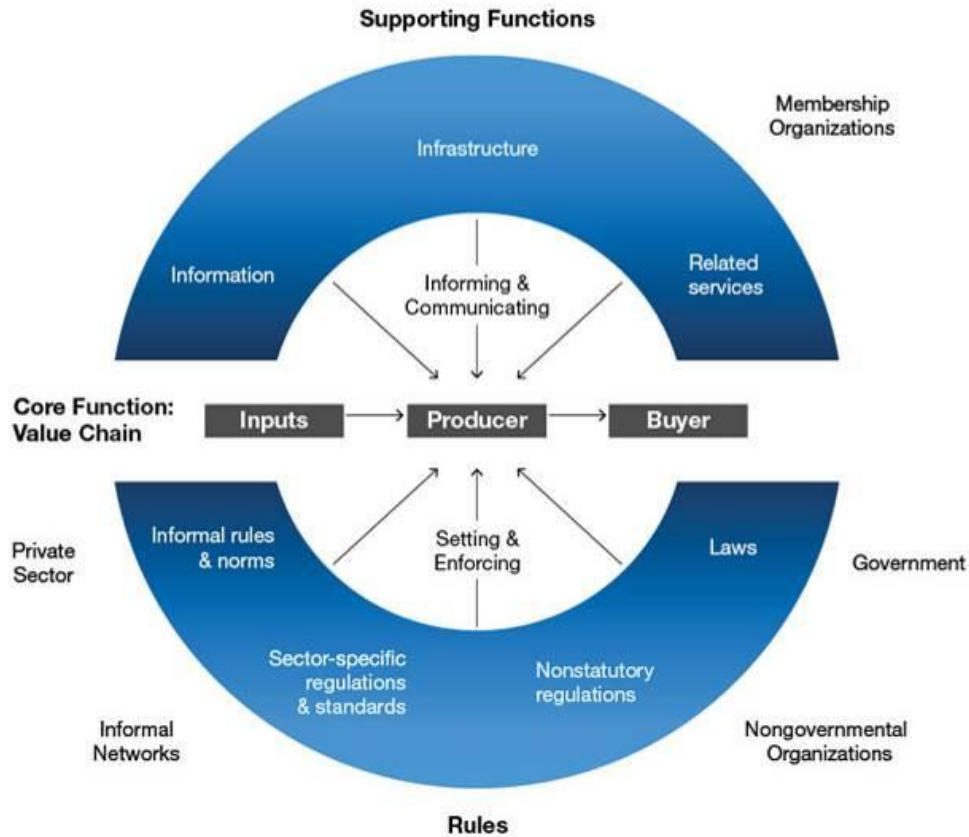
52. ***Subcomponent 2(b): Access to Energy (US\$6.8 million)***. Subcomponent 2(b) seeks to improve the host communities' access to energy by promoting the better use of energy resources and increasing access to alternative sources of energy. Support will be given to interventions that address the host communities' energy requirements, such as domestic cooking and lighting; social services, such as schools and health services; and productive activities, including lighting for small shops and businesses and for manufacturing and processing. Household cooking is currently based on firewood and charcoal. To address this concern, improved cooking devices will be introduced with appropriate community consultations about methods of cooking and baking and what types of firewood are locally available. Training would be provided on the use of the new devices, including the preparation of fuel. Attention would be given to monitoring use, regular maintenance, and repairs. Solar lanterns and lamps are among the options for meeting home and street lighting as well as mobile phone charging needs. Annex 3 provides more detail on these planned efforts. Establishing connections to grids—where possible—and off-grid decentralized energy supplies that are based on renewables and diesel engines will be explored in cooperation with other projects (World Bank and other funding sources) for meeting the above-mentioned and other productive energy uses.

Component 3: Livelihoods Program (US\$36.85 million)

53. Refugee-hosting communities derive their incomes from traditional livelihoods, such as agriculture, fisheries, pastoralism, and agropastoralism; and/or from nontraditional livelihoods, such as skills-based jobs, service enterprises, and small businesses. Both types are characterized by low-level technologies and skills, resulting in inherent low productivity. The lives and livelihoods of people in target communities are impoverished, and their incomes levels are low and unsustainable. Component 3 seeks to improve livelihoods and increase the incomes of refugee-hosting communities based on a market-system approach,¹⁵ presented in more detail in figure 3.1 and Annex 3.

Figure 3.1. Market System and the Market Players

¹⁵ “The central idea is that the poor are dependent on market systems for their livelihoods. Therefore changing those market systems to work more effectively and sustainably for the poor will improve their livelihoods and consequently reduce poverty” (DCED—The Donor Committee for Enterprise Development: <http://www.enterprise-development.org/page/m4p#OverviewandStrategy>).



Source: *Building Economic Resilience among the Poor*, DAI (2013)

54. Key elements to consider with regard to the economic ecosystem include informal enterprises and firms; the nascent presence of the private sector; other non-World Bank efforts; and potential innovations for scale-up. It will support interventions aimed at improving the productivity of traditional and nontraditional livelihoods. Both livelihood types will be informed by a detailed technical, behavioral, and market-performance assessment to increase production, improve market interconnections, adopt best practices (for traditional livelihoods), and impart skills for increased employability and enterprise development and to promote other income-generating activities for nontraditional livelihoods. The component will strengthen existing community-based organizations and support the formation of new ones.

55. ***Subcomponent 3(a): Support to Traditional and Nontraditional Livelihoods (US\$31.4 million)***. Subcomponent 3(a) aims to increase the production and productivity of agriculture (crops and livestock), pastoralism (livestock), agropastoralism (crop and livestock) and fisheries, and to commercialize livelihood activities for improved incomes, employment, and self-reliance among refugees. Intervention areas were identified based on key stakeholder and community consultations, but an in-depth technical and market system assessment will inform implementation. Based on these assessments, combined with the subnational and local potential and depending on what the traditional forms of livelihood are, support will be provided to key activities, including improving production practices; accessing technology, equipment, storage, processing infrastructure, and financing; and accessing input and output markets. Women are

expected to be major beneficiaries under the component, and specific efforts will be put in place to tailor approaches to enhance their participation and the benefits they receive.

56. Nontraditional livelihoods will be identified based on a market assessment to provide skills training for increased employability and enterprise development and to promote other income-generating activities. Based on key stakeholder consultations, a number of livelihood options were identified, but market system assessments will inform implementation. The proposed interventions will be informed by lessons learned from existing projects and will build on the experience of implementing agencies, tailored to country contexts. The subcomponent will follow a process-driven approach for systematic implementation with three phases: (i) preparatory; (ii) livelihood business plan preparation, subproject generation, and approval; and (iii) subproject implementation, follow-up mentoring, and commissioning (see Annex 3 and country PIM). The subcomponent will also support innovations that could include technological, institutional, and process innovations to be determined during implementation. Support programs for youth and women in technological innovations like digital commerce, as well as in information technology-enabled services that require computer/digital literacy, could support modern and salaried jobs. The relevant department ministry for each country will support the implementation of the livelihood activities.

57. ***Subcomponent 3(b): Capacity Support of Community-Based Organizations for Livelihoods (US\$5.45 million)***. Subcomponent 3(b) is intended to improve the service-delivery capacity of farmer, pastoral, or agropastoral organizations, including community-based organizations. Establishing and building the capacity of community-based organizations is central to the project's CDD approach to implementation and for the sustainability of project investments. Community-based organizations involved in livelihoods promotion, including farmer organizations, cooperatives, and common-interest groups, will receive training in group management, savings, financial literacy, and bookkeeping. They will be encouraged to practice regular meetings, savings, and inter-loaning, timely repayment, and up-to-date accounting. The traditional and nontraditional livelihood activities will be implemented by common-interest groups that will receive capacity support on group management, enterprise selection, livelihood business plan preparation, procurement management, and technical and computer/digital skills. Gender training programs will receive specific attention to enhance livelihood opportunities for women, promote conflict resolution, and address forms of gender-based violence such as intimate partner violence with changes in women's roles. Local administration technical committees and/or facilitators will undertake these efforts.

Component 4: Project Management and M&E (US\$14.55 million).

58. Project management and implementation will follow a decentralized approach, using existing government structures at the national, subnational, and local levels and local-level community institutions to be established and/or strengthened. The objectives of this component are to ensure enhanced and effective project management, coordination, and implementation and to support the design of the project's M&E system, which will be described in detail in the M&E manual. The component will support the establishment and/or strengthening of institutions at multiple levels with different roles and responsibilities, including oversight, coordination, and technical bodies. Steering and technical committees will be established at the national, subnational, and local levels. Project Coordination Units (PCUs) will be established at the national, subnational, and local levels in Ethiopia; a project implementation team will be

established within the *Agence Djiboutienne de Développement Social* (Djiboutian Social Development Agency, ADDS) in Djibouti; and a Project Implementation Support Team (PIST) will be established at the national level in Uganda. Both will be adequately staffed with technical experts recruited through a competitive process. The staff will serve as coordinators and facilitators. The project will build on existing community-level structures, such as community development committees, and will establish new local-level institutions as needed, including community facilitation teams, community project management committees, community procurement committees, and social audit committees.

59. The component will support the design of the project's management information system for monitoring inputs, outputs, and processes; the evaluation of outcome and impacts; environmental and social safeguard monitoring; and participatory M&E and internal learning. M&E activities will include regular monitoring of the progress and performance of implementation; monitoring of the independent process, including regular assessments of community-level planning and a review of the effectiveness and quality of capacity-building efforts; outcome and impact evaluations at baseline, mid-term, and end-of-project; and annual thematic studies. The project's Results Framework (Annex 1) will be used as a basis for reporting progress against indicators, including progress toward achieving the PDO and implementation progress. The project will consider the use of mobile technologies to increase the reach and frequency of data capturing at the local level and aggregating it in a platform that could serve as a dashboard. Such a tool would provide near real-time monitoring and the ability to visualize and/or geo-localize activities supported by the project in the three countries.

Component 5: Regional Support for Coordination, Capacity and Knowledge (US\$5 million).

60. The key objective of this component is to support the establishment of the Regional Secretariat on Forced Displacement and Mixed Migration, primarily for the HOA, but with relevant linkages to the Great Lakes Initiative. The Secretariat will: (i) spearhead the advancement of the development approach to displacement in the HOA; (ii) facilitate knowledge creation in partnership with relevant think tanks and/or universities in the three project countries of Djibouti, Ethiopia, and Uganda and the HOA; emerging from the implementation of the DRDIP with respect to development solutions to forced displacement; (iii) ensure annual learning and sharing workshops for all the HOA countries; and (iv) contribute to a better understanding of the nexus between socioeconomic development, forced displacement, and mixed migration in the HOA by commissioning studies and/or focused research.

61. The Regional Secretariat will be anchored in IGAD, a regional organization that has convening powers and a political mandate for the eight HOA countries and which is in a suitable position to initiate regional conversations about forced displacement and mixed migration. In addition to commissioning research, generating knowledge, capturing lessons, and coordinating sharing and learning in the project countries and at the regional level, the Regional Secretariat will host a regional project steering committee to be constituted by representatives from the national steering committees for each project country. The regional project steering committee will provide oversight of the implementation of the regional program and will guide, advise, and support a regional policy dialogue.

62. Finally, the Regional Secretariat will work toward building the capacities of the executing agencies on the development approach to displacement in the three project countries.

This will ensure harmonization and create standards for future projects that are similar. The details of the proposed trainings, study tours, and other activities of the Regional Secretariat are explained in detail in the PIM prepared by IGAD.

B Project Financing

63. The DRDIP would be financed through investment project financing (IPF) for the participating countries as follows: US\$20 million equivalent for Djibouti; US\$100 million equivalent for Ethiopia; and US\$50 million equivalent for Uganda. A US\$5 million equivalent IDA Grant will be provided to IGAD to host the Regional Secretariat on Forced Displacement and Mixed Migration and to coordinate a regional knowledge generation, dissemination, and learning agenda. The total estimated DRDIP costs are based on an IDA allocation (national allocations and a grant for regional coordination activities) for an overall estimated budget of US\$175 million over a five-year period. The total project cost includes a total Regional IDA envelope of US\$98 million equivalent with US\$18 million equivalent from Regional IDA MENA and US\$80 million equivalent from Regional IDA AFR as part of the MENA-AFR Regional collaboration. Total project costs and associated financing are presented in table 3.1.

Table 3.1 Project Financing

Project Components	Project Cost (US\$ million)					
	Djibouti	Ethiopia	Uganda	IGAD	Total IDA Financing	%
1. Social and Economic Services and Infrastructure						
1(a) Community Investment Fund	10.4	40.1	27.5		78.0	
1 (b) Capacity Support for Local Planning and Decentralized Service Delivery	0.1	4.4	2.5		7.0	
Subtotal	10.5	44.5	30	0	85.0	48.6
2. Sustainable Environmental Management						
2(a) Integrated Natural Resources Management	2.3	18	6.5		26.8	
2(b) Access to Energy	1.8	3	2		6.8	
Subtotal	4.10	21	8.5	0	33.6	19.2
3. Livelihoods Program						
3(a) Support to Traditional and Nontraditional Livelihoods	0.6	24.3	6.5		31.4	
3(b) Capacity Support for Community-Based Organizations for Livelihoods	1.5	2.7	1.25		5.45	
Subtotal	2.1	27	7.75	0	36.85	21.1
4 Project Management and M&E	3.3	7.5	3.75		14.55	8.3
5. Regional Support for Coordination, Capacity, and Knowledge	0	0	0	5	5	2.9
Total project cost	20	100	50	5	175	100

64. The DRDIP is consistent with the World Bank’s proposed response to addressing forced displacement by addressing the regional spill-over effect of conflict, which can be termed the “public bad” through a development response that seeks to support the host communities in overcoming the shocks and impacts of refugees. The DRDIP has been prepared in close

collaboration with the United Nations (UN) agencies that are responsible for the welfare of refugees. Close collaboration is also being forged with UN agencies to strengthen complementarity in displacement responses through more effective and efficient developmental interventions that are better aligned with the government priorities and plans. Because forced displacement is a regional challenge for HOA, the DRDIP strongly emphasizes knowledge generation and learning and sharing to enable the identification of viable and scalable interventions in participating and HOA member countries and to facilitate easier and timely sharing and support for quick implementation.

65. The four eligibility criteria to access regional IDA funding for the proposed operation are fully satisfied under the operation:

- (i) Djibouti, Ethiopia, and Uganda—the DRDIP countries—are part of the HOA and will participate in achieving the project’s objectives.
- (ii) The three project countries are all affected by forced displacement and mixed migration. Proposed interventions will mitigate the negative effects that forced displacement has on host communities and might prevent local conflicts from arising between refugees and hosts. Improved social services and livelihoods for refugees will secure their human capital and self-reliance, allowing them to contribute to the local development of their host countries and of their countries of origin upon their return. These two aspects have clear positive spillover effects beyond country boundaries and generate positive externalities across countries that are hosting or generating refugees.
- (iii) There is clear evidence of project ownership at the regional and national levels in the three project countries that are borrowing to address displacement-related issues, demonstrating a strong regional and national commitment to the implementation of the DRDIP.
- (iv) The DRDIP will enhance the harmonization of policies and practices related to forced displacement and mixed migration across HOA countries through the stewardship of regional agencies like IGAD because laws and regulations in the project countries regarding refugees fall along a continuum of allowing or disallowing refugees freedom of movement, the right to work, and property ownership rights, which define the options for durable solutions.

66. IGAD, a regional economic community, is well equipped to coordinate the regional efforts required to facilitate the research, knowledge-generation, and learning agenda and to harmonize refugee laws and policies across the three participating countries as well as across its eight member countries. IGAD is already working on two World Bank-financed regional projects: the Regional HIV/AIDS Partnership Program Support Project (P104523) and the Regional Pastoral Livelihoods Resilience Project (P129408). The proposed grant to IGAD also meets the six eligibility criteria to access a regional IDA grant:

- (i) IGAD has the legal status and fiduciary capacity to receive grant funding and the legal authority to carry out the financed activities;
- (ii) IGAD does not meet eligibility requirements to take on an IDA credit because it does not generate revenue and is not in a position to repay the credit;
- (iii) The costs and benefits are not easily allocated to national programs due to the regional nature of the activities to be financed with the IDA grant;

- (iv) The activities are related to coordinated interventions to provide regional public goods in that they are designed to contribute to regional knowledge and results-generating programs, principally in the areas of forced displacement and the strengthening of IGAD capacity to deliver its mandate on regional peace, security, and development;
- (v) Grant cofinancing is not readily available or sufficient for the activity from other development partners, whose support to IGAD is limited to small amounts in selected areas; and
- (vi) The regional entity is associated with an IDA-funded regional operation with which three out of its eight member states are involved. The project also conforms to the Africa Region's selection criteria for regional operations in Africa, including strategic relevance, regional solutions, quality, and partnership.

C Series of Projects: Objectives and Phases

67. The DRDIP is being processed as a Series of Projects (SOP) because each of the three DRDIP countries is contending with displacement impacts and their projects have similar components, even though they are independent of each other. The three credits and the grant are being delivered as a single package. However, for Djibouti, Uganda, and Ethiopia, this project is seen as the first phase of a longer-term engagement to address the significant impacts of the refugee presence on host communities: Ethiopia hosts the most refugees in Africa, Uganda has a very progressive refugee policy and is a favored asylum destination, and Djibouti has a major problem with flows of migrants alongside the refugees. The implementation experience, results, and learning from the proposed project could potentially be intensified or deepened in the targeted areas, or could expand to other refugee-hosting districts in Uganda and other countries in the region. The SOP will allow for Additional Financing for Djibouti, Uganda, and Ethiopia as part of IDA 18 for intensification and expansion of interventions.

68. Only three of the eight HOA countries are participating in the proposed regional operation. The SOP allows for other countries in the HOA to opt into the program at a later date, according to their needs and specific requirements, through IDA financing for Kenya and South Sudan and through trust funds¹⁶ for Somalia, Sudan, and Eritrea. The main requirement for other countries in the HOA being able to participate in the SOP is that they are hosting refugees in a protracted situation.

D Lessons Learned and Reflected in the Project Design

69. The proposed regional operation incorporates key lessons learned with respect to addressing forced displacement at a global level. It benefits from the experiences of relevant projects under implementation in Djibouti, Ethiopia, and Uganda; from the lessons learned from multi-sectoral and country-specific projects or those that have weak institutional capacity environments; and from other regional projects currently active in the HOA.

70. Emerging international experience regarding developmental interventions to address the impact of forced displacement that have informed this project design include the following:

¹⁶Somalia, Sudan, and Eritrea are currently in nonaccrual status with IDA and would therefore not be able to receive IDA financing or participate in the project, before a resolution of their arrears situation with IDA and other official creditors. Therefore, for these countries, trust funds through an MDTF would be needed.

- *A majority of the HOA countries have relatively progressive and advanced legal frameworks in support of displaced people, but translating this into government policy and programs is highly varied.* Africa is the only continent to further the implementation of the UN Guiding Principles on Internal Displacement through the Kampala Convention and all HOA countries are signatories. While Uganda has progressive refugee laws and policies and programs promoting self-reliance among refugees in the context of their host communities, other countries are still exercising an encampment policy.
- *In a context of weak national systems, providing parallel service delivery in refugee-hosting countries as part of a humanitarian response is unsustainable, inefficient, and costly.* A humanitarian response to forced displacement often includes the creation of parallel service-delivery systems with little synergy with mainstream government provisioning, often leading to duplication of infrastructure, low quality of services, and poor outcomes for both refugee and host communities. It is also unsustainable over the medium to long term.
- *A development approach must invest in and promote jobs, livelihood opportunities, and wealth creation for the host communities and refugees to address the underlying poverty in and vulnerability of host communities, which is further exacerbated by the presence of refugees.* Investments are needed in terms of economic assets and infrastructure; community-based institutions; skills for productive self-employment; technology; and market interactions to enhance economic opportunities for host communities and refugees, improve incomes, increase self-reliance, and mitigate conflict.
- *A comprehensive project with a simple and focused design developed with local participation and adjusted to local capacity is more effective than reallocating resources from existing projects.* The DRDIP builds on existing experiences and tested models in providing a development response to displacement impacts instead of shifting resources from existing programs, which can hasten the response but is not comprehensive.
- *There is an urgent need to strengthen the data and evidence base regarding the development challenges and impacts of forced displacement as well as potential solutions.* Given the limited quantitative and qualitative evidence on approaches and strategies that would be effective in addressing displacement impacts, the DRDIP has a dedicated structure and resources to ensure that studies, assessments, and surveys on specific interventions are undertaken to monitor how project interventions mitigate existing vulnerabilities within a hosting population of displaced persons.

71. Key experiences from implementing a CDD approach in environments with a low level of institutional capacity for the delivery of services, improving community resilience, and managing natural resources that have informed project design are:

- *Impacted communities are best suited to identify their needs and priorities, to implement subprojects, and to manage investments.* The local communities that are hosting refugees are better able to plan for and effectively implement investment subprojects. However, the process of mobilization and planning must be inclusive and participatory to ensure that all social groups, including women, youth, and pastoralists (where present), are involved. Clear criteria are needed for identifying, prioritizing, and selecting investments and beneficiaries to ensure transparency and ownership¹⁷. A sensitive facilitation process

¹⁷ World Bank. 2013. "Designing Community-Driven Development Operations in Fragile and Conflict-Affected Situations. Lessons from a Stocktaking." World Bank, Washington, D.C

is crucial to ensure that the voices of disadvantaged groups are expressed and to prevent elite capture. Planning should be led by local governments, with the involvement of key stakeholders and taking into account ongoing and proposed projects and programs to avoid duplication, to foster synergies and to ensure downward accountability to the communities.

- *Rapid results must be appropriately matched with realism of project delivery and institutional strengthening to foster more sustainable and cost-effective delivery of development interventions over the medium and long term.* The project areas are underserved, with significant development deficiencies and limited implementation experience or capacity. The initial phase of community mobilization and subproject identification and preparation will need adequate time. This phase will be complemented by capacity building of communities and local governments through training, facilitation, and resources for technical inputs, financial management, procurement, and accountability measures. The subsequent phase will witness rapid and scaled-up implementation and larger disbursements.
- *Key entry points for livelihood support, natural resource management, and/or infrastructure can potentially deliver resilience support at the community level that is necessary for addressing climate change adaptation and increasing disaster risk¹⁸.* The CDD approach adopted under the project has the potential to provide communities with a broad platform for empowerment and poverty reduction in addition to a diverse range of risk management for climate change and greater reliance on investments under the sustainable environment management component, making use of local knowledge and expertise for more effective outcomes.
- *Establishing and strengthening social contracts between subnational governments and communities are means and ends toward the goal of mainstreaming social, economic, and infrastructure aspects of underserved refugee-hosting areas.* The state's limited capacity is reflected in poor service delivery and inadequate infrastructure in the refugee-hosting areas. The project is focused on working through existing local government structures, sensitizing leadership, training frontline staff, strengthening systems and processes, and, importantly, responding to community priorities during and after the project.
- *A holistic approach is needed to address gender issues.* Women's participation in the project's processes is constrained by social structures and cultural norms. Community mobilization, consultations, trainings, institution building, and leadership are needed to tackle the issue. Project interventions will address the social, economic, infrastructure, and protection needs of women, particularly with regard to sexual- and gender-based violence. For example, fifty percent of the beneficiaries of the livelihood program will be women, and improved access to energy through efficient fuels and cooking devices will lessen women's exposure to indoor air pollution, reduce the risk of sexual- and gender-based violence, and increase their available time for economic activities.

¹⁸ Arnold, Margaret, Robin Mearns, Kaori Oshima, and Vivek Prasad. 2014. "Climate and Disaster Resilience: The Role for Community-Driven Development." Social Development Department. World Bank, Washington, D.C.

IV IMPLEMENTATION

A Institutional and Implementation Arrangements

72. The institutional arrangements for implementation, technical assistance, and oversight for each of the participating countries follows (see Annex 3 for details). Table 4.1 lists the agencies responsible for the project in each country.

73. At the regional level, IGAD will set up the Regional Secretariat for Forced Displacement and Mixed Migration as part of the migration program of the health and social development sector based in Nairobi, building on the Regional Migration Program, and in Djibouti, with overall financial management and procurement responsibility under the IGAD administration in Djibouti.

Table 4.1 National-Level Ministries and Executing Agencies Responsible for the Project

Country	Lead Ministry	Executing Agency
Djibouti	Ministry of Economy and Finance (coordination) and National Solidarity Secretariat (technical)	<i>Agence Djiboutienne de Développement Social</i> (Djiboutian Social Development Agency, ADDS)
Ethiopia	Ministry of Agriculture and Natural Resources	Emerging Regions Coordination Directorate
Uganda	Office of the Prime Minister	Department of Refugees

74. Steering and technical committees will be established at the regional, national, subnational, and local implementation levels. Table 4.2 details their roles and responsibilities.

Table 4.2. Key Project-Related Institutions and Their Roles and Responsibilities

Institution	Membership	Roles and Responsibilities
Project Regional Steering Committee (within IGAD)	Representatives of national steering committees from each project country	Providing oversight of implementation of the regional program; guide, advice, and support knowledge generation and learning as well as regional policy dialogue and harmonization.
Steering Committee (at the national/federal, subnational ¹⁹ , and local levels)	Chaired by head of the responsible lead ministry or his/her designee at each level with members from relevant implementing agencies and relevant stakeholders, including development and humanitarian agencies and organizations	Strategic guidance and oversight of project management; coordination; and implementation, including approving the annual work plan and budget of the relevant implementation level.
Technical Committee (at the national/federal, subnational, and local levels)	Chaired by head of the executive agency and constituted by technical experts drawn from relevant departments and with sector expertise	Technical support to the steering committee at the relevant level, including a technical review of the annual work plan and budget and issues that require the attention and decision of the steering committee resulting from implementation at the relevant level.
Project coordination	Project coordinator and team of	Responsible for the overall

¹⁹ Subnational means for Ethiopia – Regional Governments, Uganda – District Governments, and Djibouti- Regional Governments.

unit (at the national/federal, subnational, and local levels) in Ethiopia; project implementation team in ADDS in Djibouti; and IGAD Regional Secretariat and PIST in the Office of the Prime Minister in Uganda.	technical experts at the national level across all three countries but also Focal Point with expertise in procurement, financial management, and safeguards at the subnational level; and a coordinator of monitoring and evaluation and finance at the local level in Ethiopia and Djibouti.	management and coordination of project, including consolidation of annual work plans and the budget, fiduciary management, safeguard compliance, communications, monitoring and evaluation, reporting, liaison with project implementing entities and subnational PCUs, capacity building, supervision and mobilization, and addressing implementation bottlenecks as they arise.
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75. A national PCU will be established in Ethiopia, a project implementation team in Djibouti and IGAD, and a PIST in Uganda; under the auspices of the respective executing agencies. In addition to project funds, they will be responsible for managing the project at the national level, including financial, procurement, and safeguard management as well as monitoring and evaluation in accordance with World Bank guidelines and procedures; finalizing the national PIM; and producing national progress reports on the project. In addition, subnational and local-level PCUs and project implementation teams will be established at the appropriate level.

76. The national PCU, the project implementation team, and the PIST will be headed by project coordinators, along with a core team of specialists in procurement, financial management, and monitoring and evaluation. They will be supported by a team of specialists in infrastructure, livelihoods, and social and environmental safeguards, among others, to be supported under IDA financing. Additional specialists will be contracted based on individual country requirements under IDA financing. An assessment will be conducted of the existing capacities, human resources, infrastructure, systems, and processes for each of the executing agencies, and based on its findings, the capacities will be harnessed for project purposes. The IGAD project implementation team will include a program coordinator and a core team of specialists in financial management, procurement, and knowledge management and results.

77. Detailed PIMs have been prepared for the three participating countries, with operational details at the national, subnational, and local levels, and with arrangements for the implementation of the investment components, the technical activities, the environmental and social safeguard management, monitoring and evaluation, financial management, and procurement procedures. For each participating country, dated legal covenants include the appointment of an internal and an external auditor.

B Results Monitoring and Evaluation

78. The DRDIP will be implemented at the community level with necessary oversight and technical support at the national, subnational, and local levels. M&E capacities will be ensured at the national, subnational, and local levels for the collection, organization, and analysis of project-related data. The main instrument for M&E under the DRDIP will be the Results Framework (Annex 1). The indicators are the same for Djibouti, Ethiopia, and Uganda with their respective baseline, intermediate, and end-of-project targets; they will be the basis for reporting progress. The indicators, data sources, and data collection methods take into account the CDD approach and the limited institutional capacities in the project targeted areas. All indicators are

disaggregated by country, with further disaggregation by gender (percent female) for the core indicator on direct project beneficiaries.

C Sustainability

79. ***Institutional sustainability.*** The DRDIP will be implemented through the existing institutions at the national, subnational, and local levels, and the project will make investments to enhance the capacities of these entities for engaging communities, planning, and implementing local-level infrastructure for service delivery, environmental management, and the promotion of livelihoods. In this context, the DRDIP will contribute to institutional sustainability by reinforcing coordination and collaboration across the national, subnational, and local levels; rendering the local government planning and implementation process responsive to community needs, thereby strengthening the social contract between citizens and the state; and ensuring linkages across various sectoral ministries or departments and development partners for greater synergies. While the lead implementing ministries at the national level vary across the three participating countries, there will be linkages and synergies across various relevant institutions and agencies.

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

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

V KEY RISKS

82. The Systematic Operations Risk-Rating Tool (SORT) has been used to evaluate risks across the DRDIP; it will continue to be used to monitor risks during implementation. The risks focus on development results associated with the DRDIP, including the risk of failing to achieve intended results and the risk that the project might cause unintended—and possibly negative—results. Table 4.3 summarizes and rates the major risks associated with the DRDIP.

Table 4.3. Risk-Rating Summary for the DRDIP²⁰

Risk Category	Rating
1. Political and Governance	Substantial
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate

²⁰ The Systematic Operations Risk-Rating Tool (SORT) ratings are reflective of the project as a whole based on participating countries and IGAD but do not necessarily reflect individual country ratings.

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

A Explanation of Overall Risk Rating

83. The overall implementation risk is *substantial*, primarily due to the project’s comprehensive and multisectoral design, the fiduciary risks with regard to financial management and procurement, and the governance risks resulting from the fact that the project will be implemented in underserved areas across three countries by implementing agencies with weak implementation capacities. Because the project design builds on robust analytics, its components and activities are straightforward and focused, and the preparation process involved consultations with a range of stakeholders in a majority of the project areas, the risks related to design and stakeholders is substantial but manageable.

84. The political commitment for the project across the three participating countries is strong. Although domestic refugee legislation does not provide a path for refugees to acquire citizenship in any of the three participating countries, they are all borrowing to mitigate the impact of the refugee presence on host communities to safeguard the asylum space, thereby preventing refugees from remaining in legal and humanitarian limbo. However, in the majority of areas where the DRDIP will be implemented, refugee movements and their attendant impacts on host communities remain fluid. The uncertainty around the cessation of conflict and restoration of peace, especially in South Sudan, Somalia, the Democratic Republic of Congo, Burundi, and Yemen, contribute to the protracted nature of the instability and to the frequently changing case load of refugees around whom to plan interventions under the proposed operation. This uncertainty is mitigated by the series-of-projects approach, which allows for interventions to be scaled up in the same country and in targeted or other areas with Additional Financing operations.

85. At the operational level, the project is adopting the CDD approach as an instrument of choice of the three participating countries, which want communities to be an integral part of the planning and implementation process with the support of the local administration and implementing agencies. The project faces risk in terms of weak community and local-government experience and capacity in the DRDIP targeted areas, especially regarding the implementation of World Bank-supported development interventions. In order to ensure the sustainability of capacity investments, the DRDIP will support mobilization, capacity development, the strengthening of community institutions, and capacity enhancement for existing government structures through the recruitment of additional staff—especially with fiduciary and safeguard experience—at different levels under IDA financing.

86. The DRDIP in Ethiopia, particularly in Gambela National Regional State, will contribute to meeting the commitments made as part of the World Bank management report and recommendations in response to the Inspection Panel Investigation Report of the Ethiopia: Promoting Basic Services Phase III (Credit No 51620). In its response to the inspection panel investigation report, World Bank Group management noted that there are specific challenges for the Anuak communities in Gambela. The investment components under the DRDIP will

contribute to efforts at addressing challenges with regard to agriculture and livelihoods in Gambela, including for the Anuak communities; and the implementation process will ensure citizen participation in decision making about budgets and increased citizen voice and accountability.

87. With respect to the fiduciary aspects, the DRDIP will support necessary financial management capacities to ensure strong internal controls and adherence to proper financial procedures. The three participating countries have agreed to an action plan for building needed systems and capacities for procurement. Capacity enhancement, regular oversight, and yearly audits will be instituted, enhancing the efficiency and transparency of implementation and mitigating the weak procurement and financial management capacities, especially at the local level, that could result in noncompliance with agreed-on processes and procedures.

88. Interventions under the DRDIP are not expected to lead to large-scale, significant, or irreversible environmental or social impacts. Safeguard instruments have been prepared to address the impacts. Across the three countries, OP 4.12 has been triggered, and implementation of the Resettlement Policy Framework (RPF) would involve voluntary land donation. Retrospective assessments to ensure social due diligence will be required. Additionally, OP 4.10 has been triggered for Ethiopia, and an enhanced Social Assessment (SA) and consultations have been completed. Clearly defined processes will be adopted to ensure that project interventions have *operational interface* with other initiatives of the government of Ethiopia; this will mitigate adverse impacts. To address the safeguard risks of the potential interface between the Ethiopian government's ongoing Commune Development Program and World Bank-financed projects operating in the Developing Regional States where the Commune Development Program is active, a “screening checklist” will be used to ensure that the project does not knowingly support the program; demonstrate that no kebeles covered by the Commune Development Program will be considered in the project; and to identify any potential interface.

89. The DRDIP will be implemented in a complex operating environment that includes a multitude of public- and private-sector agencies and NGOs in the humanitarian and development arena at various levels and across three countries. Coordination will be spearheaded by steering and technical committees at the national and subnational levels to prevent duplication, establish synergies, and build on existing successful models. Linkages with global and regional initiatives will be ensured through the Regional Secretariat in IGAD.

VI APPRAISAL SUMMARY

A Economic and Financial Analysis

90. The economic and financial analysis conducted as part of the project preparation process suggests that the proposed interventions are economically and financially feasible. As a CDD project, it is not possible to predetermine actual investments. Therefore, analyses were carried out based on a typology of the DRDIP investments that are expected to be common across the three participating countries of Djibouti, Ethiopia, and Uganda. These include a total of seven interventions across the three investment components of the project and eight interventions that are cross-cutting with respect to project implementation. The project's incremental benefits relate to: reduced transportation costs; financial savings derived from improved access to water points,

education facilities, and primary health care (reduction in health costs and lost time due to illnesses); and increased returns on economic activities and economic infrastructure.

91. *Rationale for public sector engagement.* The rationale for public-sector engagement for the DRDIP is based on the role of each of the participating countries’ governments and local administrations in promoting social and economic goals and their spillover effects for poor and historically underserved areas and populations. Investments funded through the DRDIP aim to meet the demand for increased social services, both in terms of number of people and quality, and allow the most vulnerable—particularly women and children—to have access to health and education services, water, energy, livelihoods, financing, and an enabling environment for business and private-sector development through the creation of both business opportunities and improved infrastructure that facilitates movement of communities along the value chain of products and services. Moreover, these interventions have positive externalities and important spillovers (as demonstrated by direct and indirect benefits), which justify the governments’ key roles. The public sector is also targeted by the World Bank’s specific interventions to strengthen capacities at different levels of the administration and specifically at the local level, to support community empowerment and be responsive to community needs. Finally, the mounting of multi-sectoral interventions under the DRDIP to address the needs of communities hosting refugees requires sound coordination between local administrations and central governments if the proposed interventions are to be effectively implemented.

92. *Value-added of World Bank support:* The value added of the World Bank support to the project is a result of the critical technical contribution based on international experience in the areas of gender, education, health, environment, energy, economics, and private-sector development, among many others; and its convening power to support the three countries under the project through an innovative approach for addressing the impacts of protracted forced displacement. The World Bank will apply its vast regional and global expertise with CDD projects to enhance the effectiveness of DRDIP implementation. These interventions would be rigorously evaluated in coordination with each of the countries to produce regional and international evidence of successful and innovative interventions based on lessons learned and experience gained.

93. While the economic analysis is based on these benefits, it should be noted that the conclusions are rather conservative because the returns from DRDIP investments are far larger, and a significant portion of benefits are not readily quantifiable. Net present values were calculated for proposed interventions (table 6.1) with benefits quantifiable in monetary terms; other interventions show several intangible, indirect benefits (details in Annex 6).

Table 6.1. Proposed Interventions: Relative Costs and Benefits

Project Component	Proposed Intervention	Estimated Cost (US\$)	Net Present Value (US\$)
1	Construction of one borehole		76,974
	Construction of one health facility	9,750	-
	Construction of one school building	388,330	-
	Construction of one 100-kilometer paved road	195,484	
		3,416,980	

2	Installation of one solar panel system	822	-
-	Implementation of financial system	318,525	-

Source: Task Team calculations.

94. A sensitivity analysis was conducted to assess the effect of variations in benefits and costs in the realization of benefits on the internal rate of return. All results are apparently robust. Notwithstanding an increase in cost of 10 percent or a decrease in the total estimated benefits by 10 percent, the results remain robust. Moreover, a third scenario that contemplates a 10 percent increase in costs combined with a 10 percent decrease in benefits still shows a robust internal rate of return, considering a very conservative social discount rate of 2.6 percent (table 6.2). In conclusion, the overall net discounted benefits of the presented cost-benefit analysis remain positive under any circumstances.

Table 6.2. Sensitivity Analysis²¹

	Borehole (%)	Agropastoral and Fishery Livelihoods (%)
Base Scenario	184	63
Cost +10% OR Benefit -10%	166	55
Cost +10% AND Benefit -10%	151	49

Source: Team calculations based on Cost Benefit Analysis simulations and estimated net present value of monetized benefits.

B Technical

95. *Regional approach.* Forced displacement is a regional phenomenon in the HOA, with neighbors of conflict-affected countries bearing a huge burden in terms of refugee movements. Impacts of the refugee presence on host communities include increased pressure on scarce social services such as education, health, and water; depletion of natural resources, such as forest and land degradation and loss of biomass; and competition for limited livelihood opportunities, such as income-generating activities. The DRDIP therefore supports interventions to mitigate the social, economic, and environmental impacts through the investment components across the three participating countries. Specific activities will be determined based on local circumstances, but the project offers a useful platform for learning about approaches and intervention successes across the three countries. The project also supports robust knowledge generation, learning, and sharing at the regional level through the Regional Secretariat to enhance efficiencies and the effectiveness of interventions across the countries.

96. *CDD approach.* The operational approach of CDD will be adopted for project implementation in the underdeveloped and underserved areas that the DRDIP is targeting. The CDD approach embeds the required flexibility needed to respond to the scale and nature of communities' needs in diverse local conditions. It will allow decision making to devolve to communities, ensuring that resource distribution is fair, supports priority local infrastructure and service delivery needs, and incentivizes collective action.

97. *Strengthening local development.* The DRDIP has made an informed choice of implementation arrangements through existing government structures in the targeted areas which are underserved areas. Community-responsive approaches will be strengthened into the local

²¹ Internal Rate of Return—social discount rate used: 2.6 percent based on Bank's guidelines and the GDP growth analysis for the three countries

development processes of planning and budget development process. Also, in order to mitigate risks of remoteness of areas and limited implementation capacity, the project design will incorporate a reliance on the communities' accountability mechanisms and the strategic use of technology; tailor the World Bank's supervision with third-party monitoring; and strengthen community institutions and local government capacity.

C Financial Management

98. A financial management assessment was conducted for the Ministry of Agriculture and Natural Resources (MoANR) in Ethiopia which will be using a Federal Project Coordination Unit (FPCU); for the Office of the Prime Minister (OPM) in Uganda, which will be using the PIST under the Refugee Department; for the *Agence Djiboutienne de Développement Social* (Djiboutian Social Development Agency, ADDS) in Djibouti that will be using a project implementation team; and for the IGAD Secretariat. An assessment was also conducted at the subnational level in four out of the five regional bureaus and four out of the 16 woredas in Ethiopia. In Djibouti, an assessment covered the regions in Obock and Ali Sabieh; and in Uganda, an assessment of the four districts of Adjumani, Arua, Kiryandongo, and Isingiro that will be implementing the project was conducted.

99. The FM assessment's objective was to determine whether or not the implementing entities had acceptable financial management arrangements in place that would satisfy the Bank's Operation Policy/Bank Procedure (OP/BP) 10.00. These arrangements would ensure that the implementing entities: (i) use project funds only for the intended purposes in an efficient and economical way; (ii) prepare accurate and reliable accounts and timely periodic interim financial reports; (iii) safeguard assets of the project; and (iv) maintain acceptable auditing arrangements. The financial management assessment was carried out in accordance with the "*Financial Management Manual for World Bank Investment Project Financing Operations*" that became effective on March 1, 2010, but was issued (retrofitted) on February 4, 2015.

100. The findings of the assessment demonstrate that all of the implementing entities have adequate financial management arrangements except for the following aspects that need strengthening:

- **Ethiopia.** The MoANR federal project coordination unit will need to recruit a qualified and experienced financial management specialist and an accountant no later than three months after project effectiveness to ensure that adequate financial management arrangements are in place for the project. In addition, the five regional and 16 woreda PCUs will each have to recruit an accountant no later than three months after effectiveness to account for project funds. Although financial management aspects are part of the PIM, MoANR will prepare a detailed financial management manual that is agreeable to the International Development Association (the Association) before effectiveness.
- **Uganda.** The OPM PIST will need to recruit a qualified and experienced accountant to account for the project funds within three months of effectiveness. Three districts—Isingiro, Arua, and Adjumani—will need to fill and/or designate qualified officers for the position for the chief finance officer (CFO) and/or senior finance officer (SFO), who will be in charge of accounting and reporting of project funds at the district level. Each district will designate a qualified accountant to support the project. Similarly, the principal internal auditor for Adjumani and senior internal auditor positions in Isingiro and Arua

are vacant. Each of the districts implementing the project will have to confirm with the OPM PIST that they have filled these key positions before disbursement can be made to the districts. The audit committee at the OPM and the district public accounts committees are not effectively following up on audit issues to ensure they are addressed to facilitate the strengthening of the internal control systems that are already in place. The committees will need training to improve their effectiveness.

- **Djibouti.** ADDS will need to do the following within three months of effectiveness: recruit a qualified and experienced accountant and internal auditor in order to have adequate financial management arrangements for the project; enhance the functionality of the management information system that records and pays beneficiaries in order to improve its reporting mechanism; and update the project financial operation manual to cover the project's financial management arrangements.
- **IGAD Secretariat.** The Secretariat will need to recruit a qualified and experienced accountant no later than three months after project effectiveness. Persistent delays in approving budgets due to infrequent meetings of the IGAD Ministerial Committee will be mitigated by having a more efficient system of approving the budget, detailed in the PIM.

101. Project implementation manuals that are acceptable to the Association have been prepared for all implementing entities. The PIMs cover financial management aspects related to the project that are not covered in the existing financial management manuals. Governance and anticorruption arrangements will also be designed for this project, including putting a complaints-handling mechanism in place so that concerns raised by project beneficiaries can be addressed. Arrangements will be made to work with anticorruption agencies in the three countries to deal with fraud, engage in the prevention and detection of corruption, and set up community-level social audit committees. Implementing entities will be encouraged to post project budgets and audited financial statements on their websites in order to promote transparency and accountability. Additional details on the assessment are included in Annex 3.

102. The assessment concludes that the financial management arrangements in place meet the Association's minimum requirements under OP/BP10.00 and are therefore adequate for providing, with reasonable assurance, accurate and timely information on the status of the project as required by the Association. The overall financial management residual risk rating is *substantial* for MoANR in Ethiopia and Uganda, and *moderate* for IGAD Secretariat and ADDS in Djibouti.

D Procurement Management

103. Procurement for the proposed project will be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services under International Bank for Reconstruction and Development (IBRD) Loans and IDA Credits and Grants by World Bank Recipients" (January 2011, updated July 2014); "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Recipients" (January 2011, updated July 2014); "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants" (the Anti-Corruption Guidelines—October 15, 2006, revised January 2011); and the provisions stipulated in the financing agreement.

104. **In Djibouti,** procurement shall be carried out by the ADDS—the focal organization for the DRDIP in Djibouti. Procurement activities will be carried out by a project implementation

unit (PIU) to be established in ADDS and the staffing will include a procurement specialist acceptable to the Association. ADDS has experience implementing World Bank-financed projects and is currently implementing three World Bank-financed projects. ADDS has developed a master manual that includes a separate section on procurement, which has been reviewed and accepted by the Association. However, there are reported weaknesses in ADDS in the area of procurement management.

105. **In Ethiopia**, DRDIP implementation is streamlined by MoANR; regional- and woreda-level line agencies are accountable for oversight and coordination. The DRDIP will be implemented in five regional states and 16 woredas. Procurement for the proposed project will be implemented at the central level by the Procurement and Property Directorate of MoANR. At the regional level, procurement activities will be executed by the procurement and property subprocesses of regional bureaus of agriculture and natural resources. At the woreda level (local government), procurement activities will be executed by the Woreda Finance and Economic Development Offices of the respective woredas and by the beneficiary communities of the project. Some of the implementing agencies have previous experience implementing World Bank-financed projects, but capacity challenges are prevalent in most implementing agencies at the subnational level.

106. **In Uganda**, procurement for the DRDIP will be implemented at three levels: (i) central government—OPM; (ii) local government in Adjumani, Arua, Kiryadongo, and Isingiro districts; and (iii) community. Procurement processing will be done at community, district, and central government levels with interventions targeting host communities. The OPM, the implementing agency at the central government level, has executed two phases of the IDA-financed Northern Uganda Social Action Fund, and the agency has some experience with IDA-funded procurement management, although the Department of Refugees will be handling IDA funding for the first time.

107. **At IGAD**, procurement will be centrally carried out by the procurement unit of the IGAD Secretariat with assistance from a procurement officer who will be contracted by the Nairobi office of the Regional Secretariat on Forced Displacement and Mixed Migration. IGAD's procurement unit, which is organized under the Directorate for Finance and Administration, was created in 2013 and is run by one senior procurement officer and an assistant. This team carries out the procurement activities for all projects executed by IGAD, although some projects establish their own PIUs for the implementation of specific projects. The Secretariat has experience in implementing donor-supported projects, including World Bank-financed projects. However, a qualified procurement officer will be recruited for the Nairobi office of the Regional Secretariat to support the grant operations.

108. The three countries' implementing agencies and IGAD will each prepare a separate a detailed procurement manual that is agreeable to the Association before effectiveness. The individual country PIMs also contain sections on procurement. Items under various expenditure categories are described in Annex 3. In the Procurement Plans, for each contract to be financed by IDA Credits or by an IDA Regional Grant, the recipient or recipient and the Association have agreed on the different procurement methods or consultant selection methods, need for prequalification, estimated costs, prior review requirements, and time frames. The procurement plan will be updated annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. The recipients, contractors, suppliers, and consultants

will observe the highest standards of ethics during the procurement and execution of contracts financed under this project.

E Social—Including Safeguards²²

109. The DRDIP is classified as Category B for IDA Credit-supported activities because interventions are not expected to lead to large-scale, significant, or irreversible environmental and social impacts. The project triggers nine out of the ten safeguard policies: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Pest Management (OP/BP 4.09), Physical Cultural Resources (OP/BP 4.11), Involuntary Resettlement (OP/BP 4.12), Indigenous Peoples/Underserved and Vulnerable Peoples (OP/BP 4.10), Safety of Dams (OP/BP 4.37), and International Waterways (OP/BP 7.50). With respect to the IDA Regional Grant to IGAD, the Environmental Assessment Category is C, as the activities being supported relate to coordination, training, knowledge generation, and dissemination, and will not trigger any safeguard policies.

110. Key social challenges that the participating communities might face include: (i) gender disparities in access to livelihood and skills development opportunities; (ii) limited access to social services, especially education, health services due to the remote nature of the target communities; and (iii) recurring conflicts over natural resources, particularly related to water management and land tenure arrangements. The *service-delivery* model of the project is a CDD approach, which will focus on local development promoted through empowering communities to solve their problems by facilitating the process of identifying, prioritizing, implementing, and monitoring subproject investments by the communities to ensure inclusiveness. Social due diligence lessons aimed at building sustainable community assets, citizen participation/engagement, and gender mainstreaming are part of the livelihoods component.

111. The project has triggered OP 4.12 for the three countries, and in line with the Association's safeguard policies, the project has put in place mitigation mechanisms acceptable to the Association to mitigate anticipated social impacts. For impact on potential land take and/or restrictions in access to communal natural resources, a RPF has been prepared and consulted upon in the three countries. These have been disclosed prior to appraisal to address any potential impacts, and given the expected small size of the footprint of the subproject activities, any land acquisition would be limited, site specific, and minor, with no physical displacement or relocation.

112. The Association's OP 4.10 is triggered only for Ethiopia, based on the screening conducted by the World Bank and reinforced by the Constitution of Ethiopia, which indicate that the majority of the target population identify themselves as having the characteristics defined under OP 4.10. Therefore, a SA was conducted to complement the RPF. As part of the SA, extensive consultations were conducted with key stakeholders in the participating areas to seek broad community support for the project; and in accordance with its CDD approach, subproject activities will be identified, prioritized, implemented, and monitored by beneficiary communities, including a variety of social groups, through a consultative process during implementation. The project includes a cost-effective and accessible grievance-handling mechanism to ensure that any project-related issues and concerns are resolved using due process.

²² RPFs disclosure in-country and Infoshop – Djibouti on March 1, 2016; Ethiopia on March 7, 2016, and Uganda on March 13, 2016; and SA disclosure in-country and Infoshop for Ethiopia on March 7, 2016.

113. **Indigenous Peoples / Underserved People (OP 4.10).** Triggered only for Ethiopia, a SA with the affected persons and communities was completed. The social management plan (detailed in Annex 7) provides key findings of the SA, such as the process used to foster free, prior, and informed consultations and broad community support, including provision of grievance-redress and benefit-sharing issues. Identified mitigating measures have been incorporated into the project design.

114. **Involuntary Resettlement (OP 4.12).** The proposed project will not undertake any activities that will displace people. However, it would support small-scale infrastructure that might affect the land holdings of individual farmers. While these interventions are yet to be identified, as a precautionary measure, the project has prepared and consulted upon resettlement policy frameworks for all three countries, and these have been disclosed prior to appraisal to address any issues that might arise from economic displacement and/or restriction of access to communal natural resources.

F Environment—including Safeguards²³

115. Some of the local-level investment activities under Components 1, 2, and 3 may have limited adverse environmental risks and impacts. These activities could potentially include: (i) expansion and improvement of service delivery, including the construction of small infrastructure; (ii) construction or rehabilitation of physical structures for water catchment management, such as check-dams and water harvesting structures, among others; and (iii) land-based livelihood activities, which could have limited adverse environmental and social impacts. Environmental and Social Management Frameworks (ESMFs) have been prepared in all three countries to avoid or mitigate the environmental and social risks of these activities.

116. **Environmental Assessment (OP 4.01).** The following project-related activities are likely to include environmental and social risks: (i) expansion and improvement of service delivery, including small infrastructure; (ii) construction or rehabilitation of physical structures for water catchment management, such as check-dams and water harvesting structures, among others; and (iii) land-based livelihood activities, which could have limited adverse environmental and social impacts. Because the specific sites for implementing these activities are not yet known, ESMFs have been prepared for the three project countries as the specific instrument for analyzing potential environmental and social risks; they were disclosed prior to appraisal. The ESMF would be used to develop a site-specific environmental management plan prior to the commencement of activities, mostly under Components 1, 2, and 3. The ESMFs include standard methods and procedures as well as appropriate institutional arrangements for screening and reviewing program activities and monitoring the implementation of mitigation measures to prevent adverse and cumulative impacts. The effective use of the ESMF will be regularly reviewed and audited.

117. **Natural Habitats (OP 4.04).** Project activities in Ethiopia and Uganda are not likely to encompass natural habitats. However in Djibouti, the Ali Sabieh Region is home to unique biodiversity, especially the *Aire naturelle terrestre protegee d'Assamo* – the Assamo Terrestrial Protected Area, which is natural habitat to the Beira antelope. No project activities will be supported in this protected area. The project will also not support any activities likely to

²³ ESMFs disclosure in-country and Infoshop – Djibouti on March 1, 2016; Ethiopia on March 7, 2016, and Uganda on March 13, 2016.

indirectly affect the ecosystem that is critical for the survival of this species. The ESMF will screen out any activities that could have indirect or cumulative impacts on this habitat.

118. **Forests (OP 4.36).** Activities under Component 2 are likely to have a positive impact on forests with the implementation of physical and biological measures for soil and water conservation and afforestation. The ESMF provides detailed procedures to screen program activities/subprojects for potential adverse environmental and social impacts, and to take measures to avoid, minimize and mitigate impacts on forests. Project activities in Djibouti are not likely to take place in protected forest areas.

119. **Pest Management (OP 4.09).** The project will support activities under Component 2 and 3 that are likely to be agriculture-based and that may increase the application of agrochemicals (insecticides, herbicides, and fertilizers, among others). Therefore, the ESMF includes a guideline for integrated pest management to address related environmental and social impacts of the project.

120. **Physical Cultural Resources (OP 4.11).** The project sites and their potential cultural and historical significance are not known. The ESMF includes provisions and a set of procedures to screen project activities for such impacts and to deal with chance finds.

121. **Safety of Dams (OP 4.37).** Component 2 may support small dam construction (less than 4.5 meters) as part of small- and micro-scale irrigation schemes. The project will use the Food and Agriculture Organization of the United Nations (FAO) “Manual on Small Earth Dams, A Guide to Siting, Design and Construction” (FAO 2010) or comparable text in French.

122. **Projects on International Waterways (OP 7.50).** The project will finance small-scale irrigation investments, but these are not likely to be located in international water basins in Djibouti. In Ethiopia, the project is located in international water basins that include the Baro-Akobo, Genale Dawa, Tekeze, and Abbay rivers. In Uganda, the project is located along rivers and streams that drain into the international water basin of the River Nile. While the impact of small-scale irrigation on these rivers would be insignificant, and the cumulative abstraction is expected to be minor, Riparian countries were notified on February 25, 2016 on behalf of Ethiopia and March 11, 2016 on behalf of Uganda in accordance with the policy.

123. **Climate Change Screening.** This was undertaken only for Ethiopia under the proposed project because the bulk of the project investments will take place in Ethiopia and because there is a similarity in weather and climate conditions in the sites selected for interventions across the three project countries. The project targeted areas are exposed to high temperatures, droughts, and/or floods due to intense rainfall during the main rainy season, which spans from July to October. Overall, the proposed project will contribute to reducing greenhouse gas emissions through Component 2 - Sustainable Environmental Management by supporting (i) measures on improved energy efficiency in cooking and lighting, and increasing the use of renewable energy sources reducing pressure on biomass; and (ii) soil and water conservation measures, afforestation and area closures for regeneration that will contribute to reducing the impacts of climate trends by improving water conservation, increased biomass and fodder availability. However, it is worth noting that project supported activities under Component 1 – Social and Economic Services and Infrastructure such as roads are likely to be affected by climate trends. Also, investments under Component 3 – Livelihoods Program which will support Agriculture and Livestock related livelihoods are likely to be impacted by climate trends.

124. **Greenhouse Gas Accounting.** Greenhouse gas mitigation and carbon sequestration potential for selected project activities supported under the DRDIP was assessed for Ethiopia. Project-supported activities with the potential for enhancing climate change adaptation, resilience, and risk management were examined. In this context, the greenhouse gas analysis covered activities proposed in Component 2, which focuses on sustainable environmental management and the introduction of soil and water conservation activities on individual farms and communal lands as well as on the rehabilitation and introduction of small-, micro-, and household-scale irrigation schemes. The analysis, using the EX-ACT tool showed that the project constitutes a net carbon sink of -954,042 tCO₂e over a period of 20 years, and thus -47,702 tCO₂e annually.

125. **Consultations on safeguards.** The host community members in the participating areas of all three countries were consulted during project preparation to seek their buy in for the proposed project investments; they will continue to be consulted during implementation. In Ethiopia, the Ministry of Agriculture and Natural Resources—the implementing ministry—and its respective counterparts in the participating regions, zones, woredas, and kebele administrative levels, were also consulted regarding the World Bank’s safeguard guidelines and the Ethiopia Environmental Impact Assessment proclamation. The applicable screening documents have been made available for public review at a place accessible to local people, such as at a local government office (kebele council, woreda offices and regional bureaus, and at the Environmental Protection Agency), and in a form, manner, and language they can understand.

126. In Djibouti, the implementing agency—ADDS—held consultations with the relevant government agencies and NGOs in the communities in the two regions where the project activities will be implemented. The documents have been disclosed in conformity with national requirements.

127. In Uganda, consultations were held with the implementing agency—the Office of the Prime Minister—and with the UNHCR, Uganda Red Cross Society, Lutheran World Federation, Inter-Aid Uganda, Action Africa Help International, National Environment Management Authority, National Forestry Authority, Ministry of Gender Labour and Social Development; district and subcounty administrative-level government officials, and potential project target communities. All applicable safeguard instruments have been made available prior to appraisal in accessible places in Uganda and in the appropriate form, manner, and language.

128. **Safeguard management capacity.** In Ethiopia, the Project has (i) conducted a comprehensive SA with project affected persons to secure broad community support; and (ii) developed a grievance-redress system; and a culturally appropriate benefit-sharing mechanism anchored on CDD service model. However, the recipient’s capacity to identify and assess potential adverse environmental and social impacts and to implement and monitor appropriate mitigation measures needs strengthening.

129. In Djibouti and Uganda, the safeguard risks are associated with the client’s capacity to implement the requisite mitigation actions. The implementing agency will recruit a qualified environmental and social specialist, no later than three months after project effectiveness, to address environmental and social safeguard matters. For Djibouti, special attention will be required to ensure that activities in the Ali Sabieh region do not have negative impacts on the protected area in Assamo.

130. Across the three countries, the recipient will designate qualified and experienced social and environmental officers who will be responsible for social and environmental safeguard matters at all levels of government. They will receive training on the World Bank safeguard policies. The Association will support measures that will strengthen the recipients' capacity to implement the safeguard instruments prepared for this project through training and activities supporting capacity. Further, the project's operational manuals and the planning process will be conducted in culturally and gender-sensitive manner.

131. **Disclosure of safeguard documents.** All of the recipients' assessments (ESMFs, RPFs, and SA) have been prepared, consulted upon, and finalized. The safeguard documents were disclosed prior to appraisal in-country and at the World Bank InfoShop. The project is well placed to comply with all relevant World Bank safeguard and national policies, and it has met the requirements of the World Bank's Disclosure Policy.

G World Bank Grievance Redress

132. Communities and individuals who believe that they are adversely affected by a World Bank-supported project may submit complaints to existing project-level grievance-redress mechanisms or the World Bank's Grievance Redress Service. The service ensures that complaints received are promptly reviewed in order to address project-related concerns. Project-affected communities and individuals may submit their complaints to the World Bank's independent Inspection Panel, which determines whether harm occurred or could occur as a result of World Bank noncompliance with its policies and procedures. Complaints may be submitted at any time after concerns are first brought directly to the World Bank's attention, and World Bank management is given an opportunity to respond. More information on how to submit complaints to the World Bank's corporate Grievance Redress Service can be found at <http://www.worldbank.org/GRS>. Information on how to submit complaints to the World Bank Inspection Panel can be found at www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

Country: Africa and the Middle East and North Africa

Project Name: Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa (P152822)

Results Framework

Project Development Objective

The proposed development objective is 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.

These results are at project level:

Project Development Objective Indicators

Indicator Name	Country/ Beneficiary	Baseline	Cumulative Target Values					End Target
			YR1	YR2	YR3	YR4	YR5	
Beneficiaries with access to social and economic services and infrastructure (number)	DJ	0	0	10,000	40,000	70,000	110,011	110,011
	ET	0	0	182,815	670,321	1,096,888	1,218,764	1,218,764
	UG	0	0	121,450	231,418	379,204	462,836	462,836
	Total	0	0	314,265	941,739	1,616,092	1,791,600	1,791,611
Direct project beneficiaries (number) - (Core)	DJ	0	0	3,573	10,720	21,441	35,734	35,734
	ET	0	0	22,906	114,530	297,778	435,214	458,120
	UG	0	0	106,281	233,440	373,536	462,800	462,800
	Total	0	0	132,760	358,690	692,755	933,748	933,748
Female beneficiaries (percentage - Subtype: Supplemental) - (Core)	DJ	0	0	30%	50%	50%	50%	50%
	ET	0	5%	25%	50%	50%	50%	50%
	UG	0	0	40%	50%	50%	50%	50%
	Total	0	5%	30%	50%	50%	50%	50%

Beneficiaries of economic development activities that report an increase in income (number)	DJ	0	0	500	1,500	3,000	7,000	7,000
	ET	0	0	45,812	137,436	206,154	229,060	229,060
	UG	0	0	2,000	4,000	8,000	12,000	12,000
	Total	0	0	48,312	142,963	217,154	248,060	248,060
Land area where sustainable land management practices have been adopted as a result of the project (hectare)	DJ	0	0	7.5	17.5	27.5	37.5	37.5
	ET	0	0	10,800	25,200	32,400	36,000	36,000
	UG	0	0	200	600	1,200	1,600	1,600
	Total	0	0	11,007.5	25,817.5	33,627.5	37,637.5	37,637.5
Strategy for the Regional Secretariat and annual progress reports endorsed by participating countries	IGAD	0	1	2	3	4	5	5

Intermediate Results Indicators

Indicator Name	Country / Beneficiary	Baseline	Cumulative Target Values					
			YR1	YR2	YR3	YR4	YR5	End Target
Community-based organizations formed or reinforced and still operational one year after receiving funding (number)	DJ	0	0	20	62	124	144	144
	ET	0	0	234	585	819	819	819
	UG	0	0	200	400	800	1,200	1,200
	Total	0	0	454	1,047	1,743	2,163	2,163
Beneficiaries that feel project investments reflected their needs (percentage) (Percentage) - (Core)	DJ	0	0	20%	50%	70%	70%	70%
	ET	0	0	20%	50%	70%	90%	90%
	UG	0	0	50%	60%	70%	70%	70%
	Total	0	0	30%	55%	70%	76%	76%
Total beneficiaries - female (number) (Number - Subtype: Supplemental) - (Core)	DJ	0	0	1,950	5,800	11,600	19,350	19,350
	ET	0	5,726	28,632	74,444	108,803	114,530	114,530
	UG	0	0	30,725	69,450	132,720	185,120	185,120

	Total	0	5,726	61,307	149,694	253,123	319,000	319,000
Total beneficiaries—male (number) (Number - Subtype: Supplemental) - (Core)	DJ	0	0	1,950	5,800	11,600	19,350	19,350
	ET	0	5,726	28,632	74,444	108,803	114,530	114,530
	UG	0	0	30,725	69,450	132,720	185,120	185,120
	Total	0	5,726	61,307	149,694	253,123	319,000	319,000
Beneficiaries that feel project investments reflected their needs—total (number) (Number - Subtype: Supplemental) - (Core)	DJ	0	0	3,900	11,600	23,200	38,700	38,700
	ET	0	11,452	57,264	148,888	217,606	229,060	229,060
	UG	0	0	61,450	138,900	265,440	370,240	370,240
	Total	0	11,452	122,614	299,388	506,246	638,000	638,000
Infrastructure investments for which local governments adopt recurrent budget allocations and/or operation and maintenance plans (percentage)	DJ	0	0	0	25%	30%	50%	50%
	ET	0	0	5%	20%	50%	80%	80%
	UG	0	0	50%	60%	70%	80%	80%
	Total	0	0	27.5%	35%	50%	70%	70%
Beneficiaries with access to improved energy sources (number)	DJ	0	0	2,000	3,600	3,700	3,700	3,700
	ET	0	0	3,665	14,660	32,985	36,650	36,650
	UG	0	0	8,000	12,000	18,000	24,000	24,000
	Total	0	0	13,665	30,260	58,385	64,350	64,350
Area provided with irrigation and drainage services (hectare) - (Core)	DJ	0	0	7.5	17.5	27.5	37.5	37.5
	ET	0	0	500	2,000	7,000	15,000	15,000
	UG	0	0	200	400	600	800	800
	Total	0	0	707.5	2,417.5	7,627.5	15,875.5	15,875.5
Area provided with irrigation and drainage services— new	DJ	0	0	2	4	6	8	8
	ET	0	0	150	950	4,450	10,950	10,950

(Hectare - Subtype: Breakdown) - (Core)	UG	0	0	200	400	600	800	800
	Total	0	0	352	1,354	5,056	11,758	11,758
Area provided with irrigation and drainage services - Improved (Hectare - Subtype: Breakdown) - (Core)	DJ	0	0	5.5	13.5	21.5	29.5	29.5
	ET	0	0	350	1,050	2,550	4,050	4,050
	UG	0	0	0	0	0	0	0
	Total	0		355.5	1063.5	2,571.5	4,079.5	4,079.5
Financed subprojects that are functioning or delivering services to communities six months after completion (number)	DJ	0	0	4	8	12	20	20
	ET	0	0	27	139	251	279	279
	UG	0	0	54	95	170	210	210
	Total	0	0	85	242	433	509	509
Beneficiaries of livelihood-support activities (number)	DJ	0	0	150	300	450	900	900
	ET	0	0	13,744	54,975	96,206	137,436	137,436
	UG	0	0	4,000	8000	10,000	12,000	12,000
	Total	0	0	17,894	63,275	106,656	150,336	150,336
Work days created for short-term employment in the subprojects (number)	DJ	0	0	12,720	25,440	38,160	50,880	50,880
	ET	0	0	81,000	417,000	753,000	837,000	837,000
	UG	0	0	10,000	30,000	60,000	80,000	80,000
	Total	0	0	103,720	472,440	851,160	967,880	967,880
Meeting of the project's regional steering committee, knowledge sharing, and learning workshop organized annually by the Regional Secretariat.	IGAD	0	1	2	3	4	5	5

Indicator Description

Project Development Objective Indicators

Indicator Name	Description/Definition of Indicator	Frequency	Data Source/ Methodology	Party Responsible for Data Collection
Beneficiaries with access to social and economic services and infrastructure	This indicator will assess the number of beneficiaries that are benefiting from the new infrastructures and economic services being provided by the project, including host community and refugee beneficiaries.	MTR EOP	HH surveys; beneficiary assessment; progress reports	PIUs
Direct project beneficiaries	<p>Direct project beneficiaries are people or groups who derive direct benefits from an intervention; they would be among the host communities, such as children benefitting from an immunization program or families with a new piped water connection. It is important to note that this indicator requires supplemental information.</p> <p>Supplemental value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, the proportion of the direct project beneficiaries who are female is specified. This indicator is calculated as a percentage.</p>	MTR/EOP	HH surveys; evaluations; beneficiary assessments; progress reports	PIUs
Female beneficiaries	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.	MTR/EOP	HH surveys; evaluations; beneficiary assessments; progress reports	PIUs
Beneficiaries of economic development activities that report an increase in income	This will assess how the beneficiaries are economically faring after the project support is provided.	MTR EOP	HH surveys; evaluation; beneficiary assessments; progress reports	PIUs
Land area where sustainable land-management practices have been adopted as a result	This will assess the increased hectare developed for sustainable land management practices.	MTR EOP	HH surveys; evaluation	PIUs

of the project				
Strategy for the Regional Secretariat for coordination, learning, and knowledge sharing and annual progress reports endorsed by participating countries	The strategy and the progress reports will provide detailed information on the activities of the Secretariat, including learning activities (research, studies and annual regional learning and exchange workshop), technical assistance provided to the countries, and monitoring activities.	Annually	Strategy and progress reports	IGAD

Intermediate Results Indicators

Indicator Name	Description/Definition of Indicator	Frequency	Data Source/ Methodology	Responsibility for Data Collection
Community-based organizations—formed and operational	This will determine the number of community-based organizations created or reinforced that remain operational.	Annually, after second year	Progress reports	PIUS
Beneficiaries that feel project investments reflected their needs (percentage)	This will measure the extent to which decisions about the project consistently reflected community preferences.	Annually, after second year	Progress reports; beneficiary assessments	PIUs
Beneficiaries that feel project investments reflected their needs—female (number)	This will measure the extent to which decisions about the project consistently reflected community preferences (number of females).	Annually, after second year	Progress reports; beneficiary assessments	PIUs
Beneficiaries that feel project investments reflected their needs—male (number)	This will measure the extent to which decisions about the project consistently reflected community preferences (number of males).	Annually, after second year	Progress reports; beneficiary assessments	PIUs
Infrastructure investments for which local governments adopt recurrent budget allocations and/or operation and maintenance plans	This will assess the appropriation of new infrastructure investments made by the local government.	Annually, beginning in second year	Progress report evaluation	PIUs
Beneficiaries with access to improved energy sources	This will assess the number of beneficiaries accessing an improved source of energy, such as cooking	Annually, after second	HH evaluation;	PIUs

	devices and renewable energy.	year	beneficiary assessment	
Area provided with irrigation and drainage services (hectare)	This indicator measures the total area of land provided with irrigation and drainage services under the project, including in (i) the area provided with new irrigation and drainage services, and (ii) the area provided with improved irrigation and drainage services, expressed in hectares.	Annually, after second year	Progress report evaluation	PIUs
Area provided with irrigation and drainage services—new (hectare)	This indicator measures the total area of land provided with new irrigation and drainage services.	Annually, after second year	Progress report Evaluation	PIUs
Area provided with irrigation and drainage services—improved (hectare)	This indicator measures the total area of land provided with improved irrigation and drainage services, expressed in hectares.	Annually, after second year	Progress report evaluation	PIUs
Financed subprojects that are functioning and delivering services to communities six months after completion	This will assess the performance of the subproject financed by the project.	Annually, after second year	HH Evaluation; Beneficiary assessments	PIUs
Beneficiaries of livelihood-support activities	This will assess the number of beneficiaries that benefited from the project's livelihood activities.	Annually, after second year	HH Evaluation; Beneficiary assessments	PIUs
Work days created for short-term employment in the subprojects	This will assess the total number of work days created in all subprojects.	Annually, after second year	HH survey; evaluation of progress report	PIUs
Meeting of the project's regional steering committee, knowledge sharing, and learning workshop organized annually by the Regional Secretariat.	This will assess whether or not the regional activities proposed in the Regional Secretariat's strategy have been endorsed and validated by IGAD's member states.	At the end of second year	Evaluation of progress report	IGAD

Note: HH = Household; IGAD = Intergovernmental Authority on Development; PIU = Project Implementation Unit.

Annex 2: Country Contexts on with Regard to Forced Displacement

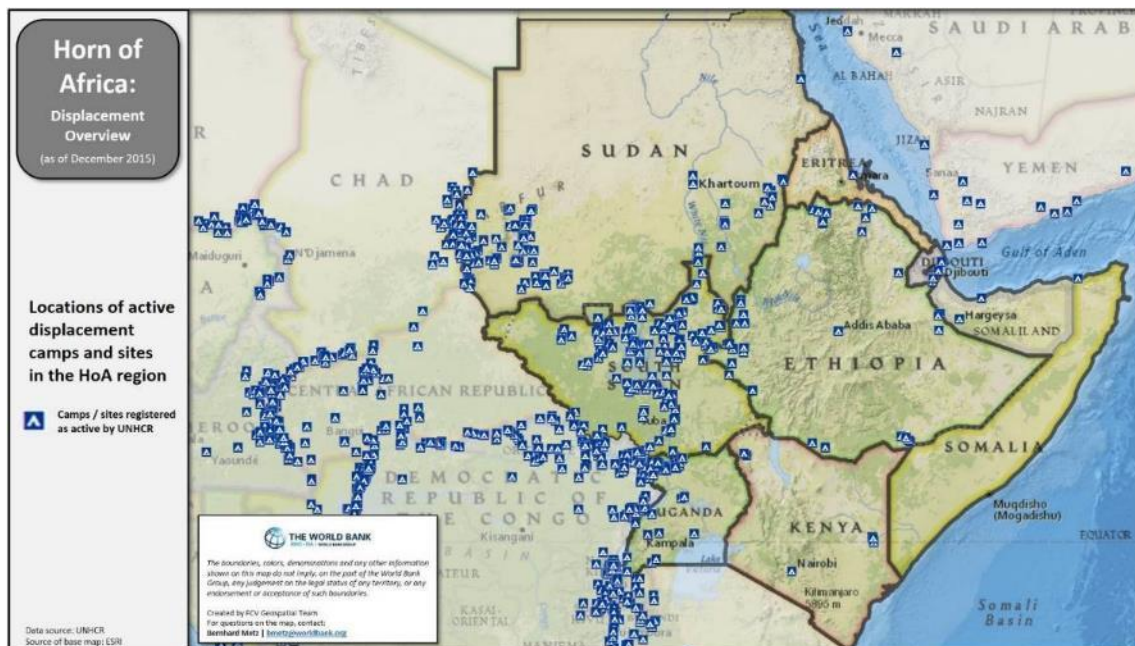
Development Response to Displacement Impacts Project in the Horn of Africa

Forced Displacement

1. The HOA region covers Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, and Uganda. Despite its rich endowment in human, social, and natural capital, the HOA region is plagued by a complex history of capacity constraints, pockets of poverty and insecurity, increasing environmental degradation, and a range of persistent development challenges. Conflict remains endemic in the region. The complex cultural, social, and political nature of these conflicts is compounded by demographic shifts due to population growth; the movement of people; imbalanced service provision; increasing contestation over scarce natural resources; and harsh climatic conditions, including frequent droughts and floods.

2. Displacement has emerged as a regional phenomenon, with spillover effects in countries directly neighboring those experiencing conflict and posing major challenges to reducing poverty and achieving sustainable development with peace and security in the HOA. Map 2.1 provides an overview of active displacement sites in the HOA as of December 2015. The region hosts over 9.5 million displaced persons, including over 6.5 million internally displaced persons and about 3 million refugees, as of June 2015. Displacement in the HOA has been compounded by migration within and outside the region, driven by a number of natural and man-made reasons, including climate change and environmental degradation, which have acted as threat multipliers²⁴.

Map 2.1. Displacement Overview in the Horn of Africa



Source: UNHCR 2016

²⁴ “Accelerating Climate-Resilient and Low-Carbon Development: The Africa Climate Business Plan.” Africa Region, World Bank Group, Washington, D.C.

3. The proposed project will be implemented in three refugee-hosting countries: Djibouti, Ethiopia, and Uganda, which have been generously providing asylum to significant numbers of refugees for several decades. The refugee policies and legal and institutional frameworks in the three countries offer refugees a variety of rights and privileges, including protection and nonrefoulement.²⁵ However, none of the domestic refugee laws provide a path for refugees to acquire citizenship including local integration of refugees. In addition, the refugee-hosting areas in the three countries face significant development deficits, which have been further exacerbated by the protracted displacement of refugees as reflected in the competition for services; livelihoods; and natural resources, especially water and biomass. Due to the insufficient attention that has been paid to the development dimensions of protracted displacement situations, the negative impacts of displacement on host communities have not been adequately addressed. In light of this, concerted efforts are required to maintain, and if possible expand, the existing asylum space for refugees through conscious efforts to mitigate the adverse impacts of the refugee presence on host communities.

4. The proposed project is situated within this context. It seeks to help address the needs of host communities in the targeted areas of Djibouti, Ethiopia, and Uganda, adopting a holistic and comprehensive approach to improve service delivery, address environmental degradation, and provide livelihood opportunities to the host communities. These efforts are expected to benefit refugees as well, contributing to the design of transitional or progressive solutions for them in a more conducive and opportunistic social and economic ecosystem. Additionally, the investments will contribute to mitigating conflict caused by the increased competition for services, livelihoods and natural resources; increase social cohesion, and support better integration between the economies of the refugees and the host communities.

Refugee Situation

Djibouti

5. By December 31, 2015, Djibouti had hosted over 15,000 refugees, mostly Somali nationals. Most refugees are hosted at the Ali Addeh (10,846) and Holl Holl (2,155) refugee camps surrounded by host populations that face greater food insecurity and that have very limited access to basic social services and livelihood opportunities. Both refugees and host communities have low asset holdings, which include livestock. The situation of the host community is dire following the loss of most of their camels and goats during the past six consecutive years of drought. Both refugee and host-community households depend on unreliable income sources, mainly from charcoal and wood sales; nonagricultural wages, such as domestic labor; and gifts and remittances²⁶. Map 2.2 presents the displacement situation in Djibouti as of December 2015.

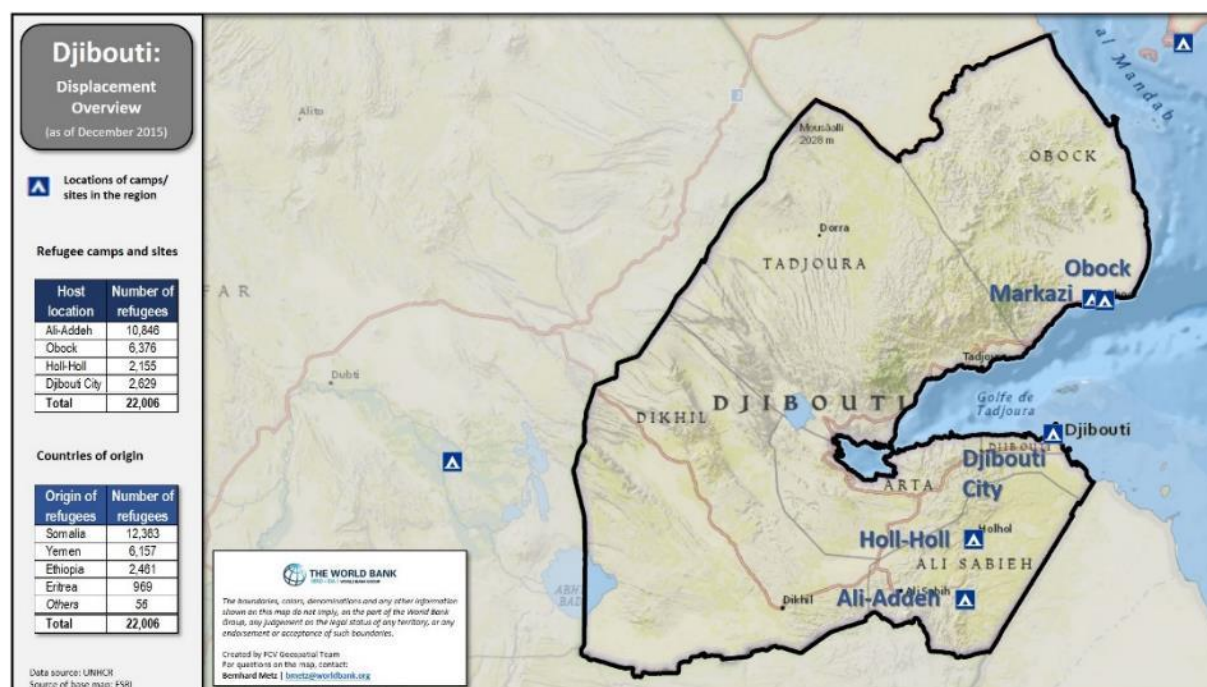
6. The recent crisis in Yemen between the Houthi's and the Yemeni government has caused an influx of Djiboutian and foreign nationals into Djibouti. As of December 31, 2015, 6,179 Yemenis were registered by the Djibouti government, 2,829 being hosted at the Markazi camp and the rest living in the town of Obock and in Djibouti City. Table 2.1 provides the populations

²⁵ The right not to be forcefully returned to the place from which they escaped.

²⁶ WFP and CARE. 2013. "Food Security, Livelihoods and Markets Report for Ali Addeh and Holl Holl – Djibouti Refugees and Host Community."

of the targeted host communities and refugee populations. As of December 2015, over 30,600 persons of various nationalities have arrived in Djibouti: 16,691 persons (55 percent) Yemeni nationals; 11,996 (39 percent) transiting migrants; and 1,919 persons (6 percent) are Djiboutian returnees.²⁷

Map 2.2. Displacement Situation in Djibouti



Source: UNHCR 2016

Table 2.1. Target Host Community and Refugee Populations

Region	Sub prefecture	Host population	Refugee camp	Refugee population
Ali Sabieh	Holl-Holl	25,016	Holl-Holl	2,155
Ali Sabieh	Ali Addeh	24,192	Ali Addeh	10,846
Obock	-	41,426	Markazi	6,376
Total population		90,634		19,377

Source: UNHCR 2016

7. In addition to hosting Somali refugees, Djibouti has been the main transit route for migrants from HOA countries traveling to the Middle East and Europe seeking better economic opportunities. Mixed migration is a common challenge in the HOA as evidenced by the hazardous journey made by thousands of Somali, Ethiopian, Eritrean, and Sudanese migrants through Djibouti in transit to Yemen and the Arab Peninsula in search of a better life in Saudi Arabia and the Gulf States. Since 2009, departure points around the Obock areas of Djibouti have become the locus for the mixed migration flows of individuals attempting to reach Yemen. The latest data on sea arrivals shows that, despite the ongoing conflict, 92,446 people arrived by boat into Yemen in 2015 (UNHCR 2016). While the International Organization on Migration in

27 Djibouti-Inter-agency update for the response to the Yemeni crisis #33, 12 January 2016

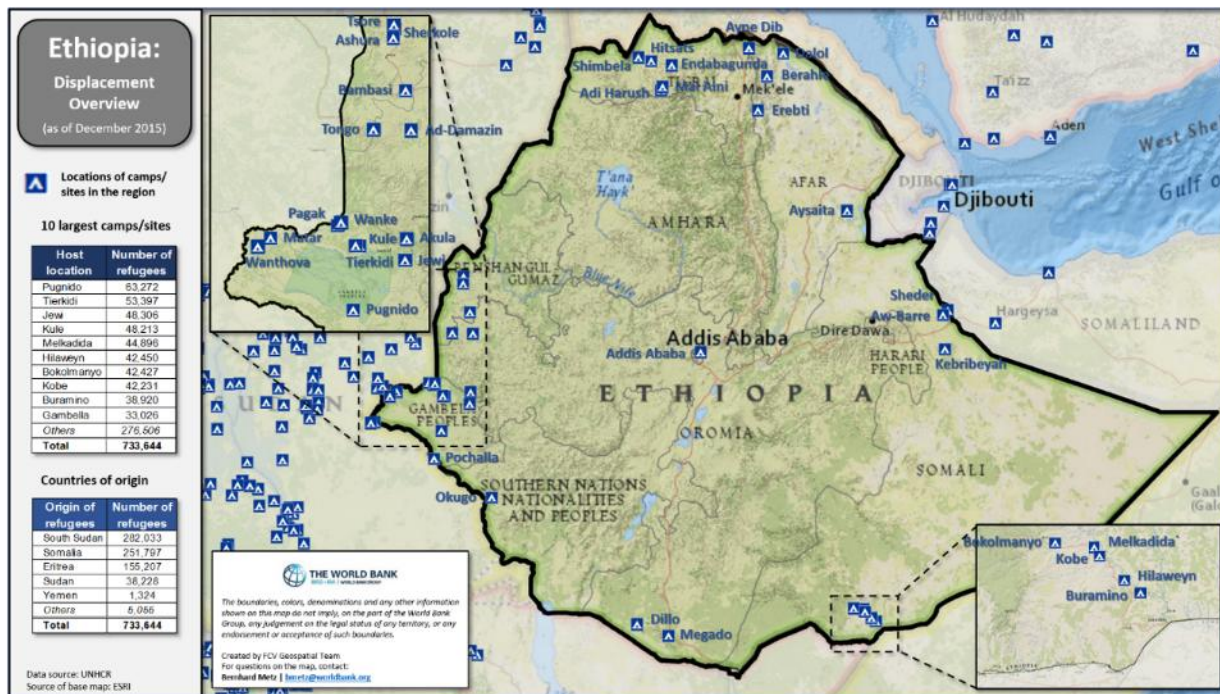
Djibouti has opened a migrant response center in the town of Obock, the pressure on local services and consequently on residents has been immense.

8. The service-delivery mechanism and livelihood opportunities were already insufficient for the existing Djiboutian population before the situation with internally displaced persons was stretched further by the Yemeni situation. There is a need for a comprehensive response by the Government of Djibouti to provide support to communities affected by refugee displacement, drought-induced internal displacement, mixed migration, and migration to Djibouti following the crisis in Yemen.

Ethiopia

9. Ethiopia hosts the largest refugee population in Africa. At the end of December 31, 2015, there were 733,644 refugees in Ethiopia (map 2.3) as a result of droughts, conflicts, political events, and civil wars in neighboring countries, including Somalia, Eritrea, South Sudan, and Sudan (UNHCR 2016). Since the outbreak of the South Sudanese civil war in December of 2013, more than 350,000 South Sudanese refugees have sought asylum in Ethiopia. Most Eritrean and Somali refugees in Ethiopia are living in protracted displacement. The majority of refugees live in camps situated near the borders of their respective countries of origin.

Map 2.3. Displacement Situation in Ethiopia



Source: UNHCR 2016

10. The majority of refugees in Ethiopia are hosted in the five emerging regions of Ethiopia: (i) the Afar National Regional State; (ii) the Benishangul-Gumuz National Regional State; (iii) the Gambela National Regional State; and (iv) the Ethiopian Somali National Regional State; and (v) the Tigray National Regional State. These are among the poorly developed regions in the country, characterized by harsh weather conditions, poor infrastructure,

extremely low capacity, high levels of poverty, and very poor development indicators. The arid environment in Afar National Regional State and Ethiopian Somali National Regional State in addition to their small and scattered pastoral populations makes providing services challenging. Many parts of the five regions are inaccessible, with poor or no roads. Due to their proximity to the fragile and conflict-affected states of Eritrea, Somalia, South Sudan, and Sudan, these five regions are hosting over 95 percent of refugees in Ethiopia (table 2.2). The presence of refugees puts strains on the already weak public services and economic opportunities as well as the environment, jeopardizing the resilience of communities hosting the refugees.

Table 2.2. Refugee Presence by National Regional State in Ethiopia (as of December 2015)

National Regional State	Number of Refugees
Afar National Regional State	31,798
Addis Ababa City Administration	8,094
Benishangul-Gumuz National Regional State	50,601
Gambela National Regional State	269,813
Ethiopian Somali National Regional State	250,838
Southern Nations, Nationalities, and Peoples' Regional State	3,556
Tigray National Regional State	37,876
Total	733,644

Source: UNHCR 2016

11. Somali refugees, fleeing insecurity and famine, are the second largest refugee group in Ethiopia and live in three refugee camps around the Jigjiga area—Sheder, Aw-barre, and Kebribeyah—and in five refugee camps in the Dolo Addo area—Melkadida, Bokolmayo, Hilaweyn, Buramino, and Kobe in the Ethiopian Somali National Regional State. A small number live in Addis Ababa. Eritrean refugees are mainly located in four refugee camps—Shimbela, Mai-Ain, Hitsats and Adi-Harush in Shire, Tigray National Regional State; in one refugee camp—Berhale—and two refugee locations—Dalool and Eebti—in Afar National Regional State. A number of urban Eritrean refugees also live in Addis Ababa and Mekelle. Sudanese refugees, mainly fleeing fighting in Blue Nile State live in three camps in the Assosa area—Sherkole, Ashura, and Bambasi—and one refugee location—Ad-Damazin—in Benishangul Gumuz National Regional State. The South Sudanese refugees are present in a large number in the Gambela National Regional State; they live in six refugee camps: Okugo, Jewi, Pugnido, Kule, Tierkidi, and Leitchour.

12. The Ethiopian Somali National Regional State, located in the eastern part of Ethiopia, is the second largest of the country's nine regional states and has nine zones and 68 woredas. About 86 percent of the population of 4.4 million live in rural areas. Most are pastoralists; some are agropastoralists. The region suffers from recurrent droughts and floods, which contributes to the region's poverty²⁸. The Ethiopian Somali National Regional State currently hosts the highest number of refugees in the country consisting of 248,229 Somalia refugees. There are eight refugee camps in the region located in four woredas—Dolo Addo with two camps, Boklomayo with three, Aw-barre with two, and Kebribeyah with one—and in eight kebeles with one camp each. The total population of the three refugee-hosting woredas combined is 769,056; the total

²⁸ Lelieveld, Marlijn. 2011. "Child Protection in the Somali Region of Ethiopia." BRIDGES Project, Addis Ababa

population of the eight refugee hosting kebeles is 161,585. Refugee constitute 154 percentage of the total eight kebeles population and 32 percentage of the total population of the three woredas.

13. The Gambela National Regional State, located in the western part of the country bordering South Sudan, has a population of 307,000. The Nuer people comprise the majority of the population, followed by the Anuak and Majang peoples. The Gambela Region has experienced conflict between the Anuak and the Nuer, tracing back to the early 20th century. Gambela has been hosting South Sudanese refugees for decades, and the ongoing civil war in South Sudan has led to an influx of even more refugees. Akin to other refugee situations, the situation in Gambela is likely to impact food security, public services, economic opportunities, and the livelihoods of host communities. The Gambela Region is currently home to about 219,000 South Sudan refugees. The refugees in Gambela Region are located in three woredas and five camps. The total population size of the three host woredas is about 112,000, while the total population of the six host kebeles is 13,000. About 75 percent (163,241) of the total refugees in Gambela Region are located in only one woreda—Gog Woreda—in six refugee camps located in three kebeles—Pugnido, Terkedi, and Kule—with two refugee camps in each kebele. The remaining 25 percent of the refugees in the region are located in Abol and Dimma woredas in two kebeles, one host kebele in each woreda (Jewe and Okugo), and one refugee camp in each kebele.

14. In Gambela Region, the refugee population significantly exceeds that of the host woredas and kebeles. The total population size of the refugees in the region is 1,682 percent that of the five host kebeles and 195 percent of that of the three host woredas. For instance, the size of the refugee population in the Pulajay and Ukedi camps in Pugnido Kebele is more than 63,000, while the total population of the Pugnido Kebele is only 100 households, clearly indicating the extent of the refugee's impact on the host communities' socioeconomies and environments.

15. Benishangul-Gumuz National Regional State is located in the northwestern part of Ethiopia. It has an estimated population of 784,345. The economic activities in the region are predominantly agricultural; livestock is of limited importance. Despite its high potential for agricultural development, the region continues to face food insecurity. Inadequate infrastructure and limited social and economic infrastructure are among the key development challenges affecting the area (Save the Children 2013). The region hosts nearly 50,000 refugees—mainly Sudanese—in four refugee camps (UNHCR 2015b). Tonga Camp is located in Tonga Kebele in Mao-Komo Woreda, Wamba Camp is located in Bambasi Kebele of the Bambasi Woreda; and Sherkole and Tsore Almetema Camps are located in Sherkole and Tsore Kebeles in Hamosha Woreda. In three out of the four host kebeles where two refugee camps are located in each, the refugee population significantly exceeds that of the host kebeles. The refugee population in the regions is 132 percent of that of the four host kebeles' and 29 percent of that of the three host woredas' total population.

16. Tigray Region, bordering Eritrea and Sudan, hosts nearly 120,000 refugees mainly Eritreans, in four camps. Mai-Aimi and Hundet Camps are located in Mai-Aimi and Adi-Harush Kebeles, respectively, in Tselemt Woreda. Mai-Kule Refugee Camp is located in Shimelba Kebele in Tahtay Adyabo Woreda; and Hitsats Camp is located in Hitsats Kebele in Asgede Tsimbila Woreda. The total population in the three host woredas and four host kebeles are

418,833 and 39,099, respectively. Hence, the total number of refugees stands at 298 percent of that of the four host kebeles and 28 percent of that of the three host woredas (See table 2.3.)

Table 2.3. Host and Refugee Populations in Project Areas in Ethiopia

17. Afar Region, located in the northeast of Ethiopia, shares a border with Eritrea and

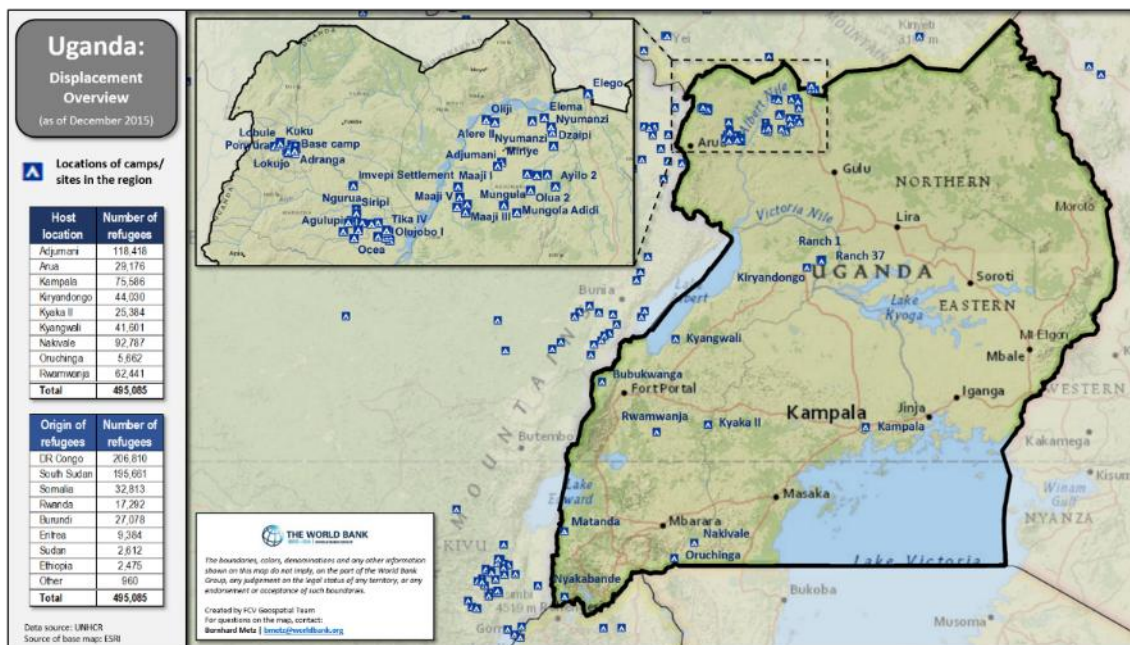
Woreda	Refugee Camp	Kebeles	Kebele Population	Woreda Population	Refugee Population
Benishangul-Gumuz National Regional State					
Mao-Komo	Tongo	Tagajalisi, Wangagiten, Tolodokonu, Shesherebutuge Wetse Weyesa, Banga, Tsotsora, Bure, Mimiakobo, Kesser Mender 1 and 2, Bobos Shibaba	37,475	65,987	11,381
Bambasi	Bambasi	Wamba, Mender 41, Mender 42, Mender 43, Mender 53, Dabus, Mutsa, Bambasi 1 and 2	18,196	62,693	14,983
Homosha	Sherkole and Tsore	Tumet, Algelea, Dareselam, Ashura, Jima, Sherkole, Alfashir, Shula, Bo, adon, Dugna Arumela, Tsore Almetema, Akendo Afafir, Gumu Abushu	25,320	25,320	19,443
Subtotal					45,807
Afar National Regional State					
Asayita	Asayita	Hinerie, Asayta 01, Asayta 02, Gehertu, Handeg, Galifage	28,075	60,587	9,621
Berahle	Berahle	Berahle 01, Kora, Daar, Lelaala, Saraqi	36,729	94,082	8,181
Subtotal					17,802
Tigray National Regional State					
Tselemt	Adi Harush	Hundet, M/Alem, May Tsebri	47850	142,173	41,840
	Mai Aini	Mai Aini, Mai Teklit, Mai Anbesa	32,417		23,361
Tahtay Adyabo	Shimelba	Mai Kule, Adasir, Adile, Metelstel	29,497	111,493	6,377
Asgede-Tsimbla	Hitsats	Hitsats, Simret, Edaga Hibret, Mai Berbere, Selam	30,277	165,167	44,912
Subtotal					116,490
Ethiopian Somali National Regional State					
Dollo Ado	Buramino	Shambel, Kelem singi, Amno, Bilomi, Mekinajat, Bur	18100	100,000	81,370
	Heleweyne	Waysh Hibir, God Bekol	4200		
Bokolmanyoo	Melkadida	Ligano, Derder	3700	80,000	129,554
	Bokolmanyoo	Seblel, Lowalahaji, Burbusen	5820		
	Kobe	Kobe, Kola	4500		
Awbarre	Awbarre	Gobele, Diliasher Ali, Balider, Ayale, Kelo	27000	339,056	13,215
	Sheder	Dire, Reko, Kebrnoro, Debelwoyni, Sheder, Flingab	34,500	12000	12,000
Kebribeyah	Kebribeyah	Kebribeyah 02, Danap, Serda, Gerbi, Tongada	63,715	250,000	14,545
Subtotal					248,229
Gambela National Regional State					
Gog	Pugnido	Atete, Puchol, Abiya, Tata, Puljoy, Ukudi, Ulunyi, Agenga, Dipaich, Etyel	1,283	23,131	63,091
Dimma	Okugo	Merkes, Dima 1 and 2, Dina, Akobodar, Bondira, Gedu, Achonya	9,262	23,500	7,591
Abol	Jewe	Jewe, Elchoy, Bonga, Koben	3,196	16,667	47,817
Itang	Terkedi and Kule	Pulkod, Aduwang, Pukuma, Achewa, Watgach, War, Drong, Bazyel	24,218	48,693	100,150
Subtotal					218,649
TOTAL POPULATION			485,130	1,583,229	604,908

Djibouti. It currently hosts about 18,000 refugees, mainly from Djibouti and Eritrea, in Assaita and Berahle Camps, respectively. The total population in Assaita and Berahle Woredas is about 155,000, while the total population in the two host kebeles—Hinerie and Berahle 01—is about 16,300. Therefore, the refugees size is 110 percent of the total population of the two host kebeles and 12 percent of the overall population of the two host woredas.

Uganda

18. Uganda is the third largest refugee-hosting country in Africa. As a result of ongoing conflict and instability in the Democratic Republic of Congo, Somalia, and South Sudan, Uganda is currently hosting 512,691 refugees and asylum-seekers in nine districts, mainly in the north, south, and southwest regions of the country (Map 2.4).

Map 2.4. Refugee-Hosting Locations in Uganda



Source: UNHCR 2016

19. Adjumani District hosts the largest number of refugees at 23.8 percent of the total refugee population, followed by Nakivale and Kampala (table 2.4). The refugees come from 13 countries, including the Democratic Republic of Congo, South Sudan, Somalia, Rwanda, Burundi, and Eritrea. Congolese account for 41.7 percent of the total refugees, followed by South Sudan at 39.4 percent. Refugee numbers in Uganda are among the highest they have ever been. For over five decades, Uganda has been host to refugees and asylum seekers. Since 1961, Uganda has hosted on average 161,000 refugees per year. There have been three major waves of refugees from Sudan and South Sudan; two waves of refugees from the Democratic Republic of Congo; one major wave of refugees from Rwanda; and smaller influxes from Somalia, Burundi, and Eritrea.

Table 2.4. Refugee Population in Uganda (as of December 31, 2015)

Location	Number of refugees
Adjumani	120,181
Arua	29,483
Kampala	73,769
Kiryandongo	46,315
Kyaka II	27,112
Kyangwali	41,787
Nakivale	98,739
Oruchinga	56,051
Rwamwanja	69,254
Total	512,691

Source: UNHCR 2016

20. However, refugees and refugee-hosting communities are poorer and more vulnerable than other communities in Uganda; with settlement areas suffering from lower agricultural productivity and greater environmental degradation due to poor climatic and soil conditions and/or overuse. In addition, the basic social services delivery system is weak, and economic opportunities are limited because of the remoteness of the settlements and the poor infrastructure. The refugee-hosting areas and the host and refugee populations in the four project districts of Adjumani, Arua, Kiryandongo, and Isingiro are presented in table 2.5. These areas are also prone to a high prevalence of malaria, respiratory tract infections, diarrhea, and preventable diseases among children. Given that the refugee-hosting areas are also among the poorest and least-developed regions in the country, the refugee presence further undermines the ability host communities in the settlement areas to cope, and this is further exacerbated by limited social capital, a lack of diversity of livelihoods, and few assets.

Table 2.5. Host and Refugee Populations in Project Areas in Uganda

District	Sub counties	Host Population	Refugee Population
Adjumani	Adjumani Town Council	43,022	120,181
	Ukusijoni Subcounty	11,412	
	Itirikwa Subcounty	17,051	
	Pakere Subcounty	49,491	
	Dzaipi Subcounty	42,790	
Arua	Uriama Subcounty	25,030	29,483
	Odupi Subcounty	41,424	
	Rigbo Subcounty	31,335	
Kiryandongo	Bweyale Town Council	31,610	45,041
	Kiryandongo Subcounty	80,366	
	Mutunda Subcounty	63,785	
Isingiro	Rushasha Subcounty	25,512	101,701
	Isingiro Town Council	35,061	
	Kikagate Subcounty	53,395	
	Ngarama Subcounty	36,669	
	Rugaga Subcounty	40,851	
TOTAL POPULATION		628,804	296,406

21. Uganda currently has among the more generous and progressive refugee policy frameworks. Its 2006 Refugee Act and 2010 Refugee Regulations entitle refugees to work; to freedom of movement; and to Ugandan social services, including access to documents such as government IDs and birth, death, marriage, and education certificates. As a matter of policy, all refugees in gazetted settlements are provided with a subsistence agriculture plot (albeit of diminishing size due to overcrowding), but only a few refugees living in settlements on communally-owned land have more than a small kitchen garden. Refugees in Uganda can own property and enter into contracts, including land leases.²⁹

Legal and Institutional Frameworks Governing Forced Displacement

22. As is the case in other countries in the HOA, a range of international, regional, and domestic laws, policies, and institutions govern the situation of refugees and internally displaced persons in Djibouti, Ethiopia, and Uganda. There are three major international and regional legal instruments governing the situation of refugees in the HOA: (i) the 1951 United Nations Convention relating to the Status of Refugees (1951 Convention); (ii) the 1969 Organization of African Unity (OAU) Convention Governing Specific Aspects of Refugee Problems in Africa (1969 OAU Convention); and (iii) the International Conference on the Great Lakes Region (ICGLR) Protocol on the Property Rights of Returning Persons (the ICGLR Property Protocol, 2006). In addition to adapting international legal instruments (table 2.6), domestic refugee laws govern the situation of refugees in the region.

Table 2.6. International and Regional Legal and Institutional Frameworks

COUNTRY	1951 CONVENTION	1967 PROTOCOL	1969 OAU CONVENTION	RESERVATIONS TO THE 1951 CONVENTION
Djibouti	09/08/1977	09/08/1977	15/11/2015	
Ethiopia	10/11/1969	10/11/1969	15/10/1973	Article 17(2) dealing with wage earning employment
Uganda	27/09/1976	27/09/1976	24/07/1987	Article 13 dealing with movable and immovable property Article 17 dealing with wage-earning employment

Source: World Bank³⁰

23. Almost all refugee laws focus on regulating the process for determining the status of asylum seekers and refugees and setting up national refugee agencies, but some domestic refugee laws include provisions relevant to development. But although international and domestic laws that are not refugee-specific have provisions that affect development outcomes, the focus here is on national and international legal frameworks that are refugee-specific.

24. The development-related provisions of the international and domestic refugee laws deal with property rights, freedom of movement, the right to work, and access to services. The 1951 Convention has provisions dealing with these issues. In addition, the ICGLR Property Protocol

²⁹ Refugees have the explicit right to lease land for up to 49 years under Uganda's 2013 Land Policy. In practice, however, refugees have limited access to agricultural land, and this is the primary constraint preventing them from moving from subsistence to surplus production.

³⁰ "Forced Displacement and Mixed Migration in the Horn of Africa." World Bank, Washington DC.

deals with the recovery of refugees' property and possessions left behind or dispossessed during displacement. Domestic laws have taken different approaches to address development-related issues. For instance, the domestic refugee laws of Djibouti and Ethiopia make no mention of the property rights of refugees. With regard to freedom of movement, the only domestic refugee law that explicitly provides for freedom of movement for refugees is the 2006 Uganda Refugee Act. The domestic refugee laws of Djibouti and Ethiopia effectively limit refugees' right to work by imposing the same restrictions and conditions on them that are applicable to aliens. On the other hand, Article 29 of the 2006 Ugandan Refugee Act provides that refugees will receive treatment that is at least equivalent that that generally accorded to aliens in similar circumstances relating to employment and income-generating activities, including: (i) the right to engage in agriculture, industry, handicrafts, and commerce and to establish commercial and industrial companies; (ii) the right to practice a profession, provided that the refugee holds qualifications recognized by the competent authorities in Uganda; and (iii) the right to access employment opportunities and engage in gainful employment. The domestic refugee laws in Ethiopia and Uganda include provisions about extending services to refugees, but those in Djibouti do not. Table 2.7 provides an overview of development-related provisions in national and international legal instruments.

Table 2.7. Development-Related Provisions Relevant to Refugees

Legal Instrument	Property Rights	Freedom of Movement	Right to Work	Provision of Services
1951 Convention	Articles 13 and 14	Article 26	Articles 17 and 18	Article 22
Djibouti: Ordinance No. 77053/P.R./A.E. Du 1977			Article 7	
Ethiopia: 2004 Refugee Proclamation		Article 21	Article 21	Article 21
Uganda: Refugee Act 2006	section 29 (1) and (2)	section 30	section 29 (1)	section 29 (1)

Source: World Bank³¹

25. At the international and regional levels, four legal instruments deal with internally displaced persons in the Horn of Africa: (i) the United Nations Guiding Principles on Internal Displacement (the Guiding Principles); (ii) the ICGLR Protocol on the Protection and Assistance to Internally Displaced Persons (ICGLR IDP Protocol, 2006); (iii) the ICGLR Protocol on the Property Rights of Returning Persons (the ICGLR Property Protocol, 2006); and (iv) the African Union Convention for the Protection and Assistance of IDPs in Africa (Kampala Convention, 2009). Table 2.8 provides an overview of the membership status of Djibouti, Ethiopia, and Uganda in treaties and protocols regarding internally displaced persons.

26. At the national level, most of the institutions dealing with refugee issues are housed in ministries dealing with security issues. In Djibouti, the Ministry of the Interior is the main government institution in charge of refugee protection. The national refugee agency is the ONARS. In Ethiopia, the ARRA is part of the Security, Immigration and Refugee Affairs Authority. An exception to this trend is Uganda, whose refugee department is part of the Office of the Prime Minister, which also has the mandate for the socioeconomic development of conflict- and disaster-affected parts of the country.

³¹ "Forced Displacement and Mixed Migration in the Horn of Africa." World Bank, Washington DC

Table 2.8. Membership in Treaties and Protocols Regarding IDPs Among Participating Countries

Country	ICGLR Protocol on IDPs	ICGLR Protocol on Property	AU Kampala Convention
Djibouti			Signed
Ethiopia			Signed
Uganda	Member	Member	Signed and ratified

Source: World Bank³²

27. None of the domestic refugee laws in the three countries provide a path for a refugee to acquire citizenship, and the refugee policies do not allow local integration of refugees. In light of these circumstances, the main focus of this project is to contribute to the effort to find transitional/progressive solutions for refugees while expanding the asylum space by improving service delivery, addressing environmental degradation, and providing livelihood opportunities. Even though the project is focused on the needs of host communities, its holistic approach ensures that refugees will benefit from investments in social infrastructure, environmental amelioration, and livelihood opportunities. These investments will contribute to better integration between the refugee and host community economies—a transitional solution to refugee displacement while durable solutions are found.

Collaboration with the UNHCR

28. Project preparation has involved close collaboration with UNHCR alongside the three governments to analyze the social, economic, and environmental situation in the refugee-hosting areas and to design a project appropriate to address these impacts. UNHCR, together with the governments, has provided data; has presence, facilities, and operational capabilities; and the ability to convene various NGOs and local government actors in the refugee-hosting areas. This has facilitated the preparation process immensely.

29. UNHCR has been operating in Djibouti, Ethiopia, and Uganda for several decades and has field offices in almost every refugee-hosting location in these countries. Its protection, care and maintenance, and solutions programs—with a combined total annual budget of over US\$400 million—are benefiting over 1.2 million refugees in the three countries. After several years of experience operating in the refugee-hosting areas in Djibouti, Ethiopia, and Uganda, UNHCR has a deep understanding of the operational challenges associated with providing services there.

30. Because UNHCR has embarked on a solutions-oriented approach to its various operations, including the Refugee and Host Community Empowerment (ReHoPE) Program in Uganda, collaboration with the World Bank on this project will complement their operations and will provide an opportunity to create synergies on a number of aspects, including community engagement, capacity support, and developmental investments.

31. The proposed operation has been an ongoing collaboration between UNHCR and World Bank. UNHCR Uganda is providing financial and technical support to the Office of the Prime Minister to support the Government of Uganda’s preparation efforts. It is also providing inputs at

³² “Forced Displacement and Mixed Migration in the Horn of Africa.” World Bank, Washington DC

various preparatory workshops organized by World Bank teams and their respective government counterparts to prepare the project. During the implementation phase, UNHCR will work closely with the respective government bodies at the national and local levels to support the implementation of the project and to enhance synergies between the operations of the two organizations.

Annex 3: Detailed Project Description

Development Response to Displacement Impacts Project in the Horn of Africa

1. The DRDIP seeks to demonstrate a fundamental shift in the way forced displacement is addressed in the HOA, viewing the issue as a developmental challenge as well as a humanitarian and security challenge; fostering a development response that is led and implemented by the government, complementing traditional humanitarian agencies; and considering a long-term response to address the systemic and structural constraints impeding development in underserved refugee-hosting areas that are further exacerbated by the presence of the refugee. Because the major impacts of forced displacement and categories of investments across the three DRDIP countries is comparable, the four major components, described in detail below, will be implemented in all three countries in a modular and sequenced fashion that is focused on mobilization and capacity support for communities and local governments and through an implementation process that is responsive to community priorities.

2. The DRDIP seeks to address the social, economic, and environmental impacts of the refugee presence in the host communities through interlinked technical and investment components. *Component 1* will entail: (i) building the capacity of local government units and implementing agency staff in participatory planning processes; (ii) mobilizing communities and establishing and/or strengthening community institutions for planning, implementation, monitoring, and oversight of subprojects; and (iii) supporting investments in basic social services and economic infrastructure. *Component 2* will focus on: (i) environmental management, including technical advisory services for the implementation of environmental management activities through a labor-intensive public works mode; and (ii) access to energy sources for cooking and lighting, including a potential public–private–people partnership. *Component 3* will support: (i) identifying beneficiaries and traditional and nontraditional livelihoods for the project to support; (ii) forming community livelihood groups and developing group management activities; and (iii) providing individuals and groups with the requisite technical, business, market, and financial advisory services. *Component 4* will support project coordination activities at the national, subnational, and local level, including M&E and management information system, fiduciary management, communication and citizen engagement, and environmental and social safeguard compliance. *Component 5* will consolidate regional efforts toward addressing displacement and mixed migration through policy dialogue and engagement, research, capacity support, knowledge management, and partnership functions that will then support innovative responses to displacement and mixed migration.

Component 1: Social and Economic Services and Infrastructure (US\$85 million)

3. Refugee-hosting areas in Djibouti, Ethiopia, and Uganda are characterized by significant development deficits, including low human capital and limited access to basic social services and economic infrastructure. The service-delivery capacity of local authorities in the three countries is also weak. Component 1 aims to improve access to basic social services and economic infrastructure and improve the service-delivery capacity of local authorities at the target subnational and local levels by financing community and strategic investments as well as capacity-support initiatives. Community investments will be matched by community

contributions, both in cash and in kind (time, materials, and labor). The process will follow a community-driven development approach.

4. **Subcomponent 1(a): Community Investment Fund (US\$78 million).** Subcomponent 1(a) seeks to improve community access to basic social services and economic infrastructure by providing investment funds that, together with community contributions, will expand and improve service delivery and build infrastructure for local development. Investments will be identified, prioritized, implemented, and monitored by beneficiary communities. Potential investments (subprojects) include the construction, upgrading, rehabilitation, and/or expansion of basic social services, such as education, water supply, human health, and veterinary care; and economic infrastructure such as rural roads, market structures, and storage facilities (table 3.1). The target community, with guidance from local government, will identify and prioritize the specific social services and economic infrastructure to be funded under this subcomponent through the community-driven development approach. Only those subprojects that are currently functioning—that can cover their operating costs and have staff—and those who have a budget for staff and materials provided by their respective administration will be supported, ensuring the sustainability of the interventions. For example, improvements to existing schools and health facilities may be funded if the facilities have essential staff who are currently working in temporary or substandard structures.

Table 3.1. Indicative Community Investments

Area of Intervention	Community level Investments	Strategic Investments
Health	<ul style="list-style-type: none"> ▪ Construction, repair or extension of existing Primary Health Posts only where health personnel are already present. ▪ Purchase of furniture or equipment for newly constructed and/or existing centers ▪ Installation of solar power supply systems 	<ul style="list-style-type: none"> ▪ Upgrading/expansion of health centers or hospitals with additional wards and an operation theater ▪ Supply of equipment
Water and Sanitation, and Hygiene (WASH)	<ul style="list-style-type: none"> ▪ Construction or repair of (nonmotorized) hand pumps, tanks, dug wells, and haffirs (cattle troughs). ▪ Motorization of existing high-yield water sources ▪ Construction of solid waste lagoons ▪ Repair of flood protection infrastructure (drainage, guttering, dykes, as examples.) 	<ul style="list-style-type: none"> ▪ Expansion of water treatment plants ▪ Boreholes ▪ Upgrading piped water supply system
Education	<ul style="list-style-type: none"> ▪ Construction, upgrading, or rehabilitation of existing primary schools, including the construction of additional classrooms, furniture, and water supply. 	<ul style="list-style-type: none"> ▪ Expansion of secondary schools with additional classrooms
Social	<ul style="list-style-type: none"> ▪ Establishment of community centers 	
Roads	<ul style="list-style-type: none"> ▪ Opening of community access roads ▪ Rehabilitation of existing community access road ▪ Construction or rehabilitation of footpaths, culverts, and bridges. 	<ul style="list-style-type: none"> ▪ Construction of intercommunity rural roads for improved connectivity
Market infrastructure	<ul style="list-style-type: none"> ▪ Construction of marketplaces and stalls ▪ Construction of community storage facilities 	<ul style="list-style-type: none"> ▪ Construction and rehabilitation of multipurpose markets and

		warehouses
Livestock	<ul style="list-style-type: none"> ▪ Construction and/or rehabilitation of existing veterinary clinics, including procurement of basic furniture and medical equipment ▪ Construction and/or rehabilitation of cattle trough, livestock treatment, and vaccination facilities (crush) 	<ul style="list-style-type: none"> ▪ Construction and/or rehabilitation of primary and secondary livestock markets ▪ Construction and/or rehabilitation of feed stores

5. The component will support strategic investments, larger in scope and impact than the typical community-level investments (subprojects) that will serve a cluster of project beneficiary communities not more than 20 percent of the total investment envelope. Table 3.2 provides the criteria for the selection of these strategic investments, which will be identified through a community prioritization process and which will employ local labor, especially women and youth, during construction. The project will seek to put an information and communication technology platform, composed of a network of mobile phones and applications, in the hands of beneficiaries and the fund’s managers. The platform will be linked to a web-enabled dashboard, which could be used to upload data on investments and implementation status on a close-to-real-time basis. Local governments will be responsible for operation and maintenance. The process of planning, implementation, and monitoring of the component have been detailed in the PIM for each participating country.

Table 3.2. Eligibility Criteria for Strategic Investments

Summary	Eligibility Criteria
Demand-driven	Prioritized by participating communities as meeting critical needs.
Shared benefits	Investment will benefit and both the host and refugee communities involved.
Sustainability	The local government unit guarantees operation and maintenance with a budget provision and relevant staffing to ensure the investment’s sustainability.
No significant negative social or environmental impacts	The proposed investment does not have potential adverse social and environmental impacts and is not on the negative list.
Implementers are accountable	The proposing institution (usually a district council, but possibly, in exceptional cases, a province) should meet minimum fiduciary and registration criteria.
Consistent with local government unit development plan and capacity	The development plan reflects the investment, and the local government unit has the capacity to ensure the technical and fiduciary aspects of implementation and maintenance after completion.
Gap-financing is not a substitute	The proposed investment fills an existing gap but does not substitute for other available sources of funds.

6. *Implementation modalities.* Planning for all three investment components will be undertaken as a single exercise. A community development plan will be developed and agreed to that, based on a community-level mapping exercise, identifies and prioritizes subprojects, areas to be addressed under environmental rehabilitation, and potential livelihoods. The process will follow a three step process: (a) an initial sensitization, awareness raising, and communications about project-supported investments, eligibility criteria, implementation modalities, roles of different stakeholders, and rules of participation; (b) mapping of the existing situation, including resources and gaps; identification of needs and prioritization of investments; establishment of a

community development committee to facilitate community participation and project implementation; and (c) finalization of the committee by ensuring synergies with the existing developmental plan and other ongoing interventions and to prevent duplication.

7. ***Subcomponent 1(b): Capacity Support for Local Planning and Decentralized Service Delivery (US\$7 million)***. Subcomponent 1(b) will seek to improve the service-delivery capacity of local-level government authorities. It will support capacity support interventions for local government authorities and local implementing institutions in the areas of community-driven planning process, local development management, service-delivery capacities enhancement, mainstreaming of project interventions with government development planning and budgeting process, coordination of potential development stakeholders at local-level and community-level development learning. Capacity support activities to be financed under the project, have been detailed in the PIMs, including: (i) supplying critically needed items such as office equipment and facilities, field gear, vehicles, and technical resources; (ii) preparing, printing, and dissemination of technical training materials; (iii) training and development of knowledge and skills at all levels, including for technical staff and host communities; and (iv) experience sharing. The project will also support technical assistance to reinforce the capacity of specialized implementing agencies, including the recruitment of national and international technical assistance for the planning, engineering design, procurement, construction management, and technical monitoring of physical investments.

Component 2: Sustainable Environmental Management (US\$33.6 million)

8. Refugee-hosting areas face a severe degradation of their environmental and natural resources, including deforestation and the devastation of agricultural and range lands. The continued presence and influx of refugees exacerbates already severe environmental conditions, turning localities into fragile ecosystems. Component 2 aims to ensure that environmental and natural resources are carefully and sustainably managed so they can support current and future needs and livelihoods. The implementation of demand- and supply-side interventions will be supported by the component. Supply-side interventions will support and enhance sustainable environmental and ecosystem services, including integrated natural resources management and small-, micro- and household-scale irrigation schemes. Alternative energy sources will aim to reduce unsustainable exploitation of natural resources, including risk mitigation and other challenges faced by crisis-affected host communities. Demand-side interventions will seek to address gender issues by reducing drudgery in terms of time and energy spent by women and girls collecting wood for fuel, lowering their exposure to risk of violence while collecting it, and improving health and indoor air pollution through the use of cleaner fuels and fuel-saving cooking technologies. These aspects have been detailed in the individual PIM for each country.

9. ***Subcomponent 2(a): Integrated Natural Resources Management (US\$26.8 million)***. Subcomponent 2(a) intends to enhance the productivity of environmental and natural resources, including arresting the degradation of fragile ecosystems in forest, range, and agricultural lands. It would support soil and water conservation through biological and physical activities on individual farms and communal lands, including the construction of soil bunds, stone bunds, artificial waterways, cut-off drains, check dams (gully rehabilitation), bench terraces, hillside terraces, trenches, area closures, planting of multipurpose trees, and groundwater recharge interventions. Capacity support activities will include those that enhance the implementation of

integrated natural resources management, including technical assistance to service providers at various levels. The planning and implementation processes and procedures of integrated natural resources management will follow a watershed management approach and will be implemented using the national Community Based Participatory Watershed Development Guidelines for each participating country.

10. The area under irrigation will be increased through rehabilitating, improving, or upgrading existing traditional and modern small-, micro-, and household-scale irrigation systems and/or establishing new ones. The small-scale irrigation support will include financing the rehabilitation and improvement of head works, conveyance systems, on-farm irrigation structures, water application methods, and other aspects to provide the higher standard of water control needed to improve yields and increase cropping intensity. The support to micro- and household-scale irrigation systems will include activities such as small stream diversions; construction of ponds, hand-dug shallow wells, and shallow tube wells; supply of engine and manual pumps; construction of check dams and springs; water harvesting and micro irrigation technologies and structures. The use of remote sensor technologies installed on water pumps at the farm level could be considered for monitoring water use to inform water management decisions. The planning and implementation of this will be carried out using the Small-Scale Irrigation Development and Management Guidelines for each participating country.

11. *Implementation modalities.* The component will be implemented using the labor-intensive public works modality, as appropriate, with dual objectives: (i) provide temporary employment for poor people through the labor-intensive public works activities; and (ii) create communal assets of value for the community. The temporary employment created by the labor-intensive public works will enable poor households to earn wages, which will allow them to smooth their consumption gaps, help them sustain their assets, and enable them to participate in savings schemes, which in turn will enable them to invest in productive ventures. The development of physical assets will result in improvements to the environment, which in turn will have a positive impact on households' productive ventures. This component builds on lessons learned from the existing range of public works programs in Uganda and other Sub-Saharan African countries (for example, Ethiopia and Tanzania).

12. The labor-intensive public works will support interventions for establishing and managing tree nurseries; planting seedlings; promoting afforestation; constructing different soil and water conservation mechanisms and flood control structures; building community ponds, hand-dug wells, and natural spring developments; and developing mechanisms for rainwater harvesting. It will help with the creation of the small-, micro- and household-level irrigation systems, including rehabilitation and improvement of head works, conveyance systems, on-farm irrigation structures, small stream diversions, construction of ponds, hand-dug shallow wells, construction of check dams, and springs, water harvesting, and micro-irrigation structures.

13. ***Subcomponent 2(b): Access to Energy (US\$6.8 million).*** Subcomponent 2(b) seeks to improve the host communities' access to energy by promoting the better use of energy resources and increasing access to alternative sources of energy. Support will be given to interventions that address the host communities' energy requirements, such as domestic cooking and lighting; social services, such as schools and health services; and productive activities, including lighting for small shops and businesses and for manufacturing and processing. Household cooking is

currently based on firewood and charcoal. To address this concern, improved cooking devices will be introduced with appropriate community consultations about methods of cooking and baking and what types of firewood are locally available. Training would be provided on the use of the new devices, including the preparation of fuel. Attention would be given to monitoring use, regular maintenance, and repairs. Solar lanterns and lamps are among the options for meeting home and street lighting as well as mobile phone charging needs. Establishing connections to grids—where possible—and off-grid decentralized energy supplies that are based on renewables and diesel engines will be explored in cooperation with other projects (World Bank and other funding sources) for meeting the above-mentioned and other productive energy uses.

Component 3: Livelihoods Program (US\$36.85 million)

14. Refugee-hosting communities derive their incomes from traditional livelihoods, such as agriculture, fisheries, pastoralism, and agropastoralism; and/or from nontraditional livelihoods, such as skills-based jobs, service enterprises, and small businesses. Both types are characterized by low-level technologies and skills, resulting in inherent low productivity. The lives and livelihoods of people in target communities are impoverished, and their incomes levels are low and unsustainable. The objective of this component is to improve livelihoods and increase incomes of communities hosting refugees. The component will support interventions aimed at improving the productivity of traditional and nontraditional livelihoods. It will target poor households based on vulnerability, including the elderly and people with disabilities, and priority will be given to women and youth—at least 50 percent of beneficiaries are expected to be female. The component will target existing groups and support the formation of new ones. Nontraditional livelihoods will be identified based on a market assessment to impart skills for increased employability and enterprise development and to promote other income-generating activities. The traditional and nontraditional livelihoods will be identified based on a technical and market assessment to impart skills to increase production, improve market linkages, and promote better adoption of best practices. Key elements to consider with regard to the economic ecosystem include informal enterprises and firms; the nascent presence of the private sector; other non-World Bank efforts; and potential innovations for scale-up. Establishment and/or strengthening of community-based institutions will also be an important investment under this component.

15. ***Subcomponent 3(a): Support to Traditional and Nontraditional Livelihoods (US\$31.4 million)***. Subcomponent 3(a) aims to increase the production and productivity of agriculture (crops and livestock), pastoralism (livestock), agropastoralism (crop and livestock) and fisheries, and to commercialize livelihood activities for improved incomes, employment, and self-reliance among refugees. Key activities to be supported will depend on the potential of the region and the locality as well as the traditional form of livelihoods practiced. The subcomponent will be based on a market-system approach,³³ presented in figure 3.1. A market system is a dynamic space, incorporating resources, roles, relationships, rules, and results,³⁴ and one in which private and

³³ “The central idea is that the poor are dependent on market systems for their livelihoods. Therefore changing those market systems to work more effectively and sustainably for the poor will improve their livelihoods and consequently reduce poverty” (DCED—The Donor Committee for Enterprise Development: <http://www.enterprise-development.org/page/m4p#OverviewandStrategy>).

³⁴ USAID (United States Agency for International Development). 2013. “Local Systems: A Framework for Supporting Sustained Development.” USAID, Washington, D.C.

public actors³⁵ collaborate, coordinate, and compete for the production, distribution, and consumption of goods and services. The behavior and performance of these actors are influenced by the decisions of other actors, rules, incentives, and the physical environment. Market systems are composed of vertically and horizontally linked firms and the relationships embedded in these linkages; end, input, and support-service markets; and the environment in which they operate, which may include sociocultural, geographic, and political factors; infrastructure; and institutions. Understanding and analyzing the market system will help make systemic change that can create lasting, inclusive growth.

16. Support will include improved production practices; access to technology and equipment, to storage and processing infrastructure, and to finance, mobilization and selection of beneficiary groups; formation of common interest groups (CIGs); and strengthening capacities of producer cooperatives for accessing input and output markets. The proposed interventions will be informed from lessons learned, will build on the experience of implementing agencies, and will be tailored to country contexts.

17. Traditional livelihood intervention areas were identified based on key stakeholder and community consultations, but an in-depth technical and market assessment will inform implementation. Table 3.3 outlines the indicative intervention areas across the three countries.

Table 3.3. Traditional Livelihoods Indicative Intervention Areas

	Ethiopia	Uganda	Djibouti
Key intervention areas	Four main intervention areas: (i) Agriculture, (ii) Livestock (iii) Fisheries, focused in Gambela and Benishangul (iv) Honey, focused in Gambela and Benishangul	Four main intervention areas: (i) Agriculture (ii) Livestock (iii) Apiary (Honey) (iv) Fisheries—Nakivale, Adjumani, and Arua, focused on fish farming (ponds)	Three main intervention areas: (i) Agriculture (ii) Livestock (iii) Fisheries (in Obock)
Existing Experience	AGP, PCDP, RPLRP	Northern Uganda Social Action Fund (NUSAF) 1 and 2 Projects	Rural Community Development and Water Mobilization Project (PRODERMO), IFAD Program to Reduce Vulnerability In Coastal Fishing Area, FAO Restoration and Protection of Food Security and Livelihoods

18. Nontraditional livelihoods will be identified based on a market assessment to impart skills for increased employability and enterprise development and to promote other income-generating activities. The support will involve mobilization and the selection of beneficiary groups, the formation of CIGs, providing skills training and capacity support, preparation of livelihood business plans, easier access to finance for livelihood activities, and regular technical and business advisory support and follow up. The design of nontraditional livelihoods will be guided by following principles: (i) priority will be given to poor and vulnerable people, especially women and youth, who will be identified by the community through a transparent and

³⁵ Generally, the ideal is for private-sector actors to deliver goods and services, and public-sector actors to set and enforce the rules. However, in reality in many markets around the world, these roles are not so clearly differentiated.

participatory process; (ii) a CDD approach will be used to ensure community participation at all steps; (iii) interventions will be built on existing strengths and experience of implementing agencies as well as self-help initiatives within the host communities; (iv) there will be an emphasis on simple designs that focus on community interests, capacities, and local market demand; and (v) an integrated approach will be taken to mainstream nontraditional livelihoods into government systems for its sustainability. Table 3.4 outlines the indicative nontraditional livelihood intervention areas across the three countries.

Table 3.4. Indicative Nontraditional Livelihoods Intervention Areas

	Ethiopia	Uganda	Djibouti
Key intervention areas	Two main interventions: (i) Youth Livelihoods Initiative and (ii) Women Empowerment and Livelihoods Initiative	Three main interventions: (i) Business training and enhancement of targeted groups in which they are already engaged in (ii) Skills training and provision of startup kits to targeted groups (iii) Support to existing local businesses to help them expand	Three main interventions: (i) Women’s empowerment and Self-Employment Initiative (ii) Youth Employment Initiative (iii) Support to existing microentrepreneurs
Experience	(i) PSNP and (2) Household Assets Building Programme (HABP)	NUSAF 1 & 2 Projects	<i>Agence Djiboutienne de Développement Social</i> (Djiboutian Social Development Agency, ADDS) supported women SHG project, Promotion of Youth Employability and Handicraft Project, and a micro-finance initiative (CPEC)

19. An indicative menu of nontraditional livelihood options based on consultations with key stakeholders are presented in table C.5. Based on the market assessment, a long list of livelihood options for beneficiaries will be developed for targeted areas, which will exclude categories of livelihoods with limited market demand and higher risks.

20. *Criteria for beneficiary identification:* Women and youth from the most vulnerable households will be targeted to be mobilized into CIGs through the community participatory process on a priority basis. For traditional livelihoods, beneficiary selection criteria will further include but not be restricted to land ownership/user rights for agricultural land and prior experience with agricultural activities and animal husbandry. Other criteria will be guided by the local context. Wherever possible, implementation agencies will facilitate land access for the groups through the available community land or long-term leases for landless youth and women with prior experience in agriculture.

21. The main target group for nontraditional livelihoods will also be youth and women. Among youth, priority will be given to those who have an existing business and who are interested in expanding it, or those who are interested in starting a business and who have prior experience in the proposed business area (table 3.6). While selecting youth beneficiaries, priority will be given to women beneficiaries and those who are members of village/local saving groups. At least 50 percent of youth beneficiaries will be female. Among women, priority will be given

to particularly poor and vulnerable groups and those with the ability and willingness undertake and manage the livelihood activities.

Table 3.5. Indicative Menu of Nontraditional Livelihood Options

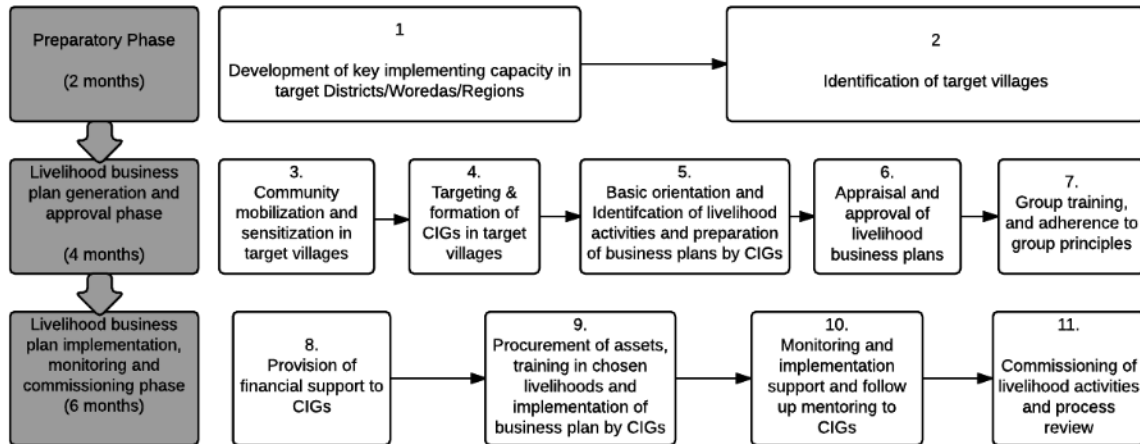
	Ethiopia	Uganda	Djibouti
Indicative livelihood options	<ul style="list-style-type: none"> ▪ Petty trading ▪ Sand collection ▪ Milling ▪ Shops and restaurants ▪ Carpentry ▪ Mobile phone repair ▪ Masonry ▪ Tailoring and garment cutting ▪ Construction 	<ul style="list-style-type: none"> ▪ Tailoring and garment cutting ▪ Briquette production ▪ Shops and restaurants ▪ Hair dressing ▪ Carpentry and joinery ▪ Grinding mills ▪ Motorbike repair ▪ Bicycle repair ▪ Mobile phone repair ▪ Local artisans/artists 	<ul style="list-style-type: none"> • Stone crushing/cutting • Handicrafts • Sewing training center • Bakery/bread-making • Women’s salon/hair styling • Driving training and licenses • Garage and tire station • Welding • Plumbing • Cafeteria and video game shop

Table 3.6. Criteria for Beneficiary Identification

Key Intervention Areas	Criteria for Beneficiary Identification for Nontraditional Livelihoods
Youth Livelihoods Initiative or Support existing local business to help them expand or Skills training and providing start-up kits to youth	<ul style="list-style-type: none"> • Ages 18–35, male and female • Either have an existing business, have prior work experience in the proposed business, or have an interest in starting a business • No outstanding loan from a formal financial institution • Member of family lived in the host community for at least three years • Priority will be given to: (i) females (at least 50 percent), and (ii) those who are members of village/local saving groups <p>Exclusion criteria: Youth found to be alcoholics or drug addicts</p> <p>Method for identifying the participant: Participatory Rural Appraisal, followed by the local government unit verification</p>
Women Empowerment and Livelihoods Initiative or Self-Employment Initiative	<ul style="list-style-type: none"> • From needy households; preference for most vulnerable, including widows and the destitute • Capable of work with no outstanding loan • Lack productive assets and/or formal employment • Members of families who have lived in the host community for at least three years <p>Method for identifying needy household: Participatory wealth ranking at the community level</p>

22. The subcomponent will follow a process-driven approach for systematic implementation. This process will be common for both traditional and nontraditional livelihoods and will consist of three phases: (i) preparatory; (ii) livelihood business plan subproject generation and approval; and (iii) livelihood business plan subproject implementation, follow up mentoring and commissioning phase (see figure 3.1). The interventions for traditional livelihoods will be implemented by the relevant departments in relevant ministries.

Figure 3.1. Traditional and Nontraditional Livelihoods Implementation Process

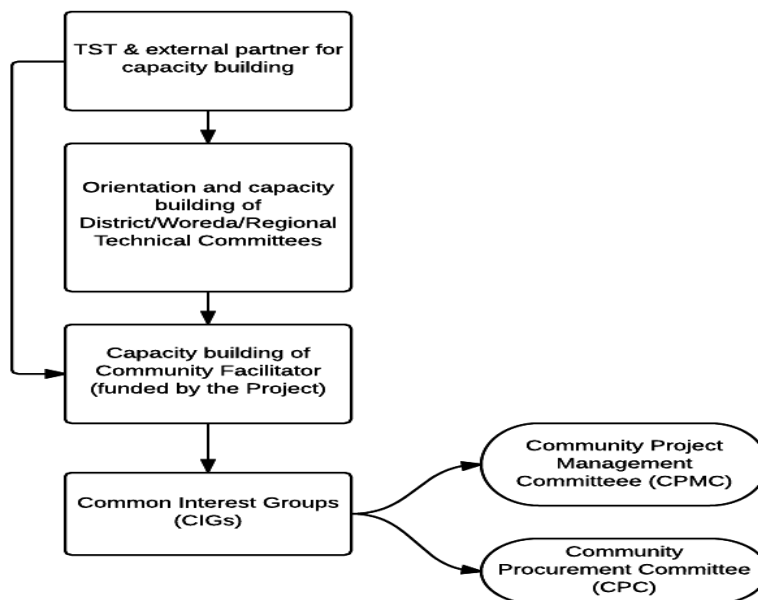


23. *Implementation modalities.* The subcomponent will support the development of innovative solutions to specific production or business problems identified by communities. This will take the form of an innovation fund that finances proposals coming from refugee-hosting communities who are organized in groups. The innovations could include technological, institutional and process innovations to be determined during implementation. Support programs for youth and women in technological innovations like digital commerce and in information technology-enabled services that require computer and digital literacy could support modern and salaried jobs.

24. ***Subcomponent 3(b): Capacity Support of Community-Based Organizations for Livelihoods (US\$5.45 million).*** Subcomponent 3(b) is intended to improve the service-delivery capacity of farmer, pastoral, or agropastoral organizations, including community-based organizations. Establishing and building the capacity of community-based organizations is central to the project’s CDD approach to implementation and for the sustainability of project investments. Community-based organizations involved in livelihoods promotion, including farmer organizations, cooperatives, and common-interest groups, will receive training in group management, savings, financial literacy, and bookkeeping. These community-based organizations will be trained in group management, savings, financial literacy, and book keeping, and will be encouraged to hold regular meetings, save, inter-loan, make timely repayments, and keep up-to-date books of accounts. These efforts will be coordinated by the local administration technical committees, which will have overall responsibility of capacity support. Both the traditional and nontraditional livelihoods will be implemented through CIGs. These capacity support efforts of CIGs will be coordinated by the respective implementing agency with the

overall responsibility for capacity support. The capacity support of CIGs will follow a cascading approach as outlined in figure 3.2.

Figure 3.2. Capacity Support for Common Interest Groups under Traditional and Nontraditional Livelihoods



Component 4: Project Management and Monitoring and Evaluation (US\$14.55 million)

25. Project management and implementation will follow a decentralized approach using existing government structures at the national, subnational, and local levels and community institutions established at the local level. The objective of this component is to ensure enhanced and effective project management, coordination, and implementation, and that project activities are implemented as planned, implementation is progressing well, and the PDO is being achieved.

26. The component will support the establishment of a number of institutions with various sets of roles and responsibilities at multiple levels, including oversight, coordination, and technical bodies. To this end, steering committees will be established at the national, subnational, and local levels; they will be chaired by heads of lead implementing agencies or their designees at the national sub-national and local levels; members will include the heads and/or their representatives of the various project implementing agencies as well as other relevant stakeholders. The main responsibility of a steering committee is to provide oversight and strategic guidance regarding project management, coordination, and implementation, including approving the annual work plan and budget. Technical committees will also be established at the national, subnational, and local levels; they will be chaired by the directors, department heads, and/or their designees of lead implementing agencies at the various levels and constituted by expert focal persons drawn from the various directorates/departments of implementing agencies and relevant stakeholders. They will be responsible for providing technical support to the steering committees, implementing agencies, and PCUs which will be established at the national,

subnational, and local levels in Ethiopia, a project implementation team will be established in Djibouti, and a PIST will be established at the national level in Uganda; and adequately staffed with technical experts that are recruited through a competitive process in all three countries. These units will play a coordination and facilitation role. At the community level, the project will build on existing structures, such as community development committees, but it will also establish new local-level institutions, as appropriate, including community facilitation teams, community project management committees, community procurement committees, and social audit committees.

27. The component will also support the design of the project's M&E system to be detailed in the M&E manual. Key activities include designing the project's management information system for monitoring inputs, outputs, and processes; evaluation of outcome and impacts; environmental and social safeguard monitoring; and participatory monitoring and evaluation and internal learning. M&E activities will also include regular monitoring of implementation progress and performance; independent process monitoring, including regular assessments of community-level planning and a review of the effectiveness and quality of capacity support efforts; outcome and impact evaluations at baseline, mid-term, and end of project; and annual thematic studies. The project's Results Framework will be used as a basis for reporting progress against indicators, including progress toward achieving the PDO and implementation progress. The project will consider the use of mobile technologies to increase the reach and frequency of data-capturing at the local level and aggregating the data in a platform that could serve as a dashboard. Such a tool would provide near-real-time monitoring and the ability to visualize and/or geolocalize activities supported by the project in the three countries.

Component 5: Regional Support for Coordination, Capacity and Knowledge (US\$5 million)

28. The key objective of this component is to support the establishment of the Regional Secretariat on Forced Displacement and Mixed Migration, primarily for the HOA, but with relevant linkages to the Great Lakes Initiative. The Secretariat will: (i) spearhead the advancement of the development approach to displacement in the HOA; (ii) facilitate knowledge creation in partnership with relevant think tanks and/or universities in the three project countries of Djibouti, Ethiopia, and Uganda and the HOA; emerging from the implementation of the DRDIP with respect to development solutions to forced displacement; (iii) ensure annual learning and sharing workshops for all the HOA countries; and (iv) contribute to a better understanding of the nexus between socioeconomic development, forced displacement, and mixed migration in the HOA by commissioning studies and/or focused research. Advocacy for holistic regional responses to forced displacement and mixed migration will be supported by data generated on displacement that would influence intervention in member states.

29. The key thrust areas for the Regional Secretariat will include: (i) engaging in policy through initiating dialogues with academic and research institutions on transitional solutions on displacement; (ii) generating evidence through research for innovative management of forced displacement and mixed migration; (iii) building capacity of countries and institutions in the HOA to innovatively respond to the displacement–migration nexus; (iv) providing knowledge management and M&E; (v) forging partnerships between humanitarian and development actors in the IGAD region to rethink the application of durable solutions; and (vi) consolidating the

capacity of IGAD to respond to forced displacement and mixed migration and to be a strong actor on these issues and discussions affecting the HOA, both regionally and internationally. The details of the activities and operationalization of the Regional Secretariat are presented in Annex 8.

30. **Project synergies.** Other World Bank-financed projects are active in each country, and the DRDIP builds on successful approaches under these projects, as reflected in table 3.7.

Table 3.7. Active World Bank Projects Related to the DRDIP

Country	Project	Geographical Overlap	Interventions and Approaches
Djibouti	Rural Community Development and Water Mobilization Project (P117355)	Obock Town	Increase access of rural communities to water and enhance their capacity to manage water and agropastoral resources using a participatory approach to community-based development.
	Crisis Response—Social Safety Net Project (P152903)	Obock and Holl-Holl	Support the provision of short-term employment opportunities in community-based labor-intensive works for the poor and vulnerable. This project is also being implemented by the <i>Agence Djiboutienne de Développement Social</i> (Djiboutian Social Development Agency, ADDS).
	Improving Health Sector Performance Project (P131194)	Obock, Holl-Holl, and Ali Adeh	Improve the utilization of quality healthcare services for maternal and child health and communicable disease control programs.
Ethiopia	Ethiopia Water Supply, Sanitation, and Hygiene Project (P133591)	One kebele each in four regions except Tigray	Support increased access to improved water supply and sanitation services for residents
	Pastoral Community Development Project III (P130276)	Both participating kebeles in Afar and one kebele in Ethiopian Somali regions	Enhance growth and stability of incomes, increase asset base, and improve access to public services among pastoral communities.
	Productive Safety Net Program (PSNP-IV) (P146883)	Nine kebeles across four regions except Tigray	Increase access to safety net and disaster risk management systems, complementary livelihoods services, and nutrition support for food-insecure households in rural Ethiopia.
	Ethiopia Health Millenium Development Goals Support Operation (P123531)	National program	Improve the delivery, use, and quality of basic health services for women, children, and people affected by communicable diseases.
	Ethiopia General Education Quality Improvement Project II (P129828)	National program	Improve the quality of general education (grades 1–12) throughout the country; improve learning conditions in primary and secondary schools and strengthen institutions at different levels of the education administration.
	Uganda	NUSAF 3	The implementation of the NUSAF 3 and the DRDIP will overlap in Ajumani and Arua Districts.

used by both projects, will help avoid duplication of efforts and create synergy between the two projects.

Annex 4: Implementation Arrangements

Development Response to Displacement Impacts Project in the Horn of Africa

Project Institutional and Implementation Arrangements

1. The DRDIP is to be implemented in remote and underserved areas where implementation capacity, including fiduciary and safeguard management, and public participation in local-level decision making processes are limited. However, the design and preparation of the DRDIP is informed by implementation capacities and lessons drawn from other World Bank-supported projects that the respective implementing agencies are responsible for in Djibouti, Ethiopia, and Uganda.

2. In Djibouti, *Agence Djiboutienne de Développement Social* (Djiboutian Social Development Agency, ADDS) is currently implementing three World Bank financed projects, amounting to an estimated US\$18 million: the Second Urban Poverty Reduction Project (US\$5.6), Social Safety Net Project (US\$10 million), and Enhancing Income Opportunities in Djibouti (US\$2.7 million). The agency is also implementing many other projects sponsored by other development partners, including the French Agency for Development, African Development Bank, and Islamic Development Bank. Through past and existing projects, ADDS has accumulated significant experience working with local authorities and community institutions and has gained an understanding of how to manage income-generation projects, including in the area of microfinance, self-help groups, community-led development opportunities, and training.

3. In Ethiopia, World Bank-supported projects such as the PCDP, the AGP, and the PSNP, financed capacity-support activities and devised and implemented robust support and supervision mechanisms, including similar projects financed by development partners. In particular, the design and preparation of DRDIP benefits from the implementation capacity built under the first two phases of the PCDP (the third and last phase—PCDP III is currently being implemented) that adopted a CDD approach. The PCDP is being implemented in two of the five DRDIP implementing regions: Afar and Ethiopian Somali. The World Bank made enormous investments in local-level capacity support and introduced models for participatory local development through the PCDP. The program also financed the establishment and strengthening of community institutions to ensure community ownership of local development and their active participation in important local-level development decisions. The DRDIP also benefits from the implementation capacity built under the two phases of the AGP and the four phases of the PSNP. The AGP is being implemented in Benishangul-Gumuz, Gambela, and Tigray Regions; and the PSNP is being implemented in Tigray, Afar, and Ethiopian Somalia Regions. Both the AGP and the PSNP have financed capacity-support activities aimed at enhancing the capacity of local governments and communities.

4. In Uganda, the DRDIP is designed to utilize existing structures that have been implementing World Bank-financed projects in the OPM will be leveraging established central and local government planning and coordination structures. The OPM has been implementing a series of Northern Uganda Social Action Fund projects, financed by an IDA credit since 2003. It has extensive experience in implementation, coordination, and management of community-based

projects. The design of the DRDIP in Uganda has benefited from the experiences and lessons learned during the implementation of the NUSAF projects; it will also benefit from the existing structure to implement the project.

a. Djibouti

The role of the government and steering committee

5. The Government is responsible for the project's overall strategic oversight and for carrying out measures that will guarantee and facilitate project implementation. The Ministry of Economy and Finance will delegate the power of execution to ADDS as an implementing agency through a convention. ADDS is under the supervision of the Secretariat of State for National Solidarity, and the latter will represent the Government for the project.

6. A steering committee was already established in a letter dated August 31, 2015, and signed by the Minister of Economy and Finance. The steering committee will be led by the Secretary General of the Ministry of Economy and Finance and is composed of General Secretaries of the Ministry of Interior; Ministry of Agriculture; Ministry of Health; Ministry of Housing, Urbanism, and Environment; and Ministry of Education and Vocational Training. It will include representatives from the Secretariat of State of National Solidarity, presidents of the Regional Council of Obock and Ali-Sabieh, the director of external financing, the director of housing funds, and the director general of ADDS. The role of the steering committee will be to provide overall strategic guidance, reinforce intersector coordination, and oversee project implementation. ADDS will act as the steering committee secretariat.

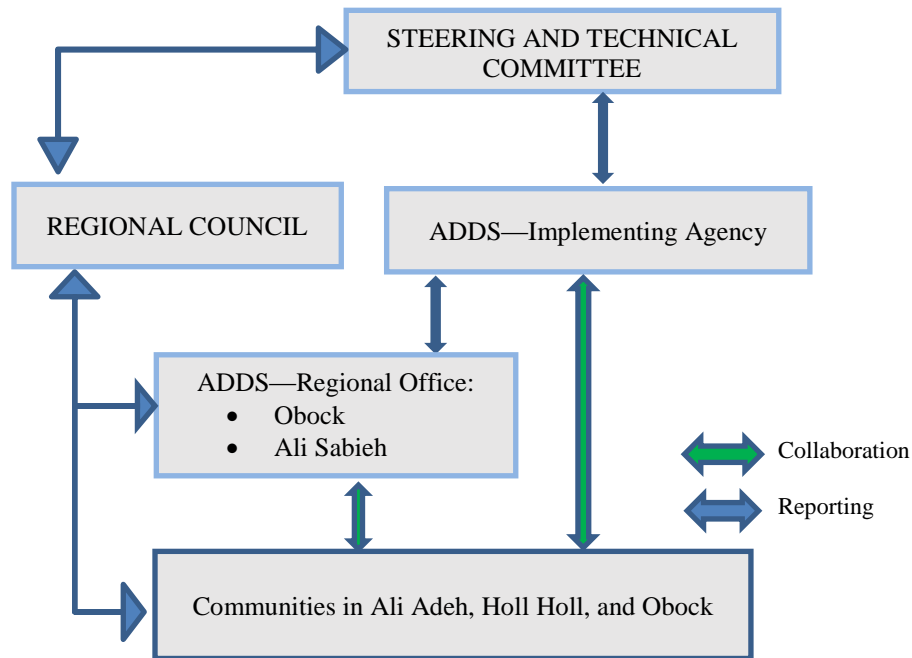
Implementing agency

7. Under the Secretary of State in Charge of National Solidarity, ADDS will be the project implementation agency. Project implementation will be carried out leveraging existing administrations and entities (figure 4.1). The main rationale for the proposed institutional and implementation arrangements is to rely on existing institutional structures and staff as much as possible to contribute to the strengthening of national capacity.

8. ADDS was created in 2008 when two major organizations in the fight against poverty — ADETIP (*Agence djiboutienne de travaux d'intérêt public* – Djibouti Public Works Agency) and FSD (*Fond Social de Développement* – Social Development Fund) —merged into a single institution. Both institutions capitalized on their extensive experience in the fight against poverty by implementing infrastructure and utilities projects and promoting income-generating activities by providing microcredit.

9. ADDS is legally established and fully able to commit to national and international obligations with the mission to contribute to the fight against poverty and vulnerability by supporting sustainable development projects in a participatory manner, in partnership and coordination. ADDS is granted the power to implement public programs and projects on behalf of the state and local authorities by law and decree of its establishment. Framework agreements will lay down the terms and conditions for the execution of projects and/or programs entrusted by the Government of Djibouti to ADDS.

Figure 4.1. Institutional and Implementation Arrangements for Djibouti



10. The ADDS’s management staff, including its Director General, are already in place, but a specific PIU will be established within ADDS for the DRDIP. To manage the project, ADDS will need to recruit a project coordinator, an infrastructure engineer, a community specialist, a livelihoods specialist, an environmental and social safeguards specialist, a financial officer, a procurement specialist, and a monitoring and evaluation specialist. Moreover, given the dispersion of activities in two areas, two regional antennas will be included in the project in Ali Sabieh and Obock. The terms of reference for different positions were agreed on between ADDS and IDA. Given the human resources available within ADDS, the PIU will lean on the various technical departments (such as microfinance) as needed for the implementation of field activities.

The role of the regional council and communities

11. For positive results on the ground, the project will ensure responsiveness to community needs and also community’s ownership of the investments. All the proposed activities will be approved by the affected communities. To implement this community approach, regional councils (Obock and Ali-Sabieh) will serve as links between steering committees and communities on project activities. Regional councils are elected officials. They will support the community engagement, mobilization, participation, and decision making; with respect to other project stakeholders and the implementing agency. They will be responsible for collecting information from communities and presenting it to the steering committee and in turn transmitting steering committee decisions to the community.

b. Ethiopia

12. Implementation of DRDIP activities will rely on existing government structures and existing and/or new community institutions. Thus, all levels of government will have roles in providing oversight functions. Government and community institutions will provide technical

and implementation support. Implementation will follow a decentralized approach, and local communities will assume the primary responsibility for executing project activities, including identifying, prioritizing, and implementing community investments. Government implementing agencies and community institutions will be supported by PCUs at the federal, regional, and woreda levels (figure 4.2). Project teams will also be responsible for coordinating implementation of the project, managing fund flows, ensuring fiduciary and safeguard obligations, monitoring performance, maintaining timely and regular physical and financial reports, and documenting best practices and lessons learned.

National-Level Project Oversight, Backstopping, and Implementation Support

13. ***Oversight.*** A Federal Steering Committee (FSC) chaired by the head of the MoANR or designee will be established consisting of heads of relevant implementing agencies and directors of relevant directorates within MoANR and other relevant ministries and federal-level implementing agencies, including Ministry of Finance and Economic Cooperation. The main responsibility of the committee is to provide strategic guidance and oversight on project management, coordination, and implementation, including approving the annual work plan and budget. The terms of reference for the FSC, including structure and membership, are in the PIM.

14. ***Backstopping.*** A Federal Technical Committee (FTC) will be established, chaired by the director of emerging regions coordination directorate of MoANR and consisting of technical experts drawn from relevant directorates within MoANR as well as from other relevant ministries and agencies. The main responsibility of the federal technical committee is to provide technical backstopping to the FSC, including technical review of the annual work plan and budget and implementation issues that require the attention and decision of the committee. The terms of reference of the federal technical committee, including structure and membership, are in the PIM.

15. ***Implementation support.*** MoANR will host the project and will be the lead implementing agency. It will support project implementation through a FPCU to be established and housed in its jurisdiction. The unit's structure and terms of reference for each position within it are in the PIM. The FPCU will perform the following functions:

- (i) Coordinate the implementation of project activities at the federal level;
- (ii) Ensure fiduciary and safeguard compliance, including supervision, monitoring and capacity support, for agencies involved in the implementation of project activities at regional and woreda levels;
- (iii) Monitor overall performance, provide regular financial and progress reports to MoANR and the World Bank, and evaluate the project's impact and assessment of progress toward the PDO;
- (iv) Liaise with other stakeholders and engage in public communications;
- (v) Strengthen capacity to implement and monitor project activities at all levels; and
- (vi) Mobilize external technical support as necessary.

16. Directorates in MoANR and other project implementing ministries and agencies will assist regional bureaus and woreda offices, as appropriate, in the implementation of project activities. They will also engage in capacity support activities, including sensitization and awareness raising about the project in general and about CDD principles, fiduciary and safeguard

management, monitoring and evaluation, gender issues, and facilitation skills. Capacity-support initiatives around development learning and knowledge management; the identification and development of livelihood opportunities; and the design, construction, and quality assurance of social and economic infrastructure will also be supported.

Regional-Level Project Oversight, Backstopping, and Implementation Support

17. ***Oversight.*** A regional steering committee (RSC) will be established, chaired by the head of the Bureau of Agriculture and Natural Resources and/or by the head of the Bureaus/Commissions of Pastoral Development or his/her designee, and consisting of the heads of the relevant (project-implementing) sector offices (bureaus), including the Bureau of Finance and Economic Cooperation (BoFEC). The main responsibility of the RSC is to provide strategic guidance and oversight regarding project management, coordination and implementation at a regional level, including approving the annual work plan and budget for the region. The terms of reference for the RSC, including structure and membership, are included in the PIM.

18. ***Backstopping.*** A Regional Technical Committee (RTC) will be established, chaired by the Process Owner of the relevant Process (head of department) and consisting of technical experts drawn from relevant Processes within Bureau of Agriculture and Natural Resources and/or the Bureau/Commission of Pastoral Development as well as from Processes of other sector offices. The main responsibility of the regional technical committee is to provide technical support to the RSC, including technical review of the annual work plan and budget for the region and implementation and coordination issues that require the attention and decision of the RSC. The terms of reference of the RTC, including membership, are included in the PIM.

19. ***Implementation support.*** Bureau of Agriculture and Natural Resources and/or the Bureau/Commission of Pastoral Development will support project implementation through the existing Regional Project Coordination Unit (RPCU) housed in its jurisdiction. The structure of the unit and terms of reference for each position within it are included in the PIM. The RPCU will perform the following functions:

- i. Coordinate the implementation of project activities at the regional level;
- ii. Ensure fiduciary and safeguard compliance, including supervision, monitoring and capacity support, for agencies involved in the implementation of project activities at the regional and woreda levels;
- iii. Monitor overall performance, providing regular financial and progress reports to the Bureau of Agriculture and Natural Resources and the FPCU;
- iv. Liaise with other stakeholders and engage in public communications at the regional level;
- v. Strengthening capacity to implement and monitor project activities at regional and woreda levels; and
- vi. Mobilize external technical support as necessary.

20. Sector bureaus and offices at the regional and zonal levels will assist woreda- and kebele-level offices and institutions implement project activities and will engage in capacity-support activities. They will provide support to woredas for all the activities carried out at this level, including sensitization and awareness raising on CDD principles; facilitation of community-level planning; establishment or strengthening of community institutions, procurement, and financial

management; social and environmental assessments; identification and development of livelihood opportunities; and design, construction, and quality assurance of social and economic infrastructure.

Woreda-Level Project Oversight, Backstopping, and Implementation Support

21. ***Oversight:*** At the woreda level, project oversight will be provided by the Woreda Council, which will serve as the Woreda-level Steering Committee (WSC). The council, chaired by the woreda administrator or deputy is composed of heads of various sector offices, including pastoral development and/or agriculture, water, education, health, rural roads, small and microenterprises agency, cooperative promotion, finance, and representatives of NGOs active in the woredas as well as representatives from microfinance institutions, if available. The council is ultimately responsible for all woreda-level project activities, including approval of the woreda-level annual work plan and budget. The Woreda Council will closely collaborate with RPCUs to deliver on project activities, including facilitating capacity-support activities.

22. ***Backstopping.*** Technical backstopping will be provided by the Woreda-level Technical Committee (WTC), which will be established by recruiting dedicated technical staff (focal persons) from the various sector offices responsible for project implementation at the woreda level. The main responsibility of the woreda technical committee is to facilitate local-level planning, supervise implementation of subprojects, support identification and development of livelihoods, and promote community-level learning. The terms of reference, including membership and periodic meeting schedules for the woreda technical committee are included in the PIM.

23. Each woreda will also establish a Woreda Project Appraisal Team with membership from the various sectoral offices, including from woreda offices of finance. The team is separate from the woreda technical committee so that its members have no responsibilities related to facilitation under the project and can therefore maintain a certain measure of independence. The main responsibility of the team is to appraise community investments (subprojects), particularly in terms of social and environmental issues, technical soundness, gender equity, consistency with the Woreda Development Plan, and any issues raised by the community audit committees. It will check readiness of community institutions to implement subprojects, and as the subprojects are implemented, it will confirm the achievement of milestones against disbursed funds.

24. ***Implementation support.*** The Woreda Offices of Pastoral or Development or the Woreda Offices of Agriculture and Natural Resources will support project implementation through the existing Woreda Project Coordination Team (WPCT). The team structure and terms of reference for each position are included in the PIM. The woreda PCU will perform the following functions:

- i. Coordinate the implementation of project activities at the woreda level;
- ii. Monitor overall performance and provide regular financial and progress reports to the Woreda Offices of Agriculture and Natural Resources and RPCU; and
- iii. Liaise with other stakeholders and engage in public communications at the woreda level.

25. Most of the project's implementation will be decentralized to the community level, with beneficiary communities assuming the primary responsibility for executing many project activities (as discussed further below). However, a few activities will be implemented at the

woreda level, such as strategic investments and capacity-support activities for sector offices; support to advisory services, including strengthening training centers for farmers and pastoralists and animal health clinics; and support for the promotion of savings and credit cooperatives and microenterprise development (if available). This support will be handled by relevant sector offices under the guidance of the Woreda Council.

Community-Level Project Oversight, Backstopping, and Implementation Support

26. The project will follow a CDD approach. Communities themselves will be the true implementing agencies of the project. As such, they will identify, prioritize, appraise, implement, monitor, and evaluate the subprojects that are financed through the project. In addition, they will participate in participatory monitoring, evaluation, and internal learning.

27. Successful implementation of the DRDIP's core interventions will depend on strong community institutions. The project will pay particular attention to strengthening existing community institutions and building on them. When necessary, it will support the establishment of new community institutions. As such, a participatory assessment will be undertaken in each kebele to identify community institutions, leadership structures, and groups representing specific interests (such as women, youth, the environment, and culture). The analysis will also include an assessment of the way community organizations and groups are organized, such as their representation, how they give voice to women and the poor, the level of transparency in their operations, internal relationships, and the potential for elite capture.

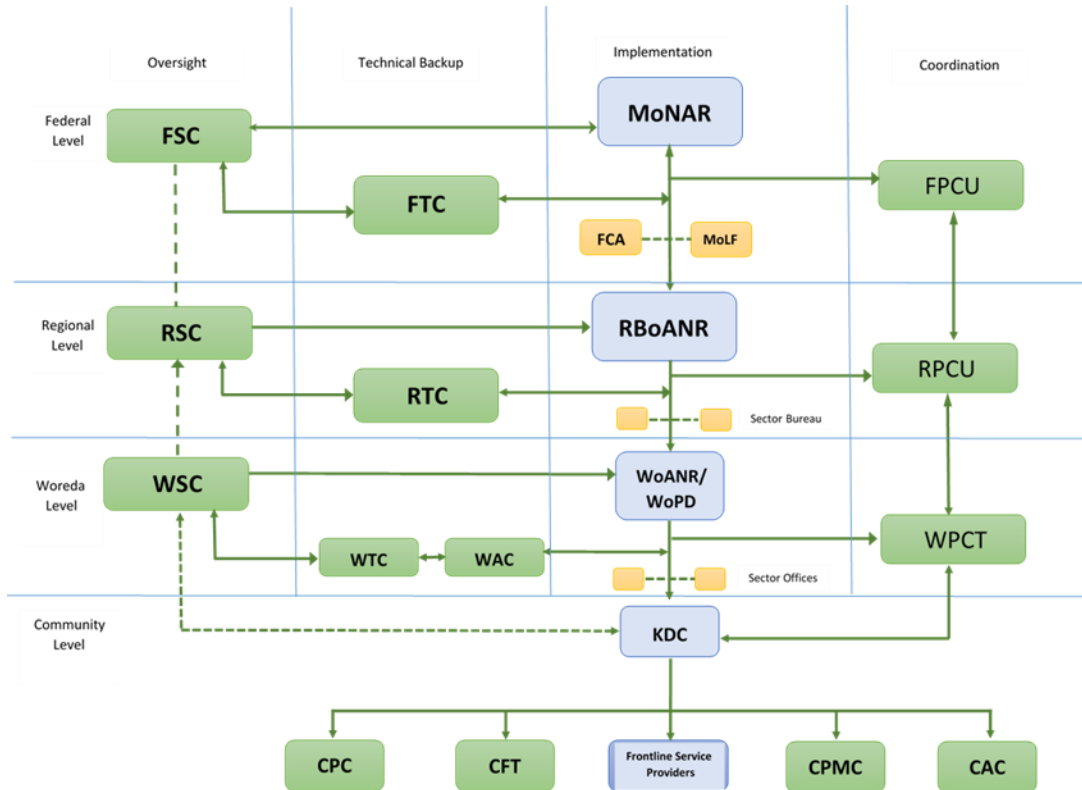
28. ***Oversight.*** One of the existing community institutions at the kebele level is the Kebele Development Committee (KDC), the developmental arm of the Government of Ethiopia's lowest-level administration structure. It will provide general implementation oversight and liaise with and coordinate support from the woreda project coordination team and the woreda sector offices or implementing agencies. Instead of establishing a parallel kebele development committee structure for its purposes, the project will provide support to strengthen existing committees. However, in view of some of this project's peculiar features, some members of the community will be attached to the KDC for specific functions. For example, representatives from sub-kebele levels will join with the KDC to participate in oversight roles and responsibilities.

29. ***Backstopping.*** Technical backstopping will be provided to community institutions by experts (subject-matter specialists) of the various woreda sector offices; woreda technical committees as well as Woreda Project Appraisal Committees (WAC). The support will include facilitating local-level planning, supervising the implementation of subprojects, supporting communities in the identification and development of livelihoods, and promoting community-level learning. It will also include capacity support of community institutions for better service delivery as well as social accountability.

30. ***Implementation support.*** Implementation of project activities at the community level will be supported by community institutions, including existing and new institutions that will be established. Community institutions will be established to support project implementation as needed, such as a Community Procurement Committee (CPC), a Community Project Management Committee (CPMC), a Community Audit Committee (CAC), and a Community Facilitation Team (CFT). The project will provide support to strengthen these institutions. The

terms of reference of the various community institutions, including membership, are included in the PIM.

Figure 4.2. Institutional and Implementation Arrangements for Ethiopia



c. Uganda

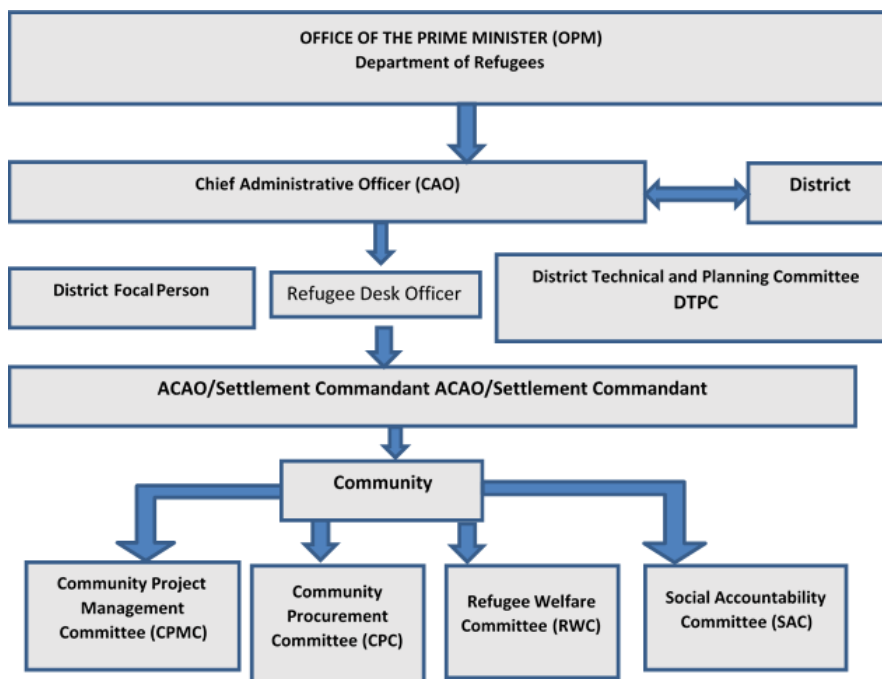
31. The Office of the Prime Minister will have the overall responsibility for implementing and accounting for project funds and coordinating activities under all project components. The OPM Permanent Secretary will be assisted by a PIST that will be established under the refugee department within the OPM. The PIST will be led by the project coordinator and will include specialists in infrastructure, livelihoods, M&E, and safeguards. This team will provide key technical support during implementation and in terms of monitoring and evaluation.

32. The implementation of the project will be mainstreamed into existing government structures at the national and local government levels. Accordingly, every level of government will have a role in providing oversight and implementation support. Local authorities will be responsible for oversight and coordination of the project’s implementation at the district, subcounty, and community levels. The community will have a leading role in the identification, prioritization, and implementation of their prioritized project activities (figure 4.3).

33. The PIM sets forth the roles and responsibilities of all stakeholders of the project. In addition, the PIM includes details of all operational and procedural steps regarding reviews and approvals of specific activities, flow of information, detailed description of project management,

and implementing bodies, procurement and financial management arrangements, reporting requirements, and manual amendment procedures.

Figure 4.3. Institutional and Implementation Arrangement for Uganda



National level

34. **Oversight.** A steering committee, which will meet twice a year, will be responsible for providing oversight for the project’s implementation. The committee will be chaired by the Permanent Secretary of Office of the Prime Minister. Members and the terms of reference of the committee have been identified and detailed in the PIM.

35. **Backstopping.** The steering committee will be supported by a technical working committee chaired by the commissioner of refugees and with members drawn from representatives of the key sector ministries participating in the implementation of the project, including the Ministry of Local Government, and the UNHCR. The technical working committee will provide operational and technical oversight and will report to the OPM Permanent Secretary.

36. **Implementation support.** The OPM will have overall responsibility for oversight, accounting for the project resources, and ensuring successful implementation of the project. The OPM and Ministry of Finance, Planning, and Economic Development will be responsible for ensuring that project resources are budgeted for and disbursed within the national medium-term expenditure framework and that the project accounts are audited. The OPM will also closely coordinate with the Ministry of Local Government to ensure the smooth implementation of the project at the district and subcounty levels.

37. The PIST under the Department of Refugees will support the OPM Permanent Secretary and her technical team in day-to-day operations, governed by the provisions of PIM and other appropriate legal instruments agreed to by the Government of Uganda and IDA. Among other functions, the PIST will perform, the following:

- a. Providing technical support to local government implementers in all areas of project implementation and capacity support to stakeholders involved in the implementation of project activities at the district and subcounty level;
- b. Ensuring safeguard compliance of all project activities;
- c. Managing IDA funds on behalf of the Government of Uganda by ensuring that the Special Account is replenished regularly and the financial reports are submitted regularly and in a timely fashion;
- d. Monitoring overall project performance and submitting project progress reports regularly and in a timely fashion;
- e. Procuring goods and services that involve bulk purchases; and
- f. Documenting lessons for mainstreaming into local authority systems.

Local government level

38. **Oversight.** At the district, subcounty, and parish level, the project will be fully mainstreamed into existing structures. The relationship between the local and central governments under this project will be governed by a memorandum of understanding outlining the responsibilities of the respective parties, which will be reviewed at mid-term to take into consideration emerging lessons from project implementation. The following are the main local level oversight mechanisms.

- a. **District executive committee.** The district executive committee is responsible for formulating policy, overseeing the implementation and monitoring of the project, and annually reviewing the performance of the project against the approved work plans and programs.
- b. **District council.** District council members will be involved in the incorporation of approved community subprojects into the sector plans and budgets and subsequently in the development plans and overall budgets. Because DRDIP proposals are multi-sectoral, there will be a need for various standing committees to actively participate in the integration of DRDIP activities into the district plan, especially at the appraisal stages. The district executive committee will notify the council on approved subprojects for funding.
- c. The **chief administrative officer** is the accounting officer and overall coordinator of the project at district level. The chief administrative officer, supported by the OPM refugee desk officer and the district staff member appointed as a focal person (the DRDIP district officer) will be responsible for the proper execution of the project's activities in the district in line with the requirements stated in the PIM.

- d. In order to ensure the smooth flow and full accountability for the fund's resources at the district level, the **district chief finance officer** will undertake accounting duties within the prescribed laws of the Government of Uganda, policies and procedures, and the DRDIP PIM.

39. **Backstopping.** Technical backstopping will be provided by the district technical planning committee, community development officers, a subcounty implementation support team, UNHCR, and other agencies that are implementing humanitarian and development activities in the refugee settlements and host communities. While the District Technical and Planning Committee (DTPC) and the community development officer are already existing government structures, a subcounty implementation support team will be established for this project.

- a. **District level.** The district technical planning committee will be responsible for appraisals and technical support during implementation and monitoring of subprojects from the district level. The committee members will be composed of representatives from district technical departments, UNHCR, civil society organizations, NGOs, inter-faith groups, and the private sector during its meetings to deliberate on DRDIP matters. The district technical planning committee will be chaired by the district chief administrative officer, and the district planner will serve as the secretary.
- b. **Subcounty level.** The subcounty chief, the community development officer, the settlement commandant (OPM), and the assistant community development officer are responsible for coordinating project activities at the subcounty and community level. They will participate in the mobilization of the communities, work with sector specialists to provide technical support to the communities, and support the preparation and submission of community subprojects and annual plans. They will be supported in their work through a **Subcounty Implementation Support Team** composed of parish chiefs, representatives from parish development committees and Local Councils, subcounty extension staff, and refugee welfare councils at the village, parish, and sub county levels; UNHCR and other agencies operating in the area; and contracted community facilitators.

40. **Implementation support.** The district administration will support project implementation using the existing local government structures in coordination with the Office of the Refugee Desk Officer and that of the Settlement Commandant. A memorandum of understanding outlining the responsibilities of the respective parties will govern the relationship between the central and local government levels under the DRDIP. The memorandum of understanding will be reviewed at the mid-term to take into consideration emerging issues and lessons from project implementation. Local authorities will be responsible for the overall implementation of the project at the district, subcounty, and community levels. The specific functions at the local government shall include:

- a. Coordination of the implementation of project activities at the district, subcounty and community levels;
- b. Receive project proposals and coordinate appraisals of subproject proposals by sector specialists under the auspices of district technical and planning committee;

- c. Forward to OPM a list of approved proposals, duly signed by the chief administrative officer, for review and funding;
- d. Make arrangements for implementation, support supervision, monitoring, evaluation, and hand over of subprojects to the beneficiaries;
- e. Facilitate the disbursement of funds to subproject accounts by ensuring that the justification for expenditures are prepared and submitted with complete documentation and on time;
- f. Undertake accounting duties within prescribed laws of Uganda, policies and procedures, and the DRDIP PIM;
- g. Prepare quarterly and annual physical implementation and financial performance reports; and
- h. Incorporate community activities into the district plans and budgetary framework.

Community

41. ***Oversight.*** The project will follow a CDD approach whereby communities will play a key role in identifying, prioritizing, and implementing project activities. A community monitoring group will be elected by the beneficiary community and will be responsible for overseeing the overall implementation of the project at the community level. The community monitoring group will be the first recipient of any complaint or appeal regarding the project and will help to resolve issues at the community level.

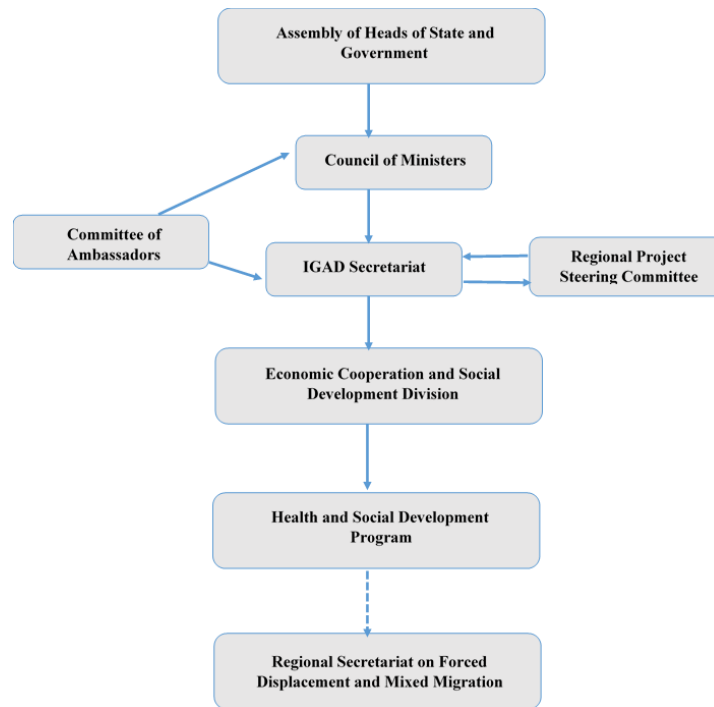
42. ***Backstopping.*** The subcounty chief and the community development officer are responsible for coordinating project activities at the subcounty and community levels. As needed, they will be supported by contracted community facilitators.

43. ***Implementation Support.*** At the community level, all interventions will be initiated and prioritized by members of the community, parish chairpersons, Refugee Welfare Committee members and NGOs, and community-based organizations that are active in the area. A number of project-related institutions will support the implementation of the project at the community level, including: (i) a community project management committee composed of community representatives who are responsible for the mobilization and facilitation of the involvement of community members and other stakeholders, from identification to implementation and M&E of the project; (ii) the community procurement committee, which will conduct all procurement on behalf of the community; and (iii) the Refugee Welfare Councils whose roles include conflict resolution at community level, serve as link between refugees and settlement authorities, participate in project design and implementation, and also serve as a link between refugees and host communities.

d. Intergovernmental Authority on Development (IGAD)

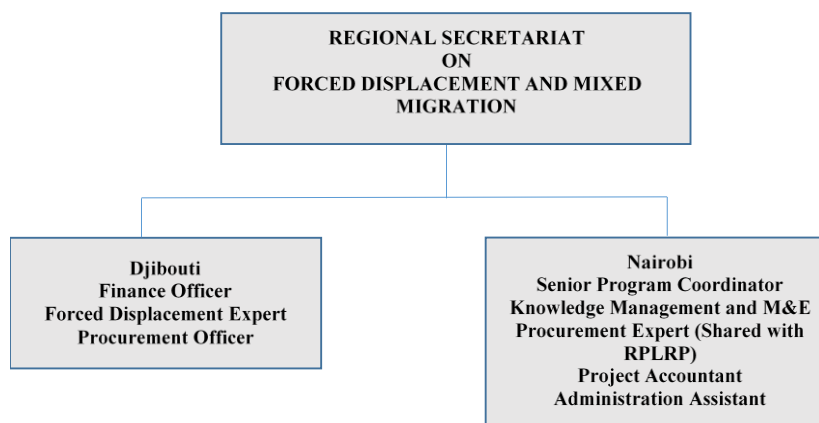
44. The Regional Secretariat will be a part of the migration program for the Health and Social Development Program based at the IGAD Secretariat in Djibouti. Its program manager in the Economic Cooperation and Social Development Division will provide overall oversight and supervision to the Regional Secretariat (figure 4.4).

Figure 4.4. Institutional and Implementation Arrangement for IGAD



45. The Regional Secretariat on Forced Displacement and Mixed Migration will be based in Djibouti, where the IGAD headquarters is located, and in Nairobi because of its strategic location with regard to humanitarian and development partners such as the World Bank’s Fragility, Conflict and Violence Regional Unit, whose work is of relevance to the Secretariat. The overall fiduciary responsibilities will be with the IGAD finance and administration in Djibouti with a secretariat support office in Nairobi staffed with operations, procurement, and accounts specialists (figure 4.5).

Figure 4.5. Institutional and Implementation Arrangement for the Regional Secretariat



Financial Management, Disbursement, and Procurement

46. A financial management assessment was conducted on MoANR in Ethiopia, which will use a federal PCU; OPM in Uganda, which will use the PIST under the refugee department; ADDS³⁶ in Djibouti, which will use a project implementation team; and the IGAD Secretariat. The assessment was also done at subnational level in four³⁷ of the five regional bureaus and four³⁸ of the 16 woredas in Ethiopia. In Djibouti, the assessment covered the two regional offices in Obock and Ali Sabieh, and in Uganda, the assessment covered the four districts implementing the project—Adjumani, Arua, Kiryandongo and Isingiro.

47. The objective of the assessment was to determine whether the implementing entities have acceptable financial management arrangements in place that satisfy the Association’s Operation Policy/Bank Procedure (OP/BP) 10.00. These arrangements would ensure that the implementing entities: (i) use project funds only for the intended purposes in an efficient and economical way; (ii) prepare accurate and reliable accounts as well as timely periodic interim financial reports; (iii) safeguard assets of the project; and (iv) have acceptable auditing arrangements. The financial management assessment was carried out in accordance with the “Financial Management Manual for World Bank Investment Project Financing Operations,” which became effective on March 1, 2010, and was issued (retrofitted) on February 4, 2015.

Institutional and Implementation Arrangements

48. The project will be implemented by MoANR in Ethiopia, OPM in Uganda, ADDS in Djibouti, and by the IGAD Secretariat. These institutions will be responsible for maintaining satisfactory financial management arrangements throughout the life of the project, and they will constitute the operational links with the World Bank (IDA) on matters related to the project’s implementation. The accounting officers for these institutions will be the Minister of MoANR in Ethiopia; Permanent Secretary of OPM in Uganda; Head of the Secretary of State in Charge of National Solidarity that is responsible for ADDS; and the Executive Secretary of IGAD Secretariat. All the implementing entities in the three countries will report to their respective national steering committees that will provide oversight on the project’s activities.

49. The project in Ethiopia will cover five³⁹ regions, 16⁴⁰ woredas, and 117 kebeles. Ethiopia will have a federal project coordinating unit under MoANR and PCUs at the regional and woreda levels. In Uganda the project will cover four districts—Adjumani, Arua, Kiryandongo, and Isingiro—and the implementation will be handled by the district administrations under a memorandum of understanding between OPM and the Ministry of Local Government. In

³⁶ This is also known as the Djiboutian Agency for Social Development, which is under the Secretary of State in Charge of National Solidarity.

³⁷ The four regional bureaus are Benishangul-Gumuz Regional Bureau of Agriculture and Rural Development, Afar Regional Bureau of Pastoral and Agricultural Development, Gambela Regional Bureau of Agriculture and Natural Resources, and Ethiopian Somali Bureau of Agriculture and Natural Resources.

³⁸ The four woredas are Homosha in the Bureau of Agriculture; Asayita in Afar Regional Bureau of Pastoral and Agricultural Development; Abole in the Bureau of Agriculture and Natural Resources, and Awbarre in Somali Bureau of Pastoral and Agricultural Development.

³⁹ The five regions are Afar, Beneshangul-Gumuz, Gambela, Tigray, and Ethiopian Somali. Implementation will be conducted by their regional bureaus.

⁴⁰ The woredas are Mao-Komo, Bambasi, and Homosha in Beneshangul-Gumuz Region; Asayita and Berahle in Afar Region; Tahtay Adyabo, Tselemt, and Asgede-Tsimbla in Tigray Region; Dollo Ado, Boklomayo, Awbarre, and Kebribeyah in Ethiopian Somali Region; and Gog, Abol, Itang, and Dimma in Gambela Region.

Djibouti, the project will cover the three communities in Ali Adeh, Holl, and Obock, overseen by two ADDS regional offices in Ali Sabieh and Obock. The project's services will be delivered mainly at the community level, whose structures will include social audit committees that will enhance governance arrangements.

Budgeting Arrangements

50. The IGAD Secretariat and the three countries will prepare annual budgets based on their work plans and will then submit them to the Association at least two months before the beginning of the project's fiscal year. The budgets will follow budgeting guidelines in the respective entity's financial management manuals and PIMs. The specific details of each entity's financial management manual are included in table 4.1 under *accounting arrangements*. All budgets should be approved before the relevant fiscal year begins. The IGAD Secretariat has been experiencing persistent delays in approving its project's budgets due to the infrequency of meetings of the IGAD Ministerial Committee. This is being mitigated by including more pragmatic approval mechanisms in the PIM to avoid delay of the project's implementation. In Ethiopia, there have also been delays in consolidating budgets from the woredas at the regional level and eventually at the federal level, but this will be mitigated by including appropriate timelines for the PCU staff to follow in the PIM. During the financial year, budgets will be monitored on a quarterly basis using interim financial reports that will compare the budget with actual expenditures, and significant variances will need to be explained. The interim financial reports should be submitted to the Association within 45 days after the end of the calendar quarterly period.

Accounting Arrangements

51. *Accounting policies and procedures.* These are adequate for the IGAD Secretariat, OPM, and ADDS. With respect to MoANR (the federal PCU), a financial management manual has been prepared and agreed by the Association at negotiations. This financial management manual is part of the PIM that has been prepared by all the other implementing countries and covers gaps in their manuals and regulations to ensure that the project's financial management arrangements are in line with the financing agreement. The financial management manuals that will be used are documented in the table 4.1.

52. *Accounting staff.* These will need to be strengthened as follows:

- *IGAD Secretariat:* The Secretariat will need to recruit a qualified and experienced accountant within three months after effectiveness to account for the project. Existing accounting staff under the Director of Finance and Administration will have to account for project funds from the time of effectiveness until the recruited accountant commences duty.
- *Djibouti.* ADDS will need to recruit a qualified and experienced accountant within three months after effectiveness to account for the project funds. Existing accounting staff under the ADDS finance officer will have to account for project funds from the time of effectiveness until the recruited accountant commences duty.
- *Uganda.* OPM (PIST) will need to recruit a qualified and experienced accountant within three months after effectiveness to account for the project funds. Existing accounting staff under the Head of Accounts at OPM will have to account for project funds from the time of effectiveness until the recruited accountant commences duty. Three districts—

Isingiro, Arua, and Adjumani—will need to fill the vacant positions for the chief finance officer and/or senior finance officers who will be in charge of accounting and reporting for project funds at the districts. Each district will also designate a qualified accountant to support the project. Each of the districts implementing the project will have to confirm with the OPM (PIST) that they have filled these key positions before disbursements can be made to the districts.

- **Ethiopia.** MoANR (federal PCU) will need to recruit a qualified and experienced financial management specialist and an accountant to account for project funds. They will be responsible for building the capacity of the regional and woreda accountants under the project. Each of the five regional and 16 woreda PCUs will recruit a qualified and experienced accountant to account for project funds. The accountants at all levels must be in place within three months of project effectiveness. Until such a time, MoANR, the Regional Bureaus of Agriculture and Woreda Office of Finance and Economic Development (WoFED) must assign one accountant from their pool and indicate this officially in writing to the World Bank by effectiveness. Regions will not disburse fund to the woredas if the proper finance officers have not been assigned or recruited. The terms of reference for the accountants to be recruited should be shared with the Association and cleared before finalizing recruitment.

53. When necessary, accounting staff will be given training on the Association’s financial management and disbursement guidelines.

54. **Accounting information systems.** These are adequate for IGAD and the three countries. However, ADDS in Djibouti has a management information system that records and pays beneficiaries it needs to enhance the system’s functionality by improving on its reporting mechanism in order to have complete reports that include beneficiaries, their numbers, locations, amounts paid, and so on. Details of the accounting information systems used by each implementing entity are included in table 4.1.

55. **Accounting standards.** The IGAD Secretariat will use cash-based International Public Sector Accounting Standards (IPSAS); ADDS and OPM will use International Public Sector Accounting Standards (IPSAS) to prepare the project accounts. MoANR will apply Ethiopian financial regulations that rely on a double entry bookkeeping system.

56. **Accounting basis.** ADDS and OPM will use the cash basis⁴¹ of accounting; the IGAD Secretariat will use an accrual basis⁴² of accounting and MoANR will use a modified cash basis⁴³ of accounting.

Table 4.1. Accounting Arrangements

Institution	Accounting Staff	Financial Management Manual	Accounting Information System	Fiscal Year End
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⁴¹ The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) are received or paid by the entity. Financial statements prepared under a cash basis provide readers with information about the sources of cash raised during the period, the purposes for which the cash was used, and the cash balance on the reporting date.

⁴² Under an accrual basis of accounting, transactions and other events are recognized when they occur (not only when cash or its equivalent is received or paid). Therefore, transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenues, and expenses.

⁴³ The modified cash basis of accounting uses elements of both cash and accrual-based accounting. The modified cash basis uses double entry accounting so the resulting transactions can be used to construct a complete set of financial statements. The modified cash basis may be acceptable as long as there is no need for the financial statements to be compliant with International Public Sector Accounting Standards (IPSAS).

IGAD Secretariat	The Financial Management Unit is headed by the director of finance and administration, but the Secretariat needs to recruit an accountant for this project to have adequate staffing.	IGAD Financial Rules and Regulations and IGAD Internal Control Policy	SUN Accounting System	December 31
Ethiopia: Ministry of Agriculture and Natural Resources (MoANR)	The MoANR's FPCU will need to recruit a financial management specialist and an accountant. Each of the five regional and 16 woreda PCUs will have to recruit an accountant, ensuring adequate accounting staffing arrangements for the project.	<i>Federal Government of Ethiopia Financial Manual</i> . However, the project has prepared the PIM with financial management aspects. A financial management manual that is agreeable to the Association will be prepared before effectiveness.	Peachtree accounting software at the FPCU and RPCU levels. Woreda PCUs will use manual accounting systems. Project could move to the government's Integrated Budget Expenditure (IBEX) accounting system when it becomes operational for projects.	July 7
Uganda: Office of the Prime Minister (OPM)	The OPM PIST will recruit a project accountant. The three districts (Arua, Adjumani, and Isingiro) will recruit and/or designate qualified officers for vacant positions of chief finance officers and/or senior finance officers before receiving project funding. Each district will designate an accountant to handle the project. District accountants will coordinate the follow up of accountabilities from the communities with the subcounty accountants.	The Public Financial Management Act 2015 and related Regulations; Treasury Accounting Instructions, 2003; Local Government Act; Local Government (Financial and Accounting) Regulations, 2007; and Local Government Financial Management Manual.	SUN Accounting System but likely to migrate to the Integrated Financial Management Information System (IFMIS)	June 30
Djibouti: <i>Agence Djiboutienne de Développement Social</i> (Djiboutian Social Development Agency, ADDS)	ADDS accounting staff under the Department of Accounting includes a finance officer who reports to the "Agent Comptable," but the PIU will need to recruit an accountant who will be responsible for all financial management aspects of the project.	Project Financial Operation Manual, which needs to be updated to cover this project.	TOMPRO Accounting system and a management information system that needs to improve its functionality with respect to its reporting mechanism.	December 31

Internal Control and Internal Audit Arrangements

57. **Internal controls.** The internal control procedures will be documented in the financial management manuals that are shown in the table 4.1 for each of the implementing entities and their PIMs that will take into consideration gaps in their existing financial management manuals

to ensure that the project's financial management arrangements are in line with the financing agreement. This will ensure that the project has an effective internal control system. A review of the internal control systems was conducted and the following was noted:

- **Djibouti.** ADDS will need to prepare a fixed asset register of all its assets. It will be essential that this is also done for this project.
- **IGAD.** The financial and accounting procedures at IGAD will be documented in detail in the PIM.
- **Ethiopia.** The assessment noted delays in bank reconciliations and large amounts of cash being held at the woreda level due to difficulties involved in reaching their banks. Regular cash counts at the woreda level were not being done to reconcile the cash position. At the regional offices (Bureaus of Agriculture), the presence of cash was observed but cash payments are not made from the offices and there was no maintenance of an updated fixed asset register. There was also a lack of segregation of duties as the head of finance is also responsible for procurement and property administration.
- **Uganda.** A review of the audited accounts of OPM for June 30, 2015, was conducted, and the opinion was qualified. Major issues that could affect this project that need to be mitigated include noncompliance with procurement procedures; advances for subprojects to communities under the Northern Uganda Social Action Fund Project that are unaccounted for; mischarge of expenditure on item codes that do not reflect the nature of expenditures; and delays in executing contracts.

58. **Internal audit.** The IGAD Secretariat has an adequate internal audit unit with five staff members, a risk-based audit manual, and audit software. In Uganda, the internal audit unit at OPM is adequate and can be supplemented by additional auditors from the Ministry of Finance, Planning, and Economic Development. This unit will produce semiannual internal audit reports on the project within 30 days after the end of the period. At the district level, Adjumnai will be required to fill the vacant position of the principal internal auditor, and Isingiro and Arua will fill the vacant positions of senior internal auditors before disbursements to the districts are made. The FPCU at MoANR in Ethiopia will need to recruit an internal auditor within three months after effectiveness in order to have adequate internal audit arrangements. This is because the internal audit arrangements in Ethiopia at all levels (federal, regional, and woreda) are weak in terms of their capacity. For ADDS, the internal audit department will be fortified with additional adequate and experienced staff to conduct the internal audit of the World Bank project. The recruited internal auditor will conduct regular audits on the project to ensure that funds are being utilized for the intended purposes.

59. **Audit committees.** In Uganda, the audit committee at the OPM and the district public accounts committees are not effectively and regularly following up on audit issues to ensure they are addressed. They will need training and facilitation to enhance their performance. At the IGAD Secretariat, there seems to be an effective Internal Audit Committee made up of the heads of departments that meets monthly. The composition of the committee, however, poses a risk of conflict of interest because the heads of the departments are involved in following up on issues that could relate to them. In order to mitigate this issue, the IGAD Ministerial Committee will need to closely monitor the performance of this committee. The MoANR in Ethiopia and ADDS in Djibouti do not have audit committees, but they are expected to form them because they can ensure that management is addressing audit issues. However, in Ethiopia, the Government has

established standing budget and audit committees for woredas, and their members are receiving training on how to follow up on audit findings. The effectiveness of the audit committees at the woreda level will be reviewed during the implementation of the project.

Governance and Anti-corruption arrangements

60. MoANR in Ethiopia, OPM in Uganda, and ADDS in Djibouti will follow existing anticorruption laws when dealing with fraud and corruption, while the IGAD Secretariat will follow their institutional rules, regulations, guidelines, policies, and procedures. Financial management arrangements will ensure that there are internal control systems in place and that audits are conducted to prevent and detect fraud and corruption. Transparency and accountability is highly encouraged by putting the project’s budget and audited financial statements on the implementing entity’s websites. Complaint-handling mechanisms are in place in MoANR in Ethiopia but need to be established in OPM in Uganda and ADDS in Djibouti such that beneficiaries who are not receiving services as planned can have a mechanism to raise their complaints and that they are followed up on and addressed. This complaints-handling mechanism should include setting up structures at the community level that include social audit committees. In addition, the project must comply with the World Bank’s anticorruption guidelines.

Funds Flow Arrangements

61. **Designated and project accounts.** MoANR in Ethiopia, OPM in Uganda, ADDS in Djibouti, and the IGAD Secretariat will have to open designated accounts denominated in U.S. dollars and a project account denominated in local currency. These will be maintained at either the central bank or at a commercial bank acceptable to the Association. The specific banking details for each of the implementing entities are shown in table 4.2. The signatories to these accounts should be in line with the financial management manuals and/or PIM of the implementing entities, and they should be submitted to the Association between the signing of the project and its effectiveness. Payments for eligible expenditures can be made from either the designated or project accounts.

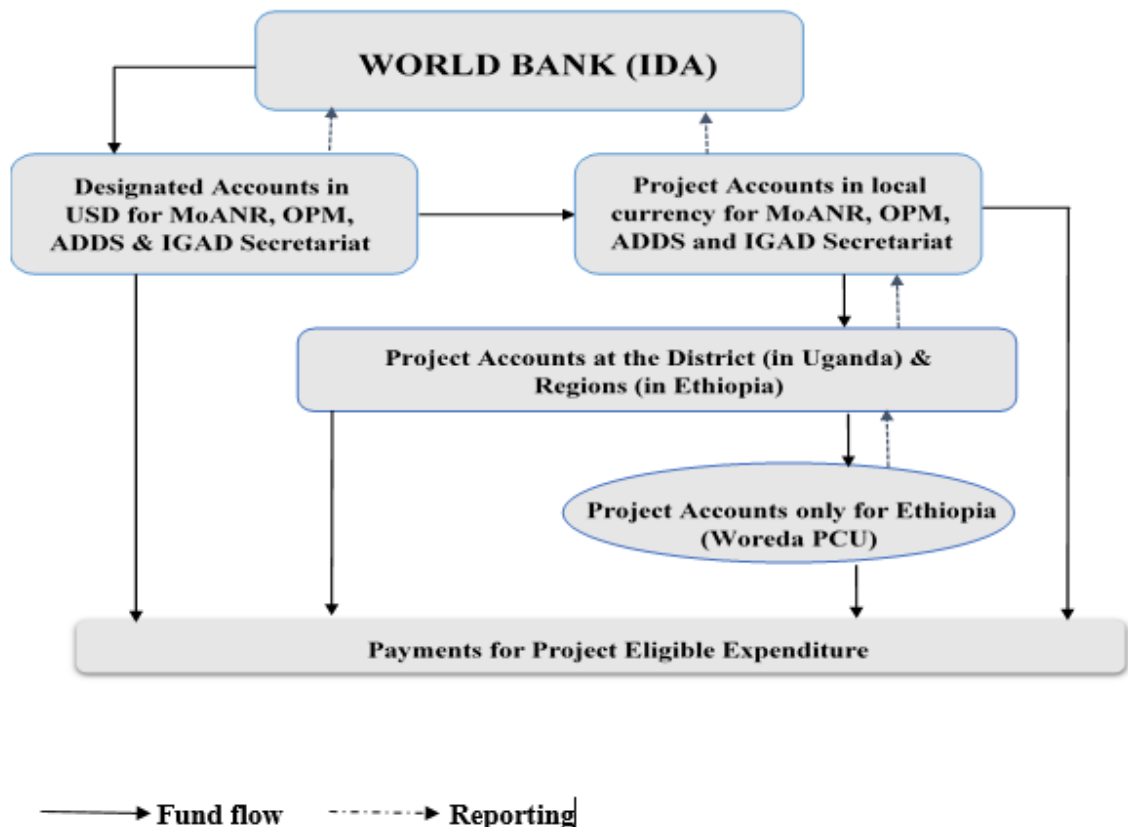
Table 4.2. Designated and Project Bank Accounts

Institution	Designated Account	Project Account
IGAD Secretariat	Commercial Bank (Djibouti Exim Bank)	Commercial Bank (Djibouti Exim Bank)
Ethiopia: The Ministry of Agriculture and Natural Resources (MoANR)—federal PCU	Central Bank (National Bank of Ethiopia)	Pooled Account at the Central Bank (National Bank of Ethiopia)
Uganda: Office of the Prime Minister—PIST	Central Bank (Bank of Uganda)	Central Bank (Bank of Uganda)
Djibouti: ADDS	Commercial Bank (Bank of Africa Red Sea Djibouti)	Commercial Bank (Bank of Africa Red Sea Djibouti)

62. **Other project accounts.** In Ethiopia, each of the regional and woreda PCUs will open separate project bank accounts denominated in local currency. In Uganda, the four districts will also open separate project bank accounts referred to as the *district subproject account*, denominated in local currency (see fig 4.6). The signatories to these accounts should be in line

with the entity's financial management manual and/or PIMs; they should be submitted to MoANR in Ethiopia and OPM in Uganda.

Figure 4.6. Funds Flow



Disbursements

63. OPM in Uganda will access funding from the Association using the report-based disbursement method; the IGAD Secretariat, ADDS and MoANR in Ethiopia will access funding from the Association using the transaction-based disbursement method. In both cases, withdrawal applications should be prepared within one month after project effectiveness. IGAD Secretariat, ADDS, and MoANR in Ethiopia can move to report-based disbursement upon satisfactory compliance with the financial management covenants in the financing agreement. Other methods of disbursement that can be used by the above implementing entities include direct payments, reimbursements, and special commitments. If ineligible expenditures are found to have been made from the designated and/or project accounts, the recipient will be obligated to refund these amounts. If the designated account remains inactive for more than six months, the Association may reduce the amount advanced. The Association will have the right, as reflected in the terms of the Financing Agreements, to suspend disbursement of the funds if significant

conditions, including reporting requirements, are not complied with. Additional details regarding disbursement are provided in the Disbursement Letters.

Financial Reporting Arrangements

64. All implementing entities (MoANR in Ethiopia, OPM in Uganda, ADDS in Djibouti, and the IGAD Secretariat) will prepare quarterly unaudited interim financial reports in a format and with content satisfactory to the Association, which will be submitted to the Association within 45 days after the end of the relevant quarter. The format and content of the interim financial report was agreed by the Association and the implementing entities at negotiations. The content of the interim financial report for all implementing entities will include the following information to account for project funds:

- Statement of sources and uses of funds; and
- Statement of uses of funds by project activity/component.

65. For the OPM in Uganda, this involves using report-based disbursement. It will need to submit the following documentation to access disbursements from the Association. They include:

- Designated account activity statement;
- Bank statements for both the designated and project account and related bank-reconciliation statements;
- Summary statement of designated account expenditures for contracts subject to prior review; and
- Summary statement of designated account expenditures not subject to prior review.

66. All national implementing entities will also prepare the project's annual accounts and financial statements within three months after the end of the accounting year in accordance with accounting standards acceptable to the Association. The financial statements must be submitted to the Association within six months after the end of the fiscal year.

External Audit Arrangements

67. The external audit of the project's funds that are implemented by MoANR in Ethiopia and OPM in Uganda will be conducted by the supreme audit institutions that can contract private audit firms acceptable to the Association to conduct the audit on their behalf. ADDS in Djibouti and the IGAD Secretariat will use private audit firms that are acceptable to the Association. The cost of hiring a private audit firm will be met by the project. All audits should be carried out in accordance with International Standards on Auditing or International Standards for Supreme Audit Institutions issued by the International Organization for Supreme Audit Institutions. All external audit terms of reference for each implementing entity were agreed by the Association at negotiations. The external auditors should be appointed within six months after effectiveness. Audit reports and management letters should be submitted to the World Bank within six months after the end of the fiscal year of the implementing entity. Audit reports will be publically disclosed by the World Bank Group in accordance with the Association's disclosure policy. A review of audit reports of each of the entities was conducted, and there were no major accountability issues except for the accountability of advances to the communities that will need to be closely monitored under this project. Internal control issues, which have been documented above, will need to be addressed.

Table 4.3. Financial Management Action Plan

Implementing Entity	Action	Responsibility	Due Date
All implementing entities	Agree on interim financial report formats and external audit terms of reference	The Ministry of Agriculture and Natural Resources (MoANR) in Ethiopia, the Office of the Prime Minister (OPM) in Uganda, ADDS in Djibouti and IGAD Secretariat	At Negotiations
Ethiopia	A PIM with financial management aspects will be prepared. A detailed project financial management manual that is acceptable to the Association will be prepared before effectiveness as part of the PIM.	MoANR in Ethiopia	One month after effectiveness
All implementing entities	PIMs acceptable to the Association have been prepared by all implementing entities. The manuals address gaps in the existing financial management manuals to reflect project specific requirements.	MoANR in Ethiopia, OPM in Uganda, ADDS in Djibouti, and the IGAD Secretariat	At negotiations
All implementing entities	Recruit qualified and experienced accounting staff to prepare project accounts: IGAD Secretariat: One accountant ADDS: One Accountant OPM (PIST): One accountant MoANR: Federal PCU to recruit one financial management specialist and one accountant; five regional PCU accountants, and 16 woreda PCU accountants.	MoANR in Ethiopia, OPM in Uganda, ADDS in Djibouti, and the IGAD Secretariat	Within three months after effectiveness
Uganda	The districts of Adjumani, Arua, and Isingiro to confirm with OPM (PIST) that they have filled and/or designated qualified officers for the vacant positions of chief finance officer and/or senior finance officer and assigned a qualified and experienced accountant to account for project funds.	OPM (PIST) and the districts of Adjumani, Arua, Kiryandongo, and Isingiro in Uganda	Disbursement condition to the districts
Ethiopia	MoANR, the Regional Bureaus of Agriculture and WoFEDs to assign one accountant from their pool of staff to account for project funds until the project accountants are recruited. Assigned staff should be officially communicated to the Association before fund is disbursed to regions and woredas.	MoANR, Bureau of Agriculture, and WoFED in Ethiopia	Before fund is disbursed to regions and woredas
Djibouti	Update the project financial operation manual to cover this project.	ADDS in Djibouti	Within three months after effectiveness
Djibouti	Update the management information system to improve on its reporting mechanism.	ADDS in Djibouti	Within three months after effectiveness
Ethiopia and	ADDS to recruit a qualified and experienced internal auditor to	MoANR in Ethiopia and ADDS	Within three months after

Implementing Entity	Action	Responsibility	Due Date
Djibouti	strengthen internal control systems of the project. MoANR Federal PCU to ensure that the project is included in the annual audit work plan of the internal audit unit.	in Djibouti	effectiveness and annually for MoANR
Uganda	Audit committees at OPM and the district public accounts committee to be trained to effectively conduct their roles of ensuring that audit issues are addressed by management.	OPM and districts in Uganda	Within six months after effectiveness
All implementing entities	Appoint an external auditor for the project.	MoANR in Ethiopia, OPM in Uganda, ADDS in Djibouti, and the IGAD Secretariat	Six months after effectiveness

Financial Covenants

68. Financial covenants are standard as stated in Schedule 2, Section II(B) of the financing agreement on financial management, financial reports, and audits and Section 4.09 of the General Conditions.

Implementation Support Plan

69. Financial management implementation support missions will be carried out twice a year for MoANR (federal PCU) in Ethiopia and OPM (PIST) in Uganda based on the substantial financial management residual risk rating. For ADDS in Djibouti and the IGAD Secretariat, the implementation support will be carried out once a year based on the moderate financial management residual risk rating. Implementation support will also include desk reviews, such as the review of the interim financial reports and audit reports. In-depth reviews and forensic reviews may be done as deemed necessary. The financial management implementation support will be an integrated part of the project's implementation reviews.

Conclusion

70. The conclusion of the assessment is that the financial management arrangements in place meet the World Bank's (IDA's) minimum requirements under OP/BP10.00, and therefore are adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by World Bank (IDA). The overall financial management residual risk rating is substantial for MoANR in Ethiopia and Uganda and moderate for IGAD Secretariat and ADDS in Djibouti.

Procurement management

71. Procurement Environment: National Procurement Procedures are normally acceptable for National Competitive Bidding (NCB), subject to some exceptions as listed for each country in paragraphs 83 and 85.

Applicable Procurement Guidelines

72. **General.** Procurement under the proposed project would be carried out in accordance with the World Bank's *Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grant by World Bank Recipients*, dated January 2011 (updated July 2014); *Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Recipients*, dated January 2011 (updated July 2014); *Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants* (the anticorruption guidelines), dated October 15, 2006 (revised January 2011); and the provisions stipulated in the legal agreement.

73. The general descriptions of items under different expenditure categories are described below. For each contract to be financed by the Credit, the different procurement methods or consultant selection methods and the need for prequalification, estimated costs, prior review requirements, and timeframes are agreed to between the recipient and the Association in the procurement plan. The procurement plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. The recipients as well as the contractors, suppliers, and consultants will observe the highest standards of ethics during procurement and execution of contracts financed under this project.

74. **Bidding documents applicable under the project.** The Association's Standard Bidding Documents will be used for procurement of works and goods under International Competitive Bidding; and the Standard Request for Proposals will be used for consultants' contracts. The implementing agencies will use Standard Bid Evaluation Form for the procurement of goods and works for International Competitive Bidding contracts and will use the Sample Form of Evaluation Report for Selection of Consultants. National Standard Bidding Documents acceptable to the Association may be used for procurement of goods, works, and nonconsulting services under NCB procedures subject to the exceptions indicated below for each country. Alternatively, the Association's Standard Bidding Documents would be used with appropriate modifications. Furthermore, in accordance with para.1.16 (e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the financing shall provide that: (i) the bidders, suppliers, and contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Association, at its request, to inspect their accounts, records, and other documents relating to submission of bids and contract performance and to have said accounts and records audited by auditors appointed by the Association; and (ii) deliberate and material violation by the bidder, supplier, contractor, or subcontractor of such provision may amount to an obstructive practice as defined in paragraphs 1.16(a)(v) of the Procurement Guidelines.

Applicable Procurement Methods

75. **Scope of procurement.** The implementation of the project entails procurement of various types of goods, works, and services that vary from country to country, but it generally consists of: (i) goods and equipment, including vehicles and motorcycles, information technology equipment, office furniture and equipment, and audiovisual equipment; (i) works at the community level that include construction of roads, schools, clinics, health centers, and marketing centers; (iii) consulting services (such as technical assistance, project staff, studies, design and supervision firms, financial and procurement audits, and M&E; and (iv) training and workshops.

76. **Procurement of works and goods.** Contract packages for works estimated to cost US\$7 million equivalent and above per contract for Ethiopia, US\$10 million equivalent and above per contract for Uganda, and US\$2 million equivalent and above per contract for Djibouti and IGAD; and contract packages for goods estimated to cost US\$1 million equivalent and above per contract for Ethiopia and Uganda and US\$0.3 million equivalent and above per contract for Djibouti and IGAD will be procured using International Competitive Bidding procedures. Works contracts estimated to cost less than US\$7 million equivalent per contract for Ethiopia, less than US\$10 million equivalent per contract for Uganda, and less than US\$2 million equivalent per contract for Djibouti and IGAD; and goods contracts estimated to cost less than US\$1 million equivalent per contract for Ethiopia and Uganda and less than US\$300,000 for Djibouti and IGAD would be procured through NCB procedures. Small-works contracts estimated to cost less than US\$200,000 equivalent per contract for Ethiopia, Uganda, Djibouti, and IGAD; and goods contracts estimated to cost less than US\$100,000 equivalent per contract for Ethiopia and Uganda and less than US\$50,000 for Djibouti and IGAD may be procured through Shopping procedures by comparing prices for quotations received from at least three reliable contractors or suppliers. In such cases, request for estimates shall be made in writing and shall indicate the description, scope of the works, the time required for completion of the works, and the payment terms. All estimates received will be opened at the same time. As a general rule, a qualified supplier who offers goods or materials that meet the specifications at the lowest price will be recommended for award of the contract. Limited International Bidding for goods may exceptionally be used when there are only a limited number of known suppliers worldwide.

77. **Direct contracting** for works or goods may be an appropriate method in exceptional or emergency situation, provided the Association is satisfied in such cases that no advantage could be obtained from competition and that prices are reasonable. In Ethiopia, because of regulated markets in the area of agricultural inputs, telecom, electricity, radio, and television broadcasting services, such inputs and services can only be supplied by farmers' cooperatives, Ethio-telecom, Ethiopian Electric Utility (EEU), and Ethiopian Broadcasting Corporation (EBC), respectively. Because the provisions for these goods and services are insignificant and because there are no private-sector alternatives, such goods and services will be procured from farmers' cooperatives, Ethio-telecom, EEU, and EBC through direct contracting.

78. **Procurement of nonconsulting services.** Non consulting services, which are services that are not of intellectual or advisory nature and the services for which the physical aspects of the activity predominate will include drilling, aerial photography, satellite imagery, and mapping. The procurement of nonconsulting services will follow the existing Association's Standard Bidding Documents for International Competitive Bidding, or national Standard Bidding Documents for NCB, with appropriate modifications.

79. **Use of framework agreements.** Common supplies, for example, stationery and consumables, will be aggregated and procured through framework contracts to enable implementing agencies place orders for urgently needed supplies at short notice at a competitive price. Framework agreements will not restrict foreign competition and should be limited to a maximum duration of three years. The recipient shall submit to the Association for its "no objection" the circumstances and justification for the use of a framework agreement, the particular approach and model adopted, the procedures for selection and award, and the terms and conditions of the contracts. Framework agreement procedures applicable to the project are

those of the recipients that have been deemed acceptable by the Association, and shall be described in the financing agreement.

80. **Selection of consultants.** Contracts with firms estimated to cost US\$200,000 (for Ethiopia and Uganda) and US\$50,000 (for Djibouti and IGAD) equivalent and above per contract will be selected using the Quality and Cost Based Selection (QCBS) Method. Quality Based Selection (QBS) and/or Fixed Budget Selection (FBS) may be used for assignments that meet the requirements of paragraph 3.2 and 3.5 of the Consultants Guidelines, respectively. However, consultants used for assignments of a standard and routine nature such as audits and other repetitive services would be selected through Least-Cost Selection (LCS) method in accordance with paragraph 3.6 of the Consultants Guidelines. Contracts for consulting services, using firms, estimated to cost less than US\$300,000 (for Ethiopia and Uganda) equivalent per contract and for which the cost of a full-fledged selection process would not be justified may be selected on the basis of Selection Based on the Consultants' Qualifications (CQS) method in accordance with paragraphs 3.7 of the Consultants Guidelines. Short List of consultants for services estimated to cost less than US\$200,000 (for Ethiopia and Uganda) and US\$50,000 (for Djibouti and IGAD) equivalent per contract may be comprised entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. For consulting assignments of engineering and contract supervision, short list of consultants for services estimated to cost less than US\$300,000 (for Ethiopia and Uganda) and US\$50,000 (for Djibouti and IGAD) equivalent per contract may be comprised entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

81. **Single-Source Selection (SSS)** of consulting firms or individuals would be applied only in exceptional cases if it presents a clear advantage over competition when selection through a competitive process is not practicable or appropriate and would be made on the basis of strong justifications and upon Bank's concurrence to the grounds supporting such justification.

82. **Individual Consultants (IC)** will be selected on the basis of their qualifications by comparison of CVs of at least three candidates from those expressing interest in the assignment or those approached directly by the Implementing Agency in accordance with the provision of Section V of the Consultants Guidelines.

83. **Training and Workshops:** The project will fund training activities including capacity support of communities, local government officials, project staff, etc. Training plans of each country will be approved by the Association. The training plans would include details on: (i) type of training to be provided; (ii) number of beneficiaries to be trained, duration of training, and estimated cost; (iii) institutions selected based on their expertise; and (iv) expected learning outcomes. Trainings and workshops shall be prior reviewed as part of the annual work-plans of the participating countries.

84. **Operating Costs:** Incremental operating costs include expenditures for maintaining equipment and vehicles; fuel; office supplies; utilities; consumables; workshop venues and materials; and per diems, travel costs, and accommodation for staff when travelling on duty during implementation of this project, but excluding salaries of civil/public servants. These will be procured using the Recipient's administrative procedures, acceptable to the Association. Operating expenditures are neither subject to the Procurement and Consultant Guidelines nor

prior or post reviews. Operating expenditures are normally verified by TTLs and financial management specialists.

85. **Bank's Review Thresholds:** The Recipient shall seek World Bank prior review in accordance with Annex 1 of both Procurement and Consultant Guidelines for contracts above the thresholds as agreed in the Procurement Plan. For purposes of the initial Procurement Plan, the Recipient shall seek Bank prior review for: (i) works contracts estimated to cost US\$5 million (for Ethiopia and Uganda) and US\$0.3 million (for Djibouti and IGAD) equivalent per contract and above; (ii) goods contracts estimated to cost US\$500,000 (for Ethiopia and Uganda), and US\$0.1 million (for Djibouti and IGAD) equivalent per contract and above; (iii) all consultancy contracts for services to be provided by consulting firms of US\$200,000 (for Ethiopia and Uganda), and 0.1 million (for Djibouti and IGAD), equivalent per contract and above; (iv) for individual consultants contracts estimated to cost US\$100,000 (for Ethiopia and Uganda), and US\$0.5 million (for Djibouti and IGAD) equivalent per contract and above; (iv) all direct contracting and single source selection contracts regardless of their value; and (v) annual training plan. In addition, a specified number of contracts to be identified in the procurement plan for the procurement of goods and works below the International Competitive Bidding threshold will also be subject to prior review. These prior review thresholds may be re-visited annually and any revisions based on the assessment of the implementing agencies capacity will be agreed with the Recipient and included in an updated Procurement Plan.

86. **Record Keeping:** Each implementing agency in the respective country will be responsible for record keeping and filing of procurement records for ease of retrieval of procurement information. In this respect, each contract shall have its own file and should contain all documents on the procurement process in accordance with the requirements and as described in the national procurement Law.

87. **Monitoring:** M&E of procurement performance will be carried out through Bank supervision and post procurement review missions.

Use of National Procurement Procedures for Goods and Works

88. National Procurement Procedures are normally acceptable for NCB, subject to some exceptions as listed below for each country:

89. Djibouti: The NCB exceptions for Djibouti are provided as follows:

- (1) In the Standard Bidding Documents, as enacted by the by Law n°2010-349/PRE, dated May 8, 2010, the "Fraud and Corruption" clause shall be revised to read as follows for all contracts financed by the present Financing Agreement: "It is the Association's policy to require that Recipients (including beneficiaries of Association administered Financing Agreements), bidders, suppliers, contractors and their agents (whether declared or not), subcontractors, sub consultants, service providers or suppliers, and any personnel thereof, observe the highest standard of ethics during the procurement and execution of Association-financed contracts. In pursuance of this policy, the Association:

- (a) defines, for the purposes of this provision, the terms set forth below as follows:

- (i) “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party
- (ii) “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- (iii) “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- (iv) “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- (v) “obstructive practice” is:
 - (aa) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an Association investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or
 - (bb) acts intended to materially impede the exercise of the Association’s inspection and audit rights provided for under paragraph I below.

(b) will reject a proposal for award if it determines that the bidder recommended for award, or any of its personnel, or its agents, or its sub consultants, subcontractors, service providers, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;

(c) will declare mis-procurement and cancel the portion of the loan/agreement allocated to a contract if it determines at any time that representatives of the Recipient or of a recipient of any part of the proceeds of the loan/agreement engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement or the implementation of the contract in question, without the Recipient having taken timely and appropriate action satisfactory to the Association to address such practices when they occur, including by failing to inform the Association in a timely manner at the time they knew of the practices;

(d) will sanction a firm or individual, at any time, in accordance with the prevailing Bank’s sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an Association-financed contract; and (ii) to be a nominated subcontractor, consultant, supplier, or service provider of an otherwise eligible firm being awarded an Association-financed contract;

(e) hereby requires that a clause be included in bidding documents and in contracts financed by an Association loan/agreement, requiring bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, to permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association; and

(f) will require that, when a Recipient procures goods, works or nonconsulting services directly from a United Nations (UN) agency under an agreement signed between the Recipient and the UN agency, the above provisions regarding sanctions on fraud or corruption shall apply in their entirety to all suppliers, contractors, service providers, consultants, subcontractors or sub consultants, and their employees that signed contracts with the UN agency.

(g) As an exception to the foregoing, (d) and paragraph (i) will not apply to the UN agency and its employees, and paragraph (i) will not apply to the contracts between the UN agency and its suppliers and service providers. In such cases, the UN agencies will apply their own rules and regulations for investigating allegations of fraud or corruption subject to such terms and conditions as the Association and the UN agency may agree, including an obligation to periodically inform the Association of the decisions and actions taken. The Association retains the right to require the Recipient to invoke remedies such as suspension or termination. UN agencies shall consult the Association's list of firms and individuals suspended or debarred. In the event a UN agency signs a contract or purchase order with a firm or an individual suspended or debarred by the Association, the Association will not finance the related expenditures and will apply other remedies as appropriate.”

(2) Bidders shall sign, as part of their bids, the ethical charter Form enacted as Annex 3 by the Decree # 2010-0085PRE dated May 8, 2010;

(3) No preference shall be granted for domestic bids;

(4) The NCB procedures shall include, further to public opening of bids, publication of results of evaluation and of the award of contract as per paragraph 7 of Appendix 1 of the Procurement Guidelines; and

(5) Recipient shall have an effective and independent protest mechanism in place allowing bidders to protest and have their protests handled in a timely manner.

90. **Ethiopia:** National Competitive Bidding (NCB) shall follow the Open and Competitive Bidding procedure set forth in the Ethiopian Federal Government and Procurement and Property Administration Proclamation No. 649/2009 and Federal Public Procurement Directive issued by the Ministry of Finance and Economic Cooperation dated June 10, 2010, provided, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Recipients” (January 2011) (the “Procurement Guidelines”) and the following additional provisions:

- i. The Recipient's standard bidding documents for procurement of goods and works acceptable to the Association shall be used. At the request of the Recipient, the introduction of requirements for bidders to sign an Anti-Bribery pledge and/or statement of undertaking to observe Ethiopian Law against Fraud and Corruption and other forms that ought to be completed and signed by him/her may be included in bidding documents if the arrangements governing such undertakings are acceptable to the Bank.
- ii. If pre-qualification is used, the Association's standard prequalification document shall be used.
- iii. No margin of preference shall be granted in bid evaluation on the basis of bidder's nationality, origin of goods or services, and/or preferential programs such as but not limited to small and medium enterprises.
- iv. Mandatory registration in a Supplier List shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and if recommended for contract award shall be given a reasonable opportunity to register with the reasonable cooperation of the Recipient, prior to contract signing. Invitations to bids shall be advertised in at least one newspaper of national circulation or the official gazette, or on a widely used website or electronic portal with free national and international access.
- v. Bidders shall be given a minimum of thirty (30) days to submit bids from the date of availability of the bidding documents.
- vi. All bidding for goods and works shall be carried out through a one-envelope procedure.
- vii. Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.
- viii. The results of evaluation and award of contract shall be made public. All bids shall not be rejected and the procurement process shall not be cancelled, a failure of bidding declared, new bids shall not be solicited, nor shall negotiated procurement in case of a failure of bidding be resorted to without the Association's prior written concurrence. Negotiations shall not be allowed except in the case of a lowest evaluated responsive bid which exceeds the Recipient's updated cost estimate by a substantial margin, to try to obtain a satisfactory contract through a reduction in the scope of works/supply and reallocation of risk which can be reflected in a reduction in contract price.
- ix. In accordance with para.1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Association, at its request, to inspect all accounts, records and comments relating to the bid submission and performance of the contract, and to have them audited by auditors appointed by the Association; and (ii) Acts intended to materially impede the exercise of the Association's audit and inspection rights constitutes an obstructive practice as defined in the para. 1.16 a (v) of the Procurement Guidelines.

91. **Uganda:** Procurement in Uganda is governed by the Public Procurement and Disposal of Public Assets (PPDA) Act of 2003. The procedures in the PPDA Act have been reviewed by the

Association and found to be acceptable subject to the following exceptions which will not be applicable under this project:

- (i) **Negotiations with the best evaluated bidder:** Shall not apply for goods/non consulting services and works procured using competitive methods. However for civil works, technical discussions to agree on work programs, method statement and other technical matters related to contract implementation with an awarded bidder are permissible.
- (ii) **The merit point evaluation for goods and works for bid evaluation:** This shall not be applied for goods and works contracts except for information technology systems.
- (iii) **Application of Domestic Preference:** Domestic Preference shall only be applied under International Competitive Bidding.
- (iv) **Micro-procurement:** Micro-procurement as defined in the PPDA Act will only apply for contracts estimated to cost the equivalent of US\$200 or less in case of unforeseen circumstances only.
- (v) **Charging of fees for dealing with bidder complaints at procuring entity level:** The procuring entities shall not be allowed to charge fees for dealing with complaints.
- (vi) **Selection of Consultants:** The procedures for Selection of Consultants under the PPDA Act shall not apply. Only the Association's guidelines shall apply for selection of all Consultants under the project.
- (vii) **Evaluation of Goods and Works:** The following documentation or their equivalent shall not be treated as eligibility requirements: (i) Tax clearance certificates; (ii) Tax registration certificates; (iii) trading licenses; and (iv) the PPDA Certificate of Registration. Documents (i) – (iii) may however be included as post qualification requirements, which the Recipient can request the Bidder to avail during the evaluation.
- (viii) **Disqualification of Bidders** for not purchasing the bidding documents from the Recipient shall not apply.
- (ix) **Ineligibility** shall, in addition to firms suspended by PPDA, extend to firms debarred or suspended by IDA.
- (x) **Registration in the PPDA:** Register of Providers shall neither be an eligibility nor qualification requirement.

92. **IGAD** is an intergovernmental organization and serves as the Secretariat for the coordination of the intergovernmental development activities of member countries. IGAD does not have its own Standard Bidding Documents for the procurement of goods, works and services. Hence IGAD shall use the Association's Standard Bidding Documents for International Competitive Bidding for NCB contracts with appropriate modifications

Implementation Arrangements and Risk Assessment

93. The overall responsibility for procurement of works and goods and selection of consultants will be carried out at national level, regional and districts in each country. Communities shall also be involved in the procurement process in the participating countries and how the communities shall be involved in the procurement process shall be stipulated in the community procurement manuals to be developed/adapted in the respective countries, as appropriate. The description of implementation arrangements and assessments of the agencies/entities' capacity to handle and manage procurement in each country is provided below.

94. **Djibouti:** The implementing agency for the proposed Development Response to Displacement Impacts Project is ADDS, which does not follow the provisions of the Public Procurement Code adopted in 2009, but which has a special status for procurement procedures. This legal framework for ADDS, deemed acceptable, includes the existence of a market commission that can meet at any time compared with the weekly one provided by the procurement code, and a simplified contract signatures circuit. ADDS has experiences in implementing Bank financed projects and is currently undertaking three Bank financed projects. ADDS has a manual of procedures for all projects. This manual has a section on procurement, which is reviewed and approved by the Bank. Procedures adopted by ADDS are considered to be efficient at least in terms of signing of contracts. For the implementation of the project ADDS shall establish a PIU and recruit the necessary staff including an additional consultant for procurement.

95. A procurement capacity assessment was carried out in ADDS to identify procurement risks during project preparation and implementation stages and monitor them throughout the project cycle.

96. Weaknesses identified include the following: (i) lack of an archives room and documents classified incomplete (parts not available markets); (ii) limited experience of the team in charge of procurement in international bids, (iii) lack of internal control, (iv) delays in submitting procurement documents such as evaluations' reports, (v) difficulties in the management of contracts which involve delays in implementation and; (vi) there is no clear mechanism in place for procurement oversight and resolution of complaints.

97. In view of the foregoing identified weaknesses and risks in the system the procurement risk for the project in Djibouti is rated Substantial. Table 4.4 provides the recommended risk mitigation measures.

Table 4.4. Action Plan to Mitigate the Procurement Risks (Djibouti)

Identified Risks	Mitigation Measures	Completion Date	Responsible Body
ADDS does not maintain all the necessary and mandatory documentation for each contract	Ensure that provisions are included in the Operations Manual (OM), and that trainings are held to ensure that project-specific files are kept for all procurement, and related transactions and are maintained separately for each contract.	Two months after the effectiveness of the project	ADDS
Delays in procurement processing and evaluation of bids with a consequent delay in project implementation	An experienced procurement specialist will be added to the team.	Two months after project effectiveness	ADDS
Procurement plans are not systematically prepared, updated, and published.	ADDS shall prepare and update procurement plans by including contracts previously awarded and to be procured in the next 12 months. Training shall be provided on procurement plan	Two months after project effectiveness	ADDS

Lack of experience of the staff in BD/RFP preparation, shortlisting and evaluation	Provide basic training to the procurement staff procurement management of goods, works and selection of consultants in regional procurement training institutions such as ESAMI and GIMPA	Two months after project effectiveness	ADDS
Lack of procurement oversight and complaints handling mechanism	ADDS shall include a complaints handling mechanism in its manual. Strengthen internal control mechanism	During project implementation	ADDS

98. **Ethiopia:** The implementation of the DRDIP in Ethiopia is streamlined in the Ministry of Agriculture and Natural Resources and line agencies at every level being accountable for oversight and coordination. At the federal level MoANR will be responsible for the coordination and management of the procurement activities of the project. At the regional level, the implementation of the procurement of the project shall be coordinated by the Bureau of Agriculture and Natural Resources while Woreda level management and implementation of the program shall be coordinated by the Woreda Agriculture and Natural Resources Offices whereas the procurement activities shall be executed by the Woreda Finance and Economic Development Offices which are responsible for pooled procurement at woreda level. For the day to day management and coordination of the project multisectoral structures shall be established at Federal, Regional and Woreda levels.

99. In order to better understand the procurement environment under which the DRDIP is to operate a procurement capacity assessment was carried out. The procurement capacity assessment considers whether the system provides reasonable assurance that the proceeds under the project will be used for intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability. This procurement assessment, for DRDIP in Ethiopia, included a Federal institution namely Ministry of Agriculture and Natural Resources, and regional and woreda level institutions in Afar, Benishangul-Gumuz, Gambela, Somali and Tigray Regional States. The procurement capacity assessment was carried out using P-RAMS questionnaire which consider 11 risk factors associated with procurement of each institution assessed. Previous capacity assessments carried out in the Federal Ministry of Agriculture and Natural Resources, as well as findings of procurement audits were also used as input to this procurement capacity assessment.

100. The procurement legal framework and systems of all assessed regions and woredas have, among others, provisions and requirements for realistic procurement planning, competitive procurement being default procurement method and/or selections procedures, use of Standard Bidding Documents and Standard Request For Proposals; requirements for bid evaluations to be made based only on criteria specified in the issued bidding Documents/RFPs etc. But the major limitations observed in almost all institutions/offices is that procuring entities do not fully comply to this legal requirements and actual procurement processing may not be as per the provided procurement legal framework. The specific procurement risks related to the Ethiopia, Regional Operation on Development Response to Displacement Impacts are: (a) though all the regional states and woredas assessed do have reasonably acceptable procurement legal framework and systems, the practical implementation of the rules and policies is assessed to be very irregular and therefore may pose high risk to the planned operation under the project; (b)

although there are procurement staff provided in the regions and woredas there is lack of procurement proficient staff at all level and there is a high level of staff turnover; (c) the system is trying to tackle the problem of lack of procurement proficient staff, however this effort is undermined by the high level of staff turnover. Since the current operation is to be carried out in some of the remote areas of the country lack of procurement proficient personnel and high level of staff turnover is likely to be a major challenge to the procurement aspect of the project (d) weak systems of procurement oversight and complaints handling mechanism particularly in the regions and Woredas; (e) lack of experience and specific guidance on contracts administration are challenges across the assessed regions and Woreda administrations; (f) moreover, the assessment has clearly indicated that there are significant challenges in the areas of procurement planning, procurement record keeping, use of Standard Bidding Documents/Standard Request For Proposals in bids and selection of consultants, insufficient time allowed for the preparation and submission of bids/proposals, and challenges in bid evaluation and contract administrations; and (g) use of two envelope systems, use of merit point systems in evaluation and use of evaluation criteria not specified in the BDs/RFPs, etc. are challenges to be reckoned with particularly in the regional and Woreda offices.

101. In view of such challenges the risk to the procurement operations of the project is rated HIGH. In order to provide for such challenges recommended risk mitigation measures are provided in Table 4.5.

Table 4.5. Summary of Findings and Actions (Risk Mitigation Matrix) for Ethiopia

Major findings/issues	Actions proposed	Responsibility	Targeted date
Inadequate capacity at the Ministry of Agriculture and Natural Resources and the Regional Bureaus of Agriculture and Natural Resources, and woredas to be included under the project	<ol style="list-style-type: none"> 1. Employment of qualified and procurement proficient specialist acceptable to the Association in The Ministry of Agriculture and Natural Resources (MoANR) and Bureaus of Agriculture and Natural Resources of Afar, Benshangul, Gambela, Somali, and Tigray Regions 2. Procurement staffs should be provided with basic procurement training offered at EMI in the procurement of goods and equipment, works and consultancy services. 3. Woreda procurement staff, and staff involved in the implementation of procurement activities such as procurement committee members and procurement approval committee members should be provided procurement clinics on procurement procedures under Bank financed projects. 4. Provide procurement staff at MoANR, regions and woredas with the necessary facilities to create conducive working environment including mobility to enable them to support procurement activities in the regions and woredas. 	MoANR/ Regions and Woredas	Two months after project effectiveness
Inadequate procurement planning particularly at woreda level	<ol style="list-style-type: none"> 1. Make procurement planning a requirement as part of the preparation of work plans and budget at woreda level. 2. Train procurement staff in the preparation and use of procurement plans at all levels in the Bureaus of Agriculture and Natural Resources, 	MoANR/B ureaus of Agriculture and Natural Resources/ WofEDs	During project implementation

Major findings/issues	Actions proposed	Responsibility	Targeted date
	and WoFEDs. 3. Prepare simplified procurement plans and distribute such forms for use in the woredas		
The need for written procedural manuals/systems in place including code of ethics	1. Prepare the DRDIP procurement manual, which provides detailed step by step procedures for the implementation of the procurement activities of the project; 2. Include code of ethics in the procurement manual; 3. Disseminate the procurement manual to all implementation agencies of the DRDIP.	MoANR/Bureaus of Agriculture and Natural Resources/WoFEDS.	One month after project effectiveness
Lack of capacity in procurement data management and maintenance of procurement audit trail Inadequate facility for storage of procurement records	1. Offer clinic on procurement records keeping to procurement staff of the DRDIP. 2. Establish satisfactory procurement data management system. 3. Provide adequate facility for safekeeping and storage of procurement records.	MoANR/Bureaus of Agriculture and Natural Resources/WoFEDS.	During project implementation
Lack of experience in contract administration and management	1. Establish a CM system in MoANR 2. Recruit and employ contract management staff under MoANR to support regions and woredas in contract management; 3. Provide training to the CM staff in contract management at EMI.	MoANR	Within the first six months of the project
Lack of oversight bodies in the Regions and Woredas to monitor and audit procurement activities in regional and woreda implementing agencies	1. Government shall select and appoint an independent auditor, acceptable to the Association, to carry out an Independent Procurement Audit of the project annually and to be submitted to the Association before January 7 of each calendar year.	MoANR	Annually during project implementation

102. **Uganda:** The DRDIP shall be implemented at three levels; (i) at the central government level in the Office of the Prime Minister, (ii) at the local government level – Districts, and (iii) at the community level. Government procurement is governed by the Procurement and Disposal of Public Assets Law, the PPDA Act 2003, which is generally consistent with the World Bank Guidelines, except for some provisions that are considered exceptions. The Law requires that each entity put in place procurement oversight structures to execute the procurement function in the agency. The structures of the Procurement and Disposal Unit (PDU) and a Contracts Committee are in place at OPM.

103. A procurement capacity assessment was carried out in LG and community level to assess the adequacy of the procurement and technical staffing, as well as the internal systems and controls to execute procurement of the DRDIP in Uganda, identify risks to the project, and agree

on mitigation measures. Some of the findings of the capacity assessment include the following: (i) at LG level there is high rate of noncompliance to the requirements of the PPDA ACT, limited competition and incomplete/abandoned works; (ii) the bidding process in PDU is well managed. However, it is noted that the capacity to prepare terms of reference and technical specification is low; (iii) bid evaluation criteria are disclosed in the BDs and evaluations are conducted in accordance with the criteria. However, there are observed delays in the evaluation of bids and proposals owing to understaffing and other reasons; (iv) contract documents are well prepared but there are delays in signing of contracts; (v) procurement files reviewed were found to be generally complete, but contracts register and payment and contract committee minutes were missing, the different stages of procurement were not demarcated in the files; and the current seating arrangement poses a high risk to the integrity and safe keeping of procurement records; (vi) all PDU staff have adequate qualifications but have no experience in IDA financed procurement management; and (vii) understaffing in the PDU and technical departments also poses high risk to the implementation of the proposed project; and (viii) limited training of the communities to conduct procurement.

104. In light of the quantity, nature and size of procurement activities to be carried out under the project, lack of proficiency of the PDU staff in IDA financed procurement, and the inadequate number of technical staff members in the technical Departments the overall procurement risk of the proposed the DRDIP in Uganda is rated HIGH.

105. Table 4.6 summarizes the proposed actions to mitigate the risks.

Table 4.6. Action Plan to Mitigate the Procurement Risks for Uganda

Risk	Action	Completion Date	Responsible Entity
National procurement procedures are not fully consistent with Bank procedures	Financing Agreement shall include the exception provisions	At Negotiations	IDA/ OPM
Limited experience of the Office of the Prime Minister staff in IDA financed procurement management and inadequate number of staff to manage workload under the DRDIP	Recruit a Procurement Specialist with ToR acceptable to IDA to provide hands-on coaching and mentoring of PDU staff	One month after project effectiveness	OPM
	PDU staff to attend training at a procurement training institute (GIMPA) in procurement of works; and selection of consultants	Six months after Effectiveness	OPM
Inadequate number of Technical Staff to handle work load	Recruit additional staff / consultants in technical departments to augment existing capacity	Six months after Effectiveness	OPM
Inadequate seating arrangement for PDU with PDU sharing office space with other staff	OPM shall partition off space for the PDU to ensure integrity of the procurement records	Six months after Effectiveness	OPM
Inadequate record keeping due to incomplete records, and improper securing of bids	PDU will ensure completeness of procurement files particularly to include contract management records, contracts committee minutes and to ensure bids are well secured	Six months after effectiveness and during project implementation	OPM
Clarity on roles/coordination between	Prepare a project procurement manual or include a section on procurement in PIM and	Six months after Effectiveness	OPM

user departments and PDU	the community procurement manual to clarify IDA procedures and to disseminate to implementing agencies		
Delays in procurement processing	Put in place a procurement tracking system to monitor the progress by the PDU of processing different contracts	Six months after Effectiveness	OPM
Inadequate buy in by targeted stakeholders	Identify the stakeholders at different levels (policy, strategy or implementation), and establish a forum, format and other ways to bring the project information to other stakeholders	Six months after Effectiveness	

106. **IGAD** is an intergovernmental organization and serves as the Secretariat for the coordination of the intergovernmental development activities of member countries. Because of this unique nature of the Secretariat there is no clear legal framework which guides procurement activities under the Secretariat. Moreover, being an intergovernmental organization the authority receives grants from various Development Partners to carry out specific studies and coordination of developmental activities in member countries. Consequently, the procurement unit of the authority has to follow procurement procedures of the various Development Partners, which provide support to the Authority.

107. The procurement unit of the Authority is organized under the Directorate for Finance and Administration. The procurement unit was organized in 2013 and is staffed by one senior procurement officer and an assistant. This team carries out procurement activities for almost all projects executed by IGAD. The Executive Secretary appoints a procurement committee which provides an oversight over the procurement activities of IGAD.

108. The Executive Secretary of IGAD appoints the procurement committee, which is in-charge of reviewing procurement recommendations made by the evaluation committee. The evaluation committee is composed of user departments and it usually has observers from donor partners and from internal audit. Final procurement approvals are, however, made by the Executive Secretary of the Authority.

109. IGAD has its own procurement manual developed in July 2012 and revised on 31st March 2014. This manual provides directives as to how procurement should be carried out but it is not consistent in some key points with Bank's Procurement and Consultant Guidelines. However, IGAD has developed a manual for an ongoing Bank financed project—RPLRP—and it is recommended that IGAD should adapt this manual for the DRDIP. IGAD does not have its own Standard Bidding Documents/Standard Request for Proposals but uses the BDs and RFPs of donor organizations.

110. IGAD has currently an experienced procurement officer based in Djibouti and who is in charge of the procurement unit under Directorate for Finance and Administration. For this project, it was agreed that the procurement function will be handled by a procurement staff to be hired for the Regional Secretariat Office based in Nairobi.

111. Some of the other findings of the procurement capacity assessment include (i) procurement records are not complete and are kept partly in the finance unit and partly in the procurement unit; (ii) there is no a formal mechanism to review and resolve complaints which is known to bidders and this is not provided in the manual; (iii) procurement at IGAD appears to

have challenges in the preparation of BDs/RFPs, procurement planning and regular updating; and (iv) there needs to be a strengthened internal control system.

112. The overall project risk for procurement is rated “**Substantial**” due to the above challenges in the procurement system in IGAD. The proposed risk mitigation measures are summarized below.

Action Plan to Mitigate Procurement Risks

113. Table 4.7 provides a summary of actions to mitigate the above risks.

Table 4.7. Summary of Findings and Actions (Risk Mitigation Matrix)

No.	Major findings/issues	Actions proposed	Responsibility	Targeted date
1.	Inadequate capacity at IGAD to handle procurement activities of the Regional Secretariat	1. Recruit a qualified and procurement proficient Procurement Officer acceptable to the Association for the DRDIP	IGAD	Before project effectiveness
2.	Inadequate procurement planning	1. Make procurement planning a requirement as part of annual work plans and budget. 2. Train procurement staff in procurement planning	IGAD	Within a month after the date of project effectiveness
3.	Lack of written procedural manual/systems on procurement	1. Update current procurement manual of Bank financed projects for the DRDIP	IGAD	Before project effectiveness
4.	Lack of capacity for satisfactory data management and maintenance of procurement audit trail	1. Training on procurement records keeping to be provided to procurement staff of IGAD 2. Establish satisfactory procurement data management system	IGAD	During project implementation
5.	Weaknesses in internal control and weak capacity of procurement oversight	1. Conduct post procurement review of procurement activities of the DRDIP at IGAD 2. Strengthen the internal control	World Bank/IGAD	During project implementation

B. Frequency of Procurement Supervision

114. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessments of the Implementing Agencies has recommended semi-annual supervision missions to conduct field visits, of which at least one mission will involve post review of procurement actions. Table 4.8 provides the Prior Review Threshold.

Table 4.8. Procurement of Goods and Works

Expenditure Category	Contract Value (Threshold) US\$	Procurement Method	Contracts Subject to Prior Review
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1. Works	> 2,000,000 (for Djibouti) ≥7,000,000 (for Ethiopia) ≥ 10,000,000 (for Uganda) >2,000,000 (for IGAD)	International Competitive Bidding	All Contracts
	≤ 2,000,000 (for Djibouti) < 7,000,000 (for Ethiopia) < 10,000,000 (for Uganda) ≤ 2,000,000 (for IGAD)	National Competitive Bidding	Selected Contracts as indicated on Procurement Plan
	< 200,000 (for all countries)	Shopping	None
2. Goods	>300,000 (for Djibouti) ≥1,000,000 (for Ethiopia) ≥1,000,000 (for Uganda) >300,000 (for IGAD)	International Competitive Bidding	All Contracts
	≤ 300,000 (for Djibouti) < 1,000,000 (for Ethiopia) < 1,000,000 (for Uganda) ≤ 300,000 (for IGAD)	National Competitive Bidding	Selected Contracts as indicated on Procurement Plan
	<100,000 (for Uganda, and Ethiopia) ≤ 50,000 (for Djibouti and IGAD)	Shopping	None

115. Contracts below the threshold but falling within an exception as defined in clause 5.4 of the Guidelines: Selection and Employment of Consultants are also subject to prior review or require the Association's prior no objection (table 4.9). Special cases beyond the defined thresholds are allowed based on applicable market conditions.

Table 4.9. Selection of Consultants

Expenditure Category	Contract Value (Threshold) US\$	Selection Method	Contracts Subject to Prior Review
(a) Firms	≥300,000	QCBS, QBS, LCS, FBS	All contracts
	<300,000	CQS	All contracts equal or above US\$200,000
	All values	SSS	All contracts
(b) Individual	≥100,000	IC	All contracts
	All values	SSS	All contracts

Note:

(i) Irrespective of the thresholds and category of risk, the selection of all consultants (firms or individuals) hired for legal work or for procurement activities are respectively cleared by the LEG VPU unit with the relevant expertise and the designated PS/PAS or RPM as required.

(ii) Thresholds for which a shortlist may comprise only national consultants and the Recipient does not publish in UNDB online.

Readiness for Implementation and Procurement Plan

116. Procurement Plans were prepared and discussed during project appraisal in each country. The Plans are prepared in a format acceptable to IDA. The plans are agreed between the Recipients and the Project Teams and will be available in each Ministry/Focal Organization in the respective countries. They will also be available in the project databases and on the Association's external website. The Procurement Plans will be updated annually or as required in agreement with the Project Teams to reflect the actual project implementation needs and

improvements in institutional capacity. Details of the Procurement Arrangements are provided below for each country.

117. Goods, Works, and Nonconsulting Services

(a) List of contract packages to be procured following International Competitive Bidding and direct contracting:

Goods, Works, and Non consulting Services

A. Djibouti

Table 4.10. List of contract packages to be procured following International Competitive Bidding and Direct Contracting Procedures

1	2	3	4	5	6	7	8
Ref. No	Contract (Description)	Estimated Cost (\$)	Procurement Method	Pre-qualification (Yes/No)	Domestic preference	Review by bank (Prior/Post)	Expected Bid Opening Date
Goods							
1	LIC Equipment	870,000.00	ICB	Post	No	Prior	15 November 16
2	Local supplies/community	95,000.00	NCB	Post	No	Prior	15 December 16
3	Improved households	182,000.00	NCB	Post	No	Prior	31 Mar 17
4	Purchase of equipment	500,000.00	ICB	Post	No	Prior	28 Apr 17
5	Purchase of vehicles	125,000.00	NCB	Post	No	Prior	15 May 17
6	Equipment for ONARS Training Center	85,000.00	NCB	Post	No	Prior	15 May 17
Sub Total		1,857,000.00					
Works							
1	Additional classrooms and fencing for 5 high schools/rehabilitation and construction of dormitory and sanitary block	933,000.00	NCB	Post	No	Prior	27 Apr 17
2	Construction of a secondary school and dormitory	1,000,000.00	NCB	Post	No	Prior	17 May 17
3	HILO/Roadwork	480,000.00	NCB	Post	No	Prior	29 Jun 17
4	Rehabilitation/Extension of Health Centers	780,000.00	NCB	Post	No	Prior	17 May 17
5	Extension of power network	1,380,000.00	NCB	Post	No	Prior	15 Mar 17
6	Construction of community premises	101,000.00	Shopping	Post	No	Post	24 May 17
7	Construction in agropastoral areas	1,055,000.00	NCB	Post	No	Prior	12 May 17
8	Extension work of a solar plant	1,524,000.00	NCB	Post	No	Prior	5 May 17
Subtotal		6,320,000.00					

Note: NCB = National Competitive Bidding.

B. Ethiopia

Table 4.12. List of contract packages to be procured following ICB, National Competitive Bidding, and Direct Contracting: Goods, Works, and Non consulting Services

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost US\$	Procurement Method	Prequalification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior/Post)	Expected Bid-Opening Date	Expected Contract Signing Date
Goods								
1	30 vehicles	2,960,743.00	ICB	Post	No	Prior	July 15, 2016	September 5, 2016
2	160 Motorcycles	530,000.00	NCB	Post	No	Prior	July 25, 2016	September 16, 2016
3	Generator	2,050,000.00	ICB	Post	No	Prior	July 29, 2016	September 30, 2016
4	IT and Office Equipment	682,000.00	NCB	Post	No	Prior	June 24, 2016	July 29, 2016
5	Water pumps	82,000.00	Shopping	Post	No	Post	October 17, 2016	December 5, 2016
6	Filed equipment	12,000.00	Shopping	Post	No	Post	October 17, 2016	December 5, 2016
7	Furniture	23,000.00	Shopping	Post	No	Post	May 27, 2016	July 11, 2016
8	Solar Lighting	23,000.00	Shopping	Post	No	Post	March 6, 2017	May 8, 2017
9	Laboratory Equipment	1,140,000.00	ICB	Post	No	Prior	March 6, 2017	May 31, 2017
10	Artificial Insemination Kits	682,000.00	NCB	Post	No	Prior	March 13, 2017	May 24, 2017
11	Chemicals	480,000.00	NCB	Post	No	Post	March 20, 2017	May 31, 2017
12	Improved Cooking Stoves	910,000.00	NCB	Post	No	Prior	January 2, 2017	March 6, 2017
13	Demonstration materials	910,000.00	NCB	Post	No	Prior	January 9, 2017	March 13, 2017
Sub Total		11,123,747.00						
Works								
1	Construction of primary schools	910,000.00	NCB	Post	NO	Post	January 2, 2017	March 6, 2017

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost US\$	Procurement Method	Prequalification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior/Post)	Expected Bid-Opening Date	Expected Contract Signing Date
2	Construction of human health post	500,000.00	NCB	Post	NO	Post	January 9, 2017	March 13, 2017
3	Construction of animal health post	682,000.00	NCB	Post	NO	Post	February 6,2017	April 14,2017
4	Construction of water supply	1,140,000.00	NCB	Post	NO	Post	February 13, 2017	April 21, 2017
5	Poultry house construction	250,000.00	NCB	Post	NO	Post	February 20, 2017	April 28, 2017
6	Construction/ upgrading of institution buildings	700,000.00	NCB	Post	NO	Post	January 16, 2017	March 20,2017
7	Construction of feeder road	1,000,000.00	NCB	Post	NO	Post	September 4, 2017	November 17,2017
8	Construction of crop and horticulture primary markets	4,750,000.00	NCB	Post	NO	Post	January 23,2017	March 27, 2017
9	Construction of Animal primary markets	1,000,000.00	NCB	Post	NO	Post	Feb. 27,2017	April 28, 2017
10	Construction of Milk collection centers	455,000.00	NCB	Post	NO	Post	March 6, 2017	May 15,2107
11	Construction of Honey collection centers	455,000.00	NCB	Post	NO	Post	March 13,2017	May 22, 2017
12	Construction of market shades	800,000.00	NCB	Post	NO	Post	April 3,2017	June 16, 2017
13	Construction of Warehouses for primary crops	1,820,000.00	NCB	Post	NO	Post	April 10, 2017	June 23, 2017
14	Construction of biogas plant	230,000.00	NCB	post	No	Post	April 17,2017	June 30, 2017
Sub Total		14,682,724.00						

ICB contracts estimated to cost above US\$1,000,000 for Goods and non-consulting services and NCB contracts estimated to cost above US\$500,000 for Goods and Non-consulting services and ICB contracts estimated to cost more than US\$7,000,000 for Works per contract NCB contracts estimated to cost more than US\$5,000,000 and all direct contracting will be subject to prior review by the Bank

Note: ICB = International Competitive Bidding; NCB = National Competitive Bidding.

C. Uganda

Table 4.10. List of Contract Packages to be Procured Following International Competitive Bidding and Direct Contracting Procedures

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost US\$	Procurement Method	Prequalification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior/Post)	Expected Bid-Opening Date	Expected Contract Signing Date
Goods								
1	2 Vehicles (Executive)	260,000	NCB	No	No	Post	February 2017	April 2017
2	3 vehicles for project implementation team and 1 for planning unit (4)	350,000	NCB	No	No	Prior	February 2017	April 2017
3	1 Double Cabin Vehicle per district (4)	200,000	NCB	No	No	Post	November 2016	January 2017
4	14 Motorcycles	50,000	Shopping	No	No	Post	November 2016	January 2017
5	Information technology and office equipment	70,000	Shopping	No	No	Post	October 2016	December 2016
6	Furniture	80,000	Shopping	No	No	Post	September 2016	November 2016
Subtotal		1,010,000						
Works								
1	Construction, rehabilitation or expansion of schools including staff accommodation	4,000,000	NCB	No	NO	Prior	March 2017	May 2017
2	Construction, rehabilitation and expansion of health Centers including staff accommodation	2,000,000	NCB	No	NO	Post	March 2017	May 2017
3	Construction of roads	2,000,000	NCB	No	NO	Post	February 2017	April 2017
4	Construction of water supply	2,000,000	NCB	No	NO	Post	June 2017	August 2017
5	Construction of market shades in rural towns	500,000	NCB	No	NO	Post	March 2017	May 2017
6	Construction of grain storages	500,000	NCB	No	NO	Post	June 2017	August 2017

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost US\$	Procurement Method	Prequalification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior/Post)	Expected Bid-Opening Date	Expected Contract Signing Date
	facilities							
7	Construction fish ponds	1,200,000	NCB	No	NO	Post	April 2017	June 2017
8	Construction of small scale irrigation	800,000	NCB	No	NO	Post	October 2016	December 2016
9	Raising seedlings	500,000	NCB	No	NO	Post	October 2016	December 2016
Sub Total		13,500,000						

- a. ICB contracts estimated to cost above US\$1,000,000 for Goods and non consulting services and NCB contracts estimated to cost above US\$500,000 for goods and non-consulting services and ICB contracts estimated to cost more than US\$10,000,000 for Works per contract NCB contracts estimated to cost more than US\$5,000,000 and all direct contracting will be subject to prior review by the Bank.
- b. ICB contracts estimated to cost above US\$1,000,000 for Goods and non consulting services and NCB contracts estimated to cost above US\$500,000 for goods and non-consulting services and ICB contracts estimated to cost more than US\$7,000,000 for Works per contract NCB contracts estimated to cost more than US\$5,000,000 and all direct contracting will be subject to prior review by the Bank.
- c. *Note:* ICB = International Competitive Bidding; NCB = National Competitive Bidding.

D. IGAD

Table 4.11. List of Contract Packages to be Procured Following International Competitive Bidding and Direct Contracting Procedures

Ref. No.	Contract (Description)	Estimated Cost US\$	Procurement Method	Prequalification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior/Post)	Expected Bid-Opening Date	Comments
1	Rental of office space	54,000	Shopping	No	No	Post	1 April 16	
2	Procurement of Office Equipment	9500	Shopping	No	No	Post	3 July 16	
3	Procurement of Office Furniture	10,500	Shopping	No	No	Post	17 July 16	
4	Printing of Durable Solution Framework and Research Paper on Displacement & Development	40,000	Shopping	No	No	Post	29 Dec. 16	
Sub Total		119,000						

CONSULTING SERVICES

118. Short list comprising entirely of national consultants: Short list of consultants for services, estimated to cost less than \$300,000 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

A. Djibouti

Table 4.12. List of Consulting Assignments with Short List of International Firms

Description	Estimated Cost	Currency	Post or prior review	Consultancy type (firm or individual)	Selection Method	Expected Proposals Soumission Date	Expected Contract Signing Date
Component 1: Social and Economic Services and Infrastructure							
Recruitment of consultant for the design and supervision for extension works /construction/ rehabilitation of school and health premises in obock, Ali-Addé and Holl-Holl	272,000.00	US\$	Prior	Firm	QCBS	11/15/2016	1/24/2017
Recruitment of consultant for the design and supervision for the grid network extension in Obock and Holl-Holl	138,000.00	US\$	Prior	Firm	QCBS	12/15/2016	2/23/2017
Recruitment of consultant for the design and supervision in roads for HILO works in Obock	48,000.00	US\$	Post	Firm	QCBS	11/10/2016	1/19/2017
Recruitment of consultant for the design and supervision for drilling works and rehabilitation of water distribution network in Obock, Ali Addé and Holl-Holl	198,000.00	US\$	Prior	Firm	QCBS	11/25/2016	2/3/2017
Recruitment of consultant for the design and supervision for the construction of local premises in Ali-Addé	11,000.00	US\$	Post	Firm	QCBS	2/9/2017	4/20/2017

Recruitment of consultant for the design and supervision for geophysics studies of water points in Obock, Holl-Holl et Ali-Addé	150,000.00	US\$	Prior	Firm	QCBS	9/5/2017	10/15/2017
Component 2: Sustainable Environmental Management							
Recruitment of consultant for the design and supervision for the creation of the agropastoral areas and upgrading/reinforcement of existing areas	107,000.00	US\$	Prior	Firm	QCBS	12/10/2016	2/18/2017
Recruitment of consultant for the design and supervision for the solar plant extension and Ali-Addé drilling	153,000.00	US\$	Prior	Firm	QCBS	03/27/2017	6/5/2017
Component 4: Project Management, and Monitoring and Evaluation							
Project coordinator	45,000	US\$	Prior	Individual	IC	11/18/2016	12/13/2016
Infrastructure Engineer	36,000	US\$	Post	Individual	IC	11/18/2016	12/16/2016
4 high-level technicians (23400/technician)	93,600	US\$	Post	Individual	IC	12/20/2017	1/20/2017
Agriculture Specialist	36,000	US\$	Post	Individual	IC	01/13/2017	2/7/2017
Environmental and Social Safeguard Specialist	36,000	US\$	Post	Individual	IC	12/8/2016	1/2/2017
Monitoring and Evaluation Specialist	36,000	US\$	Post	Individual	IC	1/13/2017	7/2/2017
Accountant	36,000	US\$	Post	Individual	IC	1/13/2017	2/7/2017
Project Assistant	18,000	US\$	Post	Individual	IC	12/30/2016	1/30/2017
Procurement Manager	36,000	US\$	Prior	Individual	IC	1/13/2017	2/7/2017
Financial Audit	20,000	US\$	Post	Firm	LCS	5/4/2017	6/13/2017
Baseline / monitoring and evaluation/impact study	300,000	US\$	Prior	Firm	QCBS	5/4/2017	6/13/2017
ONARS							
International expert in Strategy /ONARS (1)	30,000	US\$	Post	individual	IC	2/7/2017	3/19/2017
International expert in procedures manual /ONARS (3)	85,000	US\$	Prior	Individual	IC	4/5/2017	5/5/2017
Legal Expert (2)	11,268	US\$	Prior	individual	IC	3/4/2017	4/4/2017

Ethiopia

Table 4.13. List of Consulting Assignments with Short List of International Firms and Individual Consultants

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost (US\$)	Selection Method	Review by Bank (Prior/Post)	Expected Proposals Submission Date	Expected Contract Signing Date
Consultancy Services						
1.	Baseline survey	100,000	QCBS	Post	Aug. 8, 2016	Oct. 10, 2016
2	Design and supervision of construction works	80,000	LCS	Post	July 6, 2016	Aug. 26, 2016
3	TA for honey production	7,000	IC	Post	Feb. 6, 2017	March 24, 2017
4	TA for fish hatchery	7,000	IC	Post	Feb 13, 2017	March 31, 2017
5	TA for usage and plantation of biogas	7,000	IC	Post	Feb. 20, 2017	April 7, 2017
6	Training on savings, financial literacy, bookkeeping, financial planning and credit management	20,000	LCS	Post	Feb. 27, 2017	April 14, 2017
7	Training on post-harvest and marketing	20,000	IC	Post	Feb. 28, 2017	April 21, 2017
Project staff at Federal Level						
1	Project Coordinator	14,000.00	IC	Post	April 25, 2016	June 17, 2016
2	M & E Specialist	13,000.00	IC	Post	April 25, 2016	June 17, 2016
3	Infrastructure Specialist	13,000.00	IC	Post	April 25, 2016	June 17, 2016
4	Senior Livelihood specialist	13,000.00	IC	Post	April 25, 2016	June 17, 2016
5	Senior Natural Resource Management Specialist	13,000.00	IC	Post	April 25, 2016	June 17, 2016
6	Contract Administration Expert	13,000.00	IC	Prior	Prior	June 17, 2016
7	Information Technology Expert	13,000.00	IC	Prior	Prior	June 17, 2016
8	Senior CDD Specialist	13,000.00	IC	Prior	Prior	June 17, 2016
9	Senior Procurement Specialist	13,000.00	IC	Prior	April 25, 2016	June 17, 2016
10	Senior Financial Specialist	13,000.00	IC	Prior	April 25, 2016	June 17, 2016
11	Internal auditor	13,000.00	IC	Post	April 25, 2016	June 17, 2016
12	Senior Environmental Safeguard Specialist	13,000.00	IC	Post	April 25, 2016	June 17, 2016
13	Senior Social safeguard specialist	13,000.00	IC	Post	April 25, 2016	June 17, 2016

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost (US\$)	Selection Method	Review by Bank (Prior/Post)	Expected Proposals Submission Date	Expected Contract Signing Date
14	Independent Procurement Auditor	150,000	QCBS	Prior	Mar 13, 2017	April 28,2017
15	Accountant	120,000	LCS	Post	March 6,2017	April 21,2017
16	Procurement Officer	10,000	IC	Post	March 6,2017	April 21,2017
17	Casher	7,000	IC	post	March 6,2017	April 21,2017
18	Office Assistant	5000	IC	post	March 6,2017	April 21,2017
19	Drivers (5)	14,500	IC	post	March 6,2017	April 21,2017
<i>Program staff at Regional Level</i>						
1	Project Coordinator	7,000.00	IC	Post	May 16, 2016	June 30, 2016
2	Natural Resource Management Specialist	6,000.00	IC	Post	May 16, 2016	June 30, 2016
3	Livelihood Specialist	6,000.00	IC	Post	May 16, 2016	June 30, 2016
4	M & E Specialist	6,000.00	IC	Post	May 16, 2016	June 30, 2016
5	Infrastructure Specialist	6,000.00	IC	Post	May 16, 2016	June 30, 2016
6	Accountant	6,500.00	IC	Post	May 16, 2016	June 30, 2016
7	Procurement Officer	6,500.00	IC	Prior	May 16, 2016	June 30, 2016
8	Environmental and Social Safeguard Specialist	6000.00	IC	Post	May 16, 2016	June 30, 2016
9	Secretary/Casher	7,000	IC	post	May 16,2016	June 30,2016
10	Office Assistant	4000	IC	post	May 16,2016	June 30,2016
11	Driver (10)	28,500	IC	post	May 16,2016	June 30,2016
<i>Program Staff at Woreda Level</i>						
1	Project Coordinator/M&E Officer	5000.00	IC	Post	May 16.,2016	June 30. ,2016
2	Accountant	4500.00	IC	Post	May 16 ,2016	June 30,2016
3	Drivers (16)	46000	IC	Post	May 16 ,2016	June 30,2016
	Grand Total	1,176,489				

B. Uganda

Table 4.14. List of Consulting Assignments with Short List of International Firms

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost (US\$)	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Expected Contract Signing Date
Consultancy Services						
1.	Baseline survey	85,000	CQS	Prior	Sep 2016	Oct 2016
2	Development of management information system	50,000	CQS	Prior	Sep 2016	Oct 2016
3	Independent procurement Auditor	50,000	CQS	Prior	Sep 2016	Oct 2016
Technical Support Team at the Level of the Office of the Prime Minister (2 years)						
1	Project Coordinator	108,000	IC	Prior	June 2016	July 2016
2	M & E Specialist	72,000	IC	Prior	June 2016	July 2016
3	Rural Infrastructure Specialist	72,000	IC	Prior	June 2016	July 2016
4	Procurement Specialist	72,000	IC	Prior	June 2016	July 2016
5	Financial specialist	72,000	IC	Prior	June 2016	July 2016
6	Environment Specialist	72,000	IC	Post	June 2016	July 2016
7	Social development specialist	72,000	IC	Post	June 2016	July 2016
8	Livelihood Specialist	72,000	IC	Post	June 2016	July 2016
9.1	Driver - 1	14,400	IC	Post	June 2016	July 2016
9.2	Driver - 2	14,400	IC	Post	June 2016	July 2016
9.3	Driver - 3	14,400	IC	Post	June 2016	July 2016
9.4	Driver - 4	14,400	IC	Post	June 2016	July 2016
Program Staff at District level						
1	Engineering assistant	36,000	IC	Post	June 2016	July 2016
2	Livelihood officer	48,000	IC	Post	June 2016	July 2016
3.1	Driver – 1	12,000	IC	Post	June 2016	July 2016
3.2	Driver – 2	12,000	IC	Post	June 2016	July 2016
3.3	Driver – 3	12,000	IC	Post	June 2016	July 2016
3.4	Driver – 4	12,000	IC	Post	June 2016	July 2016
Grand Total		801,600				

C. IGAD

Table 4.15. List of Consulting Assignments with Short List of International Firms

Ref. No.	Description of Assignments	Estimated Budget \$000	Selection Method	Review by Bank (Prior/Post)	Expected Proposals Submission Date	Comments
1	Recruitment of Senior Program Coordinator	540	IC	Prior	1 May 2016	
2	Recruitment of Forced Displacement Expert	288	IC	Prior	1 November 2016	
3	Recruitment of Knowledge Management and M&E	324	IC	Prior	NA	
4	Recruitment of Procurement Officer	270	IC	Prior	NA	
5	Recruitment of Accountant	200	IC	Prior	NA	
6	Recruitment of Administration Assistant	114	IC	Prior	NA	
7	Consultancy for Strategy & Operational Plan Development	30	IC	Post	NA	
8	Recruitment of Consultant for Capacity Support to Project Countries	70	IC	Prior	NA	
9	Consultancy for the Commissioning of Joint Research On Displacement & Development	100	QCBS	Prior	Dec.1.16	
10	Consultancy to strengthen Monitoring Mechanism on Mixed Migration, Migration Trends and the Assessment of the impact of intervention in the 3 Project Countries on Forced Displacement & Mixed Migration	500	QCBS	Prior	Dec.15.16	
	Total	2435.5				

Environmental and Social (including safeguards)

119. The DRDIP is classified as Category B for the IDA Credit supported activities as interventions are not expected to lead to large scale, significant, or irreversible environmental or social impacts. The project triggers the following nine out of the ten safeguard polices: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04) Forests (OP/BP 4.36), Pest Management (OP/BP 4.09), Physical Cultural Resources (OP/BP 4.11), Involuntary Resettlement (OP/BP 4.12), Indigenous Peoples/Underserved and Vulnerable peoples (OP/BP 4.10), Safety of Dams (OP/BP 4.37), and International Waterways (OP/BP 7.50). With respect to the IDA Regional Grant to IGAD, the Environmental Assessment Category is C since the activities being supported relate to coordination, training, knowledge generation and dissemination which will not trigger any Safeguard Policies.

Social—Including Safeguards

120. Key social challenges that the participating communities might face include: (i) gender disparities in access to livelihood and educational opportunities; (ii) limited access to social services, especially education, health services due to the remote nature of its target communities, and (iii) recurring conflicts over natural resources, particularly related to water management and land tenure arrangements. The “service delivery” model of the project is a CDD approach which will focus on local development to be promoted through empowering communities to solve their problems by facilitating the process of identifying, prioritizing, implementing and monitoring subproject investments by the communities to ensure inclusiveness. Social due diligence lessons aimed at building sustainable community assets, citizen participation/engagement and gender mainstreaming are part of the livelihoods component.

121. **Indigenous People / Underserved Peoples (OP 4.10).** OP 4.10 is triggered only for Ethiopia, based on the screening conducted by the World Bank and reinforced by the Constitution of Ethiopia, which indicate that majority of the target population identify themselves as having the characteristics defined under OP 4.10. Therefore, a SA was conducted to complement the RPF and a Social Management Plan (SMP) prepared (details in Annex 7) and disclosed in-country and at the Infoshop prior to appraisal. The SMP provides key findings of the social assessment including the process used to foster free, prior, and informed consultations and broad community support, including provision of grievance-redress and benefit-sharing issues. As part of the social assessment, extensive consultations have taken place with key stakeholders in the participating areas to seek broad community support for the project; and in accordance with its CDD approach, subproject activities will be identified, prioritized, implemented and monitored by beneficiary communities (including different social groups) through consultative process during implementation. The project includes cost effective and accessible grievance-handling mechanisms to ensure that any related project issues and concerns are resolved using due process. Identified mitigating measures have been incorporated into the project design.

122. **Involuntary Resettlement (OP 4.12).** For all three countries, the project’s anticipated social impacts has triggered OP 4.12 and in line with the Association’s safeguard policies, the project has put in place mitigation mechanisms acceptable to the Association to mitigate these impacts. For impact on potential land take and/or restrictions in access to communal natural resources, a RPF has been prepared and consulted upon in all three countries. These RPFs were disclosed prior to appraisal in all three countries and at the World Bank Infoshop; to address any

potential impacts. Given the expected small footprint of the subproject activities, any land acquisition will be limited, site specific and minor. The proposed project will not undertake any activities that will displace people. However, it would support small-scale infrastructure that might affect land holdings of individual farmers. While these interventions are yet to be identified, the RPFs will guide the addressing of any issues which might arise from economic displacement and/or restriction of access to communal natural resources.

Environment—Including Safeguards

123. Some of the local-level investment activities under Component 1, 2 and 3 may have limited adverse environmental risks and impacts. These activities could potentially include: (i) expansion and improvement of service delivery which will include construction of small infrastructure, (ii) construction or rehabilitation of physical structures for water catchment management such as check-dams, water harvesting structures, etc., and (iii) land-based livelihood activities which could have limited adverse environmental and social impacts.

124. **Environmental Assessment (OP 4.01).** OP 4.01 is triggered because of the following activities of the project: (i) expansion and improvement of service delivery which will include small infrastructure, (ii) construction or rehabilitation of physical structures for water catchment management such as check-dams, water harvesting structures, and (iii) land-based livelihood activities which may have limited adverse environmental and social impacts. The specific sites for implementing these activities are not yet known, therefore ESMFs have been prepared in all the three project countries as the specific instrument for analyzing potential environmental and social risks and these were finalized and disclosed in all three countries and the Info Shop. The ESMF would be used to develop a site-specific Environmental Management Plan prior to the commencement of activities mainly under Components 1, 2, and 3. The ESMF includes standard methods and procedures, along with appropriate institutional arrangements for screening and reviewing program activities and monitoring the implementation of mitigation measures to prevent adverse and cumulative impacts. The effective use of the ESMF would be regularly reviewed and audited.

125. **Natural Habitats (OP 4.04).** Project activities in Ethiopia and Uganda are not likely to encompass natural habitats. However in Djibouti, the Ali Sabieh Region is home to unique biodiversity, especially the “Aire naturelle terrestre protegee d’Assamo” which is natural habitat to the Beira antelope. No project activities will be supported in this protected area. The project will also not support any activities which are likely to indirectly affect the ecosystem critical for the survival of this species. The project will screen out any activities that could have indirect or cumulative impacts on this habitat.

126. **Forests (OP 4.36).** Activities under Component 2 are likely to have a positive impact on forests with the implementation of physical and biological measures for soil and water conservation and afforestation. The ESMF provides detailed procedures to screen program activities/subprojects for potential adverse environmental and social impacts, and to take measures to avoid, minimize and mitigate impacts on forests. Project activities in Djibouti are not likely to take place in protected forest areas.

127. **Pest Management (OP 4.09).** The project will support activities under Components 2 and 3 which are likely to be agriculture based and may increase the application of agrochemicals

(insecticides, herbicides, fertilizers, etc.). Therefore, the ESMF includes a guideline for an Integrated Pest Management (IPM) to address related environmental and social impacts of the project.

128. **Physical Cultural Resources (OP 4.11).** The project sites and their potential cultural and historical significance are not known. The ESMF includes provisions and a set of procedures to screen project activities for such impacts and to deal with chance finds.

129. **Safety of Dams (OP 4.37):** Component 2 may support small dam constructions (less than 4.5 meters) as part of small and micro scale irrigation schemes. The Project will use the FAO ‘Manual on Small Earth Dams, A Guide to Siting, Design and Construction’ (FAO 2010) or comparable text in French.

130. **Projects on International Waterways (OP 7.50):** The project will finance small-scale irrigation investments but these are not likely to be located in international waterways basins in Djibouti. In Ethiopia, the project is located in international water basins such as Baro-Akobo, Genale Dawa, Tekeze and Abbay rivers. In Uganda, the project is located in the international water basin on the Nile River. While the impact of small-scale irrigation on these rivers would be insignificant and the cumulative abstraction is expected to be minor, Riparian countries have been notified in accordance with the policy.

131. **Climate Change Screening:** This was undertaken for Ethiopia under the proposed project also covering Uganda and Djibouti. This is because (i) the bulk of the project investments will be in Ethiopia, and (ii) there is a similarity in weather and climate conditions in the sites selected for interventions in three project countries. The project targeted areas are exposed to high temperatures, droughts and/or floods due to intense rainfall during the main rainy season which spans from July to October. Overall, the proposed Project will contribute to reducing greenhouse gas emissions through Component 2 - Sustainable Environmental Management by supporting (i) measures on improved energy efficiency in cooking and lighting, and increasing the use of renewable energy sources reducing pressure on biomass; and (ii) soil and water conservation measures, afforestation and area closures for regeneration that will contribute to reducing the impacts of climate trends by improving water conservation, increased biomass and fodder availability. However, it is worth noting that that project supported activities under Component 1 – Social and Economic Services and Infrastructure such roads are likely to be affected by climate trends. Also, investments under Component 3 – Livelihoods Program which will support Agriculture and Livestock related livelihoods are likely to be impacted by climate trends.

132. **Consultations on safeguard documents:** The host community members in the participating areas were consulted in all three countries during project preparation to seek their buy in and will further be consulted during implementation. In Ethiopia, the implementing ministry - Ministry of Agriculture and Natural Resources, and its respective counterparts in the participating regions, zones and woredas and kebele administrative levels, were also consulted on the World Bank’s safeguard guidelines, and the Ethiopia Environmental Impact Assessment proclamation. The applicable screening documents—will be made available for public review at a place accessible to local people (e.g. at a local government office (i.e. kebele council, Woreda

Offices and regional bureaus, at the Environment Protection Agency), and in a form, manner, and language they can understand.

133. In Djibouti, the implementing agency, ADDS, held consultations with the relevant communities in the two regions where the project activities will be implemented, government agencies and Nongovernmental Organizations (NGOs). The documents will be disclosed in conformity with national requirements.

134. In Uganda, consultations were held with the Office of the Prime Minister – the implementing agency, UNHCR, Uganda Red Cross Society, Lutheran World Federation, Inter-Aid Uganda, Action Africa Help International, National Environment Management Authority, National Forestry Authority, Ministry of Gender Labour and Social Development; and the district and sub county administrative level as well as the communities. All applicable safeguard instruments have been made available at accessible places in the appropriate form, manner and language in Uganda as well.

135. **Safeguard Management Capacity:** In Ethiopia, the project has conducted a comprehensive SA and extensive stakeholder consultations with project affected persons to secure broad community support; developed a grievance-redress system; and a culturally appropriate benefit-sharing mechanism anchored on a CDD service model. However, the recipient's capacity to identify and assess potential adverse environmental and social impacts and to implement and monitor appropriate mitigation measures is weak across all the three countries.

136. In Djibouti and Uganda, the safeguard risks are associated with the Client's capacity to implement the requisite mitigation actions. The implementing agency will recruit a qualified environmental and social specialist, before the project becomes effective, to address the environmental and social safeguard matters. For Djibouti, special attention will be required to ensure that activities in the Ali Sabieh region do not have negative impacts on the protected area in Assamo.

137. Across all three countries, the recipient will recruit/designate qualified and experienced social and environmental specialist responsible for social and environmental safeguard matters at the national and regional/district/subnational level and they will receive training on World Bank safeguard policies. The World Bank will support measures that will strengthen the Recipient's capacity to implement safeguard instruments prepared for this project, through training and capacity support activities. Further, the project's operational manuals, and the planning process will be conducted in culturally and gender sensitive manner.

138. **Disclosure of safeguard documents.** All of the Recipients' assessments (ESMFs, RPFs, and the SA) have been prepared, consulted upon and finalized. The safeguard documents have been disclosed in-country and at the World Bank Info Shop prior to appraisal. The project is well placed to comply with all relevant World Bank safeguard and national policies, and has met the requirements of the World Bank's Disclosure Policy.

Monitoring and Evaluation

139. The DRDIP will be implemented at the community level with necessary oversight and technical support at the national, subnational, and local levels. M&E capacities will be ensured at the national, subnational, and local levels for the collection, organizing, and analysis of project-

related data. The main instrument for M&E under the DRDIP will be the Results Framework (Annex 1). The indicators are the same for Djibouti, Ethiopia and Uganda with their respective baseline, intermediate and end of project targets; and will be the basis for reporting progress. The indicators, data sources and data collection methods take into account the CDD approach, and the limited institutional capacities in the project targeted areas. All indicators are disaggregated by country, with further disaggregation by gender (percent female) for the core indicator on direct project beneficiaries.

140. The project will design a management information system for monitoring inputs, outputs and processes; evaluation of outcome and impacts; environmental and social safeguard monitoring; and participatory monitoring and evaluation and internal learning. M&E activities will also include regular monitoring of implementation progress/performance, independent process monitoring (including inter alia regular assessments of community level planning and review of the effectiveness and quality of capacity support efforts), outcome/impact evaluations at baseline, mid-term and end of project, and annual thematic studies. The project's Results Framework will be used as a basis for reporting progress against indicators, including progress toward achieving the PDO and implementation progress. The project will consider the use of mobile technologies to increase the reach and frequency of data capturing at local level and aggregating in a platform that could serve as a dashboard; such a tool would provide near real-time monitoring and ability to visualize and/or geo-localize activities supported by the project in the three countries.

Role of Partners (if applicable)

141. The proposed operation has been an ongoing collaboration between UNHCR and World Bank. UNHCR Uganda is providing financial and technical support to the OPM to support the Government of Uganda's preparation efforts. It is also providing inputs at the various preparatory workshops the World Bank teams and their respective government counterparts have organized to prepare the project. During the implementation phase, UNHCR will closely work with the respective government bodies at the national and local levels to support the implementation of the project and enhance synergies between the operations of the two organizations.

Annex 5: Implementation Support Plan

Development Response to Displacement Impacts Project in the Horn of Africa

Strategy and Approach for Implementation Support

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

Implementation Support Plan

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

3. The IS plan will comprise a number of critical review instruments to assess progress toward achieving the PDO and overall implementation progress and to effectively respond to issues and challenges as they arise. Such reviews will include among others: (i) Implementation support missions conducted semi-annually; (ii) a mid-term review (MTR) that will include a comprehensive assessment of the progress achieved at the mid-point of project implementation and will serve as a platform for revisiting project design issues and where adjustments might be needed; (iii) impact assessment; and (iv) implementation completion where an independent assessment of the project will be undertaken and lessons drawn to inform future or similar operations.

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

5. At the technical level, the Association team will assemble the appropriate technical skills and experience needed to support implementation of this regional operation (table 5.1). Fiduciary reviews will be conducted by the Association's financial management and procurement specialists to ensure that fiduciary systems and capacities remain adequate during the course of project implementation in accordance with the Association's fiduciary requirements.

- i. *Financial management.* The Association will require quarterly interim financial reports be submitted to the Association as well as the annual external audit report for review. The Association will also review other project-related information such as the internal control systems' report. Annual onsite visits will also be carried out by the Association to review

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

- ii. *Procurement.* The Association will undertake implementation support missions every six months.
- iii. *Safeguards.* The Association's safeguard team will consist of social and environmental specialists who will guide the project team in applying the agreed safeguard instruments as well as reviewing compliance during implementation support missions.

Table 5.1. Implementation Team Composition

Time	Focus	Skills Needed
First 12 months	<ul style="list-style-type: none"> • Project implementation start up • Establishment of the PCUs at national, subnational and local levels • Support to implementation activities: sensitization, community consultations and planning, institution building, and strengthening of implementation capacity, including monitoring and evaluation (M&E) • Guidance on applying safeguard instruments • Development of impact evaluation methodology and oversight of baseline survey • Training of staff at all levels on procurement, financial management, M&E, and safeguards 	<ul style="list-style-type: none"> • TTL • Co TTL, Agriculture and NRM • Co TTL, Social and Economic infrastructure • Co TTL, Fragility and Conflict • Livestock • Energy • On farm Livelihoods • Off-farm Livelihoods • Social Development • Financial management • Procurement • M&E • Environment
12-48 months	<ul style="list-style-type: none"> • IS missions conducted to monitor implementation performance including progress against targets of the Results Framework • Review of community-driven development processes and livelihoods • Review of annual work plans and disbursement schedule • Review quality of quarterly/annual reports • Review of audit reports and interim financial report • Review adequacy of the financial management system and compliance • MTR undertaken (during year 3) 	Same as above
49-60 months	<ul style="list-style-type: none"> • IS missions conducted to monitor implementation performance including progress against Results Framework targets • Review of community-driven development 	Same as above

	processes and livelihoods <ul style="list-style-type: none"> • Review of annual work plans and disbursement schedule • Review quality of quarterly/annual reports • Review of audit reports and interim financial report • Review adequacy of the financial management system and compliance • Impact assessment conducted • Project completion and Implementation Completion Report preparation 	
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Skills Mix

6. Table 5.2 summarizes the proposed skill mix and number of staff weeks during project implementation. It is anticipated that this will change over time as demand increases.

Table 5.2. Team Skills Mix and Time

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
TTL	15	3	Washington based
Co TTL, Agriculture and Natural Resource Management	8	-	Country-office based
Co TTL, Social and Economic Infrastructure	8	-	Country-office based
Co TTL Fragility and Conflict	8	2	Washington based
Livestock	4	-	Country office based
Energy	4	2	Washington based
On farm Livelihoods	4	2	India based
Off-farm Likelihoods	8	2	India based
Social Development (3)	3	-	Country office based
Environment (3)	2	-	Country office based
Financial management (3)	4	-	Country office based
Procurement (3)	4	-	Country office based
Monitoring and evaluation	4	2	Country office based

Annex 6: Economic and Financial Analysis

Development Response to Displacement Impacts Project in the Horn of Africa

1. The economic and financial analysis conducted as part of project preparation for the DRDIP suggests that the proposed interventions are economically and financially feasible. As CDD project, it is not possible to pre-determine actual investments. Therefore, analyses were carried out based on a typology of DRDIP investments that are expected to be common across the three participating countries of Djibouti, Ethiopia, and Uganda. The analysis employs a cost--benefit methodology, which is perceived as a more appropriate approach for such a task⁴⁴. Particularly, it is a simplified cost-benefit analysis, where solely direct cost and monetary value of selected benefits are compared, when possible, and economic internal rate of returns are presented. In fact, the proposed interventions have several indirect benefits that are not quantifiable in monetary terms. For this reason, they cannot be accounted for, both in net present value calculations and in the sensitivity analysis. Nonetheless, they certainly can be listed among the projects' top benefits. A list of indirect, intangible benefits is presented for such interventions.

2. The communities being analyzed are located in remote areas and face extreme poverty. They are poorly endowed with natural resources, have limited arable land, and are generally affected by scarce rainfall and no permanent sources of water. The main hypothesis is that appropriate design and implementation of various investments would significantly diminish the costs of addressing basic needs and essential services of host communities. The areas identified as critical to host communities' self-reliance and sustainability are grouped in 3 components that are meant to be implemented modularly based on local administrations' capacity, planning, and priorities. A positive externality may be that appropriate, basic investments in the above three areas would significantly contribute to the creation of an effective labor market, which in turn would lead to building self-reliant communities. In all 8 interventions have been analyzed (table 6.1): 6 relate to the 3 components and the 7th is cross-cutting intervention.

Table 6.1. Project's Components and Areas of Intervention

	Development Area	Proposed Intervention
Component 1	Social and Economic Services and Infrastructure	1. Construction of one borehole water well 2. Construction of health facility 3. Construction of school building 4. Construction of road for access to markets
Component 2	Sustainable Environmental Management	5. Implementation of solar panel technology
Component 3	Livelihoods Program	6. Implementation of agropastoral and fisheries development project
N/A	Access to Finance	7. Implementation of money transfer system

⁴⁴ Bugnion, C. 1998. "Economic Rationalization of Humanitarian Aid: Use of Cost and Effectiveness Indicators to Evaluate ECHO Funded Humanitarian Emergencies." European Community Humanitarian Office.

Proposed Interventions for Component 1

Project 1: Ensuring access to water (US\$9,750)

3. The shortage of potable water negatively affects sanitation and increases the morbidity associated with oro-fecal contamination (WHO 2006). This analysis focuses on a borehole as a water source, which, according to existing analyses, can address the needs of an average number of 365 individuals. Access to water is considered free of charge. Benefits and challenges of borehole water source are presented in table 6.2.

Table 6.2. Benefits and Challenges of Borehole Water Source

Host and Refugee Population		Government/Environment	
Positive	Negative	Positive	Negative
<p>Time savings particularly for women⁴⁵. Time saved can be used for children's welfare and up-bringing, gaining new skills, training or participation in associations.</p> <p>Reduction in morbidity and mortality with reduction in prevalence of waterborne diseases, at least by 25 percent by improving access to drinking water (i) reducing diarrheal incidence rate by 10-40 percent, (ii) reduced mortality rates, with reduced incidence of diarrhea.</p> <p>Reduction of conflicts and tensions over scarce availability of water</p> <p>Strengthening social cohesion</p>	<p>Conflict over water point management</p> <p>Injuries or fatalities during building</p>	<p>Reduced costs of treatment for poor quality water related illnesses</p> <p>Reduction of greenhouse emissions with compensatory reforestation around water points. This will create a carbon sink to soak up carbon dioxide, which in turn would help reduce greenhouse gas emissions.</p>	<p>The accelerated decline of groundwater levels, resulting from climate change and excessive use of groundwater resources</p> <p>Water and soil pollution during work</p>

Project 2: Construction of one health facility (US\$388,330)

4. Hospitals are perceived as vital and necessary resources that ensure self-reliance and benefits to a community⁴⁶. The health staff-to-population ratio in the three countries is, on average, 0.12 doctors for 1,000 people, below Sub-Saharan Africa developing countries average—0.2 per 1,000—and an average 0.8 nurses and midwives per 1,000 people, versus a Sub-Saharan Africa developing countries average of 1.12 per 1,000. All these figures are below WHO standards.⁴⁷ The insufficient health infrastructure, combined with diminishing public spending as well as a growing number of migrants, results in a high and rising incidence of tuberculosis, malaria, cholera and AIDS (WHO 2006). There are benefits and challenges in building a health center (table 6.3).

⁴⁵ Study in Nigeria – “GDN, 2013, Cost-Effectiveness and Benefit-Costs Analysis of Some Water Interventions” revealed that a typical eight-member household spends about 14 hours per day fetching water from traditional sources such as wells and rivers (5,110 hours per year). The installation of a borehole or pipeline water system reduces this time an average of 18 minutes to fetch 20 liters of water from boreholes and zero (0) time to get piped-water.

⁴⁶ Shepherd, D. S., D. Hodgkin, and Y. E. Anthony. 2000. 1998. “Analysis of Hospital Costs: A Manual for Managers.” World Health Organization, Geneva. <http://apps.who.int/iris/bitstream/10665/42197/1/9241545283.pdf>.

⁴⁷ WDI based on World Health Organization data (2015).

Table 6.3. Benefits and Challenges of Building a Health Center

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

Project 3: Building a community school (US\$195,484)

5. A Community School can serve multiple purposes of being a school and a meeting and learning space for the community (table 6.4). It will be characterized by a significant participation of the local community, which would contribute to creation, construction, financing, and management.

Table 6.4. Benefits and Challenges of Building One School

Host and Refugee Population		Government/Environment	
Positive	Negative	Positive	Negative
Improved access to education Higher attendance of students and teachers lead to improving learning outcomes and building solid social capital Poverty reduction. Access to education increase the chances of higher earnings in the future and thus reduce the poverty ⁴⁸ . Parental education positively affects the child's educational level, achievement and health ⁴⁹ . Increase life expectancy and reduce mortality rate Boosts technological change by diffusion of knowledge	The limited capacity of the school may increase competition and exclusion. Increasing social tensions in case of excessive demand	Reduction of financial burden through efficient access to education for such groups as girls, rural communities, ethnic minorities, migrants is improved High-cost efficiency with community involvement Poverty reduction Education reduces criminal activity	The risk of increased budget burden in case when school does not secure funding for long term running High risk of inefficient allocation and spending of funds Weak salary incentives may lead to high rate of teacher absenteeism Poor fiduciary control may increase the risk of corruption

Project 4: Construction of a 100 Km Paved Road (US\$3,416,980)

6. Public services and infrastructure are inseparable facets of economic and human development (Robinson 1999). Paved roads play an important role in promoting trade, facilitating access to markets, and creating an enabling environment for business and

⁴⁸ Jimenez, E., and H. A. Patrinos 2008. "Can Cost-Benefit Analysis Guide Education Policy in Developing Countries?" Policy Research Working Paper 4568, World Bank, Washington, D.C.

⁴⁹ Wolfe, B., and S. Zuvekas. 1997. "Non-Market Effects of Education." *International Journal of Education Research* 27(6): 491-502.

investments⁵⁰ (table 6.5.). A standardized unit to measure the cost of building a paved road was arrived at (table 6.6) building on an existing World Bank study⁵¹ that measures cost per km of paved road (categorized in less and more than 50 Km due to a scale effect: Roads longer than 50 Km have a cheaper cost per road unit) and is useful as it allows planning under various circumstances in Sub-Sahara Africa.

Table 6.5. Cost of Unit Road Construction (2015)

Type	Unit	Median Cost
Construction of paved road <50km	US\$/lanekm	472,207
Construction of paved road >50km	US\$/lanekm	341,698

Note: US\$ values adjusted for inflation wrt 2006 US\$ as used in the reference.

Source: Africon 2008.

Table 6.6. Benefits and Challenges of New Paved Road Construction Project

Host and Refugee Population		Government/Environment	
Positive	Negative	Positive	Negative
<p>Transportation of commodities to and from the project areas, and access to markets (this is a large positive impact)</p> <p>Better access to community facilities and services such as health centers, schools, and places of worship, amongst others</p> <p>Creation of job opportunities to the local unskilled and skilled people in the community</p> <p>Provision of markets for locally available resources needed for road construction such as stones and related products (i.e. sand, gravel, etc.)</p> <p>Boost tourism potential in the region through improved access to tourist destinations</p> <p>Reduced road accidents as opposed to cases of unpaved, rugged roads (many potholes with pools of water), dust, ditches, etc.</p> <p>Improved road drainage infrastructure and general discharge of storm water from the road/carriageway</p>	<p>Faster spreading of infections and other diseases due to easier, increased movement of people</p> <p>Increase in pollution due to increased traffic of vehicles</p> <p>Vegetation clearances would exacerbate depletion of trees and vegetation</p> <p>Disruption to Wildlife Movements</p> <p>Soil Erosion Concerns due to invasive activity affecting the ground</p> <p>Resettlement and property damage of households living in close proximity of or on the area of the new road</p> <p>Discharge of Storm Water (drainage) can be potentially dangerous if not properly managed (directed)</p>	<p>Less dust in the air from rugged, unpaved roads</p> <p>Increased presence of government due to improved regional and inter-community connections</p> <p>Cost-effective ability to manage the territory with fewer resources</p>	<p>Increased cost to enable a safe environment and fight crime, smuggling, and other criminal activities due to faster, easier lines of communications (that is, paved roads)</p> <p>Increased prevention activity in terms of costs and resources to counter and contain potential faster disease epidemics among communities</p>

⁵⁰ “Road Sector Support Project 3: Nyakahita-Ibanda-Kamwenge Road Upgrading Project” Environmental and Social Impact Assessment Study. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Environmental-and-Social-Assessments/Uganda%20RSP3%20%20Nyakahita_Ibanda_Kamwenge%20Road%20Draft%20ESIA%20-%20RAP%20Summary%20_PIC_-1.pdf.

⁵¹ Unit Costs of Infrastructure Projects in Sub-Saharan Africa.” Summary of Background Paper 11 (June), Africon. <http://www.eu-africa-infrastructure-tf.net/attachments/library/aicd-background-paper-11-unit-costs-summary-en.pdf>.

Proposed Interventions for Component 2

Project 5: Implementation of solar panel power (US\$822 per solar photovoltaic (PV) system⁵²)

7. A 2015 McKinsey study⁵³ found that if Sub-Saharan Africa aggressively promotes renewables, it could obtain a 27 percent reduction in CO2 emissions and that by 2030 solar would be the cheapest or second-cheapest domestic energy source in more than half of Sub-Saharan African countries. According to UNDP⁵⁴ and NEPAD,⁵⁵ Sub-Saharan Africa governments should tap this free and clean energy source to light up remote and isolated homes that have no immediate hope of linking to their national electricity grid, also due to high costs and impracticalities such tasks would entail. Solar power provides families with much more efficient means to cook their food and light their homes than kerosene or even worse wood from trees. Moreover, kerosene and wood have a highly negative impact on the environment both in terms of pollution, CO2 emission, and land degradation (cutting of trees would lead to depletion of entire forests in the long run, which in turn would make CO2 emission even worse). In addition, solar power is free, clean, and ensures sustainability (table 6.7). A solar panel can generate enough power to run a stove, pump water, light the house, and power a television for a day,⁵⁶ or alternatively to light three to six rooms and power a black-and-white TV each night, according to the Energy and Environment Group at UNDP.

Table 6.7. Benefits and Challenges of Introducing Solar Panel Power

Host and Refugee Population		Government/Environment	
Positive	Negative	Positive	Negative
<p>Improved quality life Access to a free, clean, off-grid, and sustainable energy source Freedom from kerosene lamps which are more expensive and polluting (UNDP GEF Study) More efficiently cooking food and lighting homes, with no need to cut trees and pollute/smoke the house Extended study hours for schoolchildren Upgraded health standards by electrifying a local health center (light, refrigerators, electric equipment, etc.) More efficient and more productive enterprises that could keep working into the night to meet customers' orders and increase production</p>	<p>Maintenance and fixing (troubleshooting) issues may be difficult/expensive Poor operation and maintenance may make people resort to wood burning - this would be a waste of investments and an environmental negative impact</p>	<p>27 percent reduction in CO2 emissions - McKinsey get rid of kerosene lamps (pollution) or wood (trees depletion) Substantial Savings due to no need to electrify rural, remote, and scattered areas Reduced rural-to-urban migration with extended study hours for schoolchildren Upgraded health standards by electrifying a local health center (light, refrigerators, electric equipment, etc.)</p>	<p>Risk of resorting to tree depletion in case of technical issues – environmental risk.</p>

⁵² UNDP Global Environment Facility (GEF) improved the quality of life for the community. They have extended study hours for school children, reduced rural-to-urban migration in the area, and upgraded health standards by electrifying a local health center.

⁵³ "Brighter Africa: The Growth Potential of the Sub-Saharan Electricity Sector." February, McKinsey

⁵⁴ 2006. "Solar Power: Cheap Energy Source for Africa." October. <http://www.un.org/africarenewal/magazine/october-2006/solar-power-cheap-energy-source-africa>

⁵⁵ The New Partnership for Africa's Development (NEPAD) is an economic development program of the African Union that aims to provide an overarching vision and policy framework for accelerating economic cooperation and integration among African countries.

⁵⁶ Mr. Garai Makokoro, Director of the Energy Technology Institute of Zimbabwe.

Proposed Interventions for Component 3

Project 6: Livelihood: Agropastoral and fisheries development projects (US\$4,408,000)

8. Agropastoral development in the host communities would increase food supply and provide employment opportunities. In Djibouti only, taking into account Obock’s geographical location on the coastline, agropastoral development should be complemented with a fishery development initiative. The benefits and challenges of both projects are presented in table 6.8. The total cost of both projects for Obock region equals US\$4,408,000.

Table 6.8. Benefits and Challenges of Agropastoral and Fisheries Projects

Displaced and Local Population		Government/Environment	
Positive	Negative	Positive	Negative
Increasing supply of fish and agricultural products Promoting and implementing shade gardens increasing knowledge transfer Income from production output sales Creation of new job places	Decreasing prices through increased supply may negatively hit the projected revenues	Improving coastal infrastructure Promoting fish-related income-generating activities for women Improving water management and irrigation in order to increase resilience against droughts and floods	Increasing number of economic migrants

Capital

Project 7: Improving access to financial services (US\$318,525)

9. The role of financial capital in building an independent economy, stimulating business and increasing human well-being is undisputed. Access to finance is difficult in each of the three countries’ remote areas with migrants. Merely 12 percent of people has access to banking services and just a very small number of SMEs has access to bank financing, which receive just 5 percent of capital allocated to enterprises, while start-ups or early-stage ventures are *de facto* excluded from any assistance (GIIN 2015). An effective solution for addressing the issue of access to capital in poor African countries seems to be the implementation of mobile financial services, which require mobile phones to transfer money, obtain micro insurance, open savings account and apply for and receive some credit. It is estimated that the median cost of mobile financial services to a user is 3 times lower than traditional banking services and money transfer services which are generally used to transfer money is Sub-Saharan Africa (GSMA 2014⁵⁷). Costs for addressing the issue of low presence of both internet and mobile phones in those areas are estimated as approximately US\$318,525.⁵⁸ Such an initiative, however, needs to be associated with appropriate regulation, business model, a sufficient distribution network and appropriate consumer education. Table 6.9 present benefits and challenges of increasing access to capital through low cost mobile financial services⁵⁹.

Table 6.9. Benefits and Challenges of Improved Financial Services

⁵⁷ “State of the Industry. Mobile Financial Services for the Unbanked.” GSMA. http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/03/SOTIR_2014.pdf

⁵⁸ The estimate is based on the cost of start-up service in Ethiopia adjusted to the average size of three countries. See: African Business Magazine, 2013.

⁵⁹ The Boston Consulting Group. 2011. “The Socio-Economic Impact of Mobile Financial Services.” BCG, Boston

Host and Refugee Population		Government/Environment	
Positive	Negative	Positive	Negative
<p>Increasing domestic savings of poor and rural populations, which increase their resilience to economic shocks (it is estimated that one time natural disaster may hit 30 percent of the average annual household income).</p> <p>Boosting money transfers from better situated family members to migrants and poor locals and which may lead to reduction of inequalities (up to 5 percent over 5 years).</p> <p>Decreasing amount of time necessary to access from rural areas to traditional bank office, which is usually located in town (savings up to 12 days' worth of wages annually).</p> <p>Diminishing the rate of children out of school in response to financial shock (up to 7 percent); Improved gender equality through bringing banking to home.</p>	<p>Increasing inflation through higher demand on goods.</p>	<p>Lowering the cost of doing business benefits SMEs and boosts private entrepreneurship, which leads to job creation: According to World Bank study, an increase of 1 percent in financial inclusion corresponds to a 0.51 percent increase in business creation; and a 15 percent inclusion increase leads to employment growth of 1 percent.</p> <p>Increasing government revenues as a result of higher corporate revenues generated as the result of better access to capital (up to 3 percent).</p> <p>Increase gross domestic product of up to 5 percent over five years.</p> <p>Increasing transparency of financial transaction through diminishing cash flow and eliminating the "middle-man"-level.</p>	<p>The risk of granting access to finance for terrorist and criminals.</p> <p>The risk of increasing inflation through higher demand on goods.</p>

Net Present Values of Proposed Interventions Over a Five-Year Period (US\$)

10. The cost and monetary value of selected benefits, the cumulative value of benefits as well as net present value of selected development projects are presented in table 6.10. Because of the highly controversial monetary value of human life, as well as deferred benefits of school graduates, the analysis of five years benefits excluded the benefits from building a hospital and school. Moreover, given the high number of indirect benefits, which cannot be quantifiable in monetary terms, the net present value and subsequent sensitivity analysis does not include the paved roads and solar panel systems projects.

Table 6.10. Net Present Values of Proposed Interventions - social discount rate used: 2.6 percent (equal to inflation rate as of March 2015)

		Present Value of Benefits from First to Fifth Year (US\$)						
Development Project	Investment (US\$)	1	2	3	4	5	Estimated Cumulative value of benefits (US\$)	Net Present Value (US\$)
Borehole water	9,750	18,246	17,784	17,333	16,894	16,466	86,724	76,974
Agropastoral and Fishery	4,408,000	3,110,526	3,031,702	2,954,875	2,879,995	2,807,013	10,376,112	10,376,112

Source: Team calculations based on Cost Benefit Analysis simulations and estimated net present value of monetized benefits.

Sensitivity Analysis

11. A sensitivity analysis has been conducted to assess the effect on the internal rate of return of variations in benefits and costs in the realization of benefits, limited to projects where benefits could be expressed in monetary terms. Notwithstanding an increase in cost by 10 percent or a decrease in the total estimated benefits by 10 percent, the results appear to remain robust. Moreover, a third scenario that contemplates a 10 percent increase in costs combined with a 10 percent decrease in benefits still shows robust internal rate of return (table 6.11), considering a very conservative social discount rate of 2.6 percent. In conclusion, the overall net discounted benefits of the presented conservative cost-benefit analysis remain positive under any circumstances.

Table 6.11. Sensitivity Analysis: Internal Rate of Return (Social discount rate used: 2.6 percent)

	Borehole water (%)	Agropastoral and Fishery (%)
Base Scenario	184	63
Cost +10% <u>OR</u> Benefit -10%	166	55
Cost +10% <u>AND</u> Benefit -10%	151	49

Source: Team's calculations based on Cost Benefit Analysis simulations and estimated net present value of monetized benefits.

Annex 7: Social Management Plan for Ethiopia

Development Response to Displacement Impacts Project in the Horn of Africa

1. The safeguard risk for the DRDIP has been rated as **Substantial** and the project is assigned Environmental Category B, predicated on the fact that environmental risks and social impacts may be minimal, manageable and, in most cases, reversible. However, there might be additional social and environment risks due to the fact that the project will be implemented in woredas and kebeles of Afar, Gambela, Benishangul-Gumuz, and Ethiopian Somali regions whose populations meet the criteria detailed in OP/BP 4.10. These criteria refer to a distinct, vulnerable, social and cultural group, possessing the following characteristics, in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language, often different from the official language of the country or region. The Ethiopian Constitution recognizes the presence of many ethnic groups, including historically disadvantaged and vulnerable groups, as well as the rights to their identity, culture, language, customary livelihoods, socioeconomic equity and justice. These groups include various nations, nationalities and peoples, pastoralists, and national minorities.

2. Accordingly, the OP/BP 4.10 policy applies and the project has conducted an enhanced SA and extensive consultations with potential project beneficiaries and project affected peoples, including those identified as vulnerable and historically underserved groups to seek broad support from these groups; and to ensure that the design of the project is inclusive and equitable and reflects their needs in the most appropriate manner. The findings of the SA highlight the possible overlap with communities supported under the Government's Commune Program and raises substantial risk, if the project is perceived to be supporting the Commune Program. Strict screening criteria based on the findings of the recent Alignment Study and suggested guidance for World Bank Task Teams with Subprojects with an Operational Interface with other initiatives of the Government of Ethiopia will be applied to ensure that the project is not knowingly active in these, particularly in nonviable commune centers/communities that are not well implemented. Further, the SA is complemented by the RPF that assesses key socioeconomic factors that require consideration; identifies vulnerable and historically underserved groups that may be excluded from the program and be adversely affected as a result, and the necessary impact mitigating measures; assesses any potential adverse social impacts of the project, and recommends in appropriate measures toward addressing World Bank requirements on social safeguards triggered by the project OP/BP 4.10 and OP/BP 4.12.

3. Overall, the DRDIP will not undertake any subprojects that will displace people. However, it would support small-scale rural infrastructure that might affect land holdings of individual farmers. While individual subprojects are not yet identified, there will be support for activities such as small-scale infrastructure to improve productivity as well as other rural infrastructure such as feeder roads. Therefore, as precautionary measure, the project has triggered OP/BP 4.12 on Involuntary Resettlement; a RPF has been developed in light of this

policy based on consultative processes that involve representatives from participating communities, cooperative and community actors; and will be publically disclosed in-country and in the World Bank's InfoShop. Solutions to grievances related to land acquisition impacts or reduced access to natural resources will follow provisions provided in the RPF.

Social Assessment

4. The SA complements other safeguard policies triggered in the DRDIP, with the aim of preventing and mitigating undue harm to people and their environment in the development process. These policies provide guidelines for Bank and recipient staff in the identification, preparation, and implementation of programs and projects; and more importantly, these policies provide a platform for the participation of stakeholders in the Project design, and have been an important instrument for building ownership among local population. The SA with the findings of the consultations have been publicly disclosed in-country and in the World Bank's InfoShop. The main highlights and suggested actions include the following:

(a) **Challenges of the host communities:** The SA results show that the refugee-hosting areas are often neglected. Since most of the refugee camps are located in the periphery and historically disadvantaged regions of the country, known as emerging/developing regions, these areas are often characterized by deficits in social and economic services and infrastructure; occupied by minority ethnic groups; previously neglected by the past regimes of Ethiopia; and are insecure/mostly unstable areas in terms of peace. The situation is exacerbated by the challenges of high level of deforestation, as a result of need for construction material for shelter, fuelwood, market construction; petty theft of agricultural produce such as fresh maize, vegetables and fruits such as banana, mango, papaya, etc. and reported organized looting at night; overgrazing and illegal hunting of wild animals by refugees; fishing by refugees without the consent of the host communities; increase in price of basic household items and peer pressure on the youths, leading to behavioral change, with potential for loss of cultural and social identity.

(b) **Livelihood activities:** In the five regions, refugee-hosting communities are located in the border area of the country with arid and semi-arid temperature conditions. Almost all areas have erratic rainfall and are prone to the risk of nature. Hence, the host communities are mainly farmers, agropastoralists, and pastoralists. Farmers are dominant in Tigray, Gambela, and Benishangul-Gumuz Regions. Agropastoralists and pastoralists are mainly found in Ethiopia Somali and Afar regions. In the regions where farming is the dominant economic activity, the community members are also involved in animal husbandry to supplement their income as their secondary means of livelihood. In the course of the discussions with potential end-users/beneficiaries of the DRDIP, certain Project ideas were suggested in line with their major livelihood strategy as well as prior experiences and anticipated results to their respective livelihoods.

(c) **Most Vulnerable and Underserved Groups:** The most vulnerable groups identified in the five regions are older people who do not have adequate income generating abilities and lack caregivers; and usually depend on support from their relatives and farming from nearby farmlands. Most of the older people keep small ruminants such as goats and also hens to get income. **Women and women headed household** were also categorized under the vulnerable groups. In all areas women are subordinate to the men in the households and do all the domestic

chores, child rearing, many of the farming activities, house construction (in pastoral areas of Afar and Somali), etc. Youths are vulnerable in refugee-hosting communities. Most youths, particularly those who completed their high school and failed to get a pass mark to join government universities and TEVET were unemployed and involved in some deviant acts such as chewing chat, alcoholism, gambling, and illegal ways of getting income.

(d) *People with disabilities (PWDs)*: Though not large in numbers, PWDs are among the vulnerable groups. PWDs are more in number in Tigray region because the area in the past was battle ground of the Derg regime. In Tigray region's Tselemt and Tahetay Adiyabo, there are a large number of veterans, who after the fall of the Derg regime, were reintegrated into the community and are still being supported by the community and the government. People with Unidentified Liver Disease (ULD) are also found in Tigray region and are among the vulnerable groups. The cause of the disease is a wild plant, locally called "Kech Arem". Since the abdomen of victims of ULD get bulged and become disproportionate to the size of their head and leg, this results in weakness and inability to walk.

(e) *Ethnic groups and ethnic minorities*: All Project targeted areas are dominated by underserved ethnic groups or ethnic minorities. The two Woredas in Gambela Region are inhabited by the Nuer, Agnuah, and Opo ethnic groups. Berta, Mao, and Komo ethnic groups are resident in Benishangul-Gumuz. The Somali ethnic group is dominant in the Ethiopia Somali region; and Afar ethnic group, in Afar region. The Somali and Afar ethnic groups are divided by clan. The Kunama ethnic group inhabits Project targeted areas of Tigray region.

5. ***Community Consultation with Key Stakeholders*:** Community consultations were conducted with different community groups in each woredas with the objective of informing the refugee-hosting communities about the Project and receiving their views and opinions about the Project subcomponents. The host communities were also consulted on the RPF's implementation procedures. The host communities expressed their support for the Project and indicated that if implemented well the activities in the components could address their pressing problems. Host communities indicated that no Project has been implemented to ease their problems as a result of hosting refugees and bearing the resulting burden/impacts. Besides, in most areas, even though they were promised by the Government to receive 25 percent of the support given to the refugees by the UNHCR, they did not get as much as expected.

Grievance-Handling Mechanisms

6. The Project will develop and implement a cost effective and accessible grievance-handling mechanism. Grievances will be actively managed and tracked to ensure that appropriate resolution and actions are taken. A clear time schedule will be defined for resolving grievances, ensuring that they are addressed in an appropriate and timely manner, with corrective actions being implemented and the complaints handled as early as possible to address specific concerns raised by the Project affected persons in a timely fashion and in an impartial manner. Specifically, in the case of grievances arising in the course of Project implementing activities, traditional and quasi-formal dispute settlement arrangements would be invoked to deal with the issues. Under these arrangements, in the first instance, aggrieved parties are encouraged to bring their complaints to the attention of local elders, who consult with the parties involved to resolve the dispute in an amicable fashion. Complainants not satisfied with the decision of village

leaders are advised to resort to quasi-formal structures of *kebele* judicial tribunals, whose verdicts on the matters will be final. Although such grievance-handling mechanisms exist, there are few signs of them being used by local people. Owing to lack of capacity or other problems, gaps are noticeably observed in all visited *woredas*. The Project will make sure that such traditional and quasi formal structures are consistently resorted to in the interest of smooth and fair settlement grievances.

7. The ‘arbitration or reconciliation by elders’ is a widely used indigenous mechanism in resolving conflicts in many parts of the country. Although the term has different names among different ethnic groups it has a common characteristic in that elders are the main people involved. For instance, among Gumuz ethnic group it is called Mangima. It is the most important traditional institution for preventing, resolving and managing ethnic conflicts of different scales and levels in different parts of the country. Through the application of the Mangima institution, the inter-ethnic conflict between the Gumuz and other ethnic groups that were resettled in Metekel was somehow settled. Gradually, however, these traditional conflict resolution mechanisms have started to erode for various reasons. According to some elders, Ethiopian State administration took conflict management responsibilities from clan and group leaders and placed it in the hands of the local ‘Kebele’ administrations.

8. The Government has agreed to implement the Project in accordance with the following:

(a) Land acquisition related grievances and disputes that arise during the course of implementation of a resettlement and compensation program will be resolved in a manner that will be cost efficient to the PAPs as stated in the RPF - starting with establishing a register of resettlement/compensation related grievances and disputes, with well-defined conditions of access to this register (where, when, how) shall be widely disseminated within the interested area of the community as part of the consultation undertaken for the subprojects in general. The grievance-redress mechanism process will be first handled by a “first instance” mechanism, on the model of traditional dispute-resolution mechanisms, in the form of a locally selected mediation committee consisting of the following members: implementation agency, local nongovernmental organization (chairperson), Local representatives of Program Affected Persons (2 to 5) – these should be selected in the interested area. The existence and procedural details related with this first instance mechanism will be widely disseminated to the interested population as part of the consultation undertaken for the subprojects in general. Courts of law shall be considered as a “last resort” option, which in principle should only be triggered where first instance amicable mechanisms have failed to settle the grievance/dispute. However the Constitution allows any aggrieved person the right of access to court of law. For other Project related grievances, the Project will provide affordable and accessible procedures for grievance redress, including third party settlement of disputes which should take into account the availability of judicial resources and community traditional dispute resolution mechanisms.

Benefit Sharing Mechanism

9. In Ethiopia, there is no law on benefit sharing mechanism for activities and this might pose a risk that communities might not benefit directly from the development objectives of the Project. While there is no law on benefit sharing arrangements, the constitution of Ethiopia recognizes the participation of the communities in the development agenda and the Project has met and discussed with the communities and other stakeholders during public consultation; and

emphasized that the key instrument for communities to participate in the Project is the community led refined Planning Approach, will be socially inclusive and will incorporate the knowledge and views of participating communities in the planning and management of development subproject activities. The Project will continue to consult with the communities and will partner with other Projects in the area to explore possible cooperation in the provision of basic services to these communities that are not in the focal area of this Project.

Commune Development Program and potential interface

10. The Government of Ethiopia's Commune program has been going on in the two Developing Regional States of Gambela and Benishangul-Gumuz since 2010/2011. Based on previous SA findings, there could be possible overlap with communities supported under the Government's Commune Program with the DRDIP. This raises substantial risk, if the Project is perceived to be supporting the Commune Program in communities in which the Program has not been well implemented. Strict screening criteria based on the findings of the recent Alignment Study and suggested guidance for World Bank Task Teams with Subprojects with an Operational Interface with other initiatives by the Government of Ethiopia will be applied to ensure that the Project is not knowingly active in these, particularly in nonviable commune centers/communities. Further, the Government has reaffirmed that no Kebeles covered by the Government Commune Development Program will be considered in any World Bank funded projects/programs.

Social Development Plan: Potential risks and challenges and recommendations

11. This social development plan as outlined below will ensure that the Project and its implementing agencies will respect the dignity, rights and culture of groups meeting the OP 4.10 requirements and ensure that these people benefit from the DRDIP in a sustainable manner. The plan could be redefined during implementation and further consultations undertaken for the underserved groups to ensure their full participation. In light of what has been outlined in the foregoing paragraphs, the *Matrix* in table 7.1 provides the summary of potential risks and challenges and recommendations.

Table 7.1. Social Development Plan: Potential Risks, Challenges, and Suggested Mitigating Measures

Project Component	Potential Risks and Challenges	Suggested Mitigation Measures/ Recommendations	Potential Opportunities
<p><u>Cross-cutting Issues</u></p>	<ul style="list-style-type: none"> ➤ There is a high risk of extra burden to social amenities, theft/ looting of farm produces, livestock and other properties of host communities, risk of rape and gender based violence on school girls as well as environmental degradation in all visited sites as cited by participants of the SA. ➤ Limited technical capacity of implementing offices at Woreda and kebele levels and back up/ technical support from the higher hierarchies. ➤ There may be a tendency to overlook the needs of people with disability and elderly people or not clearly anticipated at the design stage. The PIM provides the targeting process to be followed during implementation phase. ➤ Limited participation of women in the design, implementation and monitoring and evaluation of Project activities/ in areas like Afar. ➤ Perspectives and attitudes of refugees have not been assessed in this SA (for services designed for shared utilization among host and refugee communities as well as implications to the designed Project ideas). Integrated approaches likely to be compromised. ➤ Weak integration between partners working in refugees and host communities ➤ Community prioritization of subprojects might be manipulated by different interest groups ➤ Many organizations came with similar kind of promises, but disappeared after a 	<ul style="list-style-type: none"> ➤ Awareness raising and behavioral change education need to be designed for refugee communities to ensure that the overall social, economic, environmental as well as other related impacts as stated by host communities and the refugees themselves will be mitigated and or minimized. ➤ Culturally sensitive capacity support efforts need to be used at different levels under the Project components to clearly define the process, content and mechanisms for training ➤ Benishangul Gumuz, Homosha Woreda, Sherkole Kebele - discussants suggested to identify specific groups of refugees who are involved in illegal acts quite often. As an example, “<i>Oudug</i>” ethnic group from South Sudan refugees are frequently involved in such undesirable deeds. ➤ Site specific Project activities, budget allocation and specific emphasis needs to be considered based on stress levels, type and magnitude of negative impacts on host as a result of refugees. Population of refugees in the different camps and respective host communities might also be taken in to account for proportion of budget allocation as well as focus areas under the proposed Project. ➤ The Project will establish a strong coordination and integration of the Project partners from the outset and at all levels, including in the design, implementation, and monitoring and evaluation phases; and through regular, joint planning and review forum will ensure community engagement; and effective participatory targeting 	<ul style="list-style-type: none"> ➤ Welcoming attitude of the host community toward DRDIP as stated by the community groups during consultation, is the first attempt to address the refugee problems and diverse impacts on the host communities. ➤ Existing/established committees both from refugees and host communities. In some visited sites, e.g. Abol, Tahetay Adeyabo, Homosha and others. These committees meet regularly and discuss outstanding issues and devise solutions jointly and monitor the progress. This might need to be reinforced through involving administrative as well as legislative bodies (in both refugees and host community levels and responsible government bodies). Reporting and monitoring mechanisms in effecting decisions need to be designed. ➤ Existence of land and water management committees in various visited Kebeles will be strengthened. ➤ Earlier positive implementation experiences in related activities by other Projects, e.g., SLMP, the AGP, and PSNP are opportunities and will be replicated. ➤ Good stock of civil servants in the Kebeles visited; DAs, Health Extension Workers, Veterinary technicians, Kebele Managers, and Teachers committing themselves for proper implementation of the program in a culturally appropriate manner.

Project Component	Potential Risks and Challenges	Suggested Mitigation Measures/ Recommendations	Potential Opportunities
	<p>while. The perception that the Project will follow the same trend, as noted by participants during the consultation meetings.</p>	<p>mechanism. Successive training and procedures/guidelines will be developed with the active involvement of community representatives from diverse social groups (utilizing existing customary institutions as entry points) as well as relevant partners at all levels.</p> <ul style="list-style-type: none"> ➤ Facilitation skill to promote community participation will be designed through appropriate training and guideline development for Project implementers ➤ Innovative Project ideas need to be encouraged. ➤ The agenda for <i>developing responses to displacement impacts</i> may deserve extensive studies and research deliberations. The Project shall incorporate activities that can serve such research needs. This could also help design an integrated/ synchronized approach to a sustained solution. A careful identification and involvement of academic and research institutions for the generation of pragmatic solution ideas; as potential stakeholders to the DRDIP. 	
<p>Component 1: <i>Social and Economic Services and Infrastructure</i></p>	<ul style="list-style-type: none"> ➤ Existence of many investors and large proportions of land are allocated for private investors in potential target Woredas and kebeles in Gambela and Benishangul-Gumuz Regions that affect the construction of roads. ➤ During summer Baro River overflows and ruins the social service infrastructures such as roads, schools, health centers in Itang Special Woreda of Gambela Region. ➤ There is a concern that refugee children will share schools which in turn persists 	<ul style="list-style-type: none"> ➤ Participation of the end users and top level decision makers in the land allocation process to investors will be intensified. Moreover, institutionalization (mainstreaming projects and subprojects with the appropriate government structure) and clear handing over strategies will be built in to the Project. ➤ Organizing management Committees in the respective Project targeted areas for responsible and sustainable management of the developed infrastructures. ➤ The Project will liaise with refugee 	<ul style="list-style-type: none"> ➤ Prior experience and practice as well as current keenness of consulted communities for contributing to the Project in the form of labour and locally available construction materials. In some instances communities contributed cash for the construction and expansion of schools in their villages.

Project Component	Potential Risks and Challenges	Suggested Mitigation Measures/ Recommendations	Potential Opportunities
	<p>the pressure to students class room accommodation ratio.</p> <ul style="list-style-type: none"> ➤ Heavy trucks coming to refugee camps are likely to damage the roads or impact durability/long-term service (e.g. the roads in Bambasi and more pronounced in Asayita visited areas). ➤ Unsustainable use of developed infrastructures has been experienced in prior initiatives. There are some nonfunctioning infrastructures due to lack of appropriate consultation and incorporation of community concerns. 	<p>organization to provide targeted basic services to the camps.</p> <ul style="list-style-type: none"> ➤ The Project will provide “on the job” training for youths and will equip them with the necessary/basic tools and equipment for sustainable management and maintenance of the infrastructures, including damaged roads. ➤ Identify together with the host communities sites for the construction of social service infrastructure. ➤ Roads need to be constructed as per the standard of Ethiopian road authority for rural graveled roads and communities will be consulted in doing so. 	
<p>Component 2: <i>Sustainable Environmental Management</i></p>	<ul style="list-style-type: none"> ➤ Huge number of livestock holding by the refugees will affect the attempts at environmental rehabilitation. ➤ Conflicts or tensions are likely to occur between refugees and host communities in managing water for irrigation as observed in Benishangul, Bambassi, Wamba kebeles. ➤ Durability of appliances is at risk due to their sensitivity to easy damage, including maintenance and spare-parts for the introduced technologies is also questioned to the degree of affordability and accessibility at local markets. ➤ As a result of the immense deforestation, springs are drained in some localities such as SA Shoshore Kebele in Benishanguel-Gumuz region 	<ul style="list-style-type: none"> ➤ Prior identification of land for the Project with the involvement of all concerned stakeholders. ➤ The Project will use conflict filter and incorporate a careful study on the feasibility of subprojects such as land/soil feature, viability, etc (e.g. in Itang Special Woreda, some areas are identified as sliding and smash lands). ➤ The Project will introduce appropriate and if possible local technologies during implementation. Further, members of the community (such as youths with TVET certification or similar skill acquaintance) trained with basic application and management skills will be incorporated into the Project for self-reliance and livelihood activities. ➤ The Project in consultation with host communities will introduce measures to stop deforestation, particularly through participatory forest management approaches. The process will also be 	<ul style="list-style-type: none"> ➤ Integrating this component, in particular to sub component 2(b) Access to Energy, with appropriate institutions such as existing TVETs around target Woredas can be taken as good potential hubs for the purpose. ➤ Taking in to account the other projects already involved in this category. The lessons learned, including best practices and/or failure from prior projects on environmental rehabilitation programs will be incorporated in the DRDIP during implementation.

Project Component	Potential Risks and Challenges	Suggested Mitigation Measures/ Recommendations	Potential Opportunities
<p>Component 3: <i>Livelihoods Program</i></p>	<ul style="list-style-type: none"> ➤ Targeting/identification of the right beneficiaries/end users is often biased, and may exclude vulnerable and needy groups of the community. ➤ Illegal acts such as theft, robbery by refugees might negatively impact implementation of livelihood activities in the host communities. ➤ Due to cultural issues, women are less likely to participate in livelihood activities and are more prone to gender based violence especially by some refugee members 	<p>discussed with the refugee community.</p> <ul style="list-style-type: none"> ➤ A well-developed and genuine participatory approach and working guidelines need to be utilized for the purpose of effective targeting. ➤ Behavioral change communication education for refugee communities on the culture, value and norms of communities will ensure harmony and avoid conflicts. ➤ Concerned government bodies will be consulted to provide protection and measures against the perpetrators of gender violence. 	<ul style="list-style-type: none"> ➤ Existing primary/ multipurpose cooperative in most visited areas facilitates the smooth implementation of Project activities under this component. There are a number of cooperatives already established in some of the sites, (e.g., Improved poultry, milk processing, livestock fattening, horticulture through irrigation schemes) ➤ Some host community member youths received vocational and technical trainings from the ARRA (e.g. Tselemet woreda of Tigray region, Bambasi Woreda of Benishanguel-Gumuz) and are provided with tools, though not adequate to start their own business.
<p>Component 4: <i>Project Management, and Monitoring and Evaluation</i></p>	<ul style="list-style-type: none"> ➤ Trainings are often directed to technical staffs. But the decision making body at different offices lacks the required skill in project management, M & E, particularly, cultural and social sensitivities training ➤ Capacity limitation in targeted Woredas, both human/skill and material including vehicles for better mobility for Project purposes. 	<ul style="list-style-type: none"> ➤ Capacity gap assessments will be undertaken prior to intervention. Both technical as well as management bodies of Project stakeholders must be targeted as appropriate and will be equipped with training in Project management. ➤ Training on the Project safeguard instruments to help create common understanding among actors at all levels on the Project safeguard instruments (ESMF, RPF, and SA), will be undertaken to ensure that mitigation measures are implemented and potential risks are managed. 	<ul style="list-style-type: none"> ➤ Utilization of existing data/ information need to be taken into account. As disclosed by the FGD participants, some offices already have data base and plan for staff training needs assessment in the respective core processes (e.g., Itang Woreda)

Annex 8: Regional Secretariat on Forced Displacement and Mixed Migration Development Response to Displacement Impacts Project in the Horn of Africa

1. The HOA is a region of displacement and migration as highlighted by the World Bank and the UNHCR study in 2015 on “*Forced Displacement and Mixed Migration in the Horn of Africa*”. This has been driven by many factors ranging from conflicts, degradation of the environment, natural and manmade disasters, and poverty that forces people to migrate in search of economic opportunities amongst other reasons. Most of the displacement in the region has been protracted, lasting over an average of 10 years, as is the case with Somalia, Sudan, and South Sudan refugees. Even countries of relative stability like Kenya and Uganda have experienced displacement of their populations internally. Displacement affects the countries of origin but also has spill over to the entire or most of the region, as is the case with the presence of Somali and South Sudanese refugees throughout the IGAD region. A regional response to forced displacement and mixed migration is therefore critical for peace and stability in the HOA.

2. Forced displacement in the HOA is characterized by a majority of the displaced seeking refuge within the region. Of the more than 3 million refugees and over 7 million internally displaced persons in the HOA, a vast majority are in protracted displacement lasting over 10 years on average. Displacement is largely addressed from a humanitarian perspective with the development angle being largely excluded from interventions. Further, the durable solutions as classically defined (local integration, voluntary repatriation and resettlement) are not effective given that (i) only Uganda allows integration of refugees into the economy, (ii) the only successful voluntary repatriation experience of South Sudan refugees was short lived, (iii) only 6,000 of the 400,000 Somalis were ready to return home from Kenya’s Dadaab camp, and (iv) the Syrian crisis has further shrunk the opportunities for resettlement abroad.

Rationale for the Regional Secretariat

3. The Regional Secretariat proposed under the DRDIP is aimed at addressing the defining reality of displacement and mixed migration nexus in the HOA both in the context of the regional operation but also the region as a whole, to advance and consolidate regional efforts toward addressing displacement and mixed migration. More specifically, it will: (i) spearhead the advancement of the development approach to displacement in the HOA; (ii) facilitate the creation of knowledge with partnerships with relevant think tanks and/or universities in Djibouti, Ethiopia and Uganda; as result of the DRDIP implementation on durable solutions; (iii) ensure the annual DRDIP’s Regional Steering Committee Meeting, and periodic learning and sharing workshops for all the HOA countries; and (iv) contribute to the better understanding of the nexus between socioeconomic development, forced displacement and mixed migration in the HOA by commissioning studies and/or focused research.

4. The Regional Secretariat will operate in an environment where there are limitations to current options for durable solutions for forced displacement and the focus will need to be on transitional/progressive solutions. Also for the HOA, except for Uganda, the host country refugee policy and practice currently are not conducive to furthering transitional solutions; and there is growing evidence that this is driving secondary displacement and migration especially of the youth. However, the field reality indicates that while refugee policy except for Uganda does not explicitly refer to right to work, refugees do participate in economic activities. The DRDIP therefore will create a socioeconomic ecosystem for the communities in refugee hosting that will

facilitate greater economic returns for both host communities and refugees and the Regional Secretariat will facilitate the cross learning across participating countries and IGAD member countries to allow for adaption and scaling up of viable innovative approaches. In addition, host country advocacy needs to be matched with working with refugee producing countries to look for peace and stability and development at least in more conducive areas - look at options for piloting some measures.

5. As the humanitarian agencies including the UNHCR are making a strategic shift from the care and maintenance approach to self-reliance and development, there is need for synergy at the policy and operational levels including understanding better the more successful approaches and facilitating knowledge exchange and learning both in the context of the DRDIP but also initiatives of other developmental and humanitarian agencies. IGAD as a regional organization has convening and political mandate for the 8 countries of the Horn and is in a good position to initiate regional conversations around the issues within the DRDIP.

Structure and Synergies

6. The Regional Secretariat will build on the IGAD Regional Consultative Processes (RCP) on migration in place that aims to promote the common position of the IGAD Member States as provided in the AU's and IGAD's Migration Policy Frameworks. Furthermore, it aims to facilitate regional dialogue and cooperation in migration management amongst IGAD Member States by: (i) fostering greater understanding and policy coherence in migration; (ii) strengthening regional institutional and technical capacities to implement the Migration Policy Framework for Africa, the African Common Position on Migration and Development, the Joint Africa-EU Declaration on Migration and Development and other AU and IGAD policies on migration; and (iii) improving inter-state and intra-regional cooperation on migration management among countries of origin, transit and destination. Therefore the Regional Secretariat will build on existing foundations that will help consolidate its legitimacy among Members States but also in regards to already available migration expertise.

7. The migration program is situated within the Economic Cooperation and Social Development Division and under the health and social development sector. It has been in existence since 2006 and derives its mandate from a council of ministers decision. Over the years the program through different donor funded projects has been able to develop a comprehensive regional migration policy Framework (RMPF) that has received the endorsement of IGADs policy organs. This is the guiding policy document that provides strategic recommendations on how to address forced displacement and mixed migration amongst other migration issues. The IGAD RCP is a dialogue mechanism on migration between member states and would be a natural anchorage for all policy dialogues and advocacy on forced displacement and mixed migration by expanding the space to engage more concretely with humanitarian and development actors. For continuation and sustainability, the Regional Secretariat will form a part of the broader migration program of IGAD already endorsed by member states. Its work forms an integral part of the Regional Migration Policy Framework and beyond the grant duration, learning at the regional level, and policy dialogue on the development approach to displacement will be continued. The partnerships established between member states, the humanitarian and development partners will be woven into the national consultative mechanisms (NCMs) at the country level and the Regional Consultative Process at the Regional level.

8. Ongoing initiatives for instance the Swiss support to strengthen member states and regional capacities for migration management that has supported the establishment and strengthening of NCMs on migration as well as the GIZ support to mainstream migration in resilience will support the Secretariat's work. The proposed EUTF support toward the free movement of people protocol will complement the interventions on forced displacement and mixed migration especially on mobility of people within the region. Other future projects relevant to forced displacement and mixed migration and as provided for by the Regional Migration Policy Framework will further enhance and consolidate the Secretariat's delivery.

9. Best practices in addressing forced displacement and mixed migration will be documented, shared and banked with piloting of some of the practices by governments and humanitarian and development partners. Under the overall framework of the IGAD Regional Consultative Process (RCP) on migration; a dialogue that brings together governments as well as humanitarian and development actors in the Horn will be created; this will be a first step toward initiating debate on the linkages between the two in displacement situations at the regional level.

Support Program under the DRDIP

The Regional Secretariat will have the following specific objectives:

- a. Advocate holistic and innovative regional responses to forced displacement and mixed migration - this will be supported by evidence generated on displacement that would influence intervention in member states;
- b. Political dialogue and policy engagement – through initiating dialogues with policy makers, academic and research institutions on transitional solutions in forced displacement;
- c. Generate evidence through research for innovative management of forced displacement and mixed migration;
- d. Build capacities of countries and institutions in the Horn of Africa to innovatively respond to forced displacement and mixed migration;
- e. Knowledge generation and management, and Monitoring and Evaluation;
- f. Forge partnerships between humanitarian and development actors in the IGAD region in re-thinking the application of durable solutions; and
- g. Consolidate the capacity of IGAD to respond to forced displacement and mixed migration and be a strong actor both regionally and internationally in the forced displacement and mixed migration discussions affecting the Horn.

The key functions of the Regional Secretariat will be the following:

- a. Coordination: This will involve coordination on policy and practice amongst the project countries, other member states and development and humanitarian actors. A forum of partners working on forced displacement and mixed migration within the framework of the IGAD RCP will open up dialogue with the member states.
- b. Capacity Support: For the project countries, other member states agencies, research institutions and other partners in the advancement of the development approach to displacement and mixed migration in the Horn of Africa.
- c. Knowledge generation and sharing: Working with think tanks and academic institutions in the IGAD region to ensure learning and sharing.

- d. Operational support: Will operationalize the Secretariat's work and the Project Regional Steering Committee.
10. It is proposed that the support would be established in two phases:
- Phase 1: Strategy development by the Secretariat; an advisory core team (composed of IGAD, the World Bank, the project countries, other Member states, development and humanitarian actors) will guide the Secretariat's strategy, which will be developed within the first 6 months of project effectiveness. It is foreseen that the strategy will be validated and endorsed at the highest possible level for it to gain traction and serve as the reference framework on forced displacement and mixed migration for the project countries and the region. The strategy will derive from the IGAD Strategy 2015-2020 already endorsed at the highest political level at IGAD giving it credibility and a strong go forward support.
 - Phase 2: Implementation of the approved strategy of the Regional Secretariat including its role as the Secretariat for the Project Regional Steering Committee of the National programs in each country. This will include (i) advancement of the development approach through regular dialogue amongst member states, humanitarian and development partners both at national and regional level; (ii) organization of Innovation and technology market place and provision of technical assistance on request to the project countries in DRDIP intervention areas; (iii) documentation and dissemination of innovative approaches; (iv) Creation of knowledge, annual learning and sharing in partnership with think tanks and universities in the region to carry out research on displacement and development; (v) development of a DRDIP portal to serve as a medium for information-sharing; (vi) study tours to promote learning for agencies in project countries to learn innovative approaches to displacement impacts both regionally and internationally, in line with the annual leaning and sharing events for project countries and IGAD member states; (vii) mapping of policies and actors involved in transitional solutions will be done and a Secretariat newsletter on the development approach to forced displacement and mixed migration regularly published and widely disseminated; (viii) continuous monitoring of mixed migration drivers and trends through the Regional Mixed Migration Secretariat as part of the IGAD supported Mixed Migration Monitoring Mechanism (4Mi) serving as a baseline for the impact of interventions on migration; (ix) study on gender, youth and displacement in the HOA will be conducted and findings used for advocacy and to influence practice and programming by member states and partners; (x) development of a monitoring and evaluation system for use throughout the project duration; and (xi) annual meetings of the Project Regional Steering Committee to feedback on the projects in the three participating countries and overall guidance on the implementation of the strategy.

Expertise

11. The Secretariat will have in-house expertise for program management and includes a Project Implementation Team consisting of a Senior Program coordinator, Forced Displacement Expert, Project Accountant, Procurement officer, and a Knowledge Management and Monitoring and Evaluation officer. In addition, IGAD specialized institutions, but more importantly universities, think tanks and regional tertiary and research institutions will be contracted to undertake research, knowledge generation and documentation. Efforts will be made to have

specific expertise exchanged between humanitarian and development organizations to further enhancing cooperation and partnership.

Indicative expenditure categories

12. The support grant will cover expenditures relating to the delivery of tasks, outputs and deliverables under the program, including the following:

- Expert(s) placed within the Regional Secretariat
- Annual Regional Project Steering Committee meeting; other workshops and consultative meetings; south-south learning and knowledge exchange
- Consultancies and contracts for operational support, research and knowledge generation
- Support to countries and agencies, monitoring and documentation
- Secretariat office, equipment, and operating costs including travel and transportation

Location

13. The Secretariat will be based both in Nairobi with a Secretariat support office staffed with operations, procurement, and accounts due to its strategic location in regard to humanitarian and development partners; and in Djibouti with respect to the overall fiduciary responsibilities with the IGAD finance and administration in Djibouti.

Linkages

14. The Secretariat will forge linkages with the Great lakes initiative through the ICGLR. Specifically, the Secretariat will have very close working relationships with the UNHCR Regional Hub based in Nairobi, the International Organization on Migration's regional office in Nairobi, the regional offices of the Democratic Republic of Congo in which the regional durable solutions Secretariat (ReDSS) and the Regional Mixed Migration Secretariat are based will be key. The expertise of the World Bank's Fragility, Conflict and Violence Regional Unit in Nairobi will be especially crucial with its expertise in development in fragile states.

15. In addition regional mechanisms that address displacement and mixed migration including the Global initiative on Somali Refugees (GISR), Solutions Alliance Somalis (SAS) as well as the Horn of Africa Initiative will also be close partners. National initiatives like the Transitional solutions Initiative, the UNHCR/IKEA livelihoods program in Ethiopia, the Refugee and Host Population Empowerment (ReHoPE) program in Uganda and others will be partners in learning and knowledge banking and dissemination.

16. The World Bank Office in Nairobi will be a key institution in all of the Secretariat's engagements especially supporting the development and implementation of the monitoring and evaluation system.

Annex 9: Access to Energy

Development Response to Displacement Impacts Project in the Horn of Africa

1. The DRDIP will support communities to identify and prioritize investments with specific focus on women, female-headed households and youth, who are disproportionately affected by displacement. The Project will focus on the host communities, but the project's holistic approach will ensure that the beneficiaries include refugees.
2. The subcomponent 2(c): access to energy; addresses a number of issues, which to varying degrees are found in all envisaged intervention areas. The subcomponent furthermore is expected to act as enabler of other subcomponent, most notably Component 3 – Livelihoods Program; as lack of energy often is an important impediment in creating employment opportunities. The link to other components underlines the fact that energy in all its forms is procured or, in the case of firewood, collected for the services it provides. Envisaged Project intervention areas have different energy endowments and energy needs are not identical. There are nevertheless important similarities observed in and around host communities of refugees in Djibouti, Uganda and, Ethiopia.
3. The main need for energy is household cooking, which is met by collecting firewood. Host communities due to the increase in population numbers see increased demand for communal resources such as firewood and this in turn often results in greater burdens on women and children. Spending longer hours away from home in order to collect needed volumes exposes them to greater risk of violence⁶⁰. The greater demand for firewood also leads to deforestation. Under Component 2, demand-side interventions will also seek to address gender issues by reducing drudgery (time and energy spent on collecting fuel wood) and exposure to risks and violence in fuel collection and by improving health and indoor air pollution through the use of cleaner fuels and fuel-saving cooking technologies. Component 3 focuses on nontraditional livelihoods. Cooking devices/fuel supply chains, training and outreach programs also offer the potential for new livelihood opportunities for women in particular.
4. There is widespread recognition that increasing access to and use of more efficient, cleaner cooking and heating solutions in households could yield significant benefits in improved women and children's health, reduced environmental and climate impacts, and improved gender equality. Where women and girls are responsible for gathering cooking fuel, they are often vulnerable to gender-based violence during fuel collection and transport. Clean and efficient cooking devices reduce the time spent for biomass collection. Women living in war-torn areas, such as the Democratic Republic of Congo and Somalia, and women in displaced-persons camps seem particularly vulnerable to sexual violence while they search for fuelwood in surrounding areas. In some part of Northern Uganda, studies have documented that men and boys started

⁶⁰ Exposure to the risk of gender-based violence is often measured in terms of the number of collection trips conducted by a woman as well as the time and distances she travels. Incidences of gender-based violence is more difficult to measure but provides the most direct indicator with which to evaluate protection concerns. A 2014 UNHCR Report 2014 noted that in 2014, 41 percent of households in Uganda's Nakivale refugee camp reported experiencing incidences of violence in the past six months while collecting firewood. The types of crimes reported include the confiscation of firewood (23 percent), beating (20 percent), bodily injury (12 percent), assault (10 percent), attempted rape (5 percent), and rape (4 percent). Female refugees collect firewood 8.3 times per month, and girls age 17 and under collect wood 7.2 times per month. Time spent per trip is three hours, and the average distance travelled is 5.7 km. (UNHCR 2014b). In Ethiopia, female refugees collect firewood for cooking an average of six times per month, spending 3 hours and 25 minutes each trip and covering a roundtrip distance of 4.5 km. In Ethiopia, 33 percent of refugee households reported one or more violent incidents while collecting firewood in the past 12 months, and 13.5 percent experienced rape, assault, or attempted rape (UNHCR 2014a). Cookstove and fuel projects by World Food Programme, UNEP, UNHCR, and others have had measureable success in reducing fuel collection trips by women.

collecting fuelwood to protect women's safety. There are also positive development impacts where women are engaging within the clean cooking value chain not only as consumers and beneficiaries of improved stoves, but also as producers, distributors and entrepreneurs for clean and efficient cooking solutions.

5. Different types of improved cooking devices/fuel combinations yield different types of benefits:

a. Efficiency improvements lead to:

- reduced time and effort collecting fuels, especially for women and girls – reduced drudgery and reduced exposure to violence in collecting fuel;
- reduced expenditure buying fuel – money available for other household needs
- reduced environmental impact due to lower fuel requirement
- reduced climate impact (if unsustainable harvesting of woodfuel is reduced)

b. Emission reductions (i.e. cleaner stove/fuel combinations) lead to:

- improved indoor air quality and associated health benefits, also especially for women and infants.
- reduced climate impact (as black carbon – i.e. particulate matter associated with incomplete combustion of biomass and a significant short-lived climate pollutant – is reduced)

6. Importantly there are also significant opportunities for fostering the development of nontraditional livelihoods particularly for women, in stove and fuel supply chains including potentially preparation and sale of processed biomass fuel (e.g. pellets). This aspect of cooking interventions could be further supported under Subcomponent 3a.

7. All interventions to increase access to, and adoption of more efficient, cleaner cooking solutions will include a focus on understanding cooking preferences, needs and behaviors of the target beneficiaries; selecting options that will be suitable for current practices; and investing in training and, as needed behavior change efforts (further options for women's employment), to correctly use the new technologies.

8. Catalyzing and supporting a sustainable supply of affordable options for cleaner, more efficient cooking requires creating a conducive environment in which community, social and private enterprises can operate. This includes facilitating financing for enterprises and consumers to make improved stove / fuel options available in targeted areas. An emerging option aimed at incentivizing enterprises to enter new markets and to assist in affordability of the most impactful options, is to also provide results-based support. Intermediate results could include the number of cooking devices sold or number of households making use of cleaner, more efficient cooking options.

9. There is also the potential to provide results-based support based on specific types of impacts (rather than on intermediate results noted above). Impact level results could include reduction in exposure to indoor air pollution and the associated negative health impacts; reduction in exposure to violence through reduced time collecting fuel; reduced environmental impact; increased jobs for women in the cooking devices and fuel supply chain. By defining (i) a

clear unit of benefit (e.g. an averted disability adjusted life year – A-DALY for a metric of health benefit, or number of women’s jobs created in the supply chain as a metric of improved gender equality) and (ii) a methodology for measuring and verifying the specified benefit(s), it is possible to “monetize these co-benefits” through attracting impact investors or governments willing to pay for the achievement of the specified impacts.

10. Such an approach to “monetizing the co-benefits of more efficient, cleaner cooking” is being developed in a project in Laos, where use of advanced biomass cooking devices was demonstrated to reduce exposure to harmful pollutants by 40 percent, and on that basis, impact investors are considering purchasing verified A-DALYs associated with the advanced cooking devices intervention. Work is underway to explore a similar approach for a range of possible “gender benefits”, as well as short-live climate pollutant (black carbon) mitigation benefits.

11. Piloting approaches to monetizing the co-benefits of more efficient, cleaner cooking in the target beneficiary communities offers the potential to attract enterprises which otherwise may not serve these communities, and to attract additional resources to develop the supply chain and expand access to more efficient, cleaner cooking options, while also providing a solid monitoring and verification framework with which to measure performance and guide adjustments.

12. As a possible starting point, there is good potential to further develop and pilot a monetizing co-benefits approach – considering gender, health and environmental benefits – in Uganda, where an existing World Bank-supported engagement – the Clean Cooking Supply Chain Expansion project – is underway. New work under DRDIP could involve: (i) stove testing and trials in the target communities, building on testing and trialing work already undertaken in the Clean Cooking Supply Chain Expansion project; and (ii) design of an intervention with a strong focus on gender-informed design and gender benefits, exploring and if feasible including a results based approach for gender and health impacts. This would be done in consultation with other stakeholders and with the support of the Bank-Executed AFREA Gender and Energy program where funding can support local and international gender experts and relevant studies, such as baseline impact assessments or field consultations. Additional discussions with the government, development partners, civil society and various stakeholders will need to take place to further elaborate on this approach. If successful, the pilot could be scaled up and replicated in other countries cover under this project.

13. Alternatives to cook stoves are not easily identified. The Project may support investigations into the promotion of bio-gas, which could, for larger cooking needs, be feasible. Uptake in the use of bio-gas systems would support livelihood development, potentially assist in improving sanitation and reduce overall demand for firewood.

14. Host communities are often disadvantaged in the provision of school and health services, where intervention in the form of aid from international and national agencies paradoxically results in services for refugees being better than that of the original population. Modern solar home systems (SHS) can increasingly provide good services. It is known from various off-grid interventions in Africa that teachers and health personnel when given a choice will avoid un-electrified areas. SHS at clinics and schools and in particular at staff housing can be an important tool for retaining and recruiting staff for health and teaching facilities. SHS also allows schools to operate after sunset and clinics to safely store vaccines and heat sensitive medicine.

15. Modern smaller solar lanterns propagated by the World Bank/IFC Lighting Africa program and SHS can play an important role in supporting development of small retail and service outlets, thus again supporting component 3. They also allow people to charge phones, which again can be a driver of local economic development and SHS and solar lanterns simultaneously provide an important improvement in quality of life at home. Street lighting is an important public good, which the Project will seek to foster in an integrated manner together with other electricity interventions.
16. Access to potable water is critical and a priority will be the use of solar PV for direct solar pumping applications. This technology negates the need for batteries thus reducing cost and improving reliability.
17. The need for services through use of electricity can also be met by grid connections and the establishment of mini-grids. Combined sizes of host communities and refugee camps potentially provide economy of scale to justify grid connections and/or establish mini-grids. In Djibouti the Project has identified that new national main grid lines are being constructed in proximity to two areas of intervention and therefore the most cost-effective way for provision of electricity for these areas is likely to be to extend the grid.
18. Higher capacity provision of electricity allows for a number of productive uses of electricity to be introduced. Examples are milling of grains, wood work, welding and food processing.
19. A very important livelihood opportunity and a critical success factor will be the establishment of appropriate maintenance and operation procedures. Through training, small grants and targeted support it will be necessary to establish the capability to repair and maintain modern cook stoves, bio-gas installations, SHS and internal household wiring.

Annex 10: Map of interventions areas

Development Response to Displacement Impacts Project in the Horn of Africa

