

BOARD APPROVAL
Lapse-of-time Procedure

21 July 2017

FOR INFORMATION

MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary General

SUBJECT : MULTINATIONAL - SAY NO TO FAMINE - SHORT-TERM REGIONAL EMERGENCY RESPONSE PROJECT IN SOMALIA AND SOUTH SUDAN (STRERP)*

TSF GRANT OF UA 10 MILLION TO THE FEDERAL REPUBLIC OF SOMALIA
ADF GRANT OF UA 15 MILLION TO THE FEDERAL REPUBLIC OF SOMALIA
TSF GRANT OF UA 16.5 MILLION TO THE REPUBLIC OF SOUTH SUDAN
ADF GRANT OF UA 15 MILLION TO THE REPUBLIC OF SOUTH SUDAN

The Appraisal Report of the **Grant proposals** and the draft **Resolutions** related to the above-mentioned project were submitted for **your consideration on a Lapse-of-time basis**, on July 11, 2017.

Since no objection was received by 5:00 pm, on July 21, 2017, the said **proposals** are considered as **approved** and the Resolutions **adopted**.

Attach:

Cc: The President

* Questions on this document should be referred to:

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AFRICAN DEVELOPMENT BANK GROUP



MULTINATIONAL

SOMALIA AND SOUTH SUDAN

SAY NO TO FAMINE

SHORT-TERM REGIONAL EMERGENCY RESPONSE PROJECT (STRERP)

APPRAISAL REPORT

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MULTINATIONAL

SAY NO TO FAMINE - SHORT-TERM REGIONAL EMERGENCY RESPONSE PROJECT IN SOMALIA AND SOUTH SUDAN

AHAI/RDGE/PGCL DEPARTMENTS

July 2017

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CURRENCY EQUIVALENTS

As of July 2017

UA 1 = USD 1.39139

UA 1 = EUR 1.21923

WEIGHTS AND MEASURES

1 metric tonne = 2204 pounds (lbs)

1 kilogram (kg) = 2.200 lbs

1 meter (m) = 3.28 feet (ft)

1 millimeter (mm) = 0.03937 inch (“)

1 kilometer (km) = 0.62 mile

1 hectare (ha) = 2.471 acres

CLIENT'S INFORMATION

BENEFICIARIES:	THE REPUBLIC OF SOUTH SUDAN, THE REPUBLIC OF SOMALIA
EXECUTING AGENCY:	THIRD PARTY – THE INTERGOVERNMENTAL AUTHORITY ON DEVELOPMENT (IGAD) SECRETARIAT

FINANCING PLAN

Source	Instrument	TSF (ADF-14)	Reg. Env. (ADF-14)	TSF (Rest.)	Total Bank fin.	Total Program Cost
Somalia	Grant	10.000	15.000		25.000	25.000
South Sudan	Grant	10.000	15.000	6.475	31.500	31.500
TOTAL COST		20.000	30.000	6.475	56.500	56.500

* TSF (Rest.): Transition Support Facility (Restructuring)

TIMEFRAME - MAIN MILESTONES (EXPECTED)

Project approval	July 2017
Effectiveness	July 2017
Completion Date	June 2018
Closing Date	September 2018

LIST OF ACRONYMS

ADB	African Development Bank
ADF	African Development Fund
AMISOM	African Union Mission to Somalia
AWD	Acute Watery Diarrhoea
CB	Country Brief
CTC	Cholera Treatment Centers
DRLSP	Drought Resilience and Sustainable Livelihoods Program
FAO	Food and Agriculture Organization of the United Nations
FGS	Federal Government of Somalia
FEWSNET	Famine Early Warning Systems Network
FSL	Food Security and Livelihoods
FSNAU	Food Security and Nutrition Analysis Unit
FWT	Food for Work and Training
HoA	Horn of Africa
HCT	Humanitarian Country Team
HH	Household
I-CSP	Interim Country Strategy Paper
IGAD	Intergovernmental Authority on Development
IOM	International Organization for Migration
IPC	Integrated Food Security Phase Classification
LCS	Least Cost Selection
LoA	Letter of Agreement
NGO	Non-governmental Organization
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
PLW	Pregnant and Lactating Women
QCBS	Quality and Cost Based Selection
RMC	Regional Member Countries
SRF	Special Relief Fund
STRERP	Short-Term Regional Emergency Response Project
TSF	Transition Support Facility
UN	United Nations
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development
WFP	World Food Program

PROJECT SUMMARY

Paragraph	Topics covered
<p>Project Overview</p>	<p><u>Project name:</u> SHORT-TERM REGIONAL EMERGENCY RESPONSE PROJECT (STRERP)</p> <p><u>Expected Outputs:</u> Component 1: Nutrition and Health Support <u>Outputs</u></p> <ul style="list-style-type: none"> • Food assistance • Water supply • Fodder supply • Medical aid <p>Component: 2 Building Blocks for Recovery and Resilience <u>Outputs</u></p> <ul style="list-style-type: none"> • Food for Community Assets (Training and Rehabilitation of community assets) • Capacity building of State Institutions <p><u>Implementation timeframe:</u> 12 months</p> <p><u>Project cost:</u> UA 56.475 million</p> <p><u>Direct beneficiaries:</u> Somalia- 804,000 South Sudan- 300,000 Target beneficiaries: Pastoralists and agro-pastoralist households; 50% male; 50% female; Women, children, elderly and disabled will be prioritized</p> <p><u>Project Components:</u> Component: 1 Nutrition and Health Support Component: 2 Building Blocks for Recovery and Resilience</p>
<p>Needs Assessment</p>	<p>The project’s direct food, water, fodder and medical assistance will provide relief to meet the immediate hunger and malnutrition needs faced by affected communities. It will also provide food for more able-bodied members of beneficiary households to engage in restoration and creation of community assets that will assist the targeted communities enhance livelihoods, build resilience against future shocks.</p> <p>Various training programs will empower the vulnerable households and communities to increase knowledge on health, hygiene/WASH and nutrition, food security and livelihoods, entrepreneurship and marketing skills to contribute to building the participating households resilience to future shocks. It will also strengthen local markets and cross-border food provision transactions through extending local purchasing power (food vouchers) and sanitation at market places. These activities will deter involuntary resettlements across borders as communities are able to sustain their livelihoods within their habitat and prepare land for the next planting season, which will further trigger the local economy and drought resilience.</p> <p>Furthermore, STRERP will strengthen the capacity of relevant ministries (for example, in Somalia, the Ministry of Humanitarian Assistance and Disaster Management, in South Sudan, the Ministry of Food and Agriculture), regional institutions- the Intergovernmental Authority on Development (IGAD) and local organizations to take on increasing responsibility for disaster management and delivery of humanitarian assistance. As government and local organizations are actively involved in the project implementation, they strengthen their good governance through the learning processes (‘learning by doing’ and ‘training of trainers’) whilst incorporating best practice service delivery for their citizens. As a result, there will be a reduced need for engagement by external actors as communities will be better placed to help themselves (‘fostering country systems’). Community participation in project planning and implementation will be a key step to strengthen local leadership for drought preventative measures and emergency response mechanisms.</p>

<p>Bank's Added Value</p>	<p>The STRERP is aligned to the Bank's Long Term Strategy for 2013-2022, Feed Africa Strategy, Regional Integration Strategy Paper for East Africa (High 5 Integrate Africa) and contributes to the High 5 Improve the Quality of Lives of Africans, as it will support immediate action to increase food security, boost household incomes, promote regional trade in food products and kick start community recovery, ultimately contributing to inclusive growth and resilience in South Sudan and Somalia. In addition to meeting the daily nutritional needs of vulnerable members of the population, the project will facilitate resilience-oriented activities, by meeting communities' nutritional needs and creating opportunities for affected communities to re-engage in agricultural production (boosting local employment in alignment with the Jobs for Youth in Africa Strategy), stimulating local private sector (through increased purchasing power) and reducing drought and hardship-induced cross-border migration in search of scarce food, water and pasture. The project also strategically aligns with the Bank's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019) through its activities to strengthen relevant government institutions' capacity to effectively plan, coordinate and implement disaster risk management and humanitarian responses. By placing women at the center of project planning and implementation, in line with the Gender Strategy (2014-2018), STRERP will give equal opportunity to women to participate in decision-making processes and rebuilding of communities.</p>
<p>Knowledge Management</p>	<p>The project will strengthen national institutions in Somalia and South Sudan. Specifically, the project will develop good practices and generate knowledge in: (i) promoting food security (ii) disaster risk management; (iii) long-term resilience building; and (iv) monitoring and evaluation.</p>
<p>Building Resilience</p>	<p>By responding to humanitarian emergency caused by both drought and conflict in Somalia and South Sudan, the project seeks to address major drivers of fragility within the region. The emergency crisis has been caused by a combination of two factors: first, environmental disasters due to the aridity of the regions, land degradation and climate hazards, and coupled with high incidence of poverty and limited economic opportunities have created food insecurity and displacement. Second, the effects of the environmental disaster have been exacerbated by localised conflicts between communities or ethnic groups over political/economic exclusion or over competition for resources. The capacity building component of this project will integrate the fragility dimension of the region as a step towards building long-term resilience.</p>

RESULTS MANAGEMENT FRAMEWORK

COUNTRY AND NAME OF PROJECT: SOMALIA AND SOUTH SUDAN; SHORT-TERM REGIONAL EMERGENCY RESPONSE PROJECT (STRERP)

OVERALL OBJECTIVE: To reduce food insecurity, hunger and malnutrition as well as associated diseases during drought and emerging famine and promote long-term resilience and regional integration in the Horn of Africa region.

SPECIFIC OBJECTIVE: To provide emergency food assistance and medical aid to the most vulnerable populations in South Sudan and Somalia, as well as put in place the preliminary building blocks to strengthen links between the production, distribution and consumption hubs of the food systems in the affected regions, leading to increased system-wide efficiency and longer-term resilience.

RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISK/MITIGATION MEASURES
		Indicator	Baseline	Target		
IMPACT	Improved food security, reduced prevalence of malnutrition and improved health conditions for affected communities and livestock.	<ul style="list-style-type: none"> • Total number of individuals that are food secured. • Number of water-related health cases treated. • Number of community assets rehabilitated 	Somalia: 6.7 million 45,400 cholera cases 0 assets South Sudan: 5.5 million 8,160 cholera cases 0 assets	Somalia: 804,000 TBD cases in 5 hotspot districts South Sudan: 300,000	<ul style="list-style-type: none"> • Drought monitoring, UN agencies and international NGOs reports. • End of Project Evaluation Report 	
	<p>Outcome 1: Minimum food, water and medical requirements for the conflict-affected populations, as well as feed for pastoralist households (HHs), are met in the conflict-affected regions and refugee camps.</p> <p>Outcome 2: Increased resilience for self-sustenance for the most food insecurity communities,</p>	Number of people in the drought affected communities benefiting from Bank support. Proportion of HHs that are able to independently	Somalia: 6.7 million 45,400 cholera cases South Sudan: 5.5 million 8,160 cholera cases Somalia: 0	Somalia: 804,000 TBD cases in 5 hotspot districts Fodder for 54,000 pastoralists South Sudan: 300,000 Somalia: 32,000 beneficiaries		<p>Risk: Drought continues for longer than expected and if the April-June rainy season becomes erratic and worse than expected, thus more and more households are at risk of starvation etc.</p> <p>Mitigation: Bank President joins high-level call for increasing donor and humanitarian support. Resilience components will help communities ease the effects of future drought.</p>

RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISK/MITIGATION MEASURES
		Indicator	Baseline	Target		
	through restoration of community assets.	meet their basic needs	South Sudan: 0	South Sudan: 21,000		<p>Risk: Access to relevant households due to inadequate infrastructure and high insecurity (i.e. Al Shabaab blocking supply routes in Somalia or conflict areas in South Sudan).</p> <p>Mitigation: Implementation agencies with a strong network of local actors will be entrusted with the responsibility for on-the ground project implementation support and monitoring, in each country.</p> <p>Risk: Foodstuff not readily available</p> <p>Mitigation: FGS declaration of drought as an emergency makes it possible to source foodstuff within the region duty free.</p> <p>Risk: Increased conflict and corruption among communities due to inequitable food distribution.</p> <p>Mitigation: The use of vouchers will give beneficiaries the flexibility and ownership in choices of commodities to purchase including locally accepted food types, choice of shops to purchase from, and choice on time to visit.</p>
OUTPUTS	<p>Component 1: Nutrition and Health Support</p> <p>1.1 Food assistance 1.2 Water supply 1.3 Fodder supply 1.4 Medical aid</p>	Quantity of purchases/supplied by type.	0	<p>Somalia:</p> <p>Food vouchers: 44,000 HHs Safe water provision for human and animal consumption: 347 villages AWD/ Cholera response: 5 districts Fodder voucher: 9000 HHs</p> <p>South Sudan:</p> <p>Food vouchers: 50,000 HHs Water distribution: 115,000 HHs</p>		
	<p>Component: 2 Building Blocks for Recovery and Resilience</p> <p>2.1 Food for Community Assets (Training and Rehabilitation of community assets)</p>	Number of food vouchers distributed for community assets rehabilitation.	0	<p>Somalia: 4% of total food vouchers distributed South Sudan: 7% of total food vouchers distributed</p>		
		Number of training sessions conducted	0	4 trainings (one each quarter)		

RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISK/MITIGATION MEASURES
		Indicator	Baseline	Target		
	2.2 Capacity building of State Institutions	(disaggregated by topic and gender)				
		Number of government staff trained in disaster management and humanitarian assistance.	0	50 (in each country; 50% women)		
		Trade facilitation needs assessment conducted	0	1 assessment conducted in each country		
KEY ACTIVITIES	Component 1: Nutrition and Health Support Component 2.: Building Blocks for Recovery and Resilience Component 3: Project Management and Contingency				Inputs: Component 1: UAC 41.88 million Component 2: UAC 4.68 million Component 3: UAC 7.23 million	

I. INTRODUCTION AND RATIONALE

1.1 Background on the Current Situation

1.1.1 The magnitude and severity of the drought in the Horn of Africa (HoA) region has reached unprecedented levels in 2017. It is the driest year on record over the past 60 years. Households in this region, particularly those dependent on agriculture and livestock for their food and income, have been the hardest hit. The drought, brought on by consecutive years of little to no rains, land degradation and climate change, including the El Niño-induced drought in 2015/16, has resulted in almost no opportunity for communities to recover before being hit by a new wave of climate-related crisis. As a result, communities across the HoA region are faced with the domino-effect and negative impact of food insecurity, disease, displacements, migration and conflicts related to pressure on scarce natural resources.

1.1.2 Across the region food insecurity has worsened in varying degrees over the course of 2017. Areas of immediate concern cover much of Somalia and South Sudan where reported casualties are highest. Other areas such as north-eastern and coastal Kenya, northern Uganda, and the south-east and Afar regions of Ethiopia, have also been affected. Food scarcity has doubled in parts of Kenya and in most of Somalia, and increased by 25 percent in food insecure districts of Ethiopia¹. South Sudan declared famine in the north-central Unity State, although this has been downgraded to emergency level in mid-June, following sustained multisector humanitarian assistance. In addition, the affected populations are predominantly pastoralist. Their livestock are also adversely affected by the crisis be it drought or conflict. FAO estimates that about USD 39.6 million would be required to reach 363,000 pastoralist households across the region, owning 7.1 million livestock. Overall, the Gu/Genna/long² rains in the HoA region have been below average for much of the season, limiting improvements in agriculture, pastoral and agro-pastoral conditions following the 2016 drought.

1.1.3 As at 6 June 2017, 6.7 million people in Somalia are severely food and nutrition insecure, requiring urgent humanitarian assistance. Of these, 3.2 million are in emergency and crisis situations (IPC³ Phase 4 and 3 respectively), while 3.5 million are in Phase 2 stressed levels of food insecurity. Populations in the rural areas account for two-thirds of those in IPC Phases 3 and 4. The situation is expected to deteriorate at least until July, due to poor rains, while overall humanitarian needs are likely to persist until the end of the year. It is estimated that one in two people are in need of humanitarian assistance in Somalia, while one in four people face the risk of hunger and famine. About 900,000 children are acutely malnourished. This can increase to as high as 1.4 million, if nothing is done⁴. More than 1.5 million women of child-bearing age are in need urgent basic nutrition and health care. Of these, 130,000 are pregnant. There has been 9,813 reported cases of measles and 45,400 reported cases (three times more than in 2016 and ten times more than in 2015) of Acute Watery Diarrhoea (AWD) and Cholera, with 738 deaths⁵. Livestock are also facing the harsh impacts of the drought; severe pasture and water deficits have led to poor livestock health, milk output and low market value. For pastoralists, whose main source of livelihood is income from livestock, their purchasing power to meet household needs has significantly dropped.

1.1.4 South Sudan is faced with the greatest number of people ever to experience severe food insecurity (IPC Phases 3, 4 and 5). As of May 2017, an estimated 5.5 million people are facing extreme levels of acute food insecurity. Due to the ongoing conflict, deteriorating economic conditions and

¹ FAO. 2017. *Horn of Africa Cross-Border Drought Action Plan 2017*. Required response to safeguard livestock-based livelihoods in cross-border areas of Ethiopia, Kenya, Somalia, South Sudan and Uganda. March – June 2017

² April-June rainy season

³ Integrated Food Security Phase Classification: Phase 1: Minimal; Phase 2: Stressed; Phase 3: Crisis; Phase 4: Emergency; Phase 5: Famine / Humanitarian Catastrophe

⁴ OCHA. May 2017. *Somalia: Revised 2017 Humanitarian Response Plan*

⁵ OCHA 6 June 2017. *Somalia Drought Response Situation Report No. 11*

persistent dry spell, the severity and spread of the food crisis is expected to impact up to 6 million people (50 percent of the population) between June and July 2017. In general, there are 7.5 million people in need of humanitarian assistance. Four out of ten people are severely food insecure. According to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), there are more needs now, in more locations, than has ever been the case. 840,000 children under 5 are acutely malnourished and another 270,000 severely malnourished. Since January 2017 there have been 8,160 reported cases of cholera. With high rates of displacement due to the ongoing conflict, the planting season has been disrupted in many parts of South Sudan⁶. Coupled with this, is the exponentially high cost of living, up by 835.7 percent, between October 2015 and October 2016⁷. Despite the conflict, refugees from neighboring countries seek refuge within South Sudan borders. As of May 2017, there are 272,935 refugees, consisting of 65,781 households spread in 21 different locations across South Sudan⁸. The crisis in South Sudan has also caused a significant refugee situation in Uganda where more than 1.2 million refugees are now being hosted.

1.1.5 The drought has also had an impact on regional dynamics, as internal displacement and transboundary migration is at an all-time high. In Somalia, more than 714,000 people have been displaced due to drought since November 2016, including 8,000 and 3,000 new arrivals in major urban areas- Mogadishu and Baidoa, respectively. Another 7,000 people crossed into neighbouring Ethiopia and Kenya in May 2017, according to the United Nations High Commissioner for Refugees (UNHCR)⁹. An estimated 85 percent of livestock are on the move in the region according to the recent Food and Agriculture Organization of the United Nations (FAO). The Intergovernmental Authority on Development (IGAD) also estimates that about 380,000 pastoral and agro-pastoral households are extremely vulnerable in cross-border areas¹⁰. South Sudan, already experiencing the largest refugee crisis in Africa due to armed conflict, now has 2 million internally displaced individuals and an additional 1.3 million seeking refuge in other countries¹¹ (See Annex 1). The current trend of migration in the region is considered abnormal in terms of timing and destination, and has had significant impacts on eco-systems and livelihoods along and across national borders. Displacement numbers continue to rise as more people leave their homes in search of food.

1.2 Rationale for Bank's Involvement and Strategic Alignment

1.2.1. As part of its mandate, the Bank has an obligation to support its Regional Member Countries (RMCs) in dire situations such as this prolonged drought and emerging famine. The humanitarian assistance needs in affected countries are immense, and no one organization can adequately respond to the needs. The cost to reach 5.5 million affected Somalians in 2017 alone, is estimated at USD 1.5 billion (See Annex 2). In South Sudan, USD 1.6 billion is required to provide life-saving assistance and protection across the country (See Annex 3). Based on current trends, the likelihood of famine is expected to increase in the second half of 2017 if the April-to-June rains continue to be below average¹². The Bank's intervention will be crucial to ensure much needed food assistance is available to vulnerable populations.

1.2.2. The Short-Term Regional Emergency Response Project (STRERP) is the first step towards implementing the Bank's recently approved Say No to Famine Framework (SNTF). The framework sets out short, medium and long term interventions needed to help affected RMCs tackle the drought and build long-term resilience. The short-term interventions prioritized by the Framework, identifies the need to immediately address humanitarian needs in South Sudan and Somalia. This is expected to focus on

⁶ Cultivation is hampered in Greater Equatoria, Jonglei, Western Bahr el Ghazal, Unity, and Upper Nile States

⁷ OCHA. May 2017. *Sudan: Revised 2017 Humanitarian Response Plan*

⁸ UNHCR South Sudan Factsheet. May 2017

⁹ World Vision. 14 June 2017. *Somalia Hunger Crisis Response Situation Report No. 9*

¹⁰ FAO. 2017. *Horn of Africa Cross-Border Drought Action Plan 2017*. Required response to safeguard livestock-based livelihoods in cross-border areas of Ethiopia, Kenya, Somalia, South Sudan and Uganda. March – June 2017

¹¹ World Vision. 14 June 2017. *South Sudan Hunger Crisis Response Situation Report No. 6*

¹² USAID Horn of Africa- Complex Emergency Fact Sheet #1, February 3, 2017.

providing equitable and safe access to food, though food assistance and support to facilitate trade in food products from food surplus to food deficit areas, in order to help alleviate humanitarian food crisis and build resilience.

1.2.3. In line with the Bank’s Long Term Strategy for 2013-2022 and Feed Africa Strategy, the project will support immediate action to increase food security, boost household incomes and kick start community recovery, ultimately contributing to inclusive growth and resilience in South Sudan and Somalia. In addition to meeting the daily nutritional needs of vulnerable members of the population, the project will include resilience-oriented activities, which create opportunities for affected communities to re-engage in agricultural production, rehabilitate local water and agricultural infrastructure, stimulate local private sector and reduce cross-border migration. The project contributes to the Bank’s High 5 priorities to Feed Africa and Improve the quality of life of the people of Africa. The project also strategically aligns with the Bank’s Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019) through its activities to strengthen relevant government institutions’ capacity to effectively plan, coordinate and implement disaster risk management and humanitarian responses. By placing women at the center of project planning and implementation, in line with the Gender Strategy (2014-2018), STRERP will give equal opportunity to women to participate in decision-making processes and rebuilding of communities.

1.2.4. Given the transboundary nature of the crisis, the project prioritizes simultaneous responses in hardest hit locations in the region, to quell the spread of deteriorating health and nutrition conditions and rising displacements across the region and support the revitalization of livestock devastated by the drought by providing fodder, water and health care. The project activities will foster regional economic integration and cooperation, in line with the objectives of the Bank’s 2014-2023 Regional Integration Policy and Strategy. It will promote regional trade as local businessmen purchase food from cross-border regions where there is surplus for delivery and sale in deficit areas, essentially linking regional markets. In South Sudan, food is bought from Uganda in the south and Sudan in the north, while in Somalia, maize and sorghum from eastern Ethiopia is traded at border towns (See Annex 4 for food trade flows and supply routes from neighbouring countries). Given the high level of informality of the trade in the HoA, and considering that in times of crisis, it is vital to move food from surplus to deficit areas quickly, this project will benefit from the proposed Somalia Customs Modernization Project (when approved) and South Sudan Regional Development Finance Institutions Country Membership Programme¹³. Furthermore, the Bank’s capacity building support to key ministries, will strengthen government’s ability to engage and contribute to regional coordination activities for long-term drought resilience building, under the Drought Resilience and Sustainable Livelihoods Program (DRSLP). As well, the project will roll out targeted national-level interventions that complement ongoing regional resilience building, monitoring and coordination activities being implemented under DRSLP.

1.2.5. The project is aligned with the South Sudan’s extended Interim Country Strategy Paper (I-CSP 2012-2016, extended to 2018). According to the I-CSP, higher than normal food insecurity has continued to persist in conflict-affected states where displacements, inability to plant crops, and the destruction of livelihoods have been very severe thereby making it impossible for affected communities to be self-dependent for their livelihoods. Furthermore, malnutrition is also a big challenge as it is still the single biggest contributor to child mortality in South Sudan. The prevalence of severely undernourished children (under five years) is estimated at 122 per 1,000 children. An estimated 1.1 million children are suffering from malnutrition and another 290,000 children are severely acutely malnourished. Linked to poor nutrition and diet, South Sudan is experiencing the longest, most widespread and most deadly cholera outbreak since its independence. Some 8,160 cholera cases, including 248 deaths have been reported as of

¹³ Financing South Sudan’s membership subscription in African Trade Insurance Agency (ATI) and Trade and Development Bank Group (TDB Group, formerly PTA Bank), which enables South Sudan implement regional trade and finance infrastructure projects.

7 June 2017. Improved nutrition and access to clean water is urgently needed to prevent the outbreak from worsening during the rainy season¹⁴, without which any positive impact from food assistance could be jeopardized. This project will address the country's critical need of curbing food insecurity and malnutrition, in line with the Say No To Famine Framework interventions in the short-term (to prevent famine and starvation, and address nutrition). The Project is also closely aligned with the South Sudan Development Plan (SSDP 2011-2013, extended to 2016). By promoting food security and availability, the project will contribute to the stability, reconstruction, growth and development objectives of the SSDP.

1.2.6. Through interventions in Somalia to improve livelihoods, food availability and rehabilitation of productive assets, the project will promote social cohesion and inclusive growth. The project is strongly aligned with the strategic orientations of the Somalia Country Brief 2017-19 (under finalization) endorsed by CODE in March 2017, as it will address the emergency humanitarian needs and pave the way to building longer term resilience in Somalia. The presentation of the new Country Brief (CB) to the Board has been delayed due to the delay in the Somali Presidential elections, which only took place in February, and the need to discuss the Bank's strategy with the new Administration, which only happened in June. According to the new Somalia CB drought continues to remain a persistent threat in certain regions of the country, yet long-term efforts to address the situation are being hindered by continued insecurity and a lack of access to many recovered areas. Furthermore, lack of access to clean and safe water has exacerbated the incidences of water-borne diseases, especially cholera which is endemic in Somalia, and contributed to a high under-five child mortality rate of 133/1,000 live births. The cholera outbreak across Somalia is linked to the rising rates of malnutrition. An estimated 1.4 million children are suffering from malnourishment, with 275,000 severely malnourished¹⁵. This response will therefore address the rising levels of food insecurity and mitigate the potential for large scale loss of life.

1.2.7. While this project will focus on meeting immediate food, nutrition and health needs of affected communities, it will also lay the ground work for implementation of medium and long term interventions that will build sustainable and resilient food systems. This project is well aligned to future Bank projects (See Annex 5) that will deliver longer term development impacts, create economically viable food markets and enable populations have access to nutritious food products.

1.2.8. The project is therefore an urgent intervention to address drought and food security, critical humanitarian and development challenges. Considering this urgency and fast track processes approved by the Board for the "Say No To Famine" initiative, this project is being presented for board approval ahead of the programming document for Somalia and the approval for the African Development Fund 14 (ADF-14 eligibility for Transition Support Facility (TSF) resources. This project document will therefore be making a case for exceptional access to TSF resources and Regional window resources for both Somalia and South Sudan.

1.3 Lessons Learned from Similar Bank Interventions

1.3.1. The Bank has successfully deployed resources in emergency situations, during the 2008 Africa Food Crisis Response, 2011 Drought in the Horn of Africa Intervention and the 2014 response to the Ebola Outbreak. It has also responded to flood and drought crises across the continent through the Special Relief Fund. The Bank recently approved¹⁶ USD 1 million each for emergency humanitarian assistance to populations affected by the famine and drought in South Sudan and Somalia, respectively.

¹⁴ South Sudan Humanitarian Country Team Key Messages and Status Update, 22 June 2017

¹⁵ UN News Service. Published 4 July 2017. Rising cholera, diarrhoea and malnutrition 'deadly' for children in Yemen, South Sudan, Somalia and Sudan, warns UNICEF. Accessed at: <http://reliefweb.int/report/yemen/rising-cholera-diarrhoea-and-malnutrition-deadly-children-yemen-south-sudan-somalia-and> on 7 July 2017

¹⁶ Yet to be disbursed.

1.3.2. Some of the pertinent lessons for the design and implementation of the proposed current response include the following:

- i. Humanitarian disasters require rapid mobilization of human and financial resources. STRERP has identified various options- the Transitional Support Facility, restructured projects and the Regional Envelope, to raise funding over and above the affected RMCs' ADF allocations.
- ii. As learned from the Bank's 2014 response to the Ebola crisis, a regional approach can help fast-track recovery and curb the spread of a disaster, by addressing the root causes of a crisis in different countries at the same time. In similar vein, this project will implement complementary response actions at the national-level in South Sudan and Somalia, to alleviate the impact of the drought on transboundary resources and address the regional crisis.
- iii. Multi-partner engagement and coordination is key for an effective, efficient and comprehensive large-scale emergency response. The project will coordinate with other donors working in the food security and livelihoods (FSL) cluster in both countries. In Somalia, the project could potentially leverage an additional USD 10 million, under a match-to-match arrangement for the supply of agricultural inputs and nutrition training from an ongoing European Union (EU) and SIDA program.
- iv. For long-term sustainability, a gender-sensitive approach must be at the core of the Bank's response in humanitarian situations. This project particularly recognizes that gender inequalities are deepened by the drought. In South Sudan for example, 1 out of 4 pregnant and lactating women (PLW) are malnourished. In Somalia, 3200 gender based violence cases have been reported between September 2016 and March 2017 in the drought-affected regions¹⁷. The project primarily focuses on vulnerable groups of the population. It will promote gender equality and ensure women have access to resources and are involved in decision making processes.
- v. Building community resilience is vital in containing the crisis and ensuring that there is long-term recovery. Although STRERP is a short-term emergency response project, it will incorporate elements that serve as building blocks for medium to long-term resilience and development outcomes. The project will involve local formal and informal community leaders in decision making, knowledge transfer and ownership of project activities. The project will also build the capacity of relevant ministries within the government to put in place sustainable food systems, early warning systems and systemic resilience to offset climate related disasters in the future.

1.4 Donor Coordination

1.4.1. With the immense humanitarian needs, about 162 and 282 UN agencies and NGOs are operating in South Sudan and Somalia respectively¹⁸. Donors working in South Sudan coordinate their activities through the Humanitarian Country Team (HCT) and its associated Humanitarian Response Plan, which sets out the most pressing needs and estimated number of people requiring assistance. The food security and livelihood (FSL) cluster within the HCT prioritizes IPC phase 3, 4, and 5 populations. It is estimated that at least USD 785 million is needed for specific FSL cluster interventions to provide life-saving access to food and emergency livelihoods coping mechanisms for the most vulnerable, at approximately USD 153 per beneficiary.

1.4.2. The Bank takes an active part in these groups, and is closely working with other donors. During implementation, the project will complements other institutions' interventions to fill some of the humanitarian gaps. Based on consultation with development partners in both countries, the project has preliminarily identified areas where there is a gap (see Section 2.2: Project Target Area). The project will

¹⁷ OCHA. May 2017. *Sudan: Revised 2017 Humanitarian Response Plan*

¹⁸ South Sudan: https://www.humanitarianresponse.info/system/files/documents/files/ss_20170614_3wop_county_level_apr_2017.pdf Somalia: https://www.humanitarianresponse.info/system/files/documents/files/170613_3w_operational_presence_somalia_may.pdf

also closely coordinate with a recently approved World Bank South Sudan Emergency Food and Nutrition Security Project, which is implementing a cash program for urban poor in Bor town.

1.4.3. The project's implementation will ensure strong coordination with existing programs. It will promote the involvement of line ministries and local district governing authorities. The chosen implementation partner on the ground will adhere to guidelines set by the UN/NGOs FSL cluster and the Inter-Agency Standing Committee on Agriculture and Livelihoods. The on-going DRSLP has medium and long-term measures put in place to build resilience and improve the livelihoods of the people. The new activities will be designed in such a way that synergy is created, duplication is avoided and maximum benefits derived from the two interventions. The project's progress will be shared with the cluster members and all relevant data shared with the food security cluster secretariat and UN OCHA for widespread sharing and dissemination. The project will ensure that beneficiary feedback systems are used to complement traditional accountability mechanisms.

II. PROJECT DESCRIPTION

2.1 Development Objectives

2.1.1 The overall development objective is to reduce food insecurity, hunger and malnutrition during times of crisis and promote long-term resilience and regional integration in the Horn of Africa region, as elaborated in the "Say No to Famine" framework document approved by the Board in May 2017.

2.1.2 The specific objective of STRERP is to provide emergency food assistance and medical supplies to the most vulnerable populations in the Horn of Africa region, (particularly in South Sudan and Somalia), as well as put in place the preliminary building blocks to strengthen links between the production, distribution and consumption hubs of the food systems in the affected regions, leading to increased system-wide efficiency and longer-term resilience.

2.1.3 The project seeks first to respond to the humanitarian emergency and food insecurity, and secondly, to mitigate communities against future shocks by enabling communities to start to build resilience against near term possible shocks. The vulnerable communities will have their immediate food, water, fodder and medical deficit met and the thrust is to create self-reliance and resilience to future shocks through extensive community consultation identification and management of their own activities while receiving food as compensation.

2.1.4 By responding to humanitarian emergency caused by both drought and conflict in Somalia and South Sudan, the project seeks to address major drivers of fragility within the region. The emergency crisis was caused by a combination of two factors: first, environmental disasters due to the aridity of the regions, land degradation and climate hazards, and coupled with high incidence of poverty and limited economic opportunities have created food insecurity and displacement. Secondly, the effects of the environmental disaster have been exacerbated by localised conflicts between communities or ethnic groups over political/economic crisis over common or scarce resources. The capacity building component of this project will integrate the fragility dimension of the region as a step towards building long-term resilience.

2.2 Target Area and Population

2.2.1 In Somalia, the Project will target about 800,000 people facing Crisis (IPC Phase 3) and Emergency (IPC Phase 4) in twelve sub-divisions¹⁹ across four states- Somaliland, Puntland, South West State and Jubaland. In South West State (SWS), the regions of Bay and Bakool have a total of 218,000 people in IPC 4, 285,000 people in IPC 3 and 265,000 in IPC2. Bay and Bakool have the largest number of population in IPC 3 and 4 of any region in Somalia.

2.2.2 In South Sudan, STRERP will be implemented in four states, namely, Northern Bhar El Ghazal, Western Bhar el Ghazal, Warrap and Upper Nile states. The Project will provide 9,369 MT in food vouchers of assorted food commodities to 300,000 distinct beneficiaries. Water will be provided for human and livestock consumption. The project will be implemented to enhance access to food and livelihoods resources, to respond to shocks, protect and diversify livelihood. The target will be the most vulnerable people living in peri-urban areas. These are people who are in emergency, crisis and stressed levels of food insecurity according to the IPC report of May 2017.

2.2.3 Target beneficiaries will also include pastoralists and agro-pastoralist households (HHs) who are considered the “most vulnerable” by their community. The project will provide fodder for 9000 pastoralist households’ livestock support in Somalia. Both genders, 50% males and 50% females, will benefit from the project. However, women, children, elderly and the disabled will be prioritized. The selection criteria will be a combination of the following: most food insecure and vulnerable households whose livelihood assets have been depleted by the drought and conflict, HHs with malnourished children under 5, HHs with pregnant and lactating women, female-headed HHs, HHs supporting orphans or the elderly. The project will also provide food vouchers to able-bodied members of households, in exchange for their participation in activities which help rebuild the community.

2.3 Project Components

2.3.1 In areas of crisis, emergency and famine (IPC 3, 4 and 5), the project will provide emergency food assistance over a one year period. Through the following interventions in both South Sudan and Somalia, STRERP will sustainably improve food and feed security; livelihoods and build resilience through effective risk management, protection of productive assets and governance of natural resources for agro-pastoral and peri-urban communities.

2.3.2 Component 1: Nutrition and Health Support. This component will provide direct food assistance through the distribution of unconditional food vouchers to the most vulnerable households in hard hit areas (IPC 3 and 4), aimed at strengthening purchasing power to meet their household food gap. The voucher-based food and fodder distribution methodology to improve food and feed security, provides beneficiaries with paper vouchers which can be redeemed at designated local markets, where a variety of inputs will be available to them for purchase.

2.3.3 In Somalia, where water for livestock and human consumption and fodder for animal feed is a pressing need²⁰, the project will also provide water and fodder vouchers. It will also provide medical

¹⁹Awdal, Togdheer, Sanaag, Sool, Bari, Nugaal, Garowe, Mudug, Bakool, Bay, Gedo, Lower Shabelle

²⁰ OCHA. May 2017. Somalia: Revised 2017 Humanitarian Response Plan. Top 5 pressing needs in Somalia: Food security (USD 712mn); Nutrition (USD 275mn); Protection (USD 122mn); WASH (USD 111mn); Health (USD 106mn)

supplies to address AWD/cholera outbreak in targeted districts²¹. The project will also consider direct food trucking, in conditions where it is necessary. STRERP will implement the following activities in Somalia:

- i. Voucher-based food transfer program to meet the immediate food needs of approximately 44,000 most vulnerable HHs. Each semester, 22,701 HHs will be provided with 50 percent of the full food basket (see Annex 6 for Food Basket Composition) ²² 4 times a year (quarterly distribution). The basket consists of sorghum, yellow split peas, corn/maize/soya blend and cooking oil. Cost of the full basket is advised by the Somalia Cash and Voucher Worker Group guidelines released in April, 2017.
- ii. Access to safe water for 134,000 HHs in 347 villages. The project will provide water trucking to community water storage facilities in the most needed areas during the dry seasons, complemented by the distribution of jerry cans, water testing and hygiene promotion.
- iii. Fodder vouchers for 9000 pastoral HHs, to be distributed twice during the project period.
- iv. To prevent the impact from food distribution being jeopardized, the project will address the AWD/Cholera outbreak, by providing immediate deployment of diet supplements, equipments and drugs for Cholera Treatment Centers (CTCs), in five AWD hotspots which have the most severe cases (Burco, Burtinle, Garowe, Baidoa and Luuq).

2.3.4 In South Sudan²³, STRERP will target the most vulnerable community members who are needy but have no able-bodied person to participate in public works. Food vouchers for cereals, pulses, vegetable oil and salt will be provided to an estimated 300,000 beneficiaries in 50,000 HHs (25,000 HHs each semester). It will also aim to provide access to water for 115,000 HHs. Due to high price inflation and high logistic and operation costs²⁴, the number of beneficiaries in South Sudan will be relatively lower than those of Somalia. The project will ensure that Value for Money principles are applied in the distribution of food and water for target communities, to reach as many as possible.

2.3.5 Component 2: Building Blocks for Recovery and Resilience. This includes the following sub-components.

2.3.6 Sub-component 2.1 Food for Community Assets: The project will provide conditional food vouchers, and in specific cases, agricultural inputs and tools (equivalent to food vouchers) during the wet season to able-bodied community members in exchange for time spent on rehabilitating community assets and participation in health, nutrition and sanitation training. The project will build communities' capacity through various training programs that will empower the vulnerable households and communities to increase knowledge on health, hygiene/WASH and nutrition, food security and livelihoods, entrepreneurship, value addition and marketing skills to contribute to building the participating HHs resilience to future shocks. It will also strengthen markets by facilitating beneficiaries' ability to independently re-construct roads, water storage facilities and irrigation systems, markets and sanitation at market places. These activities will help deter drought-induced migration, as communities are able to rebuild water and agricultural infrastructure and prepare land for the next planting season, in effect, stimulating the local economy. The project will work closely with other donors providing agricultural inputs, rehabilitation activities and trainings to make sure that conditional assistance beneficiaries participate in community activities. This is to build synergy and avoid duplication.

²¹ The project adopts a holistic approach to address not just hunger, but also malnutrition, as guided by the SNTF Framework. Considering the interdependence between emergency food distribution efforts and control of the cholera outbreak, the project will support the use of dietary supplements and medicines to strengthen the nutrition conditions of beneficiaries.

²² Food basket guidelines and standard day rates are set by UN-FAO and the Inter-Agency Standing Committee on Agriculture & Livelihoods.

²³ OCHA. May 2017. *South Sudan: Revised 2017 Humanitarian Response Plan*. Top 5 pressing needs in South Sudan: Food Security (USD 689mn); Nutrition (USD 159mn); WASH (USD 142mn); Health (USD 123mn); Logistics (USD 94mn)

²⁴ OCHA. May 2017. *South Sudan: Revised 2017 Humanitarian Response Plan*. Only 40% of South Sudan is accessible. 60% of the country is inaccessible by road, particularly during the rainy season (June to December). Inflation is also a challenge: at a point, the annual Consumer Price Index (CPI) increased by 835.7 percent from October 2015 to October 2016, the highest year-on-year inflation rate in the world. Due to high logistic and transportation costs, the number of beneficiaries targeted is relatively less than in Somalia.

2.3.7 Activities proposed under this sub-component are all directly linked to reducing food insecurity through the voucher-for-work modality. HHs registered for conditional assistance will be required to participate in food for work and training (FWT) activities for at least 15 days per month, four hours per day. Work activities will be scheduled around seasonal agriculture activities to avoid disruption of normal HH livelihoods. Some of the activities participants will be encouraged to take up under the conditional FWT may include:

- i. Restoration of productive capacity of arable land (crop and vegetable gardening).
- ii. Rehabilitation and construction of community infrastructures (feeder roads to strengthen market access; compost pit for manure production and waste management, livestock water sources through excavation of new and de-silting existing water catchments and shallow wells, rangeland with check dams, gabions and stone lined pits to assist with water retention, etc.)
- iii. Environment and natural resource management and climate adaptation.
- iv. Skills development
- v. Training of women and pregnant mothers on nutrition and health/sanitary conditions.

2.3.8 All FWT activities will be based on cultural suitability of work for both males and females, contribution to rebuilding of key communal/livelihood assets, addressing serious environmental degradation concerns within the project area, and capacity building for the communities to support replication and sustainability. Activities will be specifically geared to benefit disadvantaged groups (e.g. women and youth) to enhance local inclusiveness. Through this approach the project will be able to help communities meet daily food needs while enhancing self-reliance and resilience against shocks.

2.3.9 Sub-component 2.2: Capacity Building of State Institutions: A key aspect of this project’s sustainability strategy is capacity building. Through dialogue with the beneficiary governments, STRERP will implement context and needs-based capacity building for relevant ministries at both the Federal and State level (in Somalia, the Ministry of Humanitarian Assistance and Disaster Management a; in South Sudan, the Ministry of Food and Agriculture). The project’s aim in working with the government and local organizations is to build their capacity to take on increasing responsibility for program planning, implementation, and monitoring towards disaster management and humanitarian assistance. It will also undertake an assessment of trade facilitation needs to ease trade in food products at border posts. As government and local organizations learn to better deliver services, there will be a reduced need for engagement by external actors, and communities will be better placed to help themselves. Community participation in project planning and implementation will be a key step to strengthen local leadership and mobilization skills.

2.3.10 Component 3: Project Management. This includes the administrative costs, monitoring and evaluation as well as audit costs related to the project.

2.4 Technical Solution Retained and Other Alternatives Explored

Intervention	Alternative Considered	Reason for Rejection	Selected Option
Nutrition and Health Support	Only direct import and distribution of food	Significantly high logistic and operational cost	Food vouchers Selected direct food distribution in hard to reach areas.
Building Blocks for Recovery and Resilience	Only food assistance	Create dependency on food aid, without building affected communities’ capacity to rebuild their lives beyond the project life.	Provision of food assistance (vouchers) to able-bodied beneficiaries, in exchange for time spent preparing farmland for next planting season, rehabilitation of roads, water infrastructure, and health and nutrition training.

2.5 Project Type

STRERP is a stand-alone regional emergency and technical assistance project, structured as a holistic, flexible, and swift disbursing short-term emergency intervention. This approach is most practical given the time-sensitive nature of the impact of the ongoing humanitarian crisis. A swift response from the Bank, through this project is paramount to saving millions of lives in the Horn of Africa region, as well as reducing the likelihood of conflict linked to competition for food and water.

2.6 Costs, Financing Arrangements

2.6.1 The total project cost, net of taxes and customs duties, is estimated at UA56.475 million, including, a provision of 5% of the base cost for contingencies. Considering the currently limited budgetary capacity of the two Governments and the nature of the operation, the Bank is financing 100% of the project costs²⁵ through grants from the Transition Support Facility (TSF) Pillar I window and the Regional Operations envelope (RO). However, both beneficiary countries will provide in-kind contribution in forms of office space and salaries of staff to be dedicated to the project. Tables 2.1, 2.2 and 2.3 below summarize the project cost estimates by components, expenditure categories and source of financing.

2.6.2 In line with the financing options in the “Say No To Famine” Framework document approved by the Board in May 2017, the financing plan includes the utilization of UA 10 million from the ADF-14 TSF unallocated reserves and UA 15 million from the ADF14 regional envelope for each of the 2 countries. In addition, as recommended in the South Sudan Interim Country Strategy Paper, the Government of South Sudan and the Bank have agreed to restructure of the South Sudan portfolio to free resources committed on projects that cannot be implemented due to the ongoing conflict in the country (Annex 15) in order to respond to the humanitarian crisis. Consequently, after review of the ongoing portfolio in South Sudan and in compliance with the Bank’s portfolio restructuring policy (ADF/BD/95/01/Rev.3 et ADF/BD/95/01/Rev.3/Corr.1) which allows RMCs to use 100% of resources cancelled through portfolio restructuring, the Bank and the Government of South Sudan have agreed to restructure the South Sudan portfolio by terminating the “Technical Assistance for the Development of the Transport Sector” and redeploying its currently uncommitted balance of UA 6,475,000.00 to finance the STRERP. An additional UA 1 million was expected from the restructuring of the TSF Pilar 3 financed Somalia Institutional Support to Financial Governance Project. However, this project has been prioritized by the new Federal Government of Somalia within the Somalia CB 2017-19, and is not included in the resources for STRERP. In addition, given the urgency of this operation to meet immediate humanitarian needs, both countries will also benefit from the Regional Operations envelope, although the prioritization process of regional operations which would be supported through the Regional Operations window in 2017 is still ongoing.

2.6.3 Considering the urgency and fast track processes approved by the Board for the “Say No To Famine” initiative, it is recommended that both countries are granted access to the TSF resources under the financing plan of the STRERP. The detailed assessment for both Somalia and South Sudan’s eligibility to access ADF 14 TSF Pillar 1 resources is provided in Annex 7. Moreover, though Somalia remains in arrears, Operational Guidelines for the Implementation of the Strategy for Addressing Fragility and Building Resilience in Africa and for the Transition Support Facility, the country can get a waiver to access the TSF

²⁵ Somalia is in debt distress and its external debt burden is unsustainable and continues to accumulate in arrears. The existence of arrears with the International Financial Institutions (IFIs) limits the scale of the financial assistance available to the country in the short-run as well as the full-fledged reengagement in Somalia. South Sudan is also in debt distress and the ongoing conflict has significantly affected economic activities and limited the fiscal space. In light of these conditions and considering the countries commitment to implement their overall development program and the countries budget situation and debt level, it is proposed not to require a counterpart funding in order not to impose an extra burden on their public budget, in accordance with the policy on eligible expenditures.

and ADF Regional Operations envelop resources for this project²⁶, where it has shown evidence of firm commitment to regularize its debts. Somalia has been working closely with the IMF, World Bank and the AfDB to address its debt obligations, and is making significant progress on this. With regard to making token payments the country has been unable to make such clearance payments due to the harsh fiscal space and ongoing humanitarian crisis.

Table 2.1: Project Costs by Component

Components	Cost in USD '000	Costs in UA '000	% Total Cost
Food and Nutrition Support	57,969.89	41,876.08	74%
Building Blocks for Recovery and Resilience	6,485.00	4,684.61	8%
Project management	10,001.75	7,225.03	13%
Subtotal Base Cost	74,456.64	53,785.71	
Contingency	3,722.83	2,689.29	5%
Total Project Cost	78,179.47	56,475.00	

Table 2.2: Source of financing (amounts in '000 UA equivalents)

Source	Instrument	TSF Pillar 1 (ADF-14)	Reg. Env. (ADF-14)	TSF (Rest.)	Total Bank fin.	Total
Somalia	Grant	10,000.00	15,000.00		25,000.00	25,000.00
South Sudan	Grant	10,000.00	15,000.00	6,475.00	31,475.00	31,475.00
Total Project		20,000.00	30,000.00	6,475.00	56,475.00	56,475.00

Table 2.3a: Project costs by category of expenditure

Category	Cost in USD '000	Cost in UA '000	% Total Cost
Goods	57,969.89	41,876.08	74%
Services	6,565.00	4,742.40	8%
Operating Costs	9,921.75	7,167.24	13%
Subtotal Base Cost	74,456.64	53,785.71	95%
Contingency	3,722.83	2,689.29	5%
Total Project Cost	78,179.47	56,475.00	100%

Table 2.3b: Project costs by category of expenditure (per country)

Category	Somalia		South Sudan		Total	
	Costs (UA '000)	% Total Cost	Costs (UA '000)	% Total Cost	Costs (UA '000)	% Total Cost
Goods	19,752.78	79%	22,123.30	70%	41,876.08	74%
Services	1,831.22	7%	2,911.18	9%	4,742.40	8%
Operating Costs	2,225.52	9%	4,941.71	16%	7,167.24	13%
Subtotal Base Cost	23,809.52	95%	29,976.19	95%	53,785.71	95%
Contingency	1,190.48	5%	1,498.81	5%	2,689.29	5%
Total Project Cost	25,000.00	100%	31,475.00	100%	56,475.00	100%

²⁶ As per the Operational Guidelines for the Implementation of the Strategy for Addressing Fragility and Building Resilience in Africa and for the Transition Support Facility Exceptional support to countries in arrears, TSF-supported operations are allowed in the absence of debt regularization in transitional countries with chronic arrears showing a firm commitment to regularize their debts. Evidence of such commitment shall include a country: reaching an agreement with the Bank regarding its arrears clearance program, which should be reflected in the country programming document in the form of clearly defined milestones and performance benchmarks; making at least token arrears clearance payments to the Bank; and having a coordinated arrears clearance program with other partners, particularly the Bretton Woods Institutions.

2.7 Participatory Process for Project Identification, Design and Implementation

2.7.1 The project is the first step towards implementing the Bank’s recently approved Say No to Famine Framework (SNTF). Its design has been informed by consultations with the governments of South Sudan and Somalia, World Vision International, the International Committee of the Red Cross (ICRC) Somalia Red Crescent, UN OCHA and the IOM. These stakeholder consultations were useful in identifying the project priorities and activities.

2.7.2 In early February 2017, the UN issued a pre-famine alert for Somalia and launched the Operational Plan for the Prevention of Famine, seeking US\$ 825m to reach 5.5 million people by June 2017 with urgent life-saving assistance, while at the same time strengthening linkages between humanitarian action and development-based durable solutions. On 28 February 2017, the Somali President hosted a *High-Level Roundtable meeting on Drought* in Mogadishu to agree on a common action plan with national and international partners. The meeting noted the significant differences and opportunities today, compared to the 2011 famine, namely, a more involved donor community, stronger partnerships with the *Organization of Islamic Cooperation* and Muslim charities, enhanced engagement with local actors, and NGOs/UN agencies with a better footprint on the ground. Through reprogramming of existing funds and additional funding, organizations are already scaling up the response. Nonetheless, Government leadership and donors emphasised that any response must not lose sight of the longer term – i.e. work needs to continue to build durable and permanent solutions to drought and related humanitarian crises. This includes the rehabilitation of vital infrastructure.

2.7.3 In order to respond to the on-going drought that has resulted in about 6.7 million people in Somalia needing urgent humanitarian assistance, the humanitarian actors launched a revised response plan in June 2017 to prevent famine. The revised plan now seeks US\$1.5 billion to reach 5.5 million people in 2017. The Somalia component of the Bank’s STRERP will be part of the overall international community’s humanitarian intervention. In Somalia the design of the project was informed by consultation with the Federal and Regional governments, line ministries, World Vision International, Somalia Resilience Program Consortium, International Committee of the Red Cross and the Somalia Red Crescent.

2.7.4 The humanitarian assistance needs for South Sudan are immense, and the international community has taken stock of the situation. Humanitarian aid agencies have been appealing for funding to help meet urgent humanitarian needs in South Sudan. The UNHCR has raised an appeal to raise US\$ 761m to address the effects of the on-going drought. According to the UNOCHA, US\$ 1.6 billion is needed to provide life-saving assistance and protection to 5.8 million people across the country. The Bank has held consultations with the South Sudanese government on the types of emergency assistance/interventions that are required.

2.7.5 The implementation modalities have been discussed and agreed by both Governments. During project implementation, Community Based Participatory Approach will be used at all levels when implementing the project with the aim of ensuring transparency, accountability and instilling ownership and sustainability of the project. M&E will be a core activity within the project, to monitor markets, food and health conditions, and solicit beneficiary feedback on the project implementation process.

III. PROJECT FEASIBILITY

3.1 Environmental and Social Impacts

3.1.1 Environment: The component project has been categorized as a Category 3 operation which will not require prior environmental and social safeguards due diligence prior to approval and implementation.

3.1.2 Social: In South Sudan, STRERP will place emphasis on improving the South Sudanese's living conditions and building resilience of the population given the high levels of poverty and human deprivation from decades of destructive conflicts. This Bank assisted emergency project will specifically support efforts towards social inclusion, curbing of vulnerabilities and building resilience. This project will go towards providing support to basic social service delivery in nutrition, health, skills development and livelihood empowerment. In Somalia, the emergency relief assistance aims at restoring a degree of normalcy in both the social and economic life of the affected populations as quickly as possible.

3.1.3 Serving the most food insecure populations in the project locations with food vouchers will assist in the stimulation of the markets, thus increasing business for the traders hence boosting the local economy. As well, the project will help in creation of employment as one of the multiplier effect of this project. Most importantly, vouchers will support humanitarian assistance in a dignified manner as the beneficiaries will be given the choice to select food of their choice and that's culturally acceptable to them which is not the case always with the in-kind distributions.

3.1.4 Gender: Efforts will be made to have women at the center of project planning. This will be made possible during site selection, project identification and beneficiaries' selection. Participation of women will be secured through by registering women and household heads or alternates to ensure their full participation in activities and redemption of vouchers. Drawing from best practices of voucher programming, married women will be given the opportunity to select substitutions that allow them to continue with their household and child-care duties. This will allow mothers to participate in the program without exposing them to reprisals associated with traditional cultural norms regarding the roles of women.

3.1.5 To ensure fair and equitable participation of women, the project will ensure that at least a third of project level management committee members are women. Among the roles the committees will play is provision of leadership in the implementation of projects, updating beneficiary registers, managing project communications, helping in voucher distributions, project monitoring, and being representatives to the community help desk. They will also participate actively in the voucher distribution component of the project.

3.1.6 Involuntary Resettlement: The project will not lead to population displacement, but rather help the beneficiaries return to their original communities.

IV. IMPLEMENTATION

4.1 Implementation Arrangements

4.1.1 Considering the regional nature of the program and building on the existing structure already in place as part of the ongoing Drought Resilience and Sustainable Livelihood Program (DRSLP), the overall coordination of the project be carried out at the regional level by IGAD, working in close collaboration with the line Ministries (Ministry of Humanitarian Assistance and Disaster Management in Somalia and the Ministry of Food and Agriculture in South Sudan) in the participating countries. Given that Somalia is under sanctions and considering the low capacity and system weaknesses especially in procurement and financial management, the financial and implementation arrangements will be undertaken by IGAD, a third party, in

order to comply with the requirements of the Strategic and Operational Framework for Regional Operations. South Sudan's financial and procurement systems and capacity are also limited and IGAD will therefore act as the Executing Agency under the Project, for both countries. To this end, a tri-partite Protocol of agreement will be signed between the Bank, the Third Party (IGAD) and each of the beneficiary governments to describe in detail the implementation arrangements (See Annex 9).

4.1.2 Under this coordination arrangement, National Steering Committees will be set up to implement and coordinate project activities at the national and sub-national levels. The Steering Committee will provide the governance function for the implementation of the project. It will provide the overall leadership and oversight for implementation, planning and monitoring progress. An Implementation Agency (IA) will be recruited competitively in each country for the day-to-day execution of the project, under the supervision of IGAD and in close collaboration with the line Ministries.

4.1.3 All fiduciary responsibilities will be handled by the third party (IGAD) in coordination with the Bank. IGAD's capacity has already been strengthened through the DRSLP. The institution has a robust team in the Fund Management Unit (FMU) of the DRSLP and has gained knowledge through the implementation of the on-going DRSLP II, and the coordination of the programme at country level. Moreover, a closer coordination will take place during the planning of / reporting on project activities (national activities), implementation and Bank supervision missions. Regular communication exchanges among the different parties (Participating Countries, IGAD Secretariat and the Bank) will foster knowledge generation, management and sharing to improve results delivery in a cost effective way. It is also expected that this arrangement will result in building synergy and coordination in the development efforts against drought and building resilience.

4.1.4 Considering the fragile situation in both countries, as well as the urgent nature of the program and building on lessons from similar operations financed by the Bank or other Development Partners in both countries, an Implementing Agency or Agencies (IAs), to be competitively recruited based on agreed upon Terms of Reference, will oversee the day-to-day implementation of the project at the sub-national levels. Each IA will sign an Implementation Agreement with the IGAD, as the Executing agency (EA) based on the agreed upon project implementation arrangements (Annex 10). The competitive process has already been initiated, prior to Board approval and will ensure overhead costs are kept at reasonable level. Depending on the prevailing local governance structure in the participating country, beneficiaries represented by Community Based Organization (CBOs) or other forms of organizations (Civil Society Organizations (CSOs), Professional Organizations (POs), etc.) will be fully involved in the planning, implementation and monitoring of the Program activities in the participating countries.

4.2 Procurement Arrangements

4.2.1 Procurement of goods and the acquisition of consulting services, financed by the Bank for the projects emanating from this Project, will be carried out in accordance with the "*Procurement Policy for Bank Group Funded Operations*", dated October 2015 and following the provisions stated in the Financing Agreement. IGAD through the Financial Management Unit (FMU), which is already in place for implementation of DRSLP Project, will be the Executing Agency for this project in Somalia and South Sudan. The Implementing Agency(-ies) responsible for the identification of vendors and distribution of food vouchers and water to the beneficiaries will be selected through shortlisting and Quality and Cost Based Selection method (QCBS). Training by the IA will be procured using the Bank's Procurement Policy for Bank Group Funded Operations and Least Cost Selection (LCS) method; and Selection of consultants for financial audit will be done using the Bank's Procurement Policy for Bank Group Funded Operations and Least Cost Selection (LCS) method.

4.2.2 The selected Implementation Agency (IA) will conduct market assessment to determine the market capacity to serve household with essential food commodities. With close coordination with the Executing Agency and the Grantees, the IA(s) will identify vendors of food commodities and agree on price for a basic basket of goods, which is consistent with the market prices, and acceptable to the Bank.

4.2.3 Procurement Review: All contracts for goods whose value is UA 100,000 or above per contract and all contracts for goods, and non-consultancy service assignments procured by the Implementing Agency shall be subject to prior review by the Fund. Consultancy service assignments shall be subject to prior review by the Fund regardless of the amount, type and selection procedures.

4.2.4 Procurement Plan: The Executing Agency will develop a Procurement Plan for project implementation which provides the basis for the procurement methods. The Procurement Plan will be discussed agreed between the EA and the Project Team prior to disbursement. The Procurement Plan will be updated by the EA's Project Team bi-annually or as required to reflect the actual project implementation needs.

4.3 Disbursement and Financial Arrangements

4.3.1 The Intergovernmental Authority on Development Secretariat (IGAD) Secretariat will be responsible for the overall Financial Management (FM) of the project in line with the tri-partite Protocol of agreement to be signed between the Bank, the Third Party (IGAD) and each of the beneficiary governments. A Project Steering Committee (PSC), to be established at national level for each country component, will provide policy and implementation oversight, including the review and approval of the project work plans and budgets. IGAD's Fund Management Unit (FMU) currently managing the DRSLP will also undertake FM responsibilities under the Project. The Implementation Agency to be recruited competitively shall meet the Bank's minimum financial management (FM) requirements based on Bank's FM Implementation Guidelines-2014 that provide reasonable assurance that (1) funds are used only for the intended purposes in a cost-effective and efficient manner; (2) accurate, reliable and timely periodic financial information and reports are prepared on the status of the Project required by the Bank; and (3) the project assets are safeguarded against loss and misuse.

4.3.2 The EA will institute adequate internal controls to ensure that all financial transactions are duly authorized, properly recorded and maintained in an accounting system and that expenditures and related supporting documents are properly and physically archived for supervision and auditing purposes.

4.3.3 Project financial statements (PFS) will be prepared by the EA in accordance with the Generally Accepted Accounting Principles and applicable International Financial Reporting Standards. The PFS shall cover the entire period of utilization of the Grant proceeds. In addition, the IA will provide an update on financial performance of the project as part of the quarterly progress report as required by the Bank not later than 45 days after the end of the quarter. Simplified Interim Financial Report (IFR) formats (Annex 13) shall be used.

4.3.4 The external audit arrangement will entail the EA preparing and submitting PFS for audit within three (3) months after the completion of the Project Activities. Such audit of the PFS shall cover the entire period of utilization of the Grant proceeds. Notwithstanding the above, if the implementation of the Project Activities exceeds eighteen (18) months, PFS shall be prepared and audited on an annual basis. The Project audit will be conducted by an independent private audit firm based on the Bank's audit terms of reference. The cost of the audit will be borne by the project.

4.3.5 The disbursements shall be made using the Special Account (SA) Method and the Direct Payment Method and shall be in accordance with the provisions of the Bank's Disbursement Handbook. In the case of the SA method, the EA will open and manage a Special Account (SA) for each grant in an acceptable commercial bank dedicated to the Project. The opening of accounts will be an action prior to the first disbursement. However, IGAD will be responsible for preparing and submitting disbursement requests to the Bank for payment into the special accounts of the respective IAs. The Bank will issue a disbursement letter, which will provide specific guidelines on key disbursement procedures and practices.

4.4 Monitoring and Evaluation Arrangements

4.4.1 The IA will monitor the project's progress for reporting purposes and so that appropriate corrective actions can be taken in a timely manner. The monitoring process will be based on the project log frame, clear onsite distribution monitoring, post distribution monitoring, mid-year learning reviews, and an end of project evaluation.

4.4.2 Participatory methods will be used to collect feedback from beneficiary communities during project period in order to make the project implementation and knowledge management process effective and inclusive. Project staff will undertake, following each distribution, monitoring of voucher distribution and utilization. For community sensitization, and beneficiary and vendor selection, project staff will visit the communities and explain the project as well as identify and validate beneficiaries who will be enrolled into the project. Vendor selection and registration will be greatly facilitated by drawing on the network of established vendors.

4.4.3 The project monitoring objectives include (i) to act as an early warning system to the project implementing team in the event of dynamic changes of the operational context; (ii) to identify and ensure constraints are addressed during project implementation and (iii) to measure progress and performance indicators.

4.5 Governance

4.5.1 Somalia and South Sudan are transitioning countries with relatively weak governance structure, economic infrastructure, and institutions. Key institutions still lack requisite staff, policies, strategies and systems that promote effective service delivery and accountability at the sector levels. Staff capacity and system weaknesses especially in financial management at the federal and regional levels pose fiduciary risks to project implementation using existing government systems. Direct implementation of project activities will be done through an implementing agency and the relationship will be governed by an agreement acceptable to the Bank, between the Implementation Agency and the IGAD as signatories.

4.5.2 The Project Steering Committee with the adoption of participatory processes in the implementation of the project shall give local communities a voice and enhance accountability. The project through the capacity building component will help in strengthening the institutional framework in the water sector and address sector governance issues.

4.6 Sustainability

4.6.1 A key aspect of the project's sustainability strategy is capacity building. Through collaboration, the project will transfer skills and knowledge to local organizations and Somalian and South Sudanese national staff members. The project will maintain and build on relations with federal, regional and local government authorities in the course of implementation of this project.

4.6.2 Communities will be involved in decision making and management of the project which includes beneficiary identification, targeting and registration, verification of eligible beneficiaries, and monitoring of project activities. Formation of community groups and committees for voucher distribution, asset creation and managing complaints will help improve sustainability beyond the project life. Each geographic area will have a distribution point committee with women representatives.

4.6.3 The project will also leverage on existing activities to fast-track and scale up capacity building activities under STRERP. The focus of the project will be to involve relevant government departments so they can engage in service delivery in the medium to longer term.

4.6.4 Through the voucher distribution activities, the project will also support the creation and strengthening of service delivery mechanisms working with traders to build their capacity in warehouse management.

4.7 Risk Management

Risks	Degree	Mitigation Measures
<p>Political and Security: state failure, increased insecurity, and the reversal of the current political and security gains.</p>	High	<p>The project is designed to circumvent security risks by relying on local knowledge, networks and actors. The purchase and supply of food will be through local traders who are familiar with food markets at borders and know domestic trade routes. As well, one of the main eligibility criteria of the implementing agency will be its on-the-ground network of local Somalian and South Sudanese project staff (or ability to recruit such). Specifically in Somalia, the African Union Mission to Somalia (AMISOM) has agreed to provide all the support they can with regard to transport and security.</p>
<p>Environmental and Social: Risk that the drought continues for longer than expected, putting more households are at risk of starvation etc.</p> <p>Risk of exclusion, where particularly women are excluded from food assistance activities.</p>	Moderate to High	<p>The project’s resilience components will help communities prepare for next planting season, as well as rehabilitate water storage and irrigation facilities, which could ease the effects of the drought.</p> <p>The risk of social exclusion will be mitigated by the project’s participatory approach. Women will play a key role in decision making, distribution of food vouchers and coordinating resilience activities. The project will ensure that activities are carried out in an inclusive and transparent manner, based on clear eligibility criteria.</p>
<p>Implementation and project delivery: slow start-up and delays in project implementation.</p> <p>Funds may not be used for intended purpose.</p>	Low to Moderate	<p>The project will build the capacity of relevant government institutions to procure the services of an Implementing Agency with a strong presence and knowledge of the countries that will be responsible for project implementation.</p> <p>Fiduciary risk is mitigated by relying on the Bank’s financial management and procurement systems and that of an independent international organization which has vetted fiduciary capacity.</p>
<p>Projects fail to deliver results: Food stuff are not readily available and corruption in terms of sale of relief food.</p>	Low to Moderate	<p>The Federal Government of Somalia declaration of drought as an emergency makes it possible to source foodstuff within the region duty free. In addition, the use of vouchers will greatly reduce the time required to deliver assistance by eliminating transport, handling, warehousing, security, and commodities treatment. It will eliminate loss of food due to corruption which normally occurs in direct food distribution cases, by providing beneficiaries with flexibility and ownership in choices of commodities to purchase including locally accepted food types, choice of shops to purchase from, and choice on time to visit.</p>

4.8 Knowledge Management

The project will strengthen national knowledge on humanitarian responses and disaster management. Specifically, the project will develop good practices and generate knowledge in: (i) promoting food security (ii) disaster risk management; (iii) long-term resilience building; and (iv) monitoring and evaluation. Through its activities, it will build government institutions and local organizations' knowledge on food security, enabling them strengthen the link between immediate and medium-term responses to food scarcity and drought. It will transfer to communities, knowledge on good practice for water storage, food production, sanitation, health and nutrition. The project will draw from the Bank's experience in previous and on-going emergency response interventions within the frame of the Special Relief Fund. It will also build lessons for the future, through comprehensive reporting, including quarterly progress reports, audit reports, mid-term review reports and the project completion report. Information from various sources will be routinely gathered as part of the monitoring and evaluation framework and shared among stakeholders through joint reviews and donor coordination platforms.

V. LEGAL FRAMEWORK

5.1 Legal instruments

5.1.1 The legal framework of the Project will consist of: (i) a Tripartite Protocol of Agreement between the Federal Republic of Somalia, the IGAD Secretariat and the African Development Fund (ADF), and (ii) a Tripartite Protocol of Agreement between the Republic of South Sudan, the IGAD Secretariat and the African Development Fund (ADF).

5.2 Conditions Associated with Bank's Intervention

5.2.1 Entry into Force: Each Tripartite Protocol of Agreement shall enter into force on the date of signature by the Parties.

5.2.2. Conditions Precedent to First Disbursement of the Grants: The obligation of the Fund to make the first disbursement of the Grant shall be conditional upon the entry into force of the respective Agreements in accordance with Section 5.2.1 above and submission of evidence by IGAD in a form and substance satisfactory to the Fund, that the following conditions have been fulfilled:

- i. IGAD shall open a foreign currency account and a local currency account, in a bank acceptable to the Fund, into which the Grant proceeds will be deposited; and
- ii. IGAD shall have entered into an Implementation Agreement with an Implementing Agency, on terms and conditions acceptable to the Bank, for the implementation of the Project. The Implementation Agreement should be prior reviewed by the Bank before being signed by the parties.

5.2.3 Other Conditions. IGAD shall:

- i. Provide evidence of the extension of the mandate of the Fund Management Unit (FMU) which shall be composed of at least a Coordinator, Procurement Officer, an Accountant and an administrative assistant, to be hosted at the IGAD Secretariat; and
- ii. Submit a Financial Management Manual, acceptable to the Fund, within 3 months from the Entry into Force of this Agreement.

5.3 Compliance with Bank Policies

The project is in compliance with all applicable Bank policies.

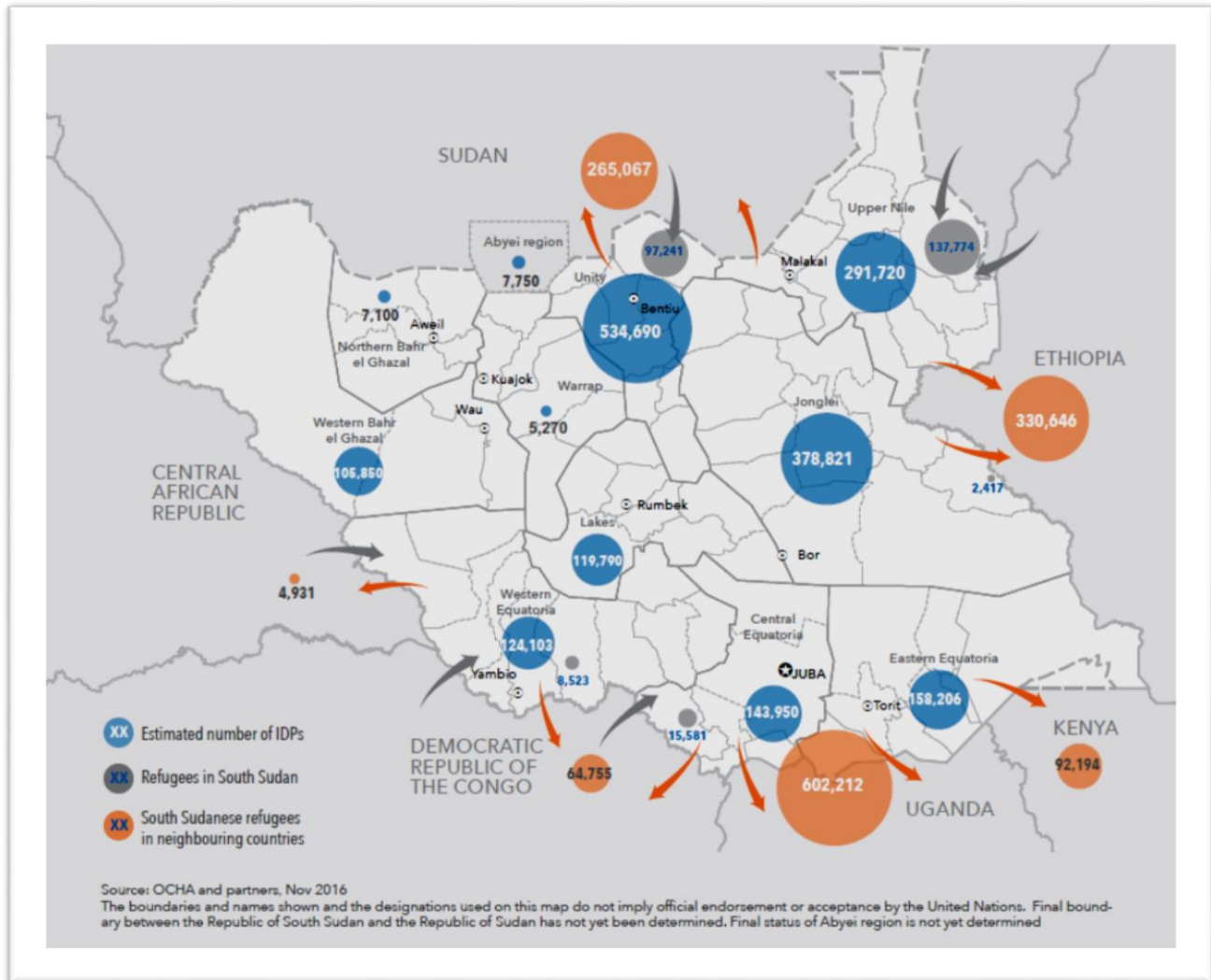
VI. RECOMMENDATIONS

Management recommends that the Boards of Directors:

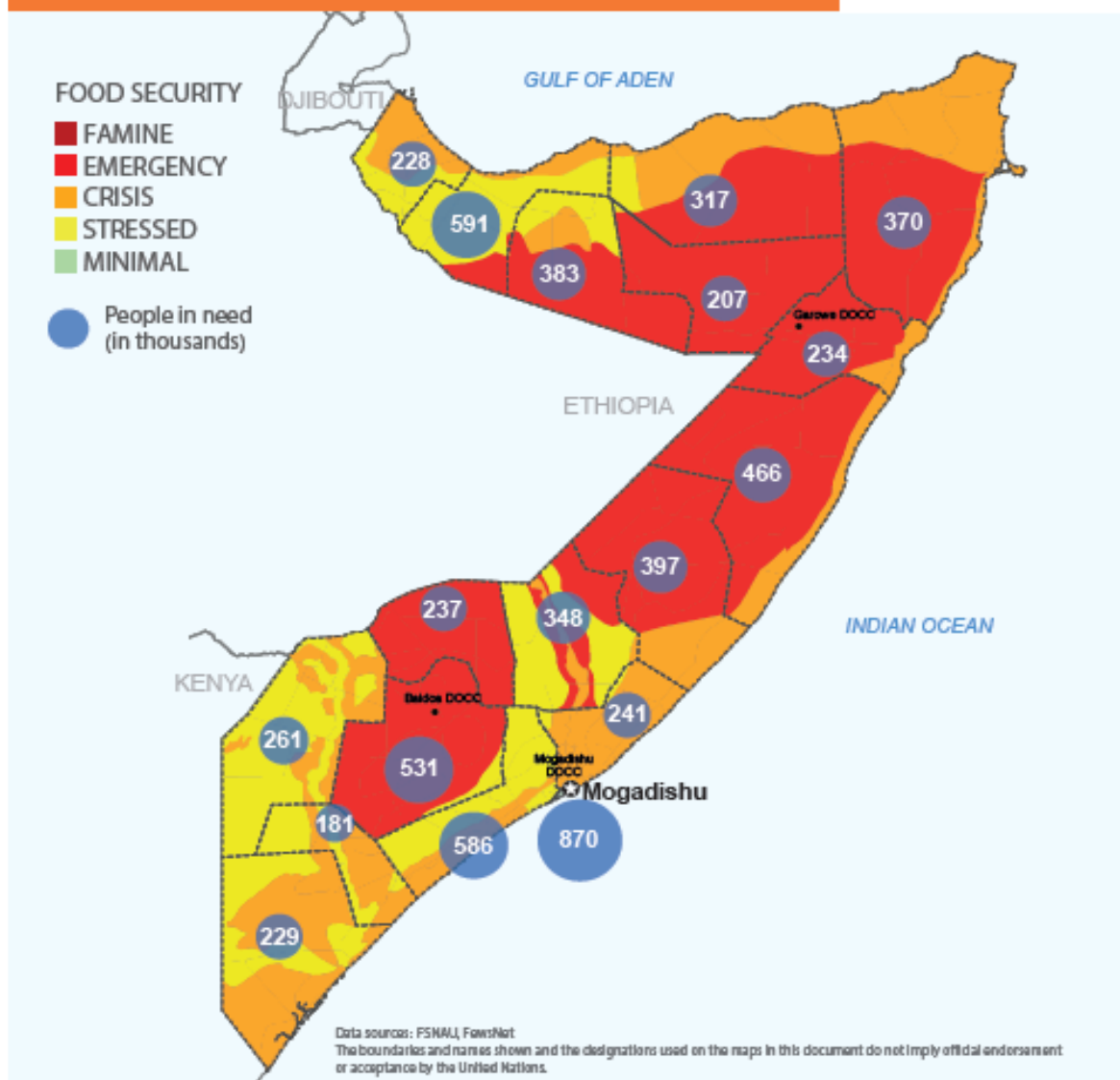
1. Approve Somalia's exceptional eligibility of the TSF Pillar I resources under ADF-14 cycle (UA 15 million), and 50% of the grant component of PBA under ADF-14 (7.5 million), for partial utilization by Somalia as stipulated in paragraph (4) below, prior to the approval of the Somalia Country Brief 2017-2019;
2. Approve South Sudan's eligibility of the TSF Pillar I resources under ADF-14 cycle (UA 18.75 million);
3. Exempt this Project from the application of the prioritization and selection process as required under the Revised Regional Operations Selection And Prioritization Framework;
4. Approve the award of a Grant of Ten Million Units of Account (UA 10,000,000) from TSF Pillar 1 Unallocated Reserves and a Grant of Fifteen Million Units of Account (UA 15,000,000) from the ADF-14 Regional Operations Envelope to the Federal Republic of Somalia for the purposes and subject to the conditions stipulated in this Report; and
5. Award a Grant of Units of Accounts Sixteen Million Four Hundred and Seventy-Five Thousand (UA 16,475,000) from TSF Pillar 1 (of which UA 10 million is from the TSF Pillar 1 Unallocated Reserves and UA 6.475 million is from the cancellation of the Technical Assistance for the Development of the Transport Sector) and a Grant of Units of Account Fifteen Million (UA 15,000,000) from the ADF-14 Regional Operations Envelope to the Republic of South Sudan for the purposes and subject to the conditions stipulated in this Report.

ANNEXES

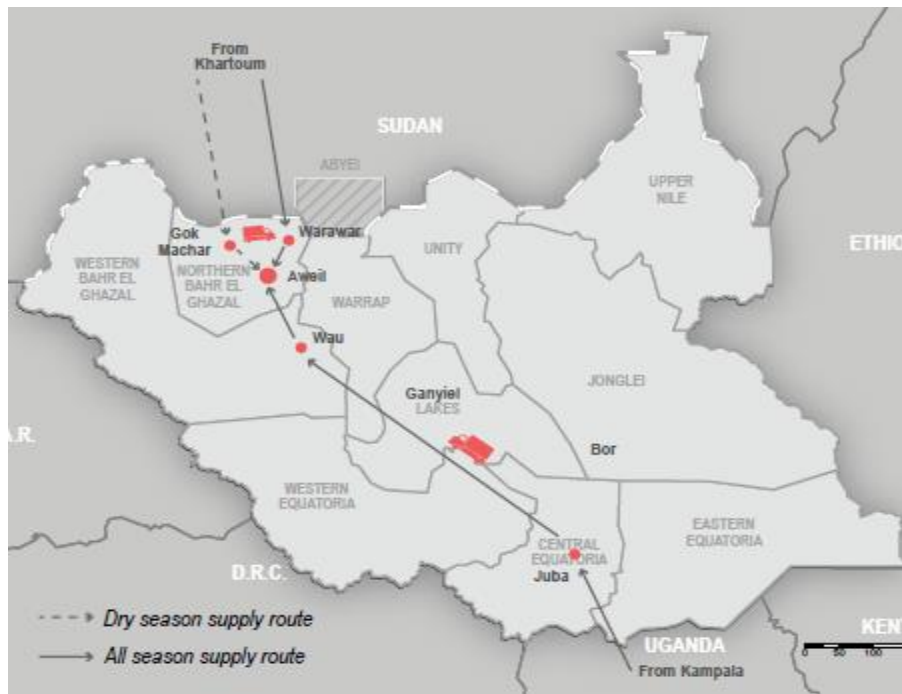
Annex 1: Map of Internal Displacements and Regional Migration/Refugees from South Sudan



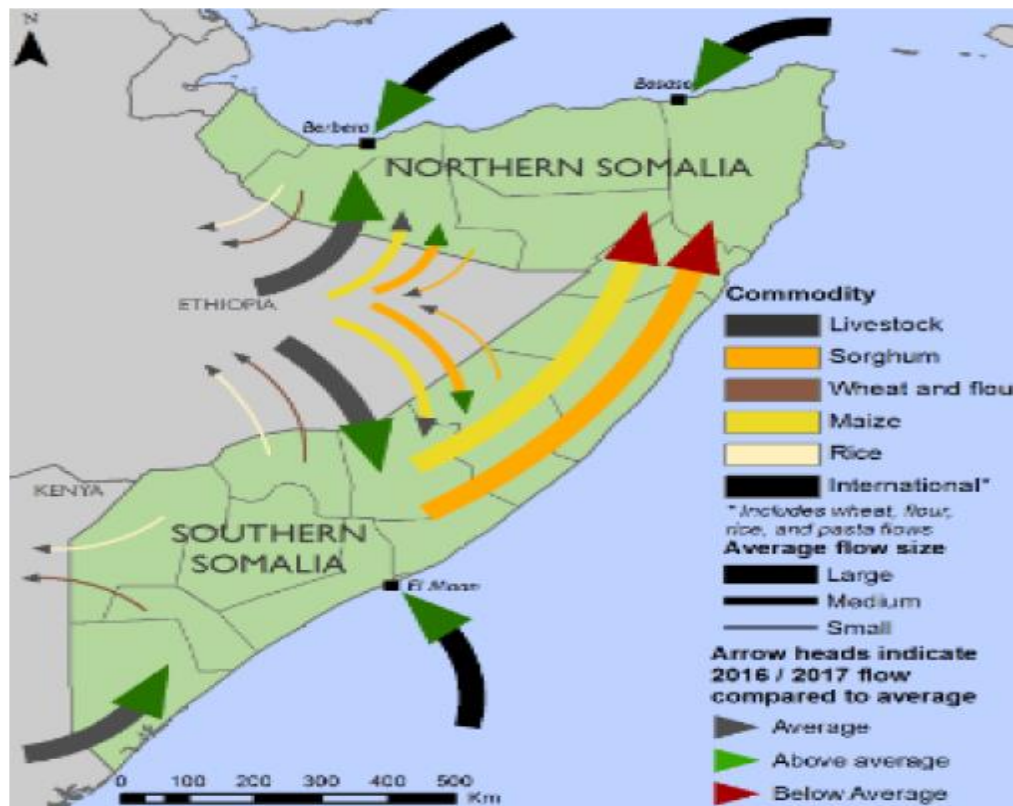
Annex 2: Estimated resources required to meet needs in Somalia



Annex 4: Regional Food Markets and Food Supply Routes into South Sudan and Somalia



Source: Market Monitoring Profile: NBG Markets; November 2016



Source: Famine Early Warning Systems Network, February 2017

Annex 5: Medium/Long Term - Project in the IOP to Boost Long-term Drought Resilience

Country	Title	ADB (UAm)	ADF	Total Bank Financing (UAm)	Total Bank Financing (USDm)	Co-fin	Co- financier
Ethiopia	One Water, Sanitation and Hygiene National Program (sector budget support)		50.00	50.00	67.69	6.00	TF
Kenya	Kocholia Irrigation Development And Watershed Management		30.00	30.00	40.62	18.52	Korea
Kenya	Thwake - Additional Financing	185.19		185.19	250.72		
Kenya	Youth Agro-Business Project		36.70	36.70	49.69		
Kenya	Irrigated Green Zones		30.00	30.00	40.62		
Somalia	Building longer term resilience projects in the Somalia Infrastructure Fund (SIF) pipeline		52.24	52.24	70.73		
Somalia	Say no to Famine or any other project supporting long term resilience(Using all or part of ADF 14)		22.50	22.50	30.46		
South Sudan	Say no to Famine or any other project supporting long term resilience(Using all or part of ADF 14)		34.00	34.00	46.03		
Uganda	Uganda Agricultural Value Chain Development Programme (AVCP)		75.00	75.00	101.54		
	TOTAL	185.19	330.44	515.63	698.11	24.52	

NB: Utilization of ADF 14 Resources will only be subject to the effectiveness of the ADF resources and countries preparing separate project proposals for approval by the Bank Board.

Annex 6: Food Basket composition

Somalia Food Basket

	Qty (KG)	Price per kg in US \$	Total cost per person per month
Sorghum	8.5	0.8	6.8
Yellow Split Peas	3.35	1.2	4.02
Corn	3.35	0.7	2.345
Cooking Oil	1.83	1.4	2.562
	Total	4.1	15.727

South Sudan Food Basket

	Qty	Price per kg in US \$	Total cost per person per month
Cereals	15Kgs	1	15.0
Pulses	1.5Kgs	2	3.0
Veg oil	0.9Kgs	1.5	1.4
Salt	0.15Kgs	0.09	0.0
	Total	4.59	19.4

Annex 7: Assessment for Eligibility to ADF-14 Cycle – TSF Pillar I Resources

1. Somalia

Over the last more than four years, Somalia and its authorities have shown a strong commitment to consolidate peace and security. This is displayed most significantly in the recent peaceful transfer of power during the February 2017 Presidential Elections. Furthermore, the Somali Authorities are committed to a universal suffrage election based on a one-person one-vote ballot system in 2020, and work has already started towards this.

Progress on the security front against the militant/terrorist group Al-Shabaab has been made by the combined Government security forces and a strengthened AMISOM force. This has led to the liberation of numerous towns and urban centres. In addition, *Interim Local Administrations* have been established to manage the stabilization efforts in recovered areas, including the formation of *Peace and Security Committees*, and the opening up of access and supply routes.

Somalia is currently ranked as the fifth poorest country in the world, with half of its population (51.6%) living below the poverty line. Food insecurity remains a persistent and serious challenge, and the current drought has left about 6.2 million people in need of humanitarian assistance. Malnutrition cases among children is currently on the rise with an estimated 363,000 children under the age of five acutely malnourished, and 71,000 severely malnourished and facing increased risk of disease and death. Only about 42% of school-aged children are enrolled in primary schools, and less than 8% of secondary school-aged children attend secondary schools. The overall health situation in Somalia remains poor with some of the worst health indicators in the world.

Through the finalization of a new *National Development Plan* (NDP) 2017-19, the Somali Authorities are committed to turning around the prospects of the country. The NDP has begun to elaborate a vision and direction for Somalia's socio-economic development and poverty reduction efforts. It outlines associated internal and external financing needs and major sources of funding, and guides the allocation of resources and prioritisation of Government actions and international support.

As a key step to improve macroeconomic conditions (which are critical for the implementation of the NDP), the Government agreed on a first IMF *Staff Monitored Programme* (SMP), which ran from May 2016 to April 2017. The SMP had the following four main components: i) implementation of the Budget; ii) ensuring that there is no further accumulation of budget arrears and clearing outstanding debts of about US\$ 61m; iii) currency reforms, and; iv) building institutional capacity, and transparent accounting and financial management systems. Performance under the SMP was judged to be broadly satisfactory. By the end of 2016, all but one of the structural benchmarks had been observed and five out of the six indicative targets had been met. The Somali Authorities and IMF agreed on a second SMP in May 2017, which will continue supporting macroeconomic stability and financial governance capacity development.

During the London Somalia Conference in May 2017, the FGS and international community agreed on a *New Partnership for Somalia* (NPS) to facilitate the implementation of the NDP 2017-19. The NPS commits Somalia to an ambitious set of much-needed reforms – including on economic recovery, security, governance and public financial management – in return for sustained international support to the NDP. The aid architecture will build on and reinforce the mechanisms and frameworks that were set up for the implementation of the COMPACT (in particular SDRF aid coordination bodies and funding mechanisms).

With this progress in policy reform, economic and financial governance, continued strong relations with the international community, working to meet the technical pre-conditions for HIPC debt relief, and a CPIA score of 1.16 in 2016, Somalia is eligible for additional support (Pillar I) from the *Transition Support Facility* (TSF) under the ADF-14 cycle as further analysed in the assessment document.

Somalia: Eligibility for TSF Pillar I Funding

Stage I : Eligibility Criteria	
Commitment to Consolidate Peace and Security	<ul style="list-style-type: none"> i. Mohamed Abdullahi Mohamed ‘Farmaajo’ was elected as the new President of Somalia during the elections in February 2017. This marked the peaceful transition of power from the previous Administration, and the process was praised by the international community. ii. The <i>Federal Government of Somalia</i> (FGS) continues to make strong progress in enhancing national unity. In this regard and since 2014, the federal State formation process has been relatively successful, with a number of new States having been formed. These new States include Hirshabelle, Jubbaland, South-West and Galmudug (Puntland was the first of the self-defined Somali Federal States to be formed in 1998). iii. Progress on the security front against the militant/terrorist group Al-Shabaab has been made by the combined Government security forces and a strengthened AMISOM force. This has led to the liberation of numerous towns and urban centres. In addition, many Al-Shabaab leaders have been killed since 2014. iv. <i>Interim Local Administrations</i> have been established to manage the stabilisation efforts in recovered areas, including the formation of <i>Peace and Security Committees</i>, and the opening up of access and supply routes. These initiatives, which include the training of local caretaker administrators, brings together civilian, security, and political actors. v. The FGS has committed to a universal suffrage election based on a one-person one-vote ballot system in 2020, and work has already started towards this. This will be an additional major step towards peace and state building. vi. The FGS continues to take steps towards normalising its relations with the international community. For example, an <i>IMF Staff Monitored Programme</i> (SMP) was agreed in early 2016 and commenced in May 2016.
Unmet Social and Economic Needs	<ul style="list-style-type: none"> i. Somalia is currently the fifth poorest country in the world with half of its population (51.6%) living below the poverty line. ii. Food insecurity remains a persistent and serious challenge. The current on-going drought has left about 6.2 million people in need of humanitarian assistance. Furthermore, the likelihood of a famine being declared by the middle of 2017 has grown significantly. iii. Malnutrition cases among children is currently on the rise with an estimated 363,000 children under the age of five acutely malnourished, and 71,000 severely malnourished and facing increased risk of disease and death. iv. Only about 42% of school-aged children are enrolled in primary schools, and less than 8% of secondary school-aged children attend secondary schools. Girls are more affected with only four out of 10 going to school. v. The overall health situation in Somalia remains poor with some of the worst health indicators in the world. The under-five child mortality rate of 133/1000 live births, and the maternal mortality of about 850/100 000 live births are both very high. Tuberculosis (TB) is endemic to Somalia and the country is estimated to have one of the highest rates of TB in the world. vi. Populations with improved sanitation are estimated at only 23%, which is one of the lowest in the world. Currently, about 83% of the rural population practice open defecation. vii. With an estimated youth unemployment rate of 67% – one of the highest in the world – many young people (about 70% of the Somali population of about 12 million are under the age of 30) do not see Somalia offering them any tangible prospects in the future. viii. The high levels of unemployment have created frustration amongst the youth, which has in turn not only increased their vulnerability to militant groups and other criminal activities, but also their migration to other parts of the world, including other African countries, Europe, Asia and the Middle East. ix. The number of internally displaced persons (IDPs) was estimated at 1.1 million in July 2016. Given plans by the Government of Kenya to close the refugee camps in

	Kenya, this number is expected to increase. These returnees and existing IDPs face numerous challenges, including access to land, basic services, social reintegration and livelihoods restoration.
Stage 2: Eligibility Criteria	
Improving Macroeconomic Conditions and Pursuit of Sound Debt Policy	<ul style="list-style-type: none"> i. A new <i>National Development Plan</i> (NDP) 2017-19, has been finalised. It largely meets the requirements of an <i>Interim Poverty Reduction Strategy Paper</i> (I-PRSP), and begins to elaborate a vision and direction for Somalia's socio-economic development and poverty reduction efforts (a key requirement for the HIPC debt relief process). ii. An IMF <i>Staff Monitored Programme</i> (SMP) – another key step in the HIPC debt relief process and normalisation of relations with the international community – commenced in May 2016 for a year. The SMP is helping Somalia's economic reconstruction efforts and focuses on reforms to strengthen macroeconomic policy management, economic governance, and related institutional capacity. iii. With support from, amongst others, the IMF, World Bank and AfDB, the <i>Central Bank of Somalia</i> (CBS) has been building capacity and putting in place requisite monetary policy and financial supervision systems, so that it can increasingly play its conventional role in the economy. For example, with support from the IMF and US Treasury Department, the CBS has started the process of prudential regulation, supervision and examination of commercial banks. iv. The CBS Board has also adopted guiding principles for currency reform. In the first stage (likely before the end of 2017), the CBS will issue a single denomination – the new Somali Shilling (SOS) 1000 banknote – with an aim of eliminating counterfeit notes and maintaining a free-floating exchange rate. The second phase will involve the issuance of additional new banknote denominations. v. Through the <i>TA for Debt Management and Arrears Clearance project</i>, AfDB has played a key role in supporting the country's re-engagement with IFIs. This has broadly included reconciliation of Somalia's external debt data, the setting up and initial capacitation (including systems and staff) of a <i>Debt Management Unit</i> in the Ministry of Finance, and work on developing a strategy for Arrears Clearance and access to HIPC debt relief. Through the same project, the Government procured the hardware and software licenses for a debt management system (CS-DRMS) in readiness for the eventual transfer of the debt database to Somalia. vi. A <i>New Partnership Agreement</i> (NPA) with the international community will be agreed at the London Conference on Somalia in May 2017, and will be structured to facilitate the implementation of the NDP 2017-19. The NPA will commit Somalia to an ambitious set of much-needed reforms – including on economic recovery, security, governance and public financial management – in return for sustained international support to the NDP.
Practicing sound financial management and restoring conditions conducive to private sector investment	<ul style="list-style-type: none"> i. The Somali Authorities have demonstrated a strong commitment to implement the SMP, by making good progress in implementing a number of policy reforms under the programme. These include the adoption of new laws, regulations, policies and procedures to govern PFM. ii. The <i>Procurement, Concessions and Disposals Act</i> was assented by the President in early August 2016. The <i>PFM Bill</i> went through a first parliamentary reading just before its term ended in August 2016. It is highly likely that this will be one of the bills that the new Parliament will pass shortly. The <i>Audit Bill</i> was sent to the former President in early 2016, and it is expected that the new President will assent to it shortly as part of the reforms under the NPA. iii. The FGS has also implemented the following measures aimed at sound financial management: approved a <i>budget arrears clearance strategy</i>; initiated electronic payments of civil servants and police wages; submitted the 2015 financial statements of the Government to the Auditor General; and approved the <i>2016–20 PFM Reform Action Plan</i>. iv. An <i>Anti-Money Laundering and Combating the Financing of Terrorism</i> (AML/CFT) <i>Law</i> was passed by Parliament in early 2016, so as to maintain the

	<p>flow of remittances from abroad and assuage the concerns of IFIs. Various related regulations are already in force, including registration and licensing, and money transfer businesses (MTBs) customer registration regulations. The FGS is now developing an initial action plan to build AML systems and capacity for better financial and remittance supervision. The action plan targets the CBS, international financial institutions, local financial institutions, and MTBs. Furthermore, a third-party Trusted Agent has been appointed to assist the CBS in monitoring the MTB industry.</p>
<p>Transparency of Public Accounts</p>	<ul style="list-style-type: none"> i. The <i>Somali Financial Management Information System</i> (SFMIS) went live in 2015 and transactions are now processed through the system leading to greater transparency and enhanced controls. Plans are underway to develop direct payments to bank accounts. ii. The <i>Procurement, Concessions and Disposals Act</i> was assented by the President in early August 2016. iii. A <i>Treasury Single Account</i> (TSA) is also in place at the CBS. iv. The Government payroll has been computerised and is now used to process the whole of the central government payroll, and HR functions are now handled with in-built segregation of duties controls. v. A vendor database has been established and the goal is for 100% of vendor payments to be processed through SFMIS. vi. With the support of the Bank, IMF and World Bank, the FGS established a high-level hybrid institution – the <i>Financial Governance Committee</i> (FGC) – to increase transparency and accountability on key financial governance issues in 2014. The FGC is also meant to build confidence in country systems, support ongoing efforts to strengthen institutions and capacity, and spearhead actions to strengthen public finance and central bank management. vii. Since its establishment, the FGC has published three reports on FGS contracts and concessions, and issued confidential assessments for 19 contracts, which the FGS has used to inform decision-making. Of the contracts reviewed by the FGC, three incorporated FGC amendments and were signed, eight did not proceed, one was allowed to expire, and only two went forward without incorporating recommended amendments. A further two are under renegotiation, while the FGC’s comments on the remaining three continue to be addressed. viii. The FGC also supports the <i>Interim National Procurement Board</i> (INPB), which is responsible for overseeing the procurement of FGS contracts and concessions until such a time as the provisions of the <i>2016 Procurement Act</i> are implemented. The INPB has held three meetings since August 2016. It is currently supporting the review and renegotiation of the terms of three concession agreements for revenue collection (vehicle license plates, road tax, property transfer tax), and providing oversight to the current tender for <i>Somali National Army</i> rations. It has also provided feedback on draft contracts that have been submitted to it by Federal Government institutions for review. ix. In August 2016, the second Regional FGC meeting took place with Ministries of Finance (MoF) from the States of Galmadug, South West, and Jubaland. As a result, the <i>Fiscal Federalism ToR</i> was approved. Currently, the FGC is working on a scoping paper outlining what an advisory note on Fiscal Federalism for the new Government should entail. x. The FGC has also reviewed and provided feedback on the Central Bank’s <i>Currency Reform Roadmap</i> concerning the necessary legal preconditions, conversion factors, and need for further political engagement. xi. The FGC has also agreed to monitor implementation of the <i>Public Finance Reform Strategy & Action Plan</i> as part of its strategic dialogue on PFM. xii. The Governor of the CBS routinely appears before the <i>Parliamentary Committee on Budget, Finance, Planning, International Cooperation and Financial Oversight of Public Institutions</i>. xiii. The CBS Board of Directors has approved new by-laws and regulations to safeguard the autonomy and accountability of the CBS, including: (1) setting up an

	audit committee to report directly to the Board of Directors; (2) establishing an <i>Internal Audit Department</i> reporting to the Governor; and (3) appointing an independent external audit firm to audit the financial accounts in line with international standards for central banks.
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2. South Sudan

South Sudan is considered to be in a situation of ongoing conflict and is experiencing a severe economic and humanitarian crisis. In August 2015, parties to the current South Sudan civil conflict, led by the Intergovernmental Authority on Development (IGAD), signed a Peace Agreement. A key step in this peace accord was the formation of a unity government that was finally announced on April 29, 2016. However, on July 7, 2016 new fighting erupted between the South Sudanese army (SPLA) and SPLA-IO opposition forces. Currently, the incumbent government is struggling to end an armed civil conflict which started in December 2013. South Sudan is therefore characterized by institutional and social challenges and ongoing internal and external threats to sustainable peace, security and stability.

The country’s overall humanitarian situation is dire. On 20 February 2017, the Government of South Sudan (GoSS) and United Nation (UN) agencies formally declared famine in parts of South Sudan (SS). According to GoSS and UN report released on 20 February, 100,000 people face starvation and 5 million people (more than 40% of the population) need urgent assistance. Approximately 5.5 million people (about 50% of the population) are expected to experience severe lack of access to food and be at risk of dying at the height of the lean season in July if nothing is done to curb the severity and spread of the food crisis.

According to the World Food Program (WFP), more than 3.6 million people have to date been displaced by the continuing civil conflict of which more than 1.8 million are internally displaced, 0.26 million internal refugees at UNMISS bases, and 1.5 million have fled to neighboring countries (mainly Uganda), creating Africa's biggest refugee crisis.

Economic performance has also continued to deteriorate due to the on-going civil war and of collapse country’s oil production and global prices. Global oil prices fell from \$110 in 2014 to \$30 before the current recovery to about \$50 per barrel. The collapse in oil revenues has adversely impacted the country’s economic performance. Real GDP growth fell by -5.3% in 2015 and estimated to have slightly recovered by 0.7% in 2016. The fiscal budget and current account deficits have risen sharply resulting in a huge drop in foreign reserves, increase in domestic and external debts, depreciation of the parallel domestic currency exchange rate, and acceleration in consumer inflation. The country’s economic prospects remain bleak due to unresolved political, social and economic fragilities and continuing global economic headwinds.

With these critical challenges facing the country andwith a CPIA score of 1.89 in 2016, South Sudan is eligible for additional support (Pillar I) of the Transition Support Facility (TSF) under the ADF-14 cycle as analyzed in the assessment document.

South Sudan: Eligibility Assessment for TSF Pillar I Support

Stage 1: Eligibility Criteria	
Commitment to consolidate peace and security	<p>To address the internal conflict in South Sudan, the warring parties, on 27 August 2015, signed a comprehensive peace agreement that was negotiated by IGAD. The 75 paged peace agreement has many recommendations covering economic governance, and constitutional and legislative amendments to be instituted. But the most important in the peace agreement was the formation of a transitional government of national unity (TGoNU).</p> <p>Although lethargic, implementation of the peace accord registered some progress. On April 29, President Salva Kiir unveiled the ministerial appointments of the new TGoNU in accordance with the implementation of the power sharing deal of the Peace Agreement. The 30 ministerial posts and 8 deputy ministers were split between four factions, namely, President Salva Kiir’s SPLM (53%), Vice President’s Riek Machar’s SPLM-IO (33%), Former Detainees (FD) (7%), and other Political parties (7%).</p> <p>With the establishment of the TGoNU, South Sudan has entered the most critical phase in the implementation of the country’s Peace Agreement, namely, consolidation of peace and stability, and post-conflict reconstruction and economic recovery, all of which are critical priorities.</p>
Unmet social and economic needs	<p>The South Sudan economy has dramatically deteriorated since the outbreak of the December 2013 civil conflict and collapse of production and global oil prices. The country’s GDP is estimated to have contracted by 5.30 % in 2015 from the average of -2.36 % recorded during the 2009 to 2015 period. The GDP growth rate was also characterized by high volatility as it reached an all-time high of 30.7 % in 2014 and a record low of -46.10 % in 2012. Fiscal management worsened markedly and Revenue collection has become considerably more difficult while government expenditures have continued to increase and shift from capital expenditures to security outlays.</p> <p>The current armed conflict has worsened South Sudan’s already endemic poverty situation. The country has one of the lowest human development indicators in the world. The last Human Development Report conducted in 2016 ranked South Sudan at 169 out of 188 countries with a Human Development Index (HDI) of 0.467.</p> <p>The latest figures for 2013 indicate that the country’s infant mortality rate is about 65 per 1,000 live births. Malnutrition also remains a big challenge as it is still the single biggest contributor to child mortality in South Sudan. The prevalence of severely undernourished children (under five years) is estimated at 122 per 1,000 children.</p>
Stage 2 : Eligibility Criteria	
Improved macroeconomic conditions and sound debt policies	<p>In 2011 the new government formulated the South Sudan development plan (SSDP) has the first national development document. The overarching objective set in the SSDP was to create a united and peaceful new nation, build strong foundations for good governance, economic prosperity and enhanced quality of life for all. The SSDP ended in December 2016, but was not implemented as intended due to successive crises that the country has faced during the Plan period.</p> <p>South Sudan’s economy has continued to perform below potential due to various challenges including the implementation of the macro policy in a constrained environment, and deficiencies in energy and infrastructure. According to the IMF, the fiscal deficit in 2016/17 could top US\$1.1 billion or 25 % of GDP which, if financed through central bank borrowing and/or accumulation of arrears, will continue to fuel domestic currency depreciation and high inflation.</p> <p>The exact levels of the country’s debt and arrears are unclear. Officially, the Government has no debt sustainability issue, at least in the short term, although there are concerns in light of the country’s low debt repayment capacity. By the IMF estimates, the country’s gross debt reached 10.23% of GDP in 2015. The gross debt exposure is projected to have increased to 12.45% of GDP in 2016 and is projected to further rise to 15.47% of GDP in 2017. However, there is currently no formal mechanism for recording the government’s debt and also coordination and information sharing between different agencies responsible for contracting debt. Reconciliation</p>

	of different Government Bank accounts is also not done. Furthermore, some of the contracted debts are used to finance the defense budget whose transactions are shrouded in military secrecy.
Practicing sound financial management and restoring conducive conditions to private sector investment	<p>The new South Sudan Government embarked on a PFM reform strategy with substantial support from external donors. However, the country’s ensuing civil conflict has undermined and reversed some of the early PFM reforms. As a result, approved budgets in the last few years have been characterized by lack of realism and artificial inflation of revenues to match expenditure levels in line with those of previous years. This has in turn contributed to a continuous accumulation of arrears, which, coupled with the emergence of urgent conflict and post-conflict expenditure needs, have led the Ministry of Finance to waive or circumvent the financial controls for a substantial part of the budget expenditure.</p> <p>There are no clear criteria used for the assignment of expenditures to the extent that the bulk of the line ministries’ budgets are assigned to consumption and meeting operational expenses, primarily salaries and basic running costs for fuel and utilities.</p>
Transparency of public accounts	<p>Reconciliation of different Government Bank accounts is not done. Furthermore, some of the contracted debts are used to finance the defense budget whose transactions are shrouded in military secrecy.</p> <p>South Sudan is also perceived to be one of the most corrupt countries in the world, according to the 2016 Transparency International's annual Corruption Perception Index (CPI) report. The country scored 15 points out of 100 on the 2015 Corruption Perceptions Index reported by Transparency International. Only five countries rank worse than South Sudan, which was 163 out of 168 countries in the CPI.</p> <p>At the state level, not all the potential sources of revenue are exploited. Furthermore, to date revenue collected at the state level are not capture by the central government due to lack of an operating system and weak institutional capacity.</p>

Annex 8 a: Detailed cost per component

Components and Outputs/ Activities	Category	Somalia			South Sudan			Total	
		USD	UAC	%	USD	UAC	%	USD	UAC
Component 1: Food and Nutrition Support									
1.1 Unconditional Food Support (red sorghum, wheat flour, sugar, vegetable oil, meat, tea leaves, salt, cowpeas)	Goods	23,920,489	17,279,595	69%	29,399,380	21,237,417	67%	53,319,869	38,517,012
1.2 Safe water provision for human and animal consumption	Goods	1,423,676	1,028,430	4%	1,226,348	885,884	3%	2,650,024	1,914,314
1.3 AWD/ Cholera response	Goods	500,000	361,188	1%		-	0%	500,000	361,188
1.4 Fodder voucher	Goods	1,500,000	1,083,564	4%		-	0%	1,500,000	1,083,564
Subtotal component 1		27,344,165	19,752,778	79%	30,625,728	22,123,301	70%	57,969,893	41,876,079
Component 2: Building Blocks for Recovery and Resilience									
2.1 Food vouchers, tools and training needed for community assets construction/ rehabilitation WASH, Schools, Health centers, etc.	Services	1,500,000	1,083,564	4%	3,000,000	2,167,129	7%	4,500,000	3,250,693
2.2 Government capacity building	Services	995,000	718,764	3%	990,000	715,153	2%	1,985,000	1,433,917
Subtotal component 2		2,495,000	1,802,329	7%	3,990,000	2,882,282	9%	6,485,000	4,684,610
Component 3: Project Management									
3.1 Monitoring and Evaluation	Operating Costs	300,000	216,713	1%	300,000	216,713	1%	600,000	433,426
3.2 Administrative cost (Project staffing, security, Logistics, etc.)	Operating Costs	2,780,835	2,008,809	8%	6,540,912	4,725,000	15%	9,321,747	6,733,809
3.3 Audit	Services	40,000	28,895	0%	40,000	28,895	0%	80,000	57,790
Subtotal component 3		3,120,835	2,254,417	9%	6,880,912	4,970,608	16%	10,001,747	7,225,025
Total Base Cost(USD)		32,960,000	23,809,524	95%	41,496,640	29,976,190	95%	74,456,640	53,785,714
Contingencies		1,648,000	1,190,476	5%	2,074,832	1,498,810	5%	3,722,832	2,689,286
Total Cost		34,608,000	25,000,000	100%	43,571,472	31,475,000	100%	78,179,472	56,475,000

Annex 8b: Project costs by category of expenditure and source of financing per country

Table a. Costs by category of expenditure and source of financing for Somalia

Category	TSF			ADF – RO			Total		
	Cost in USD '000	Costs in UA '000	% Total Cost	Cost in USD '000	Costs in UA '000	% Total Cost	Cost in USD '000	Costs (UA '000)	% Total Cost
Goods	9,068.17	6,550.63	66%	18,276.00	13,202.15	88%	27,344.17	19,752.78	79%
Services	1,035.00	747.66	7%	1,500.00	1,083.56	7%	2,535.00	1,831.22	7%
Operating Costs	3,080.84	2,225.52	22%	-	-	-	3,080.84	2,225.52	9%
Subtotal Base Cost	13,184.00	9,523.81	95%	19,776.00	14,285.71	95%	32,960.00	23,809.52	95%
Contingency	659.20	476.19	5%	988.80	714.29	5%	1,648.00	1,190.48	5%
Total Project Cost	13,843.20	10,000.00	100%	20,764.80	15,000.00	100%	34,608.00	25,000.00	100%

Table a. Costs by category of expenditure and source of financing for Somalia

Category	TSF			ADF – RO			Total		
	Cost in USD '000	Costs in UA '000	% Total Cost	Cost in USD '000	Costs in UA '000	% Total Cost	Cost in USD '000	Costs in UA '000	% Total Cost
Goods	13,849.73	10,004.72	61%	16,776.00	12,118.59	81%	30,625.73	22,123.30	70%
Services	1,030.00	744.05	5%	3,000.00	2,167.13	14%	4,030.00	2,911.18	9%
Operating Costs	6,840.91	4,941.71	30%	-	-	-	6,840.91	4,941.71	16%
Subtotal Base Cost	21,720.64	15,690.48	95%	19,776.00	14,285.71	95%	41,496.64	29,976.19	95%
Contingency	1,086.03	784.52	5%	988.80	714.29	5%	2,074.83	1,498.81	5%
Total Project Cost	22,806.67	16,475.00	100%	20,764.80	15,000.00	100%	43,571.47	31,475.00	100%

Annex 9: Terms of Reference: Executing Agency (EA) - Intergovernmental Authority on Development (IGAD)

The implementation structure will be made up of: (i) the National Executing Agencies; (ii) IGAD; (iii) the Implementing Agency (IA) and the steering committees will be set up to implement and coordinate activities at the National and sub-national levels.

The Role of IGAD, as a third party/ Executing Agency, will include:

- a) Sign a Tripartite Agreement amongst the Bank, IGAD, and the Recipient;
- b) Handle all fiduciary responsibilities in coordination with the Bank;
- c) Ensure the conditions precedent to first disbursement and other conditions as stipulated in this Agreement are fulfilled and submit the evidence of fulfilment of these conditions in a timely manner;
- d) Open and manage a special account for each grant in an acceptable commercial bank dedicated to the project;
- e) Prepare and submit disbursement requests to the Bank for payment into the special accounts of the respective Implementing Agencies;
- f) Responsible for the selection on a competitive basis the Implementing Agency (-ies) for the identification of vendors and distributors of food vouchers to the beneficiaries and communities;
- g) Sign an agreement with the Implementation Agency based upon the agreed project arrangements;
- h) Extend the mandate of the existing Fund Management Unit (FMU) to undertake the project activities below:
 - i. Together with the Implementing Agency, prepare the project procurement plans, monthly work plans and budget and submit them to the Project Steering Committee for review and endorsement (where applicable), the first work and procurement plan can also be directly submitted to the Bank to expedite implementation;
 - ii. Submit to the Bank procurement documents for No Objection, including procurement notices;
 - iii. Undertake supervision missions, in consultation with the Implementing Agency, and the Bank, as required during the implementation of the Project and report its findings to the Bank and the recipient government;
 - iv. Supervise the Implementing Agency to ensure it is implementing the activities as designed;

- v. Establish and manage sound budgeting, accounting and financial reporting systems for the project and ensure compliance with the Bank's financial management policies and procedures;
- vi. Institute adequate internal controls to ensure that all financial transactions are duly authorized, properly recorded and maintained in an accounting system and that expenditures and related supporting documents are properly and physically archived for supervision and auditing purposes;
- vii. Ensure the efficient and effective flow of funds within the Project including the management of the Project Special Account in accordance with the Bank's Disbursement Rules;
- viii. Submit quarterly progress and completion reports to the Bank no later than 45 days after the end of the quarter;
- ix. Prepare and submit Project financial statements (PFS) for audit within three (3) months after the completion of the Project Activities. Such audit of the PFS shall cover the entire period of utilization of the Grant proceeds.
- x. Co-ordinate the independent external audit exercise and ensure the timely submission of audited financial statements for the Project to the Governments and the Fund.

Annex 10: Terms of Reference: Project Implementing Agency (IA)

Background:

Under a new Framework branded “Say No to Famine” is the African Development Bank is towards a coordinated response to its Regional Members Countries that have been severely affected by prolonged drought periods and unstable food production systems, leading to the increased exposure of vulnerable populations to chronic hunger and malnutrition. Coupled with weak institutions and governance systems and protracted conflicts, this humanitarian crisis exposes the relative fragility of these countries.

Somalia and South Sudan are in urgent need of assistance with more than half of the population of Somalia (6.2 million people) and more than 40% of the population of South Sudan (5.5 million people) are facing starvation. The situation is rapidly deteriorating and the number of people in need of livelihood and humanitarian emergency assistance is likely to increase as the dry and lean season continues, with significant negative impact on human health, local livelihoods and household assets (essentially livestock) as well as on the food security and nutrition of affected rural communities.

The drought has also had an impact on regional dynamics, as internal displacement and transboundary migration is at an all-time high. In Somalia, more than 714,000 people have been displaced due to drought since November 2016, including 8,000 and 3,000 new arrivals in major urban areas- Mogadishu and Baidoa, respectively. South Sudan, already experiencing the largest refugee crisis in Africa due to armed conflict, now has 2 million internally displaced individuals and an additional 1.3 million seeking refuge in other countries.

The Say No To Famine (SNTF) framework sets out short, medium and long term interventions needed to help affected RMCs tackle the drought and build long-term resilience. The short-term interventions prioritized by the Framework, identifies the need to immediately address humanitarian needs in South Sudan and Somalia. This is expected to focus on providing equitable and safe access to food, though food assistance and logistical support to get food from food surplus to food deficit areas, in order to help alleviate humanitarian food crisis.

The Short-Term Regional Emergency Response Project (STRERP) has been formulated as the first step towards implementing the Bank’s immediate response of the recently approved SNTF. Given the regional nature of the program, the overall coordination of the project will be carried out at the regional level by the Intergovernmental Authority on Development (IGAD), who will work in close collaboration with the line Ministries (Ministry of Humanitarian Assistance and Disaster Management in Somalia and the Ministry of Food and Agriculture in South Sudan) in the participating countries.

The IGAD Secretariat therefore, in collaboration with the Federal Government of the Republic of Somalia and the Government of the Republic of South Sudan, is seeking requests for proposals (RFPs) from international agencies and NGOs who can provide their services in implementing this project in each of the two countries

1. STRERP will implement the following activities in Somalia:

- v. Voucher-based food transfer program to meet the immediate food needs of approximately 44,000 most vulnerable HHs. Each semester, 22,701 HHs will be provided with 50 percent of the full food basket²⁷ 4 times a year (quarterly distribution). The basket consists of sorghum, yellow split peas, corn/maize/soya blend and cooking oil. Cost of the full basket is advised by the Somalia Cash and Voucher Worker Group guidelines released in April, 2017.
 - vi. Access to safe water for 134,000 HHs in 347 villages. The project will provide water trucking to community water storage facilities in the most needed areas for 3 times during the dry seasons, complemented by the distribution of jerry cans, water testing and hygiene promotion.
 - vii. Fodder vouchers for 9000 pastoral HHs, to be distributed twice during the project period.
 - viii. To address the AWD/Cholera outbreak, the project will provide immediate deployment of equipments and drugs for Cholera Treatment Centers (CTCs), in five AWD hotspots which have the most severe cases (Burco, Burtinle, Garowe, Baidoa and Luuq).
2. In South Sudan, STRERP will target the most vulnerable community members who are needy but have no able-bodied person to participate in public works. Food vouchers or supplies for cereals, pulses, vegetable oil and salt will be provided to an estimated 300,000 beneficiaries in 50,000 HHs (25,000 HHs each semester) and water distribution to an estimated 115,000 HHs.
 3. The project will use Community Based Targeting and Distribution (CBTD) approach to ensure public participation and vetting of the beneficiary selection process.
 4. The STRERP will also provide conditional food vouchers, agricultural inputs and tools during the wet season, in exchange for work and training. Activities proposed under this sub-component are all directly linked to reducing food insecurity through the voucher-for-work modality. HHs registered for conditional assistance will be required to participate in Food for Work and Training (FWT) activities for 15 days per month, four hours per day. Work activities will be scheduled around seasonal agriculture activities to avoid disruption of normal HH livelihoods. Some of the activities being considered under the conditional FWT may include:
 - vi. Restoration of productive capacity of arable land (crop and vegetable gardening).
 - vii. Rehabilitation and construction of community infrastructures, for example:
 - a. Rehabilitation of feeder roads to strengthen market access;
 - b. Construction of compost pit for manure production and waste management;
 - c. Rehabilitation of livestock water sources through excavation of new and de-silting existing water catchments and shallow wells;
 - d. Rehabilitate rangeland with check dams, gabions and stone lined pits to assist with water retention;
 - e. Rehabilitate irrigation canals for farming;
 - f. Construction of rehabilitation of nutrition screening centres
 - viii. Environment and natural resource management and climate adaptation.
 - ix. Skills development
 - x. Training of women and pregnant mothers on nutrition and health/sanitary conditions.

²⁷ Food basket guidelines and standard day rates are set by UN-FAO and the Inter-Agency Standing Committee on Agriculture & Livelihoods.

5. All FWT activities will be based on cultural suitability of work for both males and females, contribution to rebuilding of key communal/livelihood assets, addressing serious environmental degradation concerns within the project area, and capacity building for the communities to support replication and sustainability. Through this approach the project will be able to help communities meet daily food needs while enhancing self-reliance and resilience against shocks.
6. Through dialogue with the beneficiary governments, STRERP will identify relevant ministries (for example, in Somalia, the Ministry of Humanitarian Assistance and Disaster Management) implement context and needs-based capacity building for specific government institutions. The project's aim in working with the government and local organizations is to build their capacity to take on increasing responsibility for program planning, implementation, and monitoring. As government and local organizations learn to better deliver services, there will be a reduced need for engagement by external actors, and communities will be better placed to help themselves. Community participation in project planning and implementation will be a key step to strengthen local leadership and mobilization skills.

Services of the Implementing Agency

The proposed Implementation Agency (IA) should among other things meet the following minimum requirements to be able to secure the contract for the job.

Functional Role:	Implementing Agency (IA)
Location of the assignment	Somalia and/or South Sudan
Reporting to/overseen by:	IGAD
Duration of the assignment:	The assignment is expected to cover the project implementation timeline (12 months)

For the effective management of this project, the Implementing Agency (IA) will be expected to put in place an implementation and management structure that is in line with the Bank's 'value for money' guiding principles. The project will have different implementation levels, from guidance to implementing agency coordination.

- I. In each country a **Steering Committee** will consist of representatives from the line ministries at both national and local (state and community) levels, Ministry of Planning, Ministry of Finance, Ministry of Women and Human Rights Development, the Implementing Agency (IA) and the private sector, with the Bank having an observer status. The Steering Committee will provide the governance function for the implementation of the project. It will meet on a quarterly basis (through existing, local video conferencing set-ups if feasible to connect local authorities) to provide the overall leadership and guidance to the design, provides oversight on planning and progress.
- II. The Implementing Agency will set-up a **Project Management Team (PMT)** to implement the project, ensure buy-in and close cooperation with the relevant ministries and stakeholders.
 - a. The PMT will consist of 7 members as follows:
 1. Project Coordinator (with proven drought response experience and with capacity development expertise as well as excellent knowledge of drought affected areas and government institutions) in charge of overall project implementation,

2. Food Program Manager (with expertise in food, water and health emergency response provisions) to provide support to the food voucher projects. He/she will provide strategic programmatic and technical support to STRERP, liaise with external stakeholders and attend strategic meetings.
 3. A Voucher Project Assistant responsible for day to day voucher management and assistance for implementation where needed.
 4. A Procurement Officer.
 5. A Finance Manager.
 6. Monitoring and Evaluation (M&E) Officer (with gender and youth empowerment background),
 7. Assistant (administrative and IT support background).
- b. The PMT will be supported by the Executing Agency and other government agencies within the country in the most suitable manner (e.g. but not limited to staff support and process facilitation for access to drought affected areas) to mutually secure a successful project implementation.
 - c. The PMT members will work closely with field level IA staff, communicating the needs and progress on the ground. The PMT will coordinate closely with the Executing Agency and share the information as well as engage in mutual exchanges to secure most efficient and effective project implementation.
 - d. Quarterly work and procurement plans will be crafted under involvement of the EA, presented to the Project Steering Committee for review and endorsement (where applicable; the first work and procurement plan can also be directly submitted to AfDB to expedite implementation) and presented to AfDB for clearance prior to activity implementation by IA field level project staff. The IA will proactively engage the local communities to deliver on agreed activities and adjust plans to context as required with communities and local governments.
 - e. To maximize the knowledge sharing, each PMT member will mentor a local South Sudanese or Somali colleague working in their respective Executing Agency, each according to their field of expertise (e.g. include in PMT decision making processes, provide technical expertise, transfer project management skills and understanding of organizational procedures, share best practices etc.) to enhance the capacity within the EA for future project implementation.

The management structure described above will be responsible for providing integrated and technically sound project development and oversight, in strict compliance with AfDB implementation and project management, and field-level interaction and intervention in collaboration with existing decentralized government structures and/or service providers.

The IA will provide management and technical support throughout the life of the project, including submission of project reports. The IA should have a national-level director who will be in charge of the overall oversight for the project as well as the legal representation.

In summary, the IA will

1. Provide overall oversight for the project as well as the legal representation throughout the life of the project to ensure that the project is technically and properly managed;
2. Provide strategic, programmatic and technical support to the Project;
3. Provide support to the food voucher projects as part of the Somalia and South Sudan interventions;

4. Engage with external stakeholders and attend strategic meetings;
5. Be responsible for day to day management and M&E of the project ensuring that targets and milestones are met
6. Conduct market assessment to determine the market capacity to serve household with essential food commodities;
7. Identify vendors of food commodities and agree on price for a basic basket of goods, which is consistent with the market prices, and acceptable to the Bank;
8. Establish and manage sound budgeting, accounting and internal control and financial reporting systems for the project and ensure that all expenditures and related supporting documents are properly and physically archived for review and auditing purposes by IGAD and independent Auditors;
9. Ensure the efficient and effective management of the project resources including a dedicated Project Special Account to be opened at the IA level, and ensure achievement of Value for Money;;
10. Produce project reports (technical and financial) to monitor and manage progress towards achieving project outputs and spending against budget, which will then be sent to IGAD, the AfDB and Governments of Somalia and South Sudan.

Qualifications & Experience

a) Minimum qualifications and experience of the IA

The IA shall have a minimum of 5 years' experience and knowledge of fragile/conflict affected situations. The IA should have well-established networks in Somalia and South Sudan and a verifiable track record and performance in preparation, implementation and management of humanitarian projects. The IA should also have handled a large value sum amount of projects (minimum of USD 20m) in the area of food security, building resilience, and livelihood enhancement in a fragile country.

b) Minimum qualifications and experience of key staff

Position	Minimum Qualifications	Minimum Experience
Project Director	Minimum Master in Social Sciences, Rural Development, Engineering or equivalent.	10 years' experience in project planning and management; working in fragile and conflict affected situations

Community Development Specialist/Gender	Master in Sociology, Rural Development, Community Development or equivalent	5 years' experience in community mobilization, facilitating capacity building and participating in community driven and gender sensitive development activities.
Procurement Specialist	MBA, Law, Economics, Supply Management, Engineering or equivalent	5 years' experience in management procurement of projects familiarity with multilateral development banks procedures
Finance Manager	Professional Accountant (CA, ACCA, CPA, etc.)	Minimum of 10 years post qualification experience of which 5 years should have been with African Development Bank/Multilateral funded projects.

Deliverables

S/N	Deliverables	Due Date following contract signing	Description
1	Inception Report	1 Week	Clearly detailing the work methodology, efficiency and ability to meet the expectations of the project
2	Quarterly Progress Report 40% of the total amount disbursed % of the total number of individuals that have received food vouchers % of households that have received water and feeder vouchers	3 Months	Draft Financial Report on the use of resources Status Report of the progress of implementation

	% of women that have received health training		
3	<p>Quarterly Progress Report</p> <p>Remaining 50% of the total amount disbursed</p> <p>% of the total number of individuals that are now food secure and have improved health conditions</p> <p>% of households that have received food for work vouchers</p> <p>Number of Government Staff trained in Disaster Management and Humanitarian Training</p>	6 Months	<p>Draft Financial Report on the use of resources</p> <p>Status Report of the progress of implementation</p> <p>Physical evidence of the restoration of arable land and community infrastructure</p> <p>Assessment undertaken on the capacity of government staff in program planning, implementation, and monitoring towards disaster management and humanitarian assistance</p>
4	Final Report	12 Months	Remaining 10% of the total amount payable upon submission of the Final Report after incorporation of comments received on the Draft Final Report and also updated for activities undertaken during the final month of the project (month 12).
5	Project Financial Report	Within three (3) months after the completion of the Project Activities	Submit Project Financial Statement covering the entire period of utilization of the Grant proceeds

Other Responsibilities of the IA

Upon signature of the contract, the IA shall:

- i. Put in place a sound financial management system, including a good system of bookkeeping and financial accounting;
- ii. Provide evidence of having carried out/ currently carrying out similar activities as per this Terms of Reference in the proposed areas
- iii. Allocate the money to activities and suppliers in a transparent and accountable manner;
- iv. Avail the physical infrastructure of its own that will allow implementing the project;
- v. Fulfill all formalities required for operating in Somalia and South Sudan;
- vi. Have an efficient management system, with a transparent arrangement for decision-making and reporting and procedures for internal and external information exchange;
- vii. Equip the project implementation and monitoring the work of on-going activities and other third parties;
- viii. Have a well-established Procurement Management System that has transparent procedures for planning of purchases, including tenders, which guarantee high quality and proper use of products, sufficient supplies of high-quality products to the end consumer within a provided term;
- ix. Has evidence of routine preparation of reports of all the purchases and supplies;
- x. Has a fully functioning M&E system (with proven capacity and experience for the collection, recording and storing of the data related to the program implementation and quality control).

Annex 11: Bank's active portfolio in South Sudan and Somalia

Bank's active Portfolio in Somalia as at 3rd July 2017

Project Title	Approval Date	Closing Date	Source of Finance	Net Amount (MUA)	Disb. Ratio	Age (yrs)
Economic and Financial Governance Institutional Support Project	18-Dec-13	30-Jun-18	ADF Grant	2.5	76.38	3.5
Institutional Support to Financial Governance in Somalia	18-Jun-15	31-Dec-18	TSF Grant	1.225	18.2	2
Socio-Economic Re-Integration of Youth at Risk	22-Jan-16	31-Dec-18	TSF Grant	3.0	39.87	1.5
Water Resources Management and Investment Plan	01-Oct-14	31-Mar-18	AWF Fund	2.35	17.2	2.8
Somalia-DRSLP II	26-Nov-14	31-Dec-20	ADF Grant	10.0	5.33	2.6
			TSF	5.0	7.01	
Somalia National Statistical Capacity Building Project	13-Oct-16	31-Dec-19	TSF Grant	1.2	0	0.7
Water Infrastructure Development for Resilience in Somaliland	17-Jun-16	30-Mar-20	RWSSI	2.46	18.23	1.0
			TSF Grant	3.0	5.9	
Improving Access to Water and Sanitation in Rural Somalia	16-Dec-16	30-Dec-20	ADF Grant	4.2	7.47	0.6
			TSF	1.31	47.11	
			TSF	2.07	24.85	
Strengthening Institutions for Public Works	5-Dec-16	30-Dec-19	ADF Grant	3.3	7.84	0.6
			TSF Grant	2.2	35.73	
Total				43.82	17.5	1.7

Bank's active Portfolio in South Sudan as at 3rd July 2017

Project Name	Approval Date	Closing Date	Source of Finance	Net loan (MUA)	Disbursement rate%	Age in Yrs.
Technical Assistance For The Development Of The Transport Sector	26-Nov-13	31-Dec-17	TSF Grant	6.93	6.27	3.6
Juba Power Distribution And Rehabilitation System	17-Dec-13	31-Dec-17	ADF grant	16.96	31.87	3.5
Institutional Support For PFM And Aid Coordination	19-Dec-12	30-Jun-17	TSF grant	4.80	93.68	4.5
Good Governance And Capacity Building For Natural Resources	27-Oct-15	31-Dec-17	TSF grant	1.0	33.47	1.7
Gender Equality And Women's Economic Empowerment For Inclusion	27-Oct-15	31-Dec-17	TSF grant	1.0	19.33	1.7
Resilience Water And Sanitation For Improved Live And Health In Juba	14-Jul-16	31-Dec-21	TSF grant	4.95	3.71	0.8
Regional Development Finance Institutions (TDB-PTA & ATI)	12-Apr-17	31-Dec-18	ADF Loan & Grant	13.38	-	0.2
Juba Distribution System Rehablitaion And Expansion Project	12-Apr-17	31-Dec-18	TSF Loan	10.61	-	0.2
Non-Oil Revenue Mobilisation And Accountability In South Sudan	30-Mar-17	31-Dec-20	ADF Loan & TSF Grant	10.65	-	0.3
Total				70.28	31%	1.36

Annex 12: Justification for the Bank to Finance a Higher Proportion of Project Costs than that Indicated in the Principle of Cost Sharing

1. Introduction

The Bank's policy on expenditures eligible for Bank financing with regards to counterpart financing articulates the principle of cost sharing between the Bank Group and the RMC. For ADF financing, the government's contribution needs to be at least 10% of the project or programme costs.

This note makes a case for the Bank to finance 100% of the project, instead of the 90% as recommended in the policy of expenditures eligible for Bank Group financing with regard to counterpart funding.

2. Country Financial Parameters and Government commitment

At the moment, there are no Country Financial Parameters (CFP) for South Sudan. The CFP Sudan is a good proxy of the South Sudan' CFP. The last CFP for Sudan allow the Bank to finance up to 100% of the project cost for selected individual projects, on a case-by-case basis. This gives up comfort for the proposed Bank financing of 100% of the total cost of this project.

The project is fully aligned with the objectives and provisions of the 17 August 2015 Peace Agreement which entrust the TGoNU to institute programs for relief, protection, repatriation, resettlement, reintegration and rehabilitation of Internally Displaced Persons (IDPs) and returnees, and to offer special consideration to conflict-affected persons (children, orphans, women, widows, war wounded, etc.), in the provision of public service delivery, including access to health and education services. The Government has so far shown its strong commitment to implement this project. The project has been endorsed by the Cabinet and a request signed by the Minister of Finance and Planning has been submitted to the Bank.

3. Political turmoil

SS has since independence continued to struggle with issues of governance, peace, security and stability. The outbreak of the latest armed civil conflict in December 2013 has proved to be the most disruptive of all the nascent country's challenges. Although the parties have signed a peace agreement, the socio-political situation remains tense, and fighting has re-erupted in different locations in the northern part of the country. This has put the country on the brink of a humanitarian catastrophe.

The overall humanitarian situation in SSD continues to rapidly deteriorate, particularly since violence that erupted in July 2016. The World Food Programme estimates that around 4.1 million people had been displaced by the continuing civil conflict by 15 January 2017, including 2 million internally displaced, 0.27 million internal refugees and more than 1.8 million who have fled to neighbouring countries. Famine is looming, and severe hunger is expected to continue throughout 2017. Higher than normal food insecurity persists across the country, particularly in the conflict-affected states where displacements, inability to plant crops, and destruction of livelihoods have been severe, thereby making it impossible for the people to be self-dependent for their livelihood. It is estimated that there are more than 5.5 million people in emergency or crisis level food insecurity.

4. Economic and fiscal environment has worsened

The SSD economy has dramatically deteriorated since the outbreak of the latest civil conflict and collapse of production and global oil prices. Revenue collection has become considerably more difficult, while government expenditures have continued to increase. Oil revenues, upon which the country's economy depends, have collapsed following the oil shutdown in 2012 and the decline in prices since July 2014, leading to a growing budget deficit, which has reached about 30% of gross domestic product in the 2015/2016 financial year. The halt of production during the conflict and the collapse of global oil prices (from USD 110/ barrel in 2014 to around USD 30/barrel in June 2016) has resulted in a massive reduction in the country's national income and curtailed the state's ability to spend. Government has been unable to consistently pay civil servants' salaries since May 2016. The situation has been further compromised by the serious weaknesses in government capacity to collect revenues and manage public finances.

Government revenues have sharply fallen, by about 80%, in the space of just one year. With the withdrawal of DP support following the eruption of the civil conflict, the central bank has become the main source of financing the government's large and growing budget deficit. Monetisation of the fiscal deficit has in turn resulted in massive macroeconomic imbalances characterised by large current account deficits and increases in domestic and external debts. These imbalances have in turn fuelled high inflation, rapid depletion of foreign exchange reserves, exchange rate devaluation and a growing stock of expenditure arrears – all of which have put the country on the brink of economic collapse. According to the International Monetary Fund, the fiscal deficit in 2016/17 could top USD 1.1 billion or 25% of gross domestic product that, if financed through central bank borrowing and/or accumulation of arrears, will continue to fuel domestic currency depreciation and high inflation.

Officially, the Government has no debt sustainability issue, at least in the short term, although there are concerns about the country's low debt repayment capacity. According to the last IMF debt sustainability analysis, South Sudan is at moderate risk of external debt distress.

5. Conclusion

The current socio-political and macroeconomic context of SSD presents a number of constraints on government resources. These include fiscal deficits arising from external and internal shocks to the economy leading to the depreciation of the SSD currency and related inflationary pressures, a widening current account deficit and an increasing stock of external and domestic debt. These facts confirm that excluding the government counterpart contribution from the total project cost will ensure that the project is implemented while the country's very limited resources are freed up for increased development investments and keeping the country's the administration running. This will also contribute to the overarching objective of creating conditions for promoting peace, stability and state building.

Annex 13: Illustrative Simplified Interim Financial Reports
Period ended on

Particulars	Budget	Expenditure	Expenditure	Total
		Qtr 1	Qtr 2.	
Opening Balance				
Received from the African Development Bank				
Interest received on Grants				
Other funds, if any				
Total Receipts				
Expenditures				
1. xxxxxxxxxxxx				
• xxxxxxxx				
• xxxxxxxx				
Sub-total				
2. xxxxxxxxxxxx				
• xxxxxxxx				
• xxxxxxxx				
Sub-total				
3. xxxxxxxxxxxx				
• xxxxxxxx				
• xxxxxxxx				
Sub-total				
4. xxxxxxxxxxxx				
• xxxxxxxx				
• xxxxxxxx				
Sub-total				
Total Expenditure				
Program Support Cost (if any)				
Total Expenditures				
Closing Balance				
Note: While preparing the Chart of Accounts for reporting expenditures and the content of the financial reports, consider the grant disbursement categories.				

Annex 14: Fragility Assessment

Horn of Africa

1.1. The Horn of Africa region- comprising Somalia, Ethiopia, Kenya, Sudan, South Sudan, Eritrea, and Uganda- is one of the most climate-hazard prone and food insecure regions of the world. Beyond land and water resources, the region is facing complex challenges in managing its environmental and renewable natural resources—forests, fish, and the ecosystems on which they depend—in a sustainable way. Forest reserves are diminishing due to use for heating and cooking in poor households resulting in soil erosion, and damages to grazing habitat for livestock is on the increase. In addition, while charcoal is a traditional source of energy and fuel demand for tree cutting as an energy source drastically affects forest reserves and further reduces rainfall exacerbating aridity.

1.2. The result is increased pressure on communities leading to economic and social dislocation, displacement and an increasing incidence of resource-based conflicts. Pastoralists in Somalia, Sudan, and the lowlands of Ethiopia, Kenya and Uganda especially susceptible to the negative effects of environmental degradation given decreased access to water and pasture, leading to loss stock and its attendant impacts on livelihoods.

1.3. Indeed a key source instability in arid areas are inter-communal clashes over grazing land and water points among pastoralist as well as with farming communities. Pastoral conflicts between communities straddling the border regions of Ethiopia, Kenya, Sudan, Uganda and Somali borders particularly a problem given the increase in small arms and automatic weapons. Communities engage in cattle rustling to restock herds and fight to gain better access to grazing land and water sources, with the increased use of modern weapons increasing insecurity, and leading to high losses of lives.

1.4. Conflict, instability, and food insecurity have contributed to Horn of African countries having one of the highest levels of displacement on the continent. The region had over 2 million refugees and more than 5 million internally displaced people (IDPs), in 2014²⁸. The socioeconomic impacts of displacement and forced migration due to drought and environmental pressures are significant. Refugee and displaced populations pose significant pressure on weak local and national institutions and place significant strains on national and local governments and host communities. In addition, displaced and refugee populations are frequently the most deprived, vulnerable, and excluded with the attendant costs on human and social capital, economic growth, and poverty reduction.

2. Environmental Vulnerability, Drought and Fragility: South Sudan

2.1. For 42 of the past 60 years, there has been war in Southern Sudan - both before and after the state of South Sudan was created in 2011. The country descended into civil war in 2013, leading to widespread hunger. As warring militias continue to fight, vital food being brought in to support the South Sudanese people has been blocked and aid workers have been attacked. In some areas, around 50% of harvests have been destroyed. Severe drought has intensified an already fragile situation.

²⁸ UN Office for the Coordination of Humanitarian Affairs (OCHA), Eastern Africa: Displaced Populations (as at 31 March 2014), 11 June 2014, available at: <http://www.refworld.org/docid/53a005664.html> [accessed 25 March 2015]

2.2. Land degradation particularly in the Northern regions, affects livelihoods, increases inter-communal conflict (particularly when cattle die and are replaced through cattle rustling) including competition over water and pastures. The pressures arise from population growth, displacements to allow for oil drilling, climatic change, and disasters such as flooding and the lack of energy sources beyond firewood, which has led to the cutting down of trees and forest cover. Interventions are critical in order to support the improvement of livelihoods, mitigate farmer/pastoralist conflict, and protect water catchment areas and forest cover.

2.3. The southern regions of Ekuatoria are rich in soil and could easily be breadbaskets for the country. However, a major challenge is the lack of infrastructure in the country, and the difficulty in transporting food from areas where it is plenty to regions where it is less plentiful. In general, South Sudan has inadequate, and in some instances, none of the critical infrastructure needed to provide basic services such as transportation of basic foodstuffs, let alone, health, water, sanitation and education infrastructure. South Sudan has very few hospitals outside state capitals, few schools, and often no water and sanitation infrastructure outside of towns. Four states out of ten have no electrical grid or power supply provided by the government and the country only a few hundred kilometers of paved roads.

2.4. This is particularly a fragility challenge for 80 percent of the population living in rural areas. Lack of roads limits trade, impedes food transportation from the agricultural belt in the mid and southern belt to the northern areas where food insecurity a cyclical challenge. Lack of basic infrastructure also hinders the development of economic opportunities in rural areas and inhibits the growth of the private sector. The inadequate access to infrastructure poses a risk of social and economic marginalization of rural communities, economic inequalities between rural areas and cities such as Juba, as well as between the south and the north creating the basis for many social tensions.

3. Environmental Vulnerability, Drought and Fragility: Somalia

3.1. Somalia is a highly arid country (over 70% arid) and suffers from regular and sometimes persistent drought. These droughts often exacerbate existing communal challenges due to increased competition between pastoralists and farming communities for access to water, land and pasture. Somalia has very limited ground cover, with forested land having been denuded over a period of long standing conflict and as a result of charcoal production being the key sources of income for a variety of actors during the conflict period - from civilians trying to make ends meet to militias and armed groups, and in the subsequent post conflict period for Al-Shabaab (a terrorist group).

3.2. As a result, the land is highly degraded; rainfall is generally low and underground water a valuable resource that is often fought over by clans. Such competitions are likely to become more acute in the face of climate change, as the periods between drought get shorter and the actual length without rainfall longer. In the face of rapidly increasing population and competition for natural resources, these droughts have impact on food security, particularly in the poorer regions.

3.3. To complicate the challenge Somalia suffers from a low infrastructure and human capital base. Over the years, the country's infrastructure and human capital development has been severely constrained by war, violence, and wide spread poverty levels. The significant differences in the levels of economic development among the regions is partly driven by disparities in their

infrastructure and human capital investments coupled with asymmetric distribution of resources, productive assets and access to economic activity.

3.4. Consequently, Somalia's social conditions remain grim despite several years of relative stability. Vast areas remain highly insecure, making basic agriculture, trade, and livelihood activities difficult. Years of neglect means there are still many parts of the country, particularly in the south-central regions where there are no basic services.

Annex 15: Financing Requests from the Governments of Somalia and South Sudan

THE REPUBLIC OF SOUTH SUDAN (RSS)



MINISTRY OF FINANCE AND PLANNING

Tuesday 27 June 2017

Mr Gabriel Negatu
Director General, Eastern Africa
African Development Bank
Nairobi, Kenya

Dear Mr. Negatu,

Subject: REQUEST FOR URGENT ASSISTANCE TO ADDRESS THE ONGOING FAMINE

As a result of the prolonged unfavorable weather conditions and exacerbated by conflict, the Government of the Republic of South Sudan and United Nation (U.N) agencies have formally declared on 20 February 2017, famine in parts of South Sudan (SS). If support is not provided to curb the severity and spread of the food crisis, approximately 5.5 million people (about 50% of the population) would experience severe lack of access to food and risk dying at the height of the lean season in July coupled with cholera outbreak in some parts of the country.

The Government acknowledge the African Development Bank's support through an emergency assistance grant of USD 1 million. However, despite the efforts of the government and the development partners including the African Development Bank who have swiftly moved to offer the much needed assistance to the people of South Sudan, additional support is required to meet the immense needs and address the humanitarian crisis.

In view of the above, the Government would like to seek the assistance of the African Development Bank, as a key trusted partner by the African States, to help the Government tackle the crisis currently facing the people of South Sudan. The Government will advertise competitive tenders and use local and international partners to implement the program.

The Government would like to thank the African Development Bank for its sustained support to the post-conflict recovery and socio-economic development of South Sudan. Please accept the assurance of my highest consideration.

Sincerely,
Hon Stephen Dhieu Dau
Minister of Finance and Planning
Republic of South Sudan
Juba



Cc: Hon Mou Ambrose Riiny Thiik, Deputy Minister of Finance and Planning
Mr Agak Achuil Lual, 1st Underscretary of Finance, MoFP
Mr Wan Buyu Dyorri, Underscretary of Planning, MoFP
File

MINISTER

P.O Box 80, South Sudan - Juba

Republic of South Sudan (RSS)



MINISTRY OF FINANCE & PLANNING (MOFP)

Undersecretary of Planning

Ref:
GABRIEL NEGATU
DIRECTOR GENERAL
EATERN AFRICA REGIONAL CENTRE

Date:
May 20th, 2017

**SUBJECT: NO OBJECTION FOR SOUTH SUDAN PORTFOLIO RESTRUCTUREING (UA 6.5 MILLION) IN
RESPOND TO THE FAMINE**

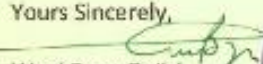
Dear Sir,

In respond to your letter Ref. AfDB/EARC/LTR/2017/04/025, expressing your concern with the humanitarian situation in the country and you are working in a respond packages which include the USD 1 Million which is approved already, given the urgent need of the citizens to be responded to, and we have a non-performing project the Technical Assistance which has an uncommitted balance of UA 6.5 Million.

The Republic of South Sudan has No-Objection of reallocation of the available fund from Technical Assistance to Development of Transport to famine respond, since the Bank will consider similar or more resource will be mobilized to support the transport sector when the situation become conducive for the TA project.

Please accept the assurance of my highest considerations.

Yours Sincerely,


Wani Buyu Dyöri
Undersecretary for Planning
Ministry of Finance and Planning



CC: Hon. Minister

Hon. D/ Minister

1st Undersecretary

D/g macro-Planning and Aid Coordination



The Government of Federal Republic of Somalia
Office of the Prime Minister

Ref: OPM/06/2017

Date: 19th June 2017

Dr. Akinwumi Ayodeji Adesina
President
African Development Bank Group
Abidjan, Cote d'Ivoire

RE: Request for urgent humanitarian response to drought affected communities in Somalia.

Excellency,

As you are aware, the country is currently facing a biting drought resulting in immense suffering of the Somali population. Death due to lack of food and water as well as diseases have been reported. Thousands have been displaced from their homes as they search for food and other forms of humanitarian assistance. It is feared that the drought could deteriorate into famine and result in grave consequences.

The Federal Government of Somalia (FGS) is fully committed to address the increasing and pressing needs of drought-affected communities and people affected by other natural and man-made disasters across the country. Taking into account the recurrent nature of crises and the need to ensure dedicated attention to address them, the government established drought committees at the federal and regional levels, and created the Ministry of Humanitarian Affairs and Disaster Management. These government institutions have played a critical role in identifying humanitarian needs, mobilizing local resources, responding to the needs of affected people and co-ordinating with humanitarian partners to ensure effective response.

Despite on-going efforts by all stakeholders, more needs to be done. The FGS considers the African Development Bank (ADB) a key partner in this endeavour and requests for urgent support to help alleviate the pressing needs of drought-affected communities across the country. Such support should seek to empower government institutions by channelling funds through its systems; ensure local purchasing of supplies in order to stimulate the local economy and ensure fast delivery of assistance to the affected people; ensure transparent processes through competitive bidding in line with agreed upon government and ADB criteria and ensure accountability at all stages through effective monitoring and evaluation.

Please accept, Excellency, my highest consideration.


H.E. Hassan Ali Khayre
Prime Minister
Federal Republic of Somalia



CC: Gabriel Negatu
Director General
African Development Bank
Eastern Africa Regional Center
Nairobi, Kenya

Villa Somalia, Mogadishu Email: primeminister@som.gov.so

BOARDS OF DIRECTORS**Resolution N° B/Z1/2017/43 - F/Z1/2017/ 66**

Adopted by the Boards of the Bank and the Fund on a lapse of time basis, on July 14, 2017

Multinational: Grant to the Federal Republic of Somalia from the resources of the Transition Support Facility, to finance part of the costs of the Say No to Famine: Short-Term Regional Emergency Response Project (STRERP)**THE BOARDS OF DIRECTORS,**

HAVING REGARD to: (i) Articles 1, 2, 32 and 37 of the Agreement Establishing the African Development Bank (the “Bank”); (ii) Articles 1, 2, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); the Report on the Fourteenth General Replenishment of the Resources of the Fund (ADF-14); (iv) the Operational Guidelines for the Implementation of the Strategy for addressing Fragility and building Resilience in Africa and for the Transition Support Facility (the “TSF Operational Guidelines”); (v) Guidelines for the Financing of Multinational Operations and (vi) the appraisal report contained in document ADB/BD/WP/2017/141/Approval ADF/BD/WP/2017/95/Approval (the “Appraisal Report”);

RECALLING

- (i) Document ADB/BD/WP/2017/92/Rev.1 - ADF/BD/WP/2017/67/Rev.1 entitled “Say No to Famine”;
- (ii) Resolution N° B/BD/201711 – F/BD/2017/06 adopted on 16th May 2017, by the Board of Directors of the Bank and the Board of Directors of the Fund approving the Framework ;
- (iii) Resolution B/BD/2008/05 - F/BD/2008/03 approved by the Boards of Directors of the Bank and the Fund on 28 March 2008 establishing a Fragile States Facility;
- (iv) Document ADB/BD/WP/2014/46/Rev.2 - ADF/BD/WP/2014/30/Rev.2 entitled “Addressing Fragility and Building Resilience in Africa: The African Development Bank Group Strategy 2014 – 2019”;
- (v) Document ADF/BD/IF/2017/69 entitled “2017 Performance-Based Allocations Under ADF-14”;
- (vi) the Strategic and Operational Framework for Regional Operations contained in document ADB/BD/WP/2008/31- ADF/BD/WP/2008/16;
- (vii) Revised Regional Operations Selection and Prioritization Framework contained in document ADB/BD/WP/2014/52 - ADF/BD/WP/2014/32; and
- (viii) Resolution N° F/BD/ [●]/ [●] adopted by the Board of Directors of the Bank and the Board of Directors of the Fund on a lapse of time basis on [●] July 2017, approving *inter alia* a waiver to the application of the prioritization and selection process required by the Revised Regional Operations Selection and Prioritization Framework;

NOTING that Federal Republic of Somalia has selected the Intergovernmental Authority on Development (IGAD) as a regional organization to assume all the financial and implementation responsibilities under the Project as further outlined in the Protocol of Agreement and the Appraisal Report;

DECIDE as follows:

1. To exceptionally approve the eligibility of the Federal Republic of Somalia, under the ADF-14 cycle, to (a) TSF Pillar I resources and (b) fifty percent (50%) of the grant component of the performance based allocation, prior to the approval of the 2017-2019 Country Brief for the Federal Republic Somalia;
2. To award to the Federal Republic of Somalia (the “Recipient”), from the Unallocated Reserves of the TSF a grant of an amount not exceeding the equivalent of Ten Million Units of Account (UA10,000,000) (the “Grant”) to finance part of the costs of the Say No to Famine: Short-Term Regional Emergency Response Project (STRERP) (the “Project”);
3. To authorize the President to conclude a Protocol of Agreement amongst the Bank, the Fund, the Recipient and the IGAD (the “Protocol of Agreement”) on the terms and conditions specified in the General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund, the TSF Operational Guidelines and the Appraisal Report;
4. The resources of the Grant shall be disbursed directly to IGAD in its capacity as the Project’s Executing Agency;
5. The President may cancel the Grant if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the Grant by these Boards; and
6. This Resolution shall become effective on the date above-mentioned.

AFRICAN DEVELOPMENT FUND

BOARD OF DIRECTORS

Resolution N° F/ Z1//2017/67

Adopted by the Board on a lapse-of-time basis, on July, 14 2017

Multinational: Grant to the Federal Republic of Somalia to finance part of the costs of the Say No to Famine: Short-Term Regional Emergency Response Project (STRERP)

THE BOARD OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (ii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (ADF-14); (iii) the applicable ADF-14 Country Resource Allocation; (iv) the Guidelines for the Financing of Multinational Operations; (v) Revised Policy on Loan Arrears Recovery; and (vi) the appraisal report contained in document ADB/BD/WP/2017/141/Approval - ADF/BD/WP/2017/95/Approval (the “Appraisal Report”);

RECALLING:

- (i) Document ADB/BD/WP/2017/92/Rev.1 - ADF/BD/WP/2017/67/Rev.1 entitled “Say No to Famine”;
- (ii) Resolution N° B/BD/2017/11 – F/BD/2017/06 adopted on 16th May 2017, by the Board of Directors of the African Development Bank (the “Bank”) and the Board of Directors of the Fund approving the Say No to Famine Framework;
- (iii) Document ADB/BD/WP/2014/46/Rev.2 - ADF/BD/WP/2014/30/Rev.2 entitled “Addressing Fragility and Building Resilience in Africa: The African Development Bank Group Strategy 2014 – 2019”;
- (iv) Document ADB/BD/WP/2014/46/Rev.3/Approved - ADF/BD/WP/2014/30/Rev.3/Approved entitled “Operational Guidelines for the Implementation of the Strategy for Addressing Fragility and Building Resilience in Africa and for the Transition Support Facility (“TSF”)”;
- (v) The Strategic and Operational Framework for Regional Operations contained in Document ADB/BD/WP/2008/31- ADF/BD/WP/2008/16;
- (vi) The Revised Regional Operations Selection and Prioritization Framework contained in Document ADB/BD/WP/2014/52 - ADF/BD/WP/2014/32; and
- (vii) Resolution N° F/BD/ [●]/ [●] adopted by the Board of Directors of the Bank and the Board of Directors of the Fund on a lapse-of-time basis on [●] July 2017, approving *inter alia* the eligibility of the Federal Republic of Somalia under the ADF-14 cycle, to (a) the resources of the TSF Supplemental Support Window (Pillar I), and (b) fifty percent (50%) of the grant component of its performance based allocation, prior to the approval of the 2017-2019 Country Brief for the Federal Republic Somalia;

NOTING the availability of sufficient resources to enable the Fund to commit the amount of the Grant;

FURTHER NOTING that the Federal Republic of Somalia has selected the Intergovernmental Authority on Development (IGAD) as a regional organization to assume all the financial and implementation responsibilities of the Project as further outlined in the Protocol of Agreement and the Appraisal Report;

DECIDES as follows:

1. To exceptionally waive the application of the prioritization and selection process required by the Revised Regional Operations Selection and Prioritization Framework;
2. To award to the Federal Republic of Somalia (the “Recipient”), from the resources of the Fund, a grant of an amount not exceeding the equivalent of Fifteen Million Units of Account (UA 15,000,000) (the “Grant”) to finance part of the costs of the Say No to Famine: Short-Term Regional Emergency Response Project (STRERP) (the “Project”);
3. To authorize the President to conclude a Protocol of Agreement amongst the Fund, the Recipient and IGAD (the “Protocol of Agreement”) on the terms and conditions specified in the General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund and the Appraisal Report;
4. The resources of the Grant will be disbursed directly to IGAD in its capacity as the Project’s Executing Agency;
5. The President may cancel the Grant if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the Grant by this Board; and
6. This Resolution shall become effective on the date above-mentioned.

BOARDS OF DIRECTORS

Resolution N° B/Z1/2017/44 - F/Z1/2017/68

Adopted by the Boards of the Bank and the Fund on a lapse of time basis, on July 14, 2017

Multinational: Grant to the Republic of South Sudan from the resources of the Transition Support Facility, to finance part of the costs of the Say No to Famine: Short-Term Regional Emergency Response Project (STRERP)

THE BOARDS OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 32 and 37 of the Agreement Establishing the African Development Bank (the “Bank”); (ii) Articles 1, 2, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (iii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (ADF-14); (iv) the Operational Guidelines for the Implementation of the Strategy for addressing Fragility and building Resilience in Africa and for the Transition Support Facility (the “TSF Operational Guidelines”); (v) the Guidelines for the Financing of Multinational Operations; and (vi) the appraisal report contained in document ADB/BD/WP/2017/141/Approval - ADF/BD/WP/2017/95/Approval (the “Appraisal Report”);

RECALLING

- (i) Document ADB/BD/WP/2017/92/Rev.1 - ADF/BD/WP/2017/67/Rev.1 entitled “Say No to Famine”;
- (ii) Resolution N° B/BD/2017/11 – F/BD/2017/06 adopted on 16th May 2017, by the Board of Directors of the Bank and the Board of Directors of the Fund approving the Say No to Famine Framework;
- (iii) Resolution B/BD/2008/05 - F/BD/2008/03 approved by the Boards of Directors of the Bank and the Fund on 28 March 2008 establishing a Fragile States Facility;
- (iv) Document ADB/BD/WP/2014/46/Rev.2 - ADF/BD/WP/2014/30/Rev.2 entitled “Addressing Fragility and Building Resilience in Africa: The African Development Bank Group Strategy 2014 – 2019”;
- (v) Document ADF/BD/IF/2017/69 entitled “2017 Performance-Based Allocations Under ADF-14”;
- (vi) The Strategic and Operational Framework for Regional Operations contained in document ADB/BD/WP/2008/31- ADF/BD/WP/2008/16;
- (vii) Revised Regional Operations Selection and Prioritization Framework contained in document ADB/BD/WP/2014/52 - ADF/BD/WP/2014/32; and
- (viii) Resolution N° F/BD/ [●]/ [●] adopted by the Board of Directors of the Bank and the Board of Directors of the Fund on a lapse of time basis on [●] July 2017, approving *inter alia* a waiver to the application of the prioritization and selection process required by the Revised Regional Operations Selection and Prioritization Framework.

NOTING that Republic of South Sudan has selected the Intergovernmental Authority on Development (IGAD) as a regional organization to assume all the financial and implementation responsibilities under the Project as further outlined in the Protocol of Agreement and the Appraisal Report;

DECIDE as follows:

1. To exceptionally approve the eligibility of the Republic of South Sudan to the resources of the TSF Supplemental Support Window (Pillar I) under the ADF-14 cycle;
2. To award to the Republic of South Sudan (the “Recipient”), a grant of a total amount not exceeding the equivalent of Sixteen Million Five Hundred Thousand Units of Account (UA 16,500,000) (the “Grant”) as follows:
 - (a) a grant of an amount not exceeding the equivalent of Six Million Five Hundred Thousand Units of Account (UA 6,500,000) from the Supplemental Support Window (Pillar I); and
 - (b) A grant of an amount not exceeding the equivalent of Ten Million Units of Account (UA 10,000,000) from the TSF Unallocated Reserves;to finance part of the costs of the Say No to Famine: Short-Term Regional Emergency Response Project (STRERP) (the “Project”);
3. To authorize the President to conclude a Protocol of Agreement amongst the Bank, the Fund, the Recipient and the IGAD (the “Protocol of Agreement”) on the terms and conditions specified in the General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund, the TSF Operational Guidelines and the Appraisal Report;
4. The resources of the Grant shall be disbursed directly to IGAD in its capacity as the Project’s Executing Agency;
5. The President may cancel the Grant if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the Grant by these Boards; and
6. This Resolution shall become effective on the date above-mentioned.

AFRICAN DEVELOPMENT FUND

BOARD OF DIRECTORS

Resolution N° F/ Z1/2017/69

Adopted by the Board on a lapse of time basis, on July 14, 2017

Multinational: Grant to the Republic of South Sudan to finance part of the costs of the Say No to Famine: Short-Term Regional Emergency Response Project (STRERP)

THE BOARD OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (ii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (ADF-14); (iii) the applicable ADF-14 Country Resource Allocation; (iv) the Guidelines for the Financing of Multinational Operations; and (v) the appraisal report contained in document ADB/BD/WP/2017/141/Approval - ADF/BD/WP/2017/95/Approval (the “Appraisal Report”);

RECALLING:

- (i) Document ADB/BD/WP/2017/92/Rev.1 - ADF/BD/WP/2017/67/Rev.1 entitled “Say No to Famine;
- (ii) Resolution N° B/BD/201711 – F/BD/2017/06 adopted on 16th May 2017, by the Board of Directors of the African Development Bank (the “Bank”) and the Board of Directors of the Fund approving the Say No to Famine Framework;
- (iii) the Strategic and Operational Framework for Regional Operations contained in document ADB/BD/WP/2008/31- ADF/BD/WP/2008/16; and
- (iv) Revised Regional Operations Selection and Prioritization Framework contained in document ADB/BD/WP/2014/52 - ADF/BD/WP/2014/32;

NOTING the availability of sufficient resources to enable the Fund to commit the amount of the Grant;

FURTHER NOTING that the Republic of South Sudan has selected the Intergovernmental Authority on Development (IGAD) as a regional organization to assume all the financial and implementation responsibilities of the Project as further outlined in the Protocol of Agreement and the Appraisal Report;

DECIDES as follows:

1. To exceptionally waive the application of the prioritization and selection process required by the Revised Regional Operations Selection and Prioritization Framework;
2. To award to the Republic of South Sudan (the “Recipient”), from the resources of the Fund, a grant of an amount not exceeding the equivalent of Fifteen Million Units of Account (UA 15,000,000) (the “Grant”) to finance part of the costs of the Say No to Famine: Short-Term Regional Emergency Response Project (STRERP) (the “Project”);
3. To authorize the President to conclude a tripartite Protocol of Agreement amongst the Fund, the Recipient and the IGAD (the “Protocol of Agreement”) on the terms and conditions specified in the

General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund and the Appraisal Report;

4. The resources of the Grant will be disbursed directly to IGAD in its capacity as the Project's Executing Agency;
5. The President may cancel the Grant if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the Grant by this Board; and
6. This Resolution shall become effective on the date above-mentioned.