

BOARD APPROVAL
Lapse-of-time Procedure
2 May 2018

FOR INFORMATION

MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary General

SUBJECT : CENTRAL AFRICAN REPUBLIC: SUPPLEMENTARY GRANT TO THE
SUPPORT PROGRAMME FOR RECONSTRUCTION OF GRASSROOTS
COMMUNITIES - PHASE 1*
(ADB/BD/WP/2015/86 – ADF/BD/WP/2015/61)

TSF GRANT OF UA 4 MILLION
RWSSI GRANT OF EUR 2.820 MILLION

The above-mentioned **Appraisal Report** and the **Draft Resolutions** were submitted for your **consideration on a Lapse-of-time basis**, on April 17, 2018.

Since no objection was recorded by 5.00 pm., on May 2, 2018, the proposal is considered approved and the Resolutions adopted.

Attch.

Cc: The President

*** Questions on this document should be referred to:**

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AFRICAN DEVELOPMENT BANK GROUP



SUPPLEMENTARY GRANT TO THE SUPPORT PROGRAMME FOR RECONSTRUCTION OF GRASSROOTS COMMUNITIES - PHASE 1

COUNTRY: CENTRAL AFRICAN REPUBLIC

Date: April 2018

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AFRICAN DEVELOPMENT BANK GROUP



CENTRAL AFRICAN REPUBLIC

SUPPLEMENTARY GRANT TO THE SUPPORT PROGRAMME FOR RECONSTRUCTION OF GRASSROOTS COMMUNITIES-PHASE 1

APPRAISAL REPORT

RDGC/AHHD

April 2018

Translated Document

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CURRENCY EQUIVALENTS

December 2017

UA 1 = CFAF 783.57343

UA 1 = EUR 1.19455

UA 1 = USD1.41542

FISCAL YEAR

1 January – 31 December

WEIGHTS AND MEASURES

1 metric tonne	=	2204 pounds
1 kilogramme (kg)	=	2.200
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 ounce
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 ares

ACRONYMS AND ABBREVIATIONS

AFD	:	French Development Agency
AIDS	:	Acquired Immune Deficiency Syndrome
ANEA	:	National Rural Water and Sanitation Agency
CAR	:	Central African Republic
CIP	:	Inter-Ministerial Steering Committee
CPS	:	Special Criminal Court
CRCA	:	Central African Red Cross
CSCP	:	Programme Monitoring and Coordination Unit
DDRR	:	Disarmament, Demobilisation, Reintegration and Repatriation
DRC	:	Democratic Republic of Congo
ENI	:	Teachers' Training School
ESIA	:	Environmental and Social Impact Assessment
ESMP	:	Environmental and Social Management Plan
EU	:	European Union
GDP	:	Gross Domestic Product
GEF	:	Global Environment Fund
HDI	:	Human Development Index
HeRAMS	:	Health Resources Availability Survey
HIV	:	Human Immune Deficiency Virus
IAEAR	:	Rural Water Supply and Sanitation Initiative
IEC	:	Information- Education-Communication
IOM	:	International Organisation for Migrations
JPN	:	National Pioneer Youth
MDG	:	Millennium Development Goals
MEPC	:	Ministry of the Economy, Planning and Cooperation
MINUSCA	:	United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic
MOP	:	Manually-Operated Pump
NGO	:	Non-Governmental Organisation
OCHA	:	United Nations Office for the Coordination of Humanitarian Affairs
OFCA	:	CAR Women's Organization
PACAD	:	Support Project for Communities Affected by Displacement
PADA	:	Support Project for Apprenticeship Development
PARCB	:	Support Programme for Reconstruction of Grassroots Communities
PARCGEF	:	Economic and Financial Management Capacity Building Support Project
PARIR	:	Rural Infrastructure Rehabilitation Support Project
PARSEJF	:	Youth and Women's Socio-economic Reintegration Support Project
PASEEL	:	Water and Energy Improvement Project
PASS	:	Health System Support Project
PDCAGV	:	Project for Community Development and Support to Vulnerable Groups
PIA	:	Project Impact Area
PNEDU	:	National Education Programme
PNPEE	:	National Policy for the Promotion of Equality and Equity
PURISU	:	Infrastructure and Urban Services Rehabilitation Emergency Project
RCPCA	:	CAR Peace Recovery and Consolidation Plan
RSS	:	Security System Reform
RWSSI	:	Rural Water Supply and Sanitation Initiative
SDG	:	Sustainable Development Goals
SODECA	:	CAR Water Distribution Company
STD	:	Sexually Transmissible Diseases

UNDP	:	United Nations Development Programme
UNHCR	:	United Nations High Commission for Refugees
UNICEF	:	United Nations Children's Fund
UNOPS	:	United Nations Office for Project Support Services
WB	:	World Bank
WFP	:	World Food Programme
WHO	:	World Health Organisation

INFORMATION ON THE SUPPLEMENTARY GRANT

CLIENT INFORMATION

I. PROGRAMME INFORMATION (PARCB-1)

BORROWER/DONEE: CENTRAL AFRICAN REPUBLIC

EXECUTING AGENCY: MINISTRY OF THE ECONOMY, PLANNING AND COOPERATION

PARCB-1 Financing Plan and Supplementary Grant

Source	Amount	Instrument
RSSWI:	UA 0.57 million	Grant (already approved)
TSF:	UA 5.00 million	Grant (already approved)
ADF-13	UA 9.55 million	Grant (already approved)
TSF (Pillar I):	UA 4.00 million	Grant (to be approved)
RSSWI:	UA 2.36 million (or EUR 2.82 million)	Grant (to be approved)
TOTAL COST	UA 21.48 million	

Timeframe – Main Milestones (expected) of the Grant Already Approved

Concept Note Approval	10 February 2015
Programme Approval	17 June 2015
Effectiveness	16 July 2015
Completion	31 December 2019
Last Disbursement	31 December 2019

II. KEY INFORMATION ON THE SUPPLEMENTARY GRANT: TSF AND RSSWI

Timeframe – Main Milestones (expected)

Presentation to the Board	25 April 2018
Signature	May 2018
Effectiveness	May 2018
Last Disbursement	December 2021

EXECUTIVE SUMMARY

General Overview: The Support Programme for Reconstruction of Grassroots Communities – Phase 1 (PARCB-1) was designed for implementation in several phases and in various areas of the Central African Republic, as their security conditions improve. PARCB-1, which covers mainly the city of Bangui and its environs, was approved on 24 June 2015 to the tune of UA 15 million. The programme’s completion is set for 31 December 2019. PARCB-1’s mid-term evaluation (end 2017) showed that it has yielded significant results that can contribute quickly to reducing fragility and strengthening resilience in the project impact area.

While waiting for a second complete phase of PARCB, it was essential to consolidate and strengthen the mid-term achievements of the first phase by replicating them in another locality, in this case the city of Bambari (situated 385 km from Bangui), with regard particularly to the component on “*sustainable socio-professional reintegration of unemployed and out-of-school youths*”. Indeed, in accordance with CAR’s 2017-2021 National Peace Recovery and Consolidation Plan (RCPCA), Bambari is currently a pilot area for reducing the spatial exclusion affecting the hinterland. An investment plan on Bambari was adopted with the support of partners, and international (MINUSCA) and national forces were deployed there to facilitate the implementation of activities.

With an overall cost of UA 6.36 million, financing for the Supplementary Grant to PARCB-1, which is part of this initiative, will contribute to strengthening sustainable livelihoods and social cohesion for the direct benefit of a population of about 123,150 inhabitants in Bambari and its environs, including 52% of women and 61% of mostly unemployed and out-of-school youths. These efforts will supplement those already made by PARCB-1, which benefits 500,000 people directly and 1,528,985 people indirectly (representing 32% of the CAR population), including 500,000 unemployed and out-of-school youths in Bangui and its environs.

Needs Assessment: The Supplementary Grant, which covers needs in terms of construction/rehabilitation and equipping of grassroots socio-economic infrastructure in Bambari and its environs (notably National Pioneer Youth (JPN) centres, the cattle market, the slaughter area, the Teachers’ Training School (ENI), drinking water and sanitation infrastructure) for the benefit of the population and income-generating activities for women. For the city of Bangui and its environs, the Supplementary Grant will consolidate health- and food security-related actions, especially through the operationalization of the youth entrepreneurship promotion centre and the hemodialysis centre, and the development of a cattle market.

Value Added for the Bank: The CAR Government and other partners consider PARCB as an excellent multi-sector programme model, which meets real needs for socio-economic recovery and peacebuilding. The Supplementary Grant to PARCB-1 seeks to consolidate PARCB-1’s achievements and duplicate its experience in Bambari, as part of the government initiative to support spatial reduction. This programme is consistent with the Bank’s High 5s (H-5s) and Ten-Year Strategy as well as the strategy to remedy fragility and strengthen resilience in Africa.

Knowledge Building: The approaches and methods experimented through sustainable socio-professional reintegration activities for unemployed and out-of-school youths, skills development in technical education and vocational training, women’s empowerment activities, and awareness-raising activities on social cohesion and change of attitudes in the programme, produced results and need to be replicated in other regions of the country. The programme will ensure knowledge ownership by beneficiaries through the participatory monitoring-evaluation system, which involves them in all phases of its implementation. The programme also has a Monitoring and Coordination Unit, a Steering Committee and a community consultation process.

RESULTS-BASED LOGICAL FRAMEWORK

Country and Programme Name: Central African Republic – Supplementary Grant to the Support Programme for Reconstruction of Grassroots Communities, Phase 1 (PARCB-1)						
Goal: Enhance the sustainable livelihoods of people affected by the political and military crisis and promote social cohesion						
	Results Chain	Performance Indicators			Means of Verification	Risks/Mitigation Measures
		Indicators	Baseline Value (2017)	Target Value		
IMPACT	Gradual restoration of social services and access to the latter have become effective	% of functional basic social services	(i) 50% in 2017 (ii)	80% for areas not affected by the crisis and 5% to 70% for conflict areas	Statistics of NGOs and sectoral Ministries, Monitoring reports	Risk: (i) Access constraints in the PIA (ii) Weak capacity of the Programme Coordination and Implementation Unit; (iii) Weak capacity of service providers; (iv) Fiduciary risks with UNSs (v) Increase in rainfall leading to river flooding and/or rising sea level causing flooding from tides Mitigation measures i) Effective implementation of the DDDR and ii) effective deployment of UN and national forces in the PIA i) Procurement modes compatible with the country's situation; ii) Convention and protocol agreements with UNSs, national NGOs and structures iii) Adapt the design of new infrastructure to increase climate resilience
OUTCOMES	Social services (education, health, water) are restored and functional in the project area	(i) proportion of functionality of schools, (ii) proportion of health units; (iii) proportion of social services with access to drinking water and sanitation;	59% (education) 48% (health) 45% (water) and 10% (sanitation)	75% (education.) 60% (health) 60% (water) and 30% (sanitation)	Activity reports of Supervisory Agencies, Monitoring reports Programme supervision reports, Programme completion reports	
	Improvement of the nutritional status	(i) Decline in food insecurity	454 000 households affected	Less than 300 000 households affected		
	The promotion of social cohesion and civic culture is effective	(vi) inter-community dialogue and conflict resolution structures/mechanisms operational, (vii) % of female victims of violence treated	0% NA	At least 50% of dialogue structures /mechanisms are operational Reduction of violence by 50%		
OUTPUTS	Component 1: Support for the development of socio-economic infrastructure to support social inclusion: <i>1.1.Construction of basic socio-economic infrastructure in Bangui and its environs</i>	Access to basic infrastructure at PK45 (environs of Bangui)	Less than 10% of the population has access to infrastructure at PK45	60% of the population has access to infrastructure: One (1) market + one (1) slaughter shed; - Two (2) mini-DWSs and twelve (12) boreholes equipped with manually-operated pumps – Five (5) 3-compartment water system VIP latrines – Batch of equipment and materials and one (1) thermally-insulated truck		
	<i>1.2.Construction of basic socio-economic infrastructure in Bambari and its environs</i>	Access to infrastructure in Bambari and its environs	Less than 30% of the population has access to basic infrastructure	60% of the population has access to infrastructure: One (1) JPN centre - 1 market + 1 slaughter shed and area - 1 dormitory for ENI - 14 3-compartment water system VIP latrines - 2 mini-DWSs and 13 boreholes equipped with solar pumps + superstructures - 2 solar energy units		
	Component 2 : Support for institutional capacity building in basic social sectors					

	<u>2.1. Bangui and environs:</u>				Project implementation report/Survey on ICASEES households	
	Availability of school manuals	Availability of school manuals	Less than 1 manual for 10 pupils	1 manual for 3 pupils (Production of 5000 Mathematics manuals and 5000 History-Geography manuals)		
	Operationalisation of JPNs	Operationalisation of JPNs	20% of JPNs operational	80% of JPNs operational and autonomous (Technical Assistance for JPN centres)		
	Operationalisation of the Bangui hemodialysis and medical imaging centres	Operationalisation of the Bangui hemodialysis and medical imaging centres	0%	90% : (Training of 2 radiologists <i>including one woman</i> , and 2 nephrologists <i>including one woman</i>); 8 paramedics (including 4 in nephrology and 4 in radiology; and connection of the Bangui hemodialysis and medical imaging centres)		
	Hygiene and sanitation	Reduction of hygiene- and water-related diseases	N.A	IEC on hygiene and sanitation, water point and latrine management as well as training of mini-DWS system operators and small-scale repairers, and mobilisation of beneficiary contributions		
	<u>2.2. Bambari and environs:</u>	Reduction of hygiene- and water-related diseases	N.A			
	Component 3: Support for programme coordination and management					
COMPONENTS						
ACTIVITIES	Supplementary Grant to PARCB-1:					
	Component 1: Support for the development of support socio-economic infrastructure for social inclusion					UA 3.783 million
	Component 2: Support for institutional capacity building in basic social sectors					UA 1.46 million
	Component 3: Support for programme coordination and management					UA 0.499 million
	Contingencies					UA 0.617 million
	TOTAL SUPPLEMENTARY GRANT RESOURCES					UA 6.36 million
	PARCB-1:					
	Component 1: Restoration of social services and promotion of social cohesion					UA 8.45 million
	Component 2: Support for the economic resilience of affected people					UA 3.90 million
	Component 3: General programme coordination					UA 1.15 million
	Contingencies					UA 1.62 million
	OVERALL TOTAL PARCB-1					UA 15.12 million

PROGRAMME IMPLEMENTATION SCHEDULE

No.	Task Name	Start	End	2017		2018		2019		2020		2021	
				H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
1	1. GENERAL ACTIVITIES												
2	Project appraisal	Fri. 22/12/17	Mon. 13/01/18										
3	Project approval	Wed. 25/04/18	Wed. 02/05/18										
4	Signature of the Grant Protocol Agreement	Mon. 14/05/18	Mon. 21/05/18										
5	Fulfillment of effectiveness/1st disbursement conditions	Tues. 22/05/18	Mon. 28/05/18										
6	2. PROJECT IMPLEMENTATION												
7	Project launch	Tues. 29/05/18	Fri. 01/06/18										
8	3. Component 1: Support for the development of socio-economic infrastructure												
9	Procurement process until notification												
10	Execution of works and procurement of goods												
11	4. Component 2: Support for institutional capacity building in basic social sectors												
12	Procurement process until notification												
13	Conduct of various studies and technical assistance												
14	5. Component 3: Programme coordination and management												
15	Works control and supervision												
16	Impact monitoring-evaluation and public awareness-raising												
17	Mid-term review	Mon. 10/06/19	Tues. 09/07/19										
18	Completion report	Tues. 06/07/21	Fri. 30/07/21										
19	Audits	Mon. 03/06/19	Fri. 13/08/21										

REPORT AND RECOMMENDATION OF BANK GROUP MANAGEMENT TO THE BOARD OF DIRECTORS ON A GRANT PROPOSAL TO THE CENTRAL AFRICAN REPUBLIC TO FINANCE THE SUPPLEMENTARY GRANT TO THE SUPPORT PROGRAMME FOR RECONSTRUCTION OF GRASSROOTS COMMUNITIES, PHASE-1

Management submits this report and recommendation on the approval of the implementation of grants of UA 6.36 million on Transition Support Facility (TSF) and Rural Water Supply and Sanitation Initiative (RWSSI) resources to the Central African Republic to finance the Supplementary Grant to the Support Programme for Reconstruction of Grassroots Communities, Phase 1 (PARCB-1).

I. STRATEGIC THRUST AND RATIONALE

1.1. General Context, Programme Linkages with the Country Strategy and Objectives

1.1.1. After a three-year transition, following the March 2013 military coup, CAR has organized presidential and legislative elections considered credible, and which have facilitated a return to constitutional order, with good prospects for economic revival, and peace recovery and consolidation. However, the country still faces enormous reconstruction challenges. These include: (i) the restoration of social cohesion and spatial inclusion by reducing inequalities in access to basic social services and restoring State authority throughout the national territory; (ii) the continuation of social dialogue and the effective implementation of the Disarmament, Demobilisation, Reintegration and Repatriation (DDRR) programme, involving the socio-professional reintegration of thousands of unemployed and out-of-school youths exploited by armed groups; and (iii) the revival of the private sector completely weakened by the cycle of conflicts.

1.1.2. The social and economic consequences of the Central African crisis are complex and diverse. With time, it has increased the number of unemployed and out-of-school youths, estimated, according to the High Commission for National Pioneer Youth (JPN), at more than half of the youth population, which accounts for more than 60% of the overall CAR population (4.9 million in 2015). The crisis has also greatly weakened the education system by creating a serious scarcity of skills that are essential to boost the local private sector through the promotion of local entrepreneurship. This is explained by the virtual absence of technical high schools and vocational colleges, the rare existing ones having neither appropriate infrastructure nor adequate teaching equipment and materials. Finally, the Central African education system is characterized by inadequate training with very limited labour market opportunities. The crisis has also seriously affected the health sector, including water, hygiene and sanitation. Already in 2008 before the crisis, the rate of access to drinking water in CAR stood at 27% in urban areas and 31.8% in rural areas. With regard to sanitation, the coverage rate was 11.1% in urban areas and less than 5% in rural areas. However, as regards the Bambari Sub-Prefecture, where the project is located, only 37% of rural and 31% of urban residents have access to water resources, while sanitation coverage in the area is very limited (at 1.7%). Finally, the crisis has destroyed most of the production means and livelihood resulting in 2013 in a fall in GDP, estimated at 36.7% in real terms.

1.1.3. During the political transition (2013-2016), the country witnessed a gradual recovery of economic activity and GDP growth reached 1% in 2014, before rising to 4.8 % in 2015 and 5.1 % in 2016, thanks to increased subsistence agricultural activity, transportation and trade. However, social indicators, which have deteriorated sharply following the crisis, remain alarming, placing CAR at the bottom of the 188 countries assessed in 2016, with a human development index of 0.36.

1.1.4. The Government formed after the 2016 elections, intends to continue economic recovery efforts as well as the national dialogue process of reconciliation to restore social cohesion in a new vision of a finally appeased country that breaks with the vicious cycle of poverty, conflict and fragility. It is at this prospect that the country, with the support of partners, adopted a CAR Peace Recovery and Consolidation Plan (RCPCA) for the period 2017-2021. The three pillars of the RCPCA are as follows: (i) Support peace, security and reconciliation, (ii) Renew the social contract between the State and the population, and (iii) Ensure economic recovery and the revival of productive sectors. As part of the implementation of the RCPCA, entirely financed through aid, Government plans to consolidate and strengthen the achievements of partners' programmes, which, until then, had focused on Bangui and its environs, owing to the security situation. It also, and above all, plans to deploy interventions in the hinterland to reduce spatial exclusion, the country's main source of fragility, and restore State authority throughout the national territory. At this prospect, Bambari, situated in the Centre-East of the country, some 385 km from Bangui, was chosen as a pilot site for the government's initiative to reduce spatial exclusion, which affects the hinterland and constitutes the country's main source of fragility. The Supplementary Grant to PARCB-1 fits into this context. It aims to consolidate PARCB-1's achievements (*cf. Box 1*), as the most important multi-sector and integrated operation approved by the Bank under its interim transition support strategy as well as contribute to reducing spatial exclusion by strengthening the sustainable livelihoods and social cohesion of the population affected by the political and military crisis in Bambari and its environs. Finally, the Supplementary Grant to PARCB-1 covers the three pillars of the RCPCA.

Box 1: Point on PARCB-1's Achievements

On the sites of the National Pioneer Youth, in terms of production infrastructure set up to build the capacity of youths and women, the PARCB-1 review therefore analysed agricultural produce processing opportunities and plans to complete infrastructure and equipment as part of the complementary financing to enhance women's economic empowerment. Indeed, the JPN Centre can have a training centre for the processing of agro-sylvo-pastoral products (sesame, cassava, fruits, fish, beef, poultry and pork corn and soy); because there are enormous potentials in the sectors of agriculture, livestock, fishery, and non-wood forest products. Unfortunately, these sectors of activity have considerable post-harvest loss rates (costs-benefits) (on average 30% of this production). An analysis of the situation shows that women are most active in the agricultural produce processing sub-sector. Several groups (about 60 women's groups out of 150 mixed groups) identified, process fish, cassava, okra, shea, sesame, meat, etc., but with traditional equipment and techniques that are very unprofitable in terms of production and income.

1.2. Rationale for Bank Involvement

1.2.1. To support the country in its crisis exit process during the political transition (2013-2016), the Bank had adopted a 2014-2016 Interim Strategy. After a thorough analysis of the country's factors of fragility and sources of resilience and dialogue with national authorities and other partners, the Bank had put at the centre of this strategy, a multi-sector support programme for reconstruction of grassroots communities (PARCB), which had to be implemented in several phases. The first phase of this programme was approved in June 2015 to the tune of UA 15 million with Bangui and its environs as the main target area. The other phases planned for financing on various ADF/TSF cycles, will cover the country's hinterland, as security conditions improve, in order to contribute to reducing spatial exclusion and strengthening the social cohesion and livelihoods of communities affected by the crisis. This pattern was confirmed in the Bank's 2017-2021 CSP.

1.2.2. At PARCB-1's mid-term review, it turned out that the activities carried out gave a lot of hope to the CAR population. These, especially, are the youth entrepreneurship promotion centres, which seek to ensure the socio-professional reintegration/integration of at least 500 000 unemployed and out-of-school youths in Bangui and its environs, and which are a real opportunity to revive the local private sector in various trades and growth promising sub-sectors. The rehabilitation/construction of technical and vocational high school infrastructure, and health centres in Bangui and its environs have also been very welcomed by the Central African population and other

development partners. The Central African Government and other partners consider PARCB as an excellent multi-sector programme model, which meets the real needs of socio-economic recovery and peace consolidation. Given the limited resources mobilized in the ADF/TSF-14, the second phase of PARCB was postponed to 2019, with financing from the ADF/TSF-15. While waiting for this second phase, it proved essential to mobilize minimum resources under the ADF/TSF-14 to consolidate the achievements of the ongoing PARCB-1 and duplicate its experience in Bambari with regard mainly to the socio-professional reintegration of unemployed and out-of-school youths to support the Government-launched initiative as outlined above.

1.2.3. Bank intervention is justified by its comparative advantage in the area of socio-economic reintegration to support peace recovery and consolidation and, above all, the need to continue its assistance to the sustainable crisis exit process initiated by the government. Indeed, Bambari, which is the chief town of the Ouaka Prefecture with 23,150 inhabitants (including the environs), is still seriously affected by the crisis that has sharply reduced the productive assets of households. This crisis has also led to a sharp increase in the vulnerability of a population made up mostly of unemployed and out-of-school youths exposed to manipulation and exploitation, for lack of sustainable socio-economic reintegration. In addition, Bambari is the country's hinterland city that has hosted the largest number of internally displaced persons (85,860) and refugees (1,700), following the crisis triggered in March 2013, thereby increasing the precariousness of the living conditions of its population.

1.2.4. In addition, the Supplementary Grant to PARCB-1 is in line with the implementation of the 2017-2021 RCPCA through its three pillars. In its Pillar I (Support peace, security and reconciliation), the project seeks to ensure the sustainable socio-professional integration/reintegration of thousands of unemployed and out-of-school youths of Bambari and its environs. As regards Pillar II (Renew the social contract between the State and the society), the project aims to strengthen the supply capacity of basic socio-economic services in Bambari. With respect to Pillar III (Ensure economic recovery and the revival of productive sectors), the project will contribute to developing youth cooperative enterprises through the youth entrepreneurship promotion centre that will be set up.

1.2.5. The Supplementary Grant to PARCB-1 also aligns with the Bank's 2017-2021 Strategy Document for CAR, especially its Pillar I (Support for agricultural development and infrastructure to support social inclusion). The project plans to consolidate the significant multi-sector results obtained in the first phase of PARCB, focused on the construction/rehabilitation of social infrastructure to support social cohesion (education, health, production) as well as on the promotion of youth entrepreneurship primarily in the agricultural and related sector¹. In addition, the project seeks to deploy the fast impact and sustainable impact-type activities carried out in the initial phase of PARCB in Bambari. This, especially, is the setting up of youth entrepreneurship promotion centres. Given its multi-sector nature, the Supplementary Grant to PARCB-1 will also contribute to Pillar II of the 2017-2021 CSP (institutional capacity building and governance) through some institutional support in the health, education and sanitation sectors. The Supplementary Grant to PARCB-1 is also consistent with the Bank's 2013-22 Ten-Year Strategy and the High Fives (High-5). By consolidating the sustainable youth socio-professional integration system established in the initial phase (Bangui and environs) and by replicating this system inside the country (Bambari) and helping to improve the supply of quality social services, the project also contributes to CAR's transformation and the improvement of the living conditions of the population. In addition, since the socio-professional reintegration of youths is geared mainly towards the creation of agricultural sector cooperative

¹ Cf. Table **Erreur ! Document principal seulement.**: Sub-sectors and trades for the promotion of youth entrepreneurship in JPN Centres

enterprises, the project contributes to the implementation of the Bank's sector policies in the field of agriculture and youth employability.

1.2.6. The Supplementary Grant to PARCB-1 is also consistent with the Bank's 2014-2019 Strategy to "Address fragility and strengthen resilience in Africa", which considers that, in situations of fragility, access to employment opportunities especially for youths, access to essential livelihoods and access to basic infrastructure through "quick impact" community programmes, could quickly promote social inclusion and contribute to resilience. Finally, the project is in line with the 2014-2018 Gender Strategy, which gives priority to the issue of "Gender and Fragility" especially in those aspects of creating economic opportunities for women in fragile situations, the promotion of social inclusion, capacity building and the fight against Gender-Based Violence.

1.3. Aid Coordination

1.3.1. In CAR, aid is the main source of financing for the governmental programme. Aid coordination has been strengthened under the 2017-2021 RCPCA. An RCPCA technical secretariat has been set up as the monitoring and implementation mechanism for donor commitments. The Bank has played a key role in assisting Government in the establishment of this mechanism in terms of advisory support and financing. Indeed, the Bank has provided UA 1 million of the TSF disbursed under the 2017 budget support programme, to support the setting up of the RCPCA technical secretariat.

1.3.2. The Bank has also continued strengthening its position as CAR's key partner. Indeed, PARCB is a multi-sector and integrated programme model currently used by partners, especially for the socio-professional reintegration of unemployed and out-of-school youth approach that is being implemented. The youth entrepreneurship promotion centres set up in Bangui and its environs are a mechanism intended to strengthen partner coordination in this specific field. During the appraisal mission of the Supplementary Grant to PARCB-1, several partners, including international NGOs, expressed the wish to use these centres to implement youth skills development and employment projects in their pipelines. The Bambari Stabilisation Plan, which is part of the Supplementary Grant to PARCB-1, is implemented in coordination with all partners. Planned activities have been chosen with the aim of ensuring complementarity and better coordination with other partners. The table below shows some partners' activities in Bambari for the period 2017 to 2019.

Table 1 : Partners' Intervention in Bambari

Partners	Project/Activities	Amount
Bank	Emergency assistance project in Bambari	EUR 1,000,000
	Support Programme for Reconstruction of Grassroots Communities, Phase 1 (PARCB-1) Supplementary	UA 6,510,000
World Bank	Performance-Based Health Support Project in Ouaka	USD 2,000,000
MINUSCA	Rehabilitation and equipping of the main office of the Bambari National Gendarmerie and Police Station	USD 940,000
	Training and equipping of local vigilance committees	USD 370,333
	Solar electrification of High Court and Appeal Court buildings	USD 244,600
	Appropriate securing of the prison outer wall	USD 524,467
	Transition of the pre-DDRR to the reduction of community violence	USD 1,800,000
UNICEF	Release and protection of children from armed groups	USD 735,000
	Mobilisation of women for violence reduction and social cohesion	USD 100,000
	Protection and psychosocial support for women ex-combatants	USD 150,000
BEKOU Fund	Reconciliation and support for returnees	USD 1,945,763
UNICEF	Emergency education assistance in Bambari and its environs	USD 3,896,000
Japon, CERF and CHF/WHO	Support for the provision of free care in the Ouaka health prefecture, including Bambari	USD 700,000
EZINGO Fund/WHO	Rehabilitation of 6 health centres in Ouaka	USD 800,000
EU/WHO	Support for health system governance in Ouaka	USD 200,000
UNICEF	Healthcare for displaced persons	USD 1,155,000
UNDP	Support for banking services by reopening the ECOBANK subsidiary	USD 250,000

II. PROGRAMME DESCRIPTION

2.1. Programme Goal and Components

2.1.1. *The sector goal of the Supplementary Grant to PARCB-1* is to contribute to strengthening the sustainable livelihoods of the population affected by the political and military crisis and promoting social cohesion. Specifically, the programme seeks to: (i) consolidate PARCB-1's achievements in Bangui and its environs, notably the operationalization of the Bogoura and Nzila youth entrepreneurship promotion centres and hemodialysis and scan centres, and the strengthening of food security by constructing a cattle market; (ii) ensure the socio-professional integration/reintegration of youths and women in Bambari by creating cooperative enterprises in the productive sectors that can contribute to food resilience, economic growth and social cohesion; and (iii) strengthen social infrastructure to improve the supply of basic social services in Bambari (health, education, water and sanitation). The achievement of these objectives requires the availability and regular, reliable and sustainable provision of drinking water. DWSSH infrastructure (adequate and sufficient) is essential for security, peace, social cohesion, and the socio-professional integration/reintegration of youths and women. This makes drinking water supply and sanitation infrastructure an essential support for productive sectors, hence the great importance attached to DWSSH in this Project.

2.1.2. The Supplementary Grant to PARCB-1 is based on the following components and sub-components: (A) Support for the development of socio-economic infrastructure to support social inclusion; (B) Support for institutional capacity building in basic social sectors; and (C) Support for programme coordination and management. The activities planned in each component seek to consolidate PARCB-1's achievements in Bangui and its environs as well as new achievements in Bambari (for more details see Table 2 below).

Table 2 : Programme Components

Component	Cost (UA 1,000)	Component Description
A. Support for the development of socio-economic infrastructure	3.783	<p>i) Sub-component A1: Construction/rehabilitation and equipping of socio-economic infrastructure in Bangui and its environs:</p> <ul style="list-style-type: none"> - Construction and equipment/materials: of one (1) cattle market, one (1) animal dung compost treatment shed and one (1) thermally insulated truck (TSF); - Construction of 2 solar-equipped mini-DWSs + a small network and 10 standpipes, 12 boreholes with manually-operated pumps + superstructures and 6 three-compartment water system VIP latrines (RWSSI) <p>ii) Sub-component A2 : Construction/rehabilitation and equipping of socio-economic infrastructure in Bambari and its environs:</p> <ul style="list-style-type: none"> - Construction, equipment/materials, furniture and inputs for the JPN centre + security fence, Construction, equipment/materials of one (1) cattle market and one (1) animal dung compost treatment shed (TSF) - Rehabilitation and equipping of the slaughter area; Renovation and furniture for the ENI dormitory (TSF) - Construction of 2 solar equipped mini-DWSs + a small network and 10 standpipes, 13 boreholes equipped with manually-operated pumps + superstructures and 14 three-compartment water system VIP latrines; Procurement of reagents/water quality control kits and sample conditioning equipment; Equipping of small-scale repairers and youths and women involved in waste management; and Procurement of one (1) Pick up 4X4 type vehicle and one computer + printer with accessories (RWSSI)
		<p>i) Sub-component B.1: Institutional support in Bangui and its environs:</p> <ul style="list-style-type: none"> - Feasibility studies for the construction of a modern slaughterhouse; Reproduction of Mathematics school manuals for the CE1/CE2 and CM1/CM2 classes and History-Geography

<i>Component</i>	<i>Cost (UA 1,000)</i>	<i>Component Description</i>
B. Support for institutional capacity building in basic social sectors	1.46	<p>manuals for the CM1/CM2 classes to be distributed to schools in the Bank's intervention areas (TSF) ;</p> <ul style="list-style-type: none"> - Technical assistance for the management, operationalisation and development of JPN promotion centres in Bangui/environs and Bambari, including their operation (TSF+RWSSI) ; - Technical assistance for the operationalisation of the Bangui hemodialysis and scan centres (internal training of 4 medical specialists (including 2 in nephrology and 2 in radiology) and 8 paramedical specialists (including 4 in nephrology and 4 in radiology), support for professors/missionaries and twinning) (TSF) <p>ii) Sub-component B.2 : Institutional support in Bambari and its environs:</p> <ul style="list-style-type: none"> - Contracting of a service provider for IEC on hygiene and sanitation, setting up of water point and latrine management structures as well as training of operators of these mini-DWS systems and small-scale repairers, and mobilisation of the contributions of beneficiaries (RWSSI). - Contracting of a consultancy firm for the control and supervision of drinking water and sanitation infrastructure works and a specialised solar and wind firm (RWSSI).
C. Support for programme coordination and management	0.499	<ul style="list-style-type: none"> - Operating costs (Steering Committee, Project Implementation Unit, allowances, etc.) and Monitoring-evaluation (TSF) ; - Audit of project accounts (RWSSI).
Contingencies	0.617	Provisions for contingencies + price escalation (TSF+RWSSI)

2.2. Technical Solutions Adopted and Alternatives Explored:

The Supplementary Grant to PARCB-1 continues the implementation of the approach initiated with PARCB-1. The Bambari Stabilisation Plan is implemented through the interventions of various partners. Most of these interventions prefer the emergency and humanitarian approach. The Supplementary Grant to PARCB-1 is part of a resilience-building approach, which targets sustainability that can contribute to breaking the conflict-fragility-poverty vicious cycle that characterizes CAR. This is the justification for the choice of the technical solutions adopted. These are the construction and operationalization of a youth entrepreneurship promotion centre to ensure the sustainable socio-professional integration of youths, especially unemployed and out-of-school youths, through a skills development programme in buoyant trades mainly in the agricultural sector that has a high potential for job creation; and the rehabilitation of social infrastructure, especially in the field of skills development. The table below shows the various solutions explored and reasons for the choices made.

Table 3: Alternatives Considered and Reasons for Rejection

Alternative	Brief Description	Reasons for Rejection
Distribution of individual reintegration kits to unemployed and out-of-school youths	The approach consists in identifying the unemployed and out-of-school youths, and providing them with rapid training and an individual integration kit.	This approach does not guarantee sustainable social reintegration/integration of unemployed youths. It has been demonstrated that the youths end up by selling their kits and becoming again more vulnerable than before.
Distribution of installation kits to internally displaced persons	The approach consists in distributing food and other materials to internally displaced persons for their installation.	This approach strengthens the stigmatization of internally displaced persons and their rejection by host communities, which consider them as the privileged persons of donor interventions. This strengthens social exclusion.

Table 4 : Sub-sectors and Trades for Youth Entrepreneurship Promotion in JPN Centres

Sub-sectors Retained	Trades to be Developed	Products
Poultry	Broiler breeding	Broilers
	Layer breeding	Table eggs
	Hatchery (JPN specialty trade)	Day-old chicks
Pig farming	Fattener	Pigs
	Breeder/multiplier (JPN specialty trade)	Piglets
Fish farming	Producer of fry (JPN specialty trade)	Fry
	Breeding in ponds or in bins	Table fish
	Okra producer	Okra
Market gardening	Tomato producer	Tomato
	Pepper producer	Pepper
	Lettuce	Salad and cabbage
	Leaf vegetables	Leaves
	Onion farming	
Fruit production	Pawpaw producer	Pawpaw
Seed production	Seed multiplier or seed producer	Commercial seeds
	Nursery growers	Selected seedlings

2.3. Programme Type

The Supplementary Grant to PARCB-1 is a multi-sector and integrated investment programme financed by a 14-cycle TSF grant and an RWSSI grant. It contributes to the implementation of the National Peace Recovery and Consolidation Plan (RCPCA). Given the programme's complexity and the country's weak capacity for its implementation, arrangements for international technical assistance to the programme monitoring and coordination unit set up under PARCB-1, will be maintained for the Supplementary Grant to PARCB-1.

2.4. Programme Cost and Financing Arrangements

The project cost, net of taxes and customs duties, is estimated at UA 6.361 million, financed by the 14th cycle TSF grant (TSF-14), to the tune of UA 4 million and the RWSSI grant, to the tune of UA 2.361 million. Due to the extreme fragility and financial situation of the Central African State, no counterpart contribution will be required from the Government.

Table 5: Cost Estimate by Component

Components	In CFAF billion			In UA million (UA 1 = CFAF 783,57343)			% foreign exchange
	Cost in foreign exchange	Cost in local currency	Total cost	Cost in foreign exchange	Cost in local currency	Total cost	
Component A: Support for the development of socio-economic infrastructure to support social inclusion	0,74	2,22	2,96	0,95	2,84	3,78	25%
Component B: Support for institutional capacity building in basic social sectors	0,92	0,23	1,15	1,17	0,29	1,46	0.8
Component C: Support for programme coordination and management	0,04	0,35	0,39	0,05	0,45	0,50	90%
Total base cost	1,70	2,80	4,50	2,16	3,58	5,74	
Provision for price escalation (3%)	0,10	0,05	0,15	0,13	0,06	0,19	70%
Provision for implementation contingencies (6% TSF & 7.9% RWSSI)	0,23	0,1	0,33	0,30	0,13	0,43	70%
Total programme cost	2,03	2,95	4,98	2,60	3,76	6,36	
Note: See exchange rate in page (i)							

Table 6: Sources of Financing

Sources of financing	In CFAF billion			In UA million (UA 1 = CFAF 783.57343)			% total
	Cost in foreign exchange	Cost in local currency	Total cost	Cost in foreign exchange	Cost in local currency	Total cost	
TSF	2,04	1,10	3,13	2,6	1,4	4	65%
RWSSI	1,11	0,74	1,85	1,42	0,94	2,36	6%
Total programme cost	3,15	1,84	4,98	4,02	2,34	6,36	

Table 7: Programme Cost by Expenditure Category

Expenditure categories	In CFAF billion			In UA million (UA 1 = CFAF 783.57343)			% foreign exchange
	Cost in foreign exchange	Cost in local currency	Total cost	Cost in foreign exchange	Cost in local currency	Total cost	
Works	0,57	1,7	2,27	0,72	2,17	2,89	25%
Goods	0,56	0,14	0,70	0,71	0,18	0,89	80%
Services	0,94	0,24	1,17	1,20	0,3	1,50	80%
Operation	0	0,36	0,36	0	0,46	0,46	0%
Total base cost	2,06	2,44	4,50	2,63	3,11	5,74	
Provision for price escalation (3%)	0,10	0,04	0,15	0,13	0,06	0,19	70%
Provision for contingencies (6% TSF & 7.9% RWSSI)	0,23	0,10	0,33	0,30	0,13	0,43	70%
Total programme cost	2,40	2,58	4,98	3,06	3,30	6,36	

Table 8: Programme Cost by Expenditure Category and by Financing

Expenditure categories	TSF in UA million			RWSSI in EUR million		
	Cost in foreign exchange	Cost in local currency	Total cost	Cost in foreign exchange	Cost in local currency	Total cost
Works	0,50	1,40	1,90	0,30	0,90	1,20
Goods	0,40	0,10	0,50	0,40	0,10	0,50
Services	0,60	0,20	0,80	0,70	0,20	0,90
Operation	0,00	0,50	0,50	0,00	0,00	0,00
Total base cost	1,50	2,20	3,70	1,40	1,20	2,60
Provision for price escalation (3% TSF and 3% RWSSI)	0,10	0,00	0,10	0,12	0,00	0,12
Provision for implementation contingencies (6% TSF and 7.9% RWSSI)	0,10	0,10	0,20	0,10	0,00	0,10
Total programme cost	1,70	2,30	4,00	1,62	1,20	2,82

Table 9: Expenditure Schedule by Component (amounts in UA million)

Components	Total cost	Y1	Y2	Y3	Y4
		0.3	0.4	0.2	0.1
Component 1 :	3,78	1,13	1,51	0,76	0,38
Component 2 :	1,46	0,44	0,58	0,28	0,15
Component 3 :	0,50	0,15	0,2	0,1	0,05
Total base cost	5,74	1,72	2,29	1,14	0,58
Provision for price escalation (3%)	0,2	0,06	0,08	0,04	0,02
Provision for implementation contingencies (6% TSF & 7.9% RWSSI)	0,43	0,13	0,17	0,09	0,04
Total programme cost (Base cost + Contingency cost)	6,36	1,91	2,54	1,27	0,64

2.5. Programme Area and Beneficiaries

2.5.1 The main programme impact area (PIA) is the city of Bambari (situated some 385 km from Bangui) and its rural environs (radius of 50 km from the city of Bambari). PARCB-1 consolidation activities will concern Bangui and its semi-urban and rural environs (radius of 65 km).

2.5.2. In Bambari and its environs, the Supplementary Grant to PARCB-1 will cover an estimated population of 123,150 inhabitants, 54 % of whom are women. Out of this overall population, 60 % are unemployed and out-of-school youths. While in Bangui and its environs, PARCB-1 covers an estimated direct beneficiary population of 500,000 and an estimated indirect beneficiary population of 1,528,985 (or 32%) of the country's total population. Among PARCB-1's direct beneficiaries, about 60% are unemployed and out-of-school youth militia members as well as host communities. They include, inter alia, nearly 10,000 demobilised young ex-combatants, 350,000 unemployed and out-of-school youths, 5,000 women members of production and agro-pastoral processing associations and cooperatives working in certain sub-sectors, and nearly 30,000 students enrolled in precarious conditions. Also affected are several grassroots communities that have welcomed nearly 300,000 displaced persons in Bangui and Zone 7, the living conditions of which will be improved gradually.

2.6. Participatory Approach

2.6.1. During evaluation missions, participatory stakeholder consultations confirmed the options and helped guide the approach for implementing the Supplementary Grant to PARCB-1. The conclusion drawn from these consultations is to continue the approach developed under PARCB-1. This consists in developing methods that ensure rapid impact, sustainability of programme results and ownership by beneficiaries. That is why the consultations involved all categories of actors: key technical and financial partners, national and international non-governmental organizations, Government, PARCB-1 steering committee members, youth and women's associations, professional organizations, etc.

2.6.2. To ensure programme ownership by beneficiaries, it was agreed to extend the monitoring-evaluation system set up under PARCB-1 to the Supplementary Grant. This system makes it possible to involve beneficiaries in the monitoring-evaluation of programme performance indicators and take active part in its management. Finally, the choice made on the activities and the arbitration of priorities sufficiently involved all the stakeholders.

2.7. Bank Experience and Lessons Reflected in PARCB Design

2.7.1. The Bank's current portfolio in CAR, as at 30 November 2017, includes 10 public sector operations for an overall package of UA 73.57 million (MUA). The portfolio is financed by ADF-13 (ABF and TSF), IAEAR and GEF resources, 51 % of which are intended for national projects and 49% for regional operations. The national portfolio comprises four public investment operations and three institutional support operations. The portfolio's distribution by sector is as follows: 42% Energy, 22% Social, 21% Water and Sanitation, 8% Governance and 7% Agriculture and Environment.

2.7.2. The recurring problems encountered in implementing portfolio operations in CAR, are: (i) the weak capacity of operations to generate a quick impact on the country's resilience, taking into account both urgency and development; (ii) the weak capacity of project implementation units and their limited mastery of AfDB rules and procedures, resulting in the poor quality of procurement and disbursement files with implications for slippage in project implementation time; and (iii) the low performance of national companies, especially in the execution of infrastructure contracts. It should be noted that some simple and non-complex infrastructure works awarded to national companies for a duration of 6 months, are still uncompleted at their third year; (iv) "*the unsuccessfulness*" of most of the bidding invitations and requests for expression of interest launched at the international level.

This is due to the reticence of international companies and firms, owing to the country's fragile situation and security context.

2.7.3. To deal with these problems, especially in CAR's context of extreme fragility, the Bank made the choice, at least under its Interim CSP, to experiment a multi-sector and integrated intervention approach in designing the Support Programme for Reconstruction of Grassroots Communities (PARCB). This has the advantage of combining urgency with development and responding quickly to the needs emerging from a situation of fragility. The Bank had also taken measures to ensure that the project would be implemented on time and generate quick impact on the improvement of the living conditions of the population, namely: (i) mobilize additional resources on Pillar III of the TSF to recruit international technical assistance at the programme monitoring and coordination unit (CSCP) for its implementation; and (ii) develop procurement provisions to maximize the flexibility offered by AfDB rules and procedures in a fragile context such as CAR, in order to reduce delays in the procurement process in light of the urgent needs: consultations of suppliers, selection based on the qualifications of consultants, etc.

2.7.4. *PARCB-1 did not escape these recurring problems.* Several contracts launched at the international level due to rules and procedures constraints as regards their amounts, proved unsuccessful especially for goods, and all works contracts awarded to local companies are today facing significant delays in execution. However, PARCB-1 had the advantage of having received the submission and qualification of two international companies, whose head offices are in a country of the sub-region (Congo Brazzaville). The technical and financial capacities of the two companies, to which major lots of infrastructure works were awarded, contributed to the completion of these works within the timeframe (6 to 8 months). This contributed greatly to the project's current level of performance, with a disbursement rate of 72.59% (including 56.65% of the ADF; 90.00% of the TSF and 71.11% of the RWSSI) and a physical implementation rate of 57% in only 20 months, after the effective launch of project activities. PARCB-1 has thus largely contributed to improving the performance of the entire national portfolio and the visibility of the Bank.

2.7.5. Drawing lessons from the implementation of past and ongoing operations, including PARCB-1, Government, during the dialogue with the evaluation mission of the Supplementary Grant to PARCB-1, suggested the award, by direct agreement, of the construction works of important social infrastructure to these two international companies, particularly infrastructure for the Bambari youth entrepreneurship promotion centre. Government justifies this choice by the fact that these companies, which implemented the construction works of the Bougoura and Nzila youth entrepreneurship promotion centres by international competitive bidding, will apply the same unit prices, given the similarity of these works; and that the companies still have their equipment and materials in Bangui that can easily be redeployed to Bambari. The works were also carried out on time and accepted recently (November 2017).

2.7.6. In addition, drawing lessons from PARCB-1, the Supplementary Grant to PARCB-1 will be designed on the following model: (i) Technical Assistance to the CSCP should continue its mission to support the implementation of the Supplementary Grant to PARCB-1 in conjunction with PARCB-1. However, given the limited resources available for the Supplementary Grant to PARCB-1, individual contracts will be signed directly with some of the experts currently involved in PARCB-1's implementation, and whose contracts are ending; these are the monitoring-evaluation experts, the two (2) civil engineers and the procurement expert. Another local rural engineering expert will also be recruited to support the implementation of the Supplementary Grant to PARCB-1; (ii) the choice of activities should focus on the construction and equipping of the youth entrepreneurship promotion

centre, designed on the Bogoura model, and on some activities aimed at consolidating PARCB-1's achievements; (iii) the choice of procurement methods will favour the maximum possible flexibility offered by rules and procedures (consultation of suppliers, selection based on the qualifications of consultants, direct agreement, etc.).

2.8. Key Performance Indicators

The key performance indicators of the Supplementary Grant to PARCB-1 are complementary to those of PARCB-1. These are: (i) the number of social infrastructure constructed/rehabilitated and equipped; (ii) the number of youths (boys/girls) having benefited from socio-professional integration; and (iii) the number of socio-professional integration trades developed.

III. PROGRAMME FEASIBILITY

3.1. Economic and Financial Performance

3.1.1. *Since PARCB is a multi-sector programme, with mostly social activities, the assessment of short-term economic performance is not obvious.* In the long term, the improvement of social conditions will, due to the programme's impact, have effects on the Gross Domestic Product (GDP). The rehabilitation and equipping of school infrastructure and technical and professional training centres, the strengthening of health units and staff training for the technical ministries concerned, aim to develop human capacity and productive assets.

3.1.2. The effects of the valuation of human capital will be observed in the medium and long term in the national economy. Support for the National Pioneer Youth (JPN), in the medium term and beyond the programme implementation duration, will ensure the socio-professional reintegration of more than 500,000 unemployed and out-of-school youths in Bangui, Bambari and their environs, which are targeted by JPN Centres. The overall economic rate of return (training farm and other productive activities) is above 20%. The revival of production through the development of JPN centre farms and fish-breeding sites will enhance the recovery of economic activities, and the increase in household incomes, with effects on increased GDP. Overall, calculations show that the project will help increase food crops, vegetables and commercial seeds by about 5,000 tonnes within 3 years, thus generating incomes of more than CFAF 2 billion. Added to these vegetable products are animal products (poultry 50,000 chicks per year; at least 150 tonnes of fish per year) and algae (spirulina 1,200 kg per year), which will generate not less than CFAF 400 million in incomes. In this context, the project will have an immediate impact on food security. The rehabilitation of secondary and technical school infrastructure will eventually expand youth employability opportunities. Health infrastructure will increase access to health care and improve technical platforms. Similarly, investments in the water sector will free young girls from water collection chores, thus enabling them to continue their school studies and moms to focus on other activities (trade, agriculture, etc.). In short, an awareness programme on social cohesion will support all activities favouring community and associative approaches. The activities will help to reconstruct communities, reduce social tensions and restore social cohesion.

3.2. Environmental and Social Impact and Climate Change

3.2.1. Environmental Impact

3.2.1.1. *At the environmental and social level, the Supplementary Grant to PARCB-1 is classified in environmental and social category 2 since its actions, focused on the rehabilitation of existing and new infrastructure, have no significant negative impacts on the environment.* The rehabilitation and construction actions planned by the project will rather improve hygiene conditions and the

physical environment of the infrastructure. The Environmental and Social Impact Assessment (ESIA), and the Environmental and Social Management Plan (ESMP) were prepared for the city of Bambari and the environs of Bangui, in accordance with the Central African law on the environment and AfDB environmental and social safeguard procedures and policies.

3.2.1.2. The potential negative impacts can be mitigated by appropriate mitigation measures. Thus, the main negative risks are those related to STDs that might increase, with the intensification of contacts of people of various backgrounds at the level of markets.

3.2.1.3. An ESMP was prepared to meet environmental requirements and ensure the sustainable development of the infrastructure to be rehabilitated. It was prepared with the technical collaboration of the Ministry of the Environment and Sustainable Development. This plan details the most significant potential impacts and the feasible mitigation measures. It also describes the IEC, monitoring-evaluation and awareness-raising programme for the population and operators concerned. A service provider will be contracted for this purpose, in order to guarantee the sustainable development of the Supplementary Grant's activities.

3.2.1.4. ***The ESMP*** of the Supplementary Grant is consistent with the indications in PARCB-1's ESMP implementation table and takes into account the new infrastructure that will be constructed in the localities. Monitoring structures, notably the PCU/PARCB-1 and services of the General Directorate of the Environment (DGE), will prepare relevant monthly and quarterly reports. These reports will be communicated to the MEPC and AfDB. ***Already, the following provisions and respect for environmental and social standards will be taken into account in the Bidding Documents of contracting companies.*** These include: (i) the number of sites cleaned or restored after construction works, (ii) sensitization of stakeholders in environmental and social management around drinking water and sanitation infrastructure, and (iii) holding accountable contracting companies that have not respected environmental and social standards during works. In addition, the baseline data that helped to establish the logical framework will be updated from project start-up. Implementation studies of boreholes equipped with MOPs, pumping tests and water quality analysis, will provide data on optimal exploitation of the groundwater resource.

3.2.1.5. The validation of deliverables for the issuance of the certificate of environmental compliance will be done by the General Directorate of the Environment of the Ministry in charge of the environment. In accordance with the Bank's requirements, the ESMP summary will have to be published on its website at least 30 days before the project's submission to the Board of Directors. The MEPC will take necessary measures for the said ESMP to be approved as quickly as possible to ensure its publication by the Bank.

3.2.1.6. ***Forced Resettlement:*** The planned works will not lead to expropriation or displacement of the population. The Bank recommends, for the construction/rehabilitation of all planned infrastructure, that the works be limited strictly to State lands.

3.2.2. Climate Change

3.2.2.1. The Central African territory receives, on average, 1,420 mm of rainfall per year. The arrangement of isohyets is almost zonal and shows the classic pattern of decreasing rainfall heights as we move away from the equator. These zonal nuances appear in the distribution of the number of rainy days, which decrease from the south (135 days in Bangassou) to the north (70 days in Birao), a difference of 65 days. The wettest areas are in the northern margin of the Congo forest basin and the Yadé massif, which also has a high annual rainfall of about 1,600 mm per year.

3.2.2.2. Insufficient meteorological data make it impossible to have a true national climate trend. However, forecasts for the Central African sub-region, applied to CAR, are favourable to high rainfall of about 3% to 15% and a temperature of 0.1 to 0.30°C per decade. This trend would lead to a regular increase of 1 to 3°C and of 5% to 10% of rainfall during the 21st century. In addition, environmental impacts are noted in various regions of the country, namely extreme temperatures, drought, bushfires, floods, water erosion, violent winds, soil subsidence and seasonal shift.

3.2.2.3. Climate change and variations (that is, changes in rainfall, increase in temperatures and the frequency of natural disasters), by reducing water availability and the dilution of contaminants (pollutants, salts, sediments), have a negative impact on water supply and water quality in CAR. Indeed, water security and water quality have been identified as some of the most critical issues facing CAR. Inadequate water resource management exacerbates the problem, with inter alia: i) limited water supply and insufficient quality; ii) inadequate infrastructure and insufficient water treatment. In addition, people having access to drinking water suffer frequently from various waterborne diseases due to poor quality.

3.2.2.4. The project is currently subject to climate analysis with the Bank's climate safeguard system (CSS) and was classified in category 2. At this stage and given the climate risks identified above, it is important to mention that:

- In terms of climate mitigation: The activities of Component 1 on the equipping of water points and cattle markets allowing for the use of solar energy, will contribute to CAR's ambitions to reduce emissions by at least 5% and 25% by 2030 and 2050, respectively, compared to its BAU baseline emissions. As such, the construction of 2 mini-DWSs (solar-equipped, a small network and 10 standpipes) and 13 boreholes equipped with MOPs and superstructures in the environs of Bangui and Bambari, are a contribution to the mitigation of greenhouse gases and the objectives contained in CAR's CPDNs. The project will thus contribute to CAR's objectives to emit about 33,076.1 kt eq-CO₂ less in 2050 compared to annual reference emissions.
- In terms of climate adaptation: Although the national territory is exposed to extreme climate vagaries such as drought and torrential rain followed by floods, the latter affect mainly the southern part of the country, where the project areas are located. Rural people, generally recognized as the poorest, are the most exposed. Furthermore, CAR is both in a post-conflict situation and in political transition, which gives it a considerable level of socio-economic vulnerability. The project therefore contributes to the following objectives contained in the country's CPDNs².

3.2.3. *Social Impact*

The essentially rural population of CAR comprises more than 60 % of youths. Following the fragile situation accentuated by a cycle of conflicts, the majority of youths are unemployed and out of school. In addition, the crisis has destroyed almost all the basic social services. The Supplementary Grant will have a significant social impact on beneficiaries. This is because the project concerns sustainable socio-economic reintegration for youths, improved access to basic socio-economic services, women's empowerment, economic recovery through increased agricultural production and

² Adaptation Option 5: Basic infrastructure improvement and development
○ Goal 15. Improve infrastructure construction standards;
○ Goal 16. Develop structures adapted to climate change
Adaptation option 8: Sustainable water resource management
○ Goal 25. Improve drinking water supply;
○ Goal 26. Establish a water quality control system;
○ Goal 27. Develop a ground and surface water resource monitoring system

improved operating conditions, income, the reduction of social tensions, and the return to social cohesion. The setting up and operationalization of the youth entrepreneurship promotion centre will eventually ensure the sustainable reintegration of about 43,000 unemployed and out-of-school youths, including young ex-combatants, since this centre will be an appropriate mechanism for socio-economic reconversion. The centre will ensure the promotion of trades mainly in the agricultural sector with great potential for job creation. The centre will also constitute a framework for the creation of youth cooperative enterprises that will have a significant impact on the revival of production and processing in agricultural sector trades, while promoting the agricultural value chain. This will have an impact on food and nutritional resilience for vulnerable groups such as women of childbearing age and children. In addition, internally displaced persons (85,860) and refugees (1,700 persons) will see their social situation improve as the project is expected to generate an increase in the supply of social services and economic opportunities for the entire population of Bambari and its environs. Finally, the programme will have an impact on the restoration of social cohesion. The project also has a component on the promotion of women's empowerment, coupled with the fact that its activities will benefit about 52% of the population composed of women or 64,000 women.

3.3. Gender

3.3.1. CAR has signed the main international instruments for the protection of women and in 2005 adopted a National Policy for the Promotion of Equality and Equity (PNPEE). However, this mechanism has not improved the situation of the Central African woman (50.7 % of the total population). Conflicts have affected women much more than men, particularly through obstacles to progress in eliminating gender disparities in education (the female illiteracy rate stands at 27% against 49% at the national level), parliament (they represent 7.2 % against 92.8 % for men) and in the management and control of economic resources. Throughout the country, particularly in conflict areas, many acts of barbarism have been perpetrated against women. A good number of them have been victims of violence (nearly 7,000 women and girls), about 2,000 of whom have been raped, with disastrous consequences such as trauma, HIV infection, stigmatization of victims and children born of rape, and repudiation of the marital home. The negative impact of conflicts is seriously felt on the economic situation of women, especially in agriculture, where performance has been reduced because of insufficient work force (male and young farmers have fled or are slaughtered), and lack of seeds and food.

3.3.2. In the programme areas (PARCB 1 & Supplementary Grant to PARCB 1), women represent 51% of the total population. At the national level, they constitute 53.7% of the active population and 74% of them are engaged in the primary sector. They ensure 60% of work directly related to agricultural production, including processing and marketing, in addition to household work and their participation in extra-agricultural activities (hunting, fishery, gathering, and petty trade). Despite that, they are marginalized in the decision-making process and access to factors and means of production (land, inputs, equipment, supervision and credit). Women are more affected by poverty than men are, and their contribution to national wealth is underestimated. They have been victims of physical and moral violence during the crisis. In the rural area, 81% of women against 69% of men are affected by poverty. The illiteracy rate stands at 68% for women and 46.2% for men. A large proportion of them (80%) aged 15 to 49 years have no access to education at all. The primary school enrollment rate stood at 55% for girls and 71% for boys in 2009. These data show the great gender disparity that still penalizes women.

3.3.3. The operationalization of this programme will help to significantly reduce all forms of violence against women and girls in the project impact area (PIA).

3.3.4. Awareness-raising will strengthen victims' self-confidence and release them from psychological shocks. The setting up of the cooperatives of women's and youth groups for the processing of agro-sylvo-pastoral products, will improve their production, marketing and income capacity. A service provider, recruited in collaboration with the CAR Women's Organization (OFCA), with more than 3,000 members, will be involved in Information-Education-Communication (IEC) activities to change attitudes towards all forms of violence against women, girls and young boys in Bambari.

3.3.5. In addition, the availability of drinking water points in the PIA will improve hygiene conditions and free women and girls from daily water chores by reducing distances from 5 kilometres (3 hours of walking to/from) to less than 500 metres (20 minutes maximum to/from) in the rural area and less than 50 metres in the urban area. These opportunities will increase the average primary enrollment rate of pupils (50.40% for girls against 49.60% for boys)³ in the rural PIA. The programme will also ensure a better impact on gender, by promoting women's effective representation in the infrastructure management committees. This will enable them to express their views and demands for productive investments financed by the programme. The representativeness of women in infrastructure management and operation will be raised to more than 60%. The construction and management of water points and lighting by solar energy, will contribute to the increase in the primary school enrollment rate (current rate is 59% with only 39% for girls) in the country.

3.3.6. The water and sanitation infrastructure to be constructed by ANEA or the Central African Red Cross (CRCA) will be managed by associative structures for the management of collective goods, especially women. There are plans to set up and officially recognize associations, youth groups and women's groups to manage drinking water supply and sanitation infrastructure in the project impact areas. ANEA will assess the capacities of these organizations to participate in infrastructure management. About 40% of management members will be female.

IV. IMPLEMENTATION

4.1. Implementation Arrangements

4.1.1. *Institutional Implementation Mechanism*

4.1.1.1. The Ministry of the Economy, Planning and Cooperation is the executing agency of the Supplementary Grant. The routine management of the project will be ensured by PARCB-1's Monitoring and Coordination Unit, which comprises a Coordinator, an Administrative and Financial Officer, an Administrative and Financial Assistant, a Procurement Expert, two civil engineers, a secretary, a driver and a messenger. The CSCP is supported by International Technical Assistance (SOFRECO), which comprises a Head of Mission with the profile of a youth entrepreneurship development specialist, a Monitoring-Evaluation Specialist and a secretary. The contract of the procurement specialist expires in February 2018 and will be extended for an additional period of 12 months. The SOFRECO Technical Assistance contract, which expires in March 2018 (with TSF Pillar III financing), will not be renewed for lack of resources. However, the PARCB-1 Coordination will negotiate an individual contract directly with SOFRECO's Monitoring-Evaluation Specialist for an additional period of 12 months. The CSCP will recruit by shortlist a third Rural Engineer and a Youth Entrepreneurship Development Specialist to cover the complementary phase of PARCB-1. The three (3) engineers will ensure works quality monitoring and control in Bangui and Bambari, and will take turns periodically, based on an agreed specific schedule.

³ CAR, 2000-2010, Statistical Yearbook of Education and Public Preschool Education.

4.1.1.2. The PARCB-1 focal points of sector ministries will also support the activities of the Supplementary Grant.

4.1.1.3. In addition, the already existing PARCB-1 Steering Committee will be maintained for the Supplementary Grant. This committee will ensure correlation between PARCB-1 actions and those of the Supplementary Grant as well as the coherence of this operation with the sector policies in force. It will ensure the harmonious implementation of various components of the programme and proper coordination with the activities of other donors.

4.1.1.4. PARCB-1 Coordination will, inter alia: (i) serve as interface between the AfDB, beneficiaries and the structures involved in project implementation; (ii) ensure the coordination and monitoring of project activities; (iii) inform the Ministry of the Economy, Planning and Cooperation regularly on progress made and the problems to be addressed by authorities; (iv) ensure the preparation, support and coordination of supervision missions; (v) provide the secretariat of the Steering Committee; and (vi) ensure the archiving of all project documents and files for audit and review purposes. It will also perform the following tasks: (i) prepare an operations plan (procurement, schedule of activities, budget and disbursements) and ensure its monitoring; (ii) launch bidding invitations, select contracting companies and monitor works; (iii) ensure compliance with the works implementation schedule; (iv) prepare progress reports; and (v) ensure project financial management (verification of interim statements, transmission of payment requests, management of special accounts) as well as timely submission of project accounting and financial audit reports and the quarterly reports of activities carried out.

4.2. Procurement Provisions

4.2.1. Procurement Arrangements

4.2.1.1. Applicable procurement policy and framework. All procurement of goods, works and consultancy services financed by the Bank will be in accordance with the Procurement Policy for Bank Group-financed Operations (“AfDB Procurement Policy”), October 2015 edition, and by **Procurement Methods and Procedures described by the Manual of Operations of the Bank Group Procurement Framework.** The procurement implementation details (system, cost, schedule, method, review type) agreed on between the Donee and Bank, are described in Technical Annex B.8.

4.2.1.2. Organisation of Procurement Implementation. Supplementary Grant procurement will be implemented by the procurement expert of PARCB-1’s Monitoring and Coordination Unit within the Ministry of the Economy, Planning and Cooperation. The contract of this expert will be extended for the implementation of procurement activities as defined in Technical Annex B.8.

4.2.3. Procurement Risk and Capacity Assessment (PRCA)

In order to consider project specificities, the Bank assessed: (i) risks at national, sector and project levels; and (ii) the capacity of executing agencies. The results of these assessments found a **high** level of risk for procurement and determined, subject to the application of mitigation measures proposed in Paragraph 8.9 of Annex B.8, that all project procurements would be carried out according to the Bank’s system.

4.3. Financial Management, Disbursement and External Audit Arrangements

4.3.1. Financial Management

4.3.1.1. The fiduciary responsibility for project implementation lies with the Central African Republic through the Ministry of the Economy, Planning and Cooperation. Given the inadequate

human resources within the Ministry and the weaknesses noted in public finance management, the implementation unit set up for the implementation of the PARCB-1 and PARSEJF projects, will be maintained. This is to ensure effective financial management and the use of resources for the intended purposes. However, the evaluation of the financial management system set up under PARCB-1 shows a level of fiduciary risk that has been deemed **substantial**. Indeed, the evaluation has highlighted the following weaknesses: (i) a weak and inefficient internal control environment; (ii) an inadequate and poorly configured management software; (iii) a delay in submitting the first audit report for the 2016 fiscal year, which is eight months late; (iv) weaknesses in segregation of duties; and (v) delays in the justification of working capital advances. The following actions are recommended to mitigate this level of fiduciary risk:

4.3.1.2. The update and configuration of the multi-project TOM2PRO management software, and user training to ensure the timely recording of budget and accounting data.

4.3.1.3. The update of PARCB-1's management procedures manual and its validation by the Bank.

4.3.1.4. The recruitment of the auditor, and the submission and validation of audit reports of the 2016 and 2017 fiscal years before 1 June 2018.

4.3.2. Disbursement Mechanisms

The direct payment disbursement method will be preferred for all activities implemented under the Supplementary Grant to PARCB-1. In addition, the Special Account methodology will be applicable upon full justification of advances received from 2015 to 2017 for the implementation of the following projects: CLSP, PARCGEF, PARCB-1. At that time, a new bank account will be opened to receive advances for operating expenses included in the Additional Grant budget.

4.3.3. External Audit Procedures

In accordance with the Bank's general conditions, an independent firm to be recruited on a competitive basis will conduct an annual financial audit, including a technical audit. The process of recruiting the firm lies with the Ministry of Planning in its capacity as the project executing agency. The audit firm will be selected in accordance with the Bank's procedures. The auditor's terms of reference will be in accordance with the Bank's template, and subject to prior approval by the Bank. The audit of the Supplementary Grant to PARCB-1 will be combined, as much as possible, with that of Phase 1. The submission and validation of audits and, particularly that of the 2016 PARCB-1, will be a condition for the first disbursement.

4.4. Monitoring

The programme will be implemented over a 3-year period, from the date of its approval by the Bank. The Implementation Unit will be responsible for the internal monitoring of programme implementation and all its reporting stages, according to the format recommended by the Bank: quarterly and annual gender disaggregated reports on programme implementation progress. The SOFRECO International Technical Assistance monitoring-evaluation expert will continue to support the Unit technically according to the above implementation arrangements. The Steering Committee will ensure the programme's strategic management by approving annual programmes and budgets. The Bank will ensure close supervision through quarterly supervision, mid-term review and completion missions.

4.5. Sustainability

Programme sustainability will be guaranteed by its monitoring-evaluation system, based on a participatory approach by all stakeholders. This system involves the programme coordination, the steering committee, in which all beneficiary ministries participate, local administrative entities as well as grassroots communities through their professional associations, and NGOs and other active structures. Programme activities, by their nature, will strengthen the existing community dynamics that will ensure effective ownership as a guarantee of sustainability. In addition, the approach developed in the programme, which concerns sustainable socio-professional integration of youths and women through the promotion of cooperative enterprises mainly in agricultural sector trades, is a factor of assurance of sustainability. In the field of drinking water and sanitation, the control of water quality is essential to ensure water resource portability, which affects human health. The control will be carried out from the first pumping to guarantee the quality of water that will be distributed to the population. Small-scale repairers will be trained by the Water and Sanitation Agency throughout the project impact areas. The project will equip at least five small-scale repairers for all the villages (about 10 villages) that will be covered. At least 500 youths and women will be trained to manage solid waste. About 250 young boys will take care of animal dung (compost) collected in cattle markets as well as the collection, sorting and treatment of household waste in the semi-urban areas of Bambari. Two women's associations (consisting of 250 members) will manage the latrines built in Bambari markets and bus stations. These markets, stations and latrines will also be equipped with water points.

4.6. Risk Management

CAR is a country in a fragile situation. Despite ongoing efforts, the security situation remains fragile and very volatile, especially inside the country where armed groups are still active and in control of a large part of the territory. The major risks that jeopardize the implementation capacity of the Supplementary Grant to PARCB-1, are: (i) poor accessibility to the project site due to the security situation; (ii) the weak implementation capacity of the Implementation Unit; (iii) the weak capacity of local companies to execute works contracts; (iv) the low probability that international companies are interested in bidding, which implies a high probability of unsuccessfulness of these tenders; and (v) fiduciary risk.

The table below summarizes the nature of these identified risks, the risk level, the suggested arrangements for dealing with these risks and the associated mitigation measures.

Table 10 : Risks and Mitigation Measures

Risks	Level	Measures Suggested and Mitigation Measures
Security risk: Bambari is located in the hinterland, some 385 Km from Bangui. The country's hinterland is occupied 2/3 by armed groups that continue to operate and commit abuses, thus making the security situation unstable and very volatile.	High	Programme activities will be concentrated in the centre of Bambari and within a radius of 60 km. This area has been secured thanks to the deployment of international and national forces as part of the Bambari Stabilisation Plan.
Weak implementation capacity of the implementation unit:	Moderate	The measures taken under PARCB-1, which consist in International Technical Assistance to the implementation unit, will continue with the supplementary PARCB-1.
Weak capacity of local companies to implement works contracts and low interest of international companies.	High	To ensure timely programme implementation, the Government suggested the award, by direct agreement, of significant works contracts to two international companies that implemented PARCB-1 works, based on the same unit prices. These companies still have their equipment and materials in Bangui that could be redeployed to Bambari.
Fiduciary risk	Moderate	International technical assistance to the implementation unit should mitigate this risk.

4.7. Knowledge Building

The implementation of the Supplementary Grant to PARCB-1 in an area located inside the country (Bambari) should generate important lessons for the Bank to be used to better adapt the next phases of PARCB, which will effectively target the country's hinterland as part of future ADF/TSF allocations. Indeed, the programme should generate new knowledge on the community process, the ability to reduce spatial exclusion by intervening inside the country, and the approaches and implementation procedures to be developed. This knowledge will be developed and capitalized in the Bank's experience, especially through the design and implementation of integrated multi-sector programmes in a situation of extreme fragility.

V. LEGAL FRAMEWORK

5.1. Legal Instrument

These are TSF and RWSSI grants, which will be granted to the Central African Republic to co-finance the activities of the Supplementary Grant to PARCB-1. Two protocol agreements will be signed between the Bank and the Central African Republic.

5.2. Conditions Associated with Bank Intervention

5.2.1 *Effectiveness Conditions*

The effectiveness of the protocol agreements will be subject to their signature by the Central African Republic and the Bank.

5.2.2 *Conditions Precedent to First Disbursement*

In addition to the effectiveness of the Protocol Agreements, the first disbursement of the resources of each Grant will be subject to fulfillment by the Donee, to the satisfaction of the Fund, of the following conditions:

- Show evidence of the designation of the PARCB-1's Implementation Unit as the implementation unit of the Supplementary Grant to PARCB-1;
- The submission and validation of audit reports of the 2016 and 2017 fiscal years.

5.2.3. *Commitments*

The Borrower undertakes, to the satisfaction of the Grant, to: (i) validate the Programme and the Environmental and Social Management Plan (ESMP), and have it implemented by its contracting parties, in accordance with national law, and the recommendations, prescriptions and procedures contained in the ESMP and the relevant rules and procedures of the Fund, and (ii) provide the Bank with quarterly reports on ESMP implementation.

5.3. Compliance with Bank Policies:

The Supplementary Grant to PARCB-1 is in compliance with the Bank's applicable policies.

VI. RECOMMENDATION

Management recommends that the Boards of Directors of the Bank and the Fund approve the proposed TSF grant of UA 4,000,000 and RWSSI grant of EUR 2,820,000 (or UA 2,361,000), representing a total amount of UA 6.36 million, to the Central African Republic, to finance the Supplementary Grant to the Support Programme for Reconstruction of Grassroots Communities, Phase 1 (PARCB-1), for the purpose and under the conditions set out in this report.

Annex 1 : Justification for waiving the use of the national counterpart in financing of the project

In accordance with Section 4.2.2 of the Bank's Policy on Eligible Expenditures (Revised 19 March 2008) and the December 2014 SNVP/ECVP Directive on the Application of the Policy on Counterpart Funds, the level of the Government's contribution should be 10% of the total project contribution for ADF countries. Given the current situation in the country, it was determined by mutual agreement that no amount of the Central African Republic's counterpart is foreseen for the financing of the Additional Grant to the first phase of the Support Programme for the Reconstruction of Basic Communities. This annex justifies the request for exemption from the use of the national counterpart in the context of financing the Additional Grant. This justification is based on the following criteria required by the above Bank policy and directive: (i) the continuing fragility of CAR; (ii) the stated willingness to implement a genuine development programme; (iii) the commitment to reforms with TFP support; (iv) the relatively tight fiscal situation; (v) the high level of debt; and (vi) the Bank's support to CAR.

A. Persistent Fragility in CAR

A lack of social cohesion. The country's colonial past, the violence of its political history and dysfunctional institutions have long hampered social and national cohesion in CAR. This has resulted in a fragmented society with periodic high tensions and unresolved conflicts within and between various ethnic, social, religious and economic groups and communities. Inter-community tension (especially between farmers and pastoralists) is common and has often led to violent clashes, with the various actors in power exploiting these tensions to their political or economic advantage. There is a culture of entitlement and impunity, both because of regional socio-cultural prejudices against women, and the unreliability of mechanisms supposed to guarantee the rule of law.

The imbalances between Bangui and the rest of the country have fuelled a sense of marginalization and exclusion. Political decision-making is centralized and focused on Bangui, as the Government has traditionally abandoned large parts of CAR territory, in part because it does not have sufficient resources to deploy officials and security forces. The state is virtually absent in the north-east in particular, where the provision of public services has ceased since the mid-1990s. The road network is in very poor condition and some areas remain isolated and difficult to access, especially during the rainy seasons. Although the abandonment of the north-east of the country is the most striking example of the state's failure to include, public institutions remain weak in all 16 prefectures of the country. This lack of services and the state's inability to provide justice and security has created resentment among the population, fostered a sense of inequality and exclusion, and facilitated the emergence of armed groups.

A cycle of violence and trauma and a population in distress. The fact that criminals involved in successive cycles of violence are not prosecuted has perpetuated the justice of the victors and created an environment characterized by violence and impunity. In fact, atrocities committed during conflicts are fuelled by a desire for revenge, creating new traumatic cycles. These can only be broken by a broader process of reconciliation, transitional justice, conflict management initiatives and capacity building to avoid the emergence of new conflicts. A procedure of the International Criminal Court is underway and the Bangui National Forum has called for the creation of a Special Criminal Court (SPC) which is already operational and a Truth, Justice, Reparation and Reconciliation Commission..

Almost constant insecurity. The succession of conflicts has led to a permanent situation of arms trafficking, illegal trade in diamonds and gold, and the practices of "road cutters" and poachers. The current conflict has led to extremely violent confrontations between communities and widespread

crime in the country. In addition, the regional conflict system, which includes CAR (as well as Southern Sudan, Chad, the Democratic Republic of the Congo and northern Uganda), has significant negative implications and facilitates access to and trafficking in small arms and light weapons. More specifically, this means that the warlords and combatants they trained become mercenaries on all sides across borders, while using CAR territory to loot populations and escape state forces in their own countries. Peace agreements, previous disarmament, demobilization, reintegration and repatriation (DDRR) and security sector reform (SSR) programs have failed to end this protracted conflict situation. Today, the DDRR/RSS process initiated through the DDRR pilot project is creating high expectations across the country. Managing these expectations, as well as shaping the DDR initiative as part of a broader political process, is one of the first challenges facing newly elected officials.

B. Commitment to a genuine development agenda

The authorities have set up a National Peace Recovery and Consolidation Plan in the Central African Republic (RCPCA) 2017-2021 which aims to create the foundations for sustainable and inclusive economic and social development, notably through "the restoration and extension of the State throughout the national territory and massive public investment, in order to consolidate peace". The three pillars of RCPCA are: (i) supporting peace, reconciliation and security; (ii) renewing the social contract between the State and the population; and (iii) ensuring economic recovery and the revival of productive sectors. In line with the priorities of the national plan, the authorities have undertaken major financial efforts to make up the country's considerable social and infrastructural deficits. In this context, an ambitious annual average public investment programs of around CFAF 1500 billion has been implemented with a view to reviving the economy, supporting the social sector and strengthening social cohesion.

C. Commitment to reforms with TFP support

At the macroeconomic level, with the support of the PTfs, the progress made since 2014 is gradually being consolidated with a real GDP growth rate which reached 5.1% in 2016 against 4.8% in 2015. Despite its low diversification, the economy benefited from the recovery in the extractive industries with a 22.8% jump, following the partial lifting of the Kimberley Process suspension. While services grew by 7.5% in 2016, agriculture grew by only 1.2%, mainly due to the slow return of refugees and displaced populations and the unavailability of production and management resources. In addition to the effects of insecurity, supply remains constrained by low productivity in the agricultural sector, the severe deterioration of infrastructure (particularly in the energy sector) and limited access to credit. Growth in the banking sector, which is still shy, is estimated at 2.5%, while the recovery in trade and transport justifies a growth rate in the tertiary sector, estimated at 6.0% in 2016.

The macro-economic outlook for CAR remains good despite the deteriorating security environment. Economic growth projections are based on the assumption that refugees and displaced persons will gradually return to their land to continue their agricultural or artisanal mining activities. The complete lifting of the ban on diamond exports from conflict zones, as well as the introduction of newly acquired logging concessions, could boost the primary sector and mining activities, boosting real GDP growth by about 5.6% in 2018. Economic growth would then trigger an increase in imports and exports, with an increase in traffic in the corridor linking Douala and Bangui, which would require a significant increase in the number of secure convoys.

D. Relatively tight budgetary situation

The authorities have continued, with the support of the TFPs, to implement actions aimed at consolidating reforms in the field of public financial management since the transition period. These efforts have thus improved the mobilization of internal public resources and gradually restored a more sustainable public financial management framework. Domestic fiscal revenues actually improved during the transition period, from 4.9% of GDP in 2014 to 7.1% and 8% in 2015 and 2016 respectively. Public expenditure, which had fallen to 12.7% of GDP in 2014, increased to 14.9% in 2015 and reached 15.2% of GDP in 2016. The resulting budget deficit was financed by external budgetary support, which stood at 4.9% of GDP in 2016.

However, the volume of budgetary support, mainly in the form of grants, is well below their 2014 and 2015 levels, which were respectively 10.8% and 7.2% of GDP. Despite efforts to mobilize tax revenues and control expenditure, particularly the wage bill following the census of civil servants, the country still needs support from the TFPs to reduce the budget deficit.

The third IMF-supported program review mission concluded that the Central African Republic's economic performance remains good despite the deteriorating security environment. The management of public investment, which is essential to support inclusive and job-creating growth, will also need to be strengthened to promote social cohesion and political stability. The expansion of external budget support and technical support in capacity building will help CAR meet the enormous challenges it faces and overcome its persistent fragility. The Government should accelerate the clearance of trade and social debt with a view to consolidating social cohesion and peace.

E. High debt levels

The risk of over-indebtedness in CAR remains high due to the structural trade imbalance, accentuated by the chronic instability of the country. The crisis situation has led to an accumulation of new internal and external payment arrears, significantly deteriorating the level of public debt, with the ratio of public debt to GDP rising from 38.5% in 2013 to 51.1% in 2014 and 47.2% in 2016. The CAR has thus moved from a situation of moderate debt risk to one of high risk of over-indebtedness. In this context, the IMF's May 2017 Debt Sustainability Analysis recommends that the country pursue prudent fiscal policies, with maximum concessionality in external financing, and contract new concessional debt only in exceptional cases for critical projects where grant financing could not be secured. For such projects, costs and benefits should be analysed thoroughly and independently to ensure that they are cost-effective and have no fiscal impact.

F. Bank Support to CAR

Due to this high risk of over-indebtedness, the country only benefits from limited resources within the Bank. Funding for the indicative operations program for the 2017-2021 CSP will come mainly from ADF window resources. For the 2017-2019 period, the ADF-14 Performance-Based Allocation (PBA) is 15 CUF plus 15 CUF, for a total of 30 CUF. For the period 2020-2021, the assumption of a renewal of the same allowances was retained, i.e. a total amount of 30 MUC. The Bank will also continue its efforts to mobilize additional resources, such as special/thematic and trust funds, to increase the limited ADF allocations for CAR. Finally, the regional envelope, with its important leverage effect, will be used to finance integrating projects which are of great importance with regard to the country's level of isolation. Co-financing will also be sought for large-scale operations in the infrastructure sector.

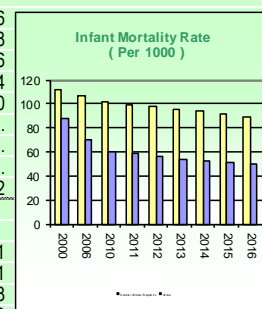
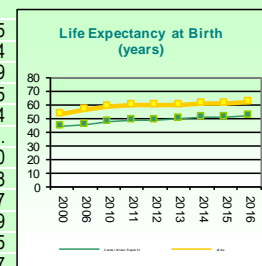
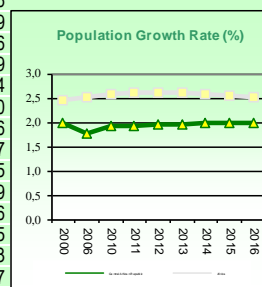
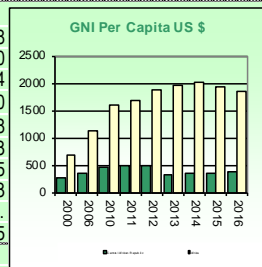
A. Conclusion

On the basis of the above and at the request of the Government, we recommend that the Government of the Central African Republic should not contribute directly to the financing of the project through counterpart funds.

Annex 2 : Comparative Socio-economic Indicators of the Central African Republic

Central African Republic COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Central African Republic	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)	2017	623	30 067	94 716	35 018
Total Population (millions)	2017	5,1	1 244,8	6 252,1	1 190,0
Urban Population (% of Total)	2017	39,8	40,5	49,2	81,4
Population Density (per Km ²)	2017	8,2	42,4	66,0	34,0
GNI per Capita (US \$)	2016	370	1 836	4 442	41 208
Labor Force Participation * - Total (%)	2017	76,9	65,8	62,3	60,3
Labor Force Participation ** - Female (%)	2017	70,9	55,3	47,8	52,5
Sex Ratio (per 100 female)	2017	97,2	100,2	107,5	105,3
Human Develop. Index (Rank among 187 countries)	2015	188
Popul. Living Below \$ 1.90 a Day (% of Population)	2008	66,3	...	21,5	0,5
Demographic Indicators					
Population Growth Rate - Total (%)	2017	2,0	2,5	1,3	0,6
Population Growth Rate - Urban (%)	2017	2,7	3,5	2,4	0,9
Population < 15 years (%)	2017	38,5	40,8	27,9	16,6
Population 15-24 years (%)	2017	20,5	19,2	16,7	11,9
Population >= 65 years (%)	2017	3,9	3,5	6,8	17,4
Dependency Ratio (%)	2017	73,7	79,6	54,6	52,0
Female Population 15-49 years (% of total population)	2017	25,3	24,0	25,6	22,6
Life Expectancy at Birth - Total (years)	2017	52,9	61,9	70,2	80,7
Life Expectancy at Birth - Female (years)	2017	55,0	63,3	72,3	83,5
Crude Birth Rate (per 1,000)	2017	32,7	33,9	20,6	10,9
Crude Death Rate (per 1,000)	2017	13,3	9,0	7,5	8,6
Infant Mortality Rate (per 1,000)	2016	88,5	49,3	33,1	4,5
Child Mortality Rate (per 1,000)	2016	123,6	72,6	44,3	5,3
Total Fertility Rate (per woman)	2017	4,1	4,4	2,6	1,7
Maternal Mortality Rate (per 100,000)	2015	882,0	444,1	237,0	10,0
Women Using Contraception (%)	2017	25,0	37,6	62,1	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2005-15	4,7	41,6	121,6	293,5
Nurses and midwives (per 100,000 people)	2005-15	25,2	120,9	211,3	873,4
Births attended by Trained Health Personnel (%)	2010-16	40,0	55,9	76,6	98,9
Access to Safe Water (% of Population)	2015	68,5	71,6	89,4	99,5
Access to Sanitation (% of Population)	2015	21,8	39,4	61,5	99,4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2016	4,0	3,6	1,1	...
Incidence of Tuberculosis (per 100,000)	2016	407,0	221,7	163,0	12,0
Child Immunization Against Tuberculosis (%)	2016	74,0	82,1	84,9	95,8
Child Immunization Against Measles (%)	2016	49,0	74,4	84,0	93,7
Underweight Children (% of children under 5 years)	2010-15	...	18,1	15,3	0,9
Prevalence of stunting	2010-15	40,7	33,3	25,0	2,5
Prevalence of undernourishment (% of pop.)	2015	58,6	17,5	12,3	2,7
Public Expenditure on Health (as % of GDP)	2014	2,1	2,6	3,0	7,7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-16	93,5	101,7	103,8	102,6
Primary School - Female	2010-16	79,8	98,8	102,2	101,8
Secondary School - Total	2010-16	17,4	51,8	...	106,6
Secondary School - Female	2010-16	11,8	49,7	...	106,4
Primary School Female Teaching Staff (% of Total)	2010-16	19,9	46,0	51,3	81,0
Adult literacy Rate - Total (%)	2010-16	36,8	68,6
Adult literacy Rate - Male (%)	2010-16	50,7	76,0
Adult literacy Rate - Female (%)	2010-16	24,4	61,7
Percentage of GDP Spent on Education	2010-16	1,2	4,9	4,1	5,2
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2015	2,9	8,0	11,3	10,1
Agricultural Land (as % of land area)	2015	8,2	37,4	38,1	35,1
Forest (As % of Land Area)	2015	35,6	21,0	31,4	28,8
Per Capita CO2 Emissions (metric tons)	2014	0,1	1,1	3,5	11,0



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

January 2018

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Annex 3 : Bank's Active Portfolio in CAR as at 30 march 2018

Sector	Project Name	Approval Date	Closing Date	Net Commitments (MUA)	Disbursed Amounts
A. NATIONAL PROJECTS					
Social	Support Project for Youth and Women's Socio-economic Reintegration - PARSEJF (CAR)	25-May-16	28-June-19	0.7	0.16
	Support Programme for Rehabilitation of Grassroots Communities Phase 1 (ADF)	24-June-15	31-Dec.-19	9.55	6.12
	Support Programme for Rehabilitation of Grassroots Communities Phase 1 (TSF)	24-June-15	31-Dec.-19	5.00	2.63
	Support Programme for Rehabilitation of Grassroots Communities Phase 1 (RWSSI)	24-June-15	31-Dec.-19	0.46	0.22
	Emergency Aid for Food Security and Sanitation in Bambari City	20-Oct.-17	31-Dec.-18	0.70	0.00
Sub-Total - Social				16.43	9.13
Agriculture	Support for agricultural transformation and value chain development	8-Aug.-17	31-Jan.-19	1.00	0.00
Sub-Total - Agriculture				1.00	0.00
Multi-sector	Support Project for Economic and Financial Management Capacity Building (PARCGEF)	31-Jan.-11	30-Nov.-17	4.00	3.71
	Support Project for Economic and Financial Management Capacity Building (PARCGEF)	31-Jan.-11	30-Nov.-17	0.50	0.46
	Technical Support for Statistics and PRSP Implementation	1-Nov.-12	30-June-18	1.35	1.19
Sub-Total - Governance				5.85	5.37
Water and Sanitation	First Water and Sanitation Sector Sub-Programme for Bangui and Four Prefectures (ADF loan)	24-Oct.-12	31-Dec.-17	1.04	0.97
	First Water and Sanitation Sector Sub-Programme for Bangui and Four Prefectures (FSF grant)	24-Oct.-12	31-Dec.-17	4.40	1.45
	First Water and Sanitation Sector Sub-Programme for Bangui and Four Prefectures (GEF grant)	3-Dec.-15	31-Dec.-19	5.11	0.69
	Rural Drinking Water Supply	5-Dec.-16	31-Dec.-19	4.11	0.05
Sub-Total – Water & Sanitation				14.63	3.16
SUB-TOTAL NATIONAL PROJECTS				37.91	17.66
B. MULTINATIONAL PROJECTS					
Energy	Project for Interconnection of Electrical Power Grids to the Boali Hydroelectricity System- Phase I	19-Sept.-12	30-Dec.-19	29.73	3.80
Sub-Total - Energy				29.73	3.80
Environment.	Rehabilitation and Resilience Programme for Socio-economic Systems in the Lake Chad Basin (CAR)	17-Dec.-14	30-Sept.-19	2.19	0.42
	Biodiversity Conservation Programme- CAR Component	22-July-13	31-Dec.-17	2.50	2.35
Sub-Total - Environment				4.69	2.77
SUB-TOTAL MULTINATIONAL PROJECTS				34.42	6.57
TOTAL				73.57	24.74

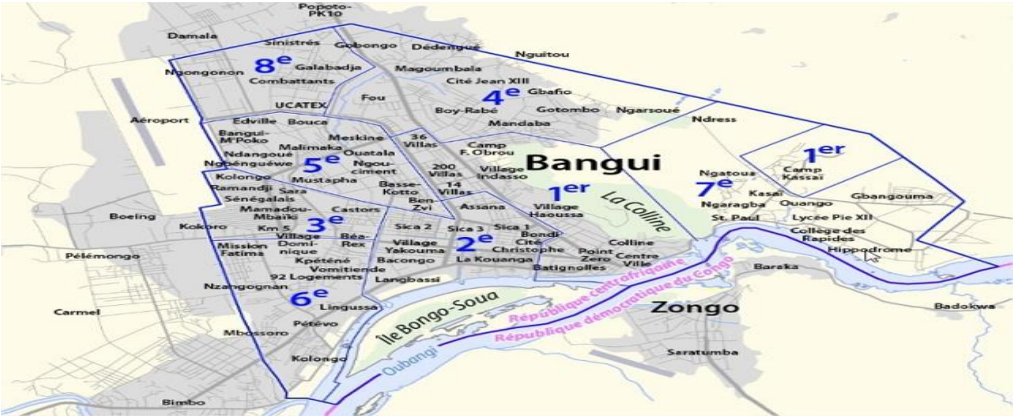
Annex 4 : Similar Projects Financed by the Bank and Other Development Partners

Projects	Project Cost	Period	Donors
Project for Community Development and Support to Vulnerable Groups (PDCAGV)	UA 8,000,000	2009-2012	AfDB
Support Programme for Reconstruction of Grassroots Communities, Phase 1 (PARCB-1)	UA 15,000,000	2015-2019	AfDB
Support Project for Youth and Women's Socio-economic Reintegration (PARSEJF) in CAR.	UA 700,000	2016-2019	AfDB
First Water and Sanitation Sector Sub-Programme for Bangui and Four Prefectures	UA 5,110,000	2012-2019	AfDB
Rehabilitation and Resilience Programme for Socio-economic Systems in the Lake Chad Basin (CAR)	UA 2,190,000	2014-2019	AfDB
Emergency Food Security, Drinking Water and Sanitation Project in Bambari City	USD 1,000,000	2017-2018	AfDB
Transition from the Pre-DDRR to the Reduction of Community Violence	USD 1,800,000	2017-2018	MINUSCA/UNOPS
Offer of education opportunities for displaced, returnee, vulnerable and demobilized children of 3-18 years affected by the conflict in Batangafo (Ouham), Bambari (Ouaka), Alindao (Basse-Kotto), Bimbo (Ombella-Mpoko) and Bangui.	55,000,000	2017-2018	UNICEF
National Programme for Education (PNEDU)	USD 5,000,000	2017-2018	AFD
Support Project for Apprenticeship Development (PADA)	USD 2,100,000	2017-2021	AFD
Release and protection of children from armed groups	USD 735,000	2017	UNICEF
Support for communities affected by population displacements targeting Bambari, Batangafo, Bria and Bandoro.	USD 8,695,652	2016-2018	WB/UNOPS/IOM
Support for the return of displaced persons and Central African refugees to Bambari (community protection, social cohesion, psychosocial support, socio-recreation activities, community infrastructure, IGAs, support for local authorities, access to drinking water, support for the local media, support for coordination bodies)	USD 6,143,802	2017-2018	EU BEKOU Fund/NGOs
Continuation of emergency health activities, education, WASHA, Shelter	USD 865,000	2017	UNHCR
Continuation of actions to protect and fight against GBV	USD 975,000	2017	UNHCR
Food Security Thematic Programme: Strengthening the resilience of the resources of communities affected by successive crises in CAR.	USD 2,700,000	2014-2017	EU
Development Pole Programme	EUR 29,500,000	2010-2017	EU
GCP/CAF/014/ITA : "Support Project for the Creation of a Training and Socio-economic Integration Pilot Centre for Youths Affected by the Conflicts in CAR	USD 2,000,000	2017-2019	FAO
Joint Project (EZINGO Fund): Support for youth participation in the community stabilization and reconciliation process and for peace promotion.	USD 622,740	2017-2019	FAO
PASEEL - Water and Energy Improvement Project	USD 10,000,000	2018	WB
PACAD - Support Project for Communities Affected by Displacement	USD 29,800,000	2017-2021	WB
Infrastructure Rehabilitation and Urban Services Emergency Project (PURISU)	USD 7,250,000	2007-2014	WB
PASS - Health System Support Project	USD 9,350,000	2019-2019	WB
DDRR Programme for Ex-Combattants	USD 30,000,000	2017-2020	WB

Annex 5 : Map of CAR



Annex 6 : Map of Bangui, Capital of the Central African Republic



Annex 7 : Map of Bambari



BOARDS OF DIRECTORS

Resolution N° B/CF/2018/08 - F/CF/2018/16

Adopted by the Boards of Directors of the Bank and the Fund on a lapse-of-time basis, on 2nd May 2018

Additional Grant to Central African Republic, from the resources of the Transition Support Facility, to finance the Support Programme for Reconstruction of Grassroots Communities - Phase 1**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 appraisal report contained in document ADB/BD/WP/2015/86 - ADF/BD/WP/2015/61 as well as its corrigendum (the “Appraisal Report”); and (vi) the additional financing proposal contained in Document ADB/BD/WP/2018/58/Approval - ADF/BD/WP/2018/36/Approval (the “Additional Appraisal Report”);

RECALLING

- (i) Resolution N° 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 the Fragile States Facility;
- (ii) 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”;
- (iii) Document ADB/BD/WP/2017/175 - ADF/BD/WP/2017/123 as well as its corrigendum entitled “Fourth Cycle Assessment of Eligibility for Countries to the Transition Support Facility (TSF) Supplemental Support Funding (Pillar I) Resources – Revised” which confirmed, *inter alia*, the eligibility of Central African Republic to receive financing from the TSF Supplemental Support Window (Pillar I); and
- (iv) Resolution N° B/CF/2015/24 -F/CF/2015/32 adopted on 24 June 2015 by these Boards of Directors, awarding to Central African Republic, a grant of an amount not exceeding the equivalent of Five Million Units of Account (UA 5,000,000) from the resources of the TSF Supplemental Support Window (SSW) (Pillar I), to finance the Support Programme for Reconstruction of Grassroots Communities - Phase 1 (the “Project”);

DECIDE as follows:

1. To award to Central African Republic (the “Recipient”), from the resources of the TSF SSW (Pillar I), an additional grant of an amount not exceeding the equivalent of Four Million Units of Account (UA 4,000,000) (the “Additional Grant”) to finance the Project;
2. To authorize the President to conclude a protocol of agreement amongst the Bank, the Fund and the Recipient (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, the Appraisal Report and the Additional Appraisal Report;

3. The President may cancel the Additional Grant if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the Additional Grant by these Boards; and
4. This Resolution shall become effective on the date above-mentioned.

BOARDS OF DIRECTORS

Resolution N° B/CF/2018/09 - F/CF/2018/17

Adopted by the Boards of Directors of the Bank and the Fund on a lapse-of-time basis, on 2nd May 2018

Additional Grant to the Central African Republic from the resources of the Rural Water Supply and Sanitation Initiative Multi-donor Grant Arrangement to finance the Support Programme for Reconstruction of Grassroots Communities - Phase 1

THE BOARDS OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 12, 14, 17, 32, 37 and 50 of the Agreement Establishing the African Development Bank (the “Bank”); (ii) Articles 1, 2, 8, 11, 12, 14, 15, 16, 26, 30, and 42 of the Agreement Establishing the African Development Fund (the “Fund”); (iii) the Instrument for the Rural Water Supply and Sanitation Initiative (RWSSI) Multi-donor Grant Arrangement, executed amongst the Bank, the Fund and certain donors; (iv) the appraisal report contained in document ADB/BD/WP/2015/86 - ADF/BD/WP/2015/61 as well as its corrigendum (the “Appraisal Report”); and (v) the additional financing proposal contained in Document ADB/BD/WP/2018/58/Approval - ADF/BD/WP/2018/36/Approval (the “Additional Appraisal Report”);

RECALLING

- (i) Resolution B/BD/2006/02 - F/BD/2006/01 adopted by the Boards of Directors of the Bank and the Fund, on 18 January 2006, approving the Instrument for the RWSSI Multi-donor Grant Arrangement pursuant to which the Bank and the Fund administer the resources of the RWSSI Multi-donor Grant Arrangement;
- (ii) Resolution B/CF/2015/23 - F/CF/2015/30 adopted on 24 June 2015 by these Boards, awarding to Central African Republic, a grant of an amount not exceeding Five Hundred and Seventy Thousand Euros (EUR 570,000) from the resources of RWSSI Multi-donor Grant Arrangement to finance the Support Programme for Reconstruction of Grassroots Communities - Phase 1 (the “Project”);

DECIDE as follows:

- 1. To award to the Central African Republic (the “Recipient”), from the resources of the RWSSI Multi-donor Grant Arrangement, an additional grant of an amount not exceeding Two Million Eight Hundred and Twenty Thousand Euros (EUR 2,820, 000) (the “Additional Grant”) to finance the Project;
- 2. To authorize the President to conclude a protocol of agreement amongst the Bank, the Fund and the Recipient (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 Appraisal Report, and the Additional Appraisal Report;
- 3. The President may cancel the Additional Grant if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the Additional Grant by the Boards; and
- 4. This Resolution shall become effective on the date above-mentioned.