

BOARD APPROVAL
Lapse-of-Time Basis

12 July 2018

FOR INFORMATION

MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary General

SUBJECT : CHAD – SEMI-URBAN AND RURAL DRINKING WATER SUPPLY AND SANITATION PROGRAMME IN ELEVEN REGIONS- PHASE 1*

ADF GRANT OF UA 7.25 MILLION
RWSSI GRANT OF EUR 3.00 MILLION

The **Grants Proposal** and the Draft **Resolutions** relating to the above-mentioned programme were submitted for your **consideration on a lapse-of-time basis** on 28 June 2018.

Since no objection was received by 5:00 pm on 12 July 2018, **the said grants proposal are considered as approved and the Resolutions adopted.**

Attach:

Cc.: The President

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

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AFRICAN DEVELOPMENT BANK GROUP



Language: English
Original: French

SEMI-URBAN AND RURAL DRINKING WATER SUPPLY AND SANITATION PROGRAMME IN ELEVEN REGIONS – PHASE 1

COUNTRY: REPUBLIC OF CHAD

FINANCING PROPOSAL

April 2018

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SEMI-URBAN AND RURAL DRINKING WATER SUPPLY AND SANITATION PROGRAMME IN ELEVEN REGIONS – PHASE 1

COUNTRY: REPUBLIC OF CHAD

FINANCING PROPOSAL

RDGC

June 2018

Translated Document

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CURRENCY EQUIVALENTS

April 2018

UA 1 = CFAF 773.918

UA 1 = USD 1.41519

UA 1 = EUR 1.20187

Fiscal Year

1 January – 31 December

Weights and Measures

1 tonne (t)	=	2 204 pounds	1 millimetre (mm)	=	0.03937 inch
1 kilogramme (kg)	=	2.204 pounds	1 kilometre (km)	=	0.62 mile
1 metre (m)	=	3.28 feet (ft.)	1 hectare (ha)	=	2.471 acres

ACRONYMS AND ABBREVIATIONS

ADF	:	African Development Fund
AFD	:	French Development Agency
AfDB	:	African Development Bank
BD	:	Bidding Document
CCAG	:	Advisory and Management Support Unit
CLA	:	Local Action Committee
CPIA	:	Country Policy and Institutional Assessment
CRA	:	Regional Action Committee
CSP	:	Country Strategy Paper
DEELPN	:	Directorate of Environmental Assessment, Pollution and Nuisance Control
DGEA	:	General Directorate of Water Resources and Sanitation
DWS	:	Drinking Water Supply
DWSS	:	Drinking Water Supply and Sanitation
EIG	:	Economic Interest Group
ESIA	:	Environmental and Social Impact Assessment
ESMP	:	Environmental and Social Management Plan
EU	:	European Union
FKD	:	Kuwait Fund for Development
GEF	:	Global Environment Facility
GOM	:	Gross Operating Margin
HIMO	:	Labour Intensive
IGA	:	Income-generating Activity
ILO	:	International Labour Organization
IsDB	:	Islamic Development Bank
LDCF	:	Least Developed Countries Fund
MDG	:	Millennium Development Goal
MEEP	:	Ministry of Environment, Water Resources and Fisheries
MEPD	:	Ministry of Economy and Development Planning
MGC	:	Multipurpose Gender Centre

MP	: Manual Pump
NGO	: Non-Governmental Organization
OPEC	: Organization of Petroleum Exporting Countries
PAEPA-CS	: Drinking Water Supply and Sanitation Project in Eight Secondary Centres
PAR	: Project Appraisal Report
PCR	: Project Completion Report
PCU	: Programme Coordination Unit
PIU	: Project Implementation Unit
PND	: National Development Plan
PRSP	: Poverty Reduction Strategy Paper
PSO	: Programme Support Operation
RMC	: Regional Member Country
RWSSI	: Rural Water Supply and Sanitation Initiative
SC	: Steering Committee
SDG	: Sustainable Development Goal
SESA	: Strategic Environmental and Social Assessment
SFD	: Saudi Fund for Development
TSC	: Technical Steering Committee
TSF	: Transition Support Facility
UA	: Unit of Account
UNDP	: United Nations Development Programme
UNICEF	: United Nations Children's Fund
WAR	: Water Access Rate
WASH	: Water, Sanitation and Hygiene
WB	: World Bank
WSP	: Water and Sanitation Programme
WUA	: Water Users Association

PROGRAMME INFORMATION

CLIENT INFORMATION SHEET

I – PROGRAMME INFORMATION SHEET (PAEPA SU-MR) – PHASE I

DONEE : **REPUBLIC OF CHAD**

EXECUTING AGENCY : **MINISTRY OF ENVIRONMENT, WATER RESOURCES AND FISHERIES**

Financing Plan

Source of Financing		Amount	Instrument
ADF		UA 7 250 000	Grant
GEF	USD 9 745 500, or	UA 6 930 000	Grant as an addendum
RWSSI	EUR 3 000 000, or	UA 2 490 000	Grant
Beneficiaries		UA 62 000	Financial contribution
TOTAL COST		UA 16 732 000	

Timeframe - Main Milestones (expected)

Negotiations	May 2018
Approval of ADF Grant and RWSSI Grant	July 2018
ADF Grant Effectiveness	July 2018
RWSSI Grant Effectiveness	July 2018
GEF Grant Effectiveness	February 2019
Last Disbursement	December 2021

EXECUTIVE SUMMARY

1. Overview

1.1 The Semi-urban and Rural Drinking Water Supply and Sanitation Programme (PAEPA SU-MR) in Eleven Regions (Borkou, Ennedi, Tibesti, Mayo-Kebbi, Tanjile, Logone Oriental, Logone Occidental, Mandoul, Moyen-Chari, Salamat and Sila) stems from the Kigali Action Plan (KAP) initiative adopted by African Union Heads of State and Government to assist the member countries that failed to achieve the Millennium Development Goals (MDGs) in the water and sanitation sector. At the 2015 deadline, Chad did not attain most of the Millennium Development Goal (MDG) targets. The drinking water access rate increased from 21% in 2000 to 53% in 2015 and the sanitation access rate from 3% in 2000 to 16% in 2015, whereas the MDGs anticipated a drinking water access rate of 60% and a sanitation service access rate of 35% in 2015. This lack of access to drinking water created in time and space huge gaps in access to education, employment and political life between men and women, to the disadvantage of women. The waterborne disease prevalence rate, especially in children below five, was 23.6% in 2017. The prevalence rate of acute malnutrition at the national level was 13%, while that of chronic malnutrition among children below five was 39.9% in 2014-2015. Consequently, according to studies carried out under the Water and Sanitation Programme (WSP) which were updated in 2016, about 19 000 people die each year from waterborne diseases and lack of hygiene and sanitation, and the country is said to lose about CFAF 79 billion annually due to poor hygiene and sanitation conditions, and lack of access to drinking water.

1.2 Concerning sanitation, towns have very few collective domestic wastewater disposal and stormwater drainage systems. In addition, these networks are so poorly maintained that many neighbourhoods are systematically flooded during the rainy season. The collection of solid household waste, which moreover is never treated, is rudimentary.

1.3 This programme was identified within a context of economic crisis that the country has faced since 2014, following the fall in oil prices, which has not only deepened the poverty line, but has also made it difficult for youths to find jobs (the youth unemployment rate is 10.5% according to the ILO, 2014). This persistent crisis ranks the country in Category 1 among “fragile” countries. Lastly, the Doing Business Index ranked Chad 180th out of 188 countries in the world, while the Mo Ibrahim Index classified it 51st out of 54 African countries in 2017.

1.4 The Semi-urban and Rural Drinking Water Supply and Sanitation Programme (PAEPA SU-MR) in Eleven Regions – Phase I covers five priority regions with a water access rate of less than 30% in 2018. These regions include Borkou (WAR: 19%, population: 120 104), Ennedi (WAR: 8%, population: 77 795), Tibesti (WAR: 5%, population: 32 704), Logone Oriental (WAR: 27%, population: 1 026 242) and Logone Occidental (WAR: 16%, population: 907 338). Phase I of the programme will meet the needs of 2 164 183 million inhabitants (that is 750 000 additional people or direct beneficiaries for drinking water and 345 404 additional people for sanitation), 54% of them women. Therefore, the beneficiary population represents 14.55% of Chad’s total population (14 876 609 in 2017).

1.5 PAEPA SU-MR Phase 1 will cost UA 16.67 million, net of taxes and custom duties. This cost will be financed by a UA 7.25 million ADF Grant (43.49%), a UA 2.49 million RWSSI Grant (14.94%), and a UA 6.93 million GEF Grant (41.57%). Phase I of the programme will be implemented over three years, beginning in 2018.

1.6 The expected outcomes at the end of Phase I of the programme are: increase in the water access rate from 15% in 2018 to 49.65% in 2021 and in the sanitation service access rate from 16% in 2018 to 36% in 2021; reduction in the distance to water sources from 10 kilometres to less than 500 metres; creation of at least 5 000 labour-intensive (HIMO) temporary jobs during the

execution of works; and creation of 3 500 permanent jobs, 40% of them for women, during the operation of facilities.

1.7. The execution of the works and activities adopted will: (i) reduce the prevalence of waterborne diseases, particularly among children below five, from 23.6% in 2017 to 3% in 2030; (ii) increase the profit margin/operating revenue¹ of mini-elevated water tanks from 34.08% in 2018 to 54.88% in 2030; (iii) operationalize five youth cooperatives and five women's cooperatives; (iv) free up the time used in collecting and fetching water for income-generating activities; (v) increase the income of youths and women by at least 50%; (vi) increase the gross enrolment ratio of girls from 88% in 2018 to 98% in 2030; and (vii) enable at least 80% of beneficiaries to adopt new and positive behaviour in terms of environmental protection, hygiene, sanitation and adaptation to climate change.

2. Needs Assessment: the selection of the five regions under Phase I is justified by their extreme poverty level (50%), the high percentage of people without access to drinking water and/or using poor quality water sources (ponds, traditional wells, rainfall, etc.) and a drinking water access rate below 30% (2018). In addition, drought and the degradation of natural resources have increased the pressure on and demand for water infrastructure and pastureland, and the need for rational resource management amid climate change. Chad's fragility has greatly weakened government's capacity to meet these demands.

3. Bank's Value Added: the Bank has the advantage of supporting all the ongoing adaptation initiatives in the water sector in the country. It is already operating in four regions (Mayo Kebbi Ouest, Tandjilé, Moyen-Chari and Mandoul) through the PAEPA-CS, which will be completed on 31 December 2018. It intends to meet all the water needs in these regions during the second phase of the programme so as to achieve the Sustainable Development Goal (SDG) targets for water (80%) and sanitation (60%) by 2030.

4. Knowledge Management: knowledge will be managed by the monitoring and evaluation team of the Programme Coordinating Unit (PCU) comprising the monitoring and evaluation expert already in service and which will be reinforced by an environmentalist, a sanitation expert and a gender expert. The baseline data used to prepare the logical framework will be updated upon programme start-up to take into account data from preparatory (feasibility) studies in the two activity poles (North and South). The studies for the construction of solar pump-equipped mini-drinking water supply facilities, pump testing and water quality analysis will provide data on the optimum tapping of groundwater resources. Data collected through piezometers will be used to build and disseminate knowledge (RésEau, Swiss Cooperation Agency, 2016).

¹ The net present value (NPV) of the surplus produced as a result of an increase in the operating margin is CFAF 4 372.67 million.

RESULTS-BASED LOGICAL FRAMEWORK

COUNTRY AND PROJECT NAME:		Chad: Semi-urban and Rural Drinking Water Supply and Sanitation Programme in Eleven Regions (Borkou, Ennedi, Tibesti, Mayo-Kebbi, Tanjile, Logone Oriental, Logone Occidental, Mandoul, Moyen-Chari, Salamat and Sila), Phase I: Borkou,					
PROGRAMME GOAL:		Contribute to improving the quality of life of the population through improved access to drinking water and sanitation in semi-urban and rural areas.					
RESULTS CHAIN		PERFORMANCE INDICATORS			Means of Verification	RISKS/MITIGATION MEASURES	
		Indicators (including CSI)	Baseline Situation in 2018	Target in 2030			
IMPACT	Contribution to improving the people’s quality of life	1.1 Waterborne disease prevalence rate in children below five	1.1 Prevalence rate of 23.5% in 2016	1.1 3%	Socio-economic data of the MEPD, MFSN, etc.		
		1.2 Number of operational women's and youth cooperatives	1.3 (0)	1.2 Ten (10) operational cooperatives			
		1.4 Gross operating margin of mini-elevated water tanks	1.3 34.08%	1.3 54.88%			
OUTCOMES	RESULTS CHAIN	Indicators (including CSI)	Baseline in 2018	Target in 2030	Means of		
	Outcome 1: Improved access to drinking water	1.1 Drinking water access rate	1.1 18%	1.1 750 000 additional people, that is 49.65%	MEEP statistics	Risk: (i) lack of ownership of DWS facilities; and (ii) unstable security situation (Boko Haram). Measures: (i) prioritize the management of DWS facilities through leasing; (ii) establish and ensure the sustainability of funds; and (iii) implement measures to combat Boko Haram	
	Outcome 2: Improved access to sanitation services	1.2 Distance covered	1.2 10 kilometres	1.2 500 metres	Monitoring reports of the works control firm		
	Outcome 3: Permanent jobs created for youths and women	2.1 Rate of access to public toilets	2.1 16%	2.1 345 403 additional people, that is 35%	Socio-economic and environmental impact assessment reports		
		3.1 Number of permanent jobs created	3.1 500	3.1 3 500 jobs, 1 400 of them reserved for women			
OUTPUTS	Output 1: DWS works	1.1.1 Number of mini-DWS systems and networks established		1.1.1 2019: 48	Quarterly/annual programme monitoring, supervision, audit and completion reports	Risk: (i) delay in the conduct of detailed studies on mini-DWS systems and the preparation of bidding documents (BDs). Measures: (i) recommendation of the use of advance contracting to accelerate the award of certain contracts (recruitment of service providers and the works control firm)	
	1.1 Establishment of mini-DWS systems and installation of 1 500 standpipes	1.1.2 Number of standpipes installed		1.1.2 2019:700			
				1.1.3 2020: 700 standpipes	Impact monitoring and evaluation reports		
	1.2 Construction of public latrines (consideration of gender- and disability-related aspects)	1.2 Number of public latrines constructed		1.2.1 2020: 135			
	1.3 Installation of piezometers	1.3 Number of piezometers installed		1.3 2019:6			
	1.4 Establishment of WUAs	1.4 Number of WUAs		1.4 2019:18/48			
	1.5 Construction of stations	1.5 Number of stations constructed		1.5 2019:2			
	Output 2: Capacity building	2.1 Number of lots of reagents and packaging materials		2.1 2019:1			
	2.1 Reagent kits and packaging materials	2.2 Number of CCAG officials and staff trained		2.2 2019:23			
	2.2 Training of CCAG officials and staff			2.3 2019:1			
	2.3 Rehabilitation of laboratories	2.3 Number of laboratories rehabilitated		3.1 2019: 1 000			
	Output 3: Support for youths and women	2.1 Number of youths trained and provided with equipment					
3.1 Training and equipping of youth EIGs (boys and girls) in HIMO career-oriented IGAs			3.2 2019: 1 000				
3.2 Training and equipping of youth EIGs (boys and girls) in waste collection and sorting	3.2 Number of youths trained and provided with equipment						

	3.3	Training of youth EIGs in environmental conservation and anti-poaching techniques	3.3 Number of youth EIGs (10 x 200 members) trained in environmental conservation and anti-poaching techniques	3.3 2020: 10		
	3.4	Training of youth EIG officials (boys and girls) and women in water trades	3.4 Number of EIG officials trained	3.4 2020: 20		
	3.5	Training and equipping of women's EIGs for the management of latrines in bus stations and markets	3.5 Number of women's EIGs (10 x 200 members) trained and equipped	3.5 2019: 10		
	3.6	Construction of drying areas equipped with solar systems for market garden and farm products	3.6 Number of hectares developed	3.6 2020: 5		
	3.7	Training of women's EIG officials in market garden techniques, solid and plastic waste processing and treatment	3.7 Number of beneficiaries of exchange trips organized			
	3.8	Sensitization of women on hygiene and promotion of breastfeeding	3.8 Number of women sensitized			
	3.9	Construction and equipping of multipurpose gender centres (MGCs)	3.9 Number of MGCs built and equipped			
	<u>Output 4: Project management</u>		4.1 Number of consultants recruited	4.1 : 3		
	4.1	Recruitment of experts				
	4.2	Accounting and financial audit, procurement audits, socio-economic and environmental monitoring	4.2 Number of reports prepared	4.2.1: 3 4.2.1 : 3		
KEY ACTIVITIES	<p>Component A: (i) construction of 48 mini-DWS systems; (ii) construction of 5 mini-DWS systems with large-diameter wells equipped with solar systems for market gardening; (iii) construction of 135 public latrines; (iv) installation of 6 piezometers; (v) recruitment of two works control and supervision firms; and (vi) recruitment of two IEC service providers.</p> <p>Component B: (i) institutional support to MEEP, MEPD and the Ministry in charge of Women's Affairs; (ii) rehabilitation of a water analysis laboratory; (iii) procurement of reagent kits and packaging materials; (iv) training of advisory management and support unit staff; (v) training and equipping of 2 000 youths (quarries, environment, the fight against poaching, and water trades); and (vi) training and equipping of 2 000 women (management of latrines, management of multipurpose centres and drying areas, treatment and sale of solid and plastic waste, exchange trips and water trades).</p> <p>Component C: (i) staff; (ii) operation; (iii) audits.</p>			<p>RESOURCES IN UA MILLION</p> <p>Component A: 12.75 Component B: 2.48 Component C: 1.44</p> <p>TOTAL RESOURCES: UA 16.67 million</p>		

PROGRAMME IMPLEMENTATION SCHEDULE (Phase I)

ACTIVITIES	2018			2019				2020				2021			
	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4
Negotiations															
Effectiveness of ADF, RWSSI and GEF grants															
Programme launching															
Final design studies and BDs of mini-DWS systems, market garden boreholes, latrines, landfills, rehabilitation of stations, laboratories and multipurpose centres															
Recruitment of public works and civil engineering enterprises															
Recruitment of works control firms															
Recruitment of IEC service providers															
Rehabilitation of stations and the PMU															
Recruitment of additional staff for stations and the PMU															
Implementation of IEC activities															
Construction of infrastructure (mini-DWS systems, market garden boreholes, latrines, landfills and multipurpose centres)															
Works control and supervision															
Recruitment of suppliers for the equipping of stations and the PMU															
Delivery of station equipment and installation in the premises															
MEPD and MFFSN support															
Shopping for reagent kits and packaging materials															
Procurement of reagent kits and packaging materials															
Establishment of CCAG and training of its officials and technicians in water trades															
Rock deposit collection and crushing equipment															
Waste collection and management equipment (tricycles, etc.)															
Equipping of youth associations/reforestation-poaching/fight against desertification															
Garbage bins with a capacity of 10 cubic metres															
Dump and septic trucks															
Equipping of women's associations/management of improved latrines in markets and bus stations															
Construction of drying areas equipped with solar furnaces (1 000 square metres per region) for market garden and farm products															
Officials of women's associations trained in solid and plastic waste treatment in Burkina Faso															
Supervision, review and completion															

REPORT AND RECOMMENDATION OF BANK GROUP MANAGEMENT TO THE BOARD OF DIRECTORS CONCERNING A PROPOSAL TO EXTEND FINANCING TO THE REPUBLIC OF CHAD FOR THE SEMI-URBAN AND RURAL DRINKING WATER SUPPLY AND SANITATION PROGRAMME IN ELEVEN REGIONS – PHASE I

Management hereby submits the following Appraisal Report and recommendation concerning a proposal to award an EUR 3.00 million (UA 2.49 million) RWSSI grant and a UA 7.25 million ADF grant to the Republic of Chad to finance the Semi-urban and Rural Drinking Water Supply and Sanitation Programme in Eleven Regions (PAEPA SU-MR) – Phase I.

The GEF grant of USD 9.745 million (UA 6.93 million) will be presented as an addendum to the approved Appraisal Report, after the approval of the Report on Climate Change by the GEF Executive Board.

I. STRATEGIC THRUST AND RATIONALE

1.1 Programme Linkages with Country Objectives and Bank Strategy

The Country Strategy Paper (CSP) 2015-2020 comprises two pillars, namely: (i) infrastructure development for robust and more diversified economic growth; and (ii) reform support to enhance the effectiveness of public action and the attractiveness of the economic framework. The programme underpins the first CSP 2015-2020 pillar on “infrastructure development for robust and more diversified economic growth”. It has been selected as one of the country’s priority operations (water, agriculture, girl education and energy) following the annual consultation mission of the Board members fielded in Chad from 22 to 25 January 2018. It is consistent with Thrust 4 of the National Development Plan (PND) 2017-2021, which seeks to “provide every citizen accessibility to water, health, housing, energy and mobility”. The programme objectives are in line with the Sustainable Development Goals (SDGs) of increasing the population’s drinking water access rate from 53% in 2015 to 80% in 2030, and the sanitation service access rate from 16% in 2015 to 60% in 2030. The programme is aligned on the Bank’s High 5s, particularly the fifth that seeks to “improve the quality of life for the people”, and the 2014-2019 Strategy for Addressing Fragility and Building Resilience in Africa. It is consistent with the Human Capital Strategy 2014-2018 and the Jobs for Youth in Africa Strategy. Lastly, the programme is in keeping with the Gender Strategy 2014-2018, particularly women’s economic empowerment.

1.2 Rationale for Bank Involvement

1.2.1 The Bank, the Government and the other technical and financial partners (TFPs), notably the European Union (EU), the Islamic Development Bank (IsDB) and the United Nations system agencies (UNICEF, UNDP, UNHCR, etc.) have undertaken to gradually finance the DWSS sub-sector in semi-urban and rural areas, starting with areas with: (i) the lowest DWSS access rates in the country; (ii) extreme poverty levels (50%); and (iii) a high percentage of people without access to drinking water and/or using poor quality water sources (ponds, traditional wells, rainfall, etc.). In 2017, the drinking water access rates (WARs) in the targeted regions were very low (average 15%), whereas the MDG national target for drinking water access is 60%. In addition, the Bank is already operating in four regions (Mayo Kebbi Ouest, Tandjilé, Moyen-Chari and Mandoul) through PAEPA-CS. It intends to meet all water needs in these regions so as to achieve the Sustainable Development Goal (SDG) targets for water (80%) and sanitation (60%) by 2030.

1.2.2 RWSSI financing is the result of the recommendations of the Kigali Action Plan (PAK) initiative adopted by African Union Heads of State and Government to assist member countries that failed to achieve the Millennium Development Goals (MDGs) in the water and sanitation sector.

1.2.3 GEF's intervention is justified by the drought and the degradation of natural resources that have increased pressure and demand for domestic water consumption and grazing facilities, hence the need to monitor and judiciously manage surface and ground water resources. The studies and appraisal report on the Climate Change component will be submitted to the GEF Executive Board in February 2019. The reports will be an addendum to this Appraisal Report after its approval by the Bank's Board of Directors in July 2018.

1.3. Aid Coordination

Table 1.3: Donor Operations in the Water Sector (2017-2021)			
Stakeholders – Public Expenditure for 2017-2021: CFAF 2 327 billion (social sector, Thrust 4)			
Government	Donor contributions to the DWSS sector in 2017-2021	EU	31.26%
The share of the State cannot be estimated due to the economic crisis	CFAF 204 ² billion	IsDB	14.14%
i.e. 8.76% to the social sector		Netherlands	13.05%
		AfDB	11.57%
		IFAD	0.08%
		Others (BADEA, AFD, BDEAC, UNICEF, Swiss Agency for Development and Cooperation, Saudi Fund for Development - SFD, GIZ, KFW, etc.)	29.90%
Level of Aid Coordination			
Existence of thematic working groups	Yes (quarterly meetings)		
Existence of a comprehensive sector programme	Yes		
Role of AfDB in aid coordination	Active member		

1.3.1. The Ministry of Economy and Development Planning, which serves as an interface between the Government and TFPs, is responsible for aid coordination. The European Union is the leader of the TFPs operating in the water and sanitation sector. UNICEF is the leader of the UN system agencies operating in the water, sanitation and hygiene (WASH) sector. TFPs meet each quarter and have an information network that enables them to regularly monitor the sector. The financing of the sector during the 2011-2023 period stands at USD 560 million (CFAF 306.320 billion), including commitments under negotiation. These contributions amounted to CFAF 102.205 billion during the 2011-2016 period and stand at CFAF 204.201 billion for the 2017-2021 period (that is 8.77% of the financing of Thrust 4 of the PND: Social Sector). The participation of key water and sanitation sector partners is estimated as follows: EU (31.26%), IsDB (14.14%), the Netherlands (13.05%), AfDB (11.57%), IFAD (0.08%), BADEA (0.07%), AFD (0.06%), BDEAC (0.05%), UNICEF (0.016%), Swiss Agency for Development and Cooperation (0.015%), the Saudi Fund for Development (0.014%) and others (29.7%).

1.3.2. **Under Thrust 4 of PND 2017-2021 “Improve the quality of life of the Chadian people”, pages 47-51**, the overall objective is to create an environment conducive to the development and well-being of the Chadian people, while preserving natural resources and adapting to climate change. The financing of activities planned under Thrust 4 will cost **CFAF 2 327.404 billion**³. This thrust comprises two sub-activities: (i) preservation of a healthy environment and natural resources; and (ii) creation of an environment conducive to human development and well-being. The expected outcomes of sub-activity 4.1.1 are: (i) improved drainage and sanitation system, increased access to drinking water and promotion of decent

² Ministry of Environment, Water Resources and Fisheries, April 2018.

³ PND 2017-2021 page 64, Table 18: Summary of Financial Indicators.

housing. The drainage, sanitation and hygiene system will be upgraded by: (a) improving the institutional framework of the sanitation and drainage sector; (b) strengthening urban and rural sanitation infrastructure; (c) improving the people's access to a sustainable sanitation system; (d) promoting effective control of pollution and chaotic land use; (e) improving the people's access to drinking water; and (f) promoting the people's access to decent housing.

II. PROGRAMME DESCRIPTION (Phase I)

2.1. Programme Components

Table 2.1: Programme Components

Table 2.1: Programme Components						
Component	GEF			RWSSI	ADF	
	Cost in UAM	Activities	Cost in UAM	Activities	Cost in UAM	Activities
Component A: DWSS Infrastructure Development	6.82	(i) Construction of 34 mini-DWS systems	1.77	(i) Construction of 5 mini-DWS systems (ii) Construction of 135 VIP latrines (iii) Development of 5 final landfills	4.16	(i) Construction of 9 mini-DWS systems (ii) Construction of 5 mini-DWS systems with large-diameter wells equipped with solar pumps for market gardening/farming (iii) Installation of 6 piezometers; (iv) Recruitment of 2 works control firms; (v) Recruitment of 2 IEC service providers; (vi) Rehabilitation of 2 offices for use as stations and 1 office for the PMU.
Component B: Capacity Building	0.11	(i) Equipping youth EIGs for the collection and crushing of rocks, brick making and masonry; (ii) Equipping and training youth EIGs for reforestation and combatting deforestation, desertification and poaching; (iii) Construction of drying areas equipped with solar furnaces for market garden and farm products	0.72	(i) Equipping youth EIGs for solid and plastic waste collection and sorting; (ii) Equipping women's EIGs for the management of improved latrines in markets and bus stations; (iii) Organization of exchange trips to countries in the sub-region to share experiences on solid and plastic waste treatment	1.65	(i) Rehabilitation of a water analysis laboratory; (ii) Procurement of water quality control reagent kits; (iii) Procurement of material for the packaging of samples; (iv) Establishment of an additional CCAG and training of water technicians; (v) Equipping and training of youth EIGs for reforestation; (vi) Procurement of nineteen 10 m³ garbage bins; (vii) Procurement of 7 dump and septic trucks; (viii) Organisation of exchange trips to countries in the sub-region to share experiences on waste treatment and packaging; (ix) Construction and equipping of 5 multipurpose centres for the empowerment of women and rehabilitation of an infant day-care centre in Fada (Ennedi Ouest); (x) Provision of institutional support to MEPD; (xi) Support MEEP and the Ministry in charge of women's affairs for resource mobilization; (xii) Procurement of equipment for the collection and crushing of rocks.
Component C: Programme Management					1.44	(i) Payment of management team allowances; (ii) Procurement of programme management materials and equipment; (iii) Implementation of safeguard measures; (iv) Conduct of audits.
TOTAL	6.93		2.49		7.25	16.67

2.2 Technical Solutions Adopted and Alternatives Explored

The technical solutions retained for facilities under this programme are based on the technologies existing in the country. DWS systems have been selected because they help to: (i) provide larger quantities of water to the population (towns with at least 15 000 inhabitants comprising many neighbouring villages); (ii) ease and ensure rapid drawing of water by women and children, thus reducing the effort made and time spent on pumping water using manual pumps; and (iii) bring water points (standpipes) closer to consumers. The option of using solar energy to operate DWS systems has been retained to reduce the cost of producing water while enhancing environmental protection.

Table 2.2: Alternative Solutions Explored and Reasons for their Rejection

Facilities	Benefits	Limitations	Maintained/ Rejected
Rehabilitation of a manual pump or a mini-DWS system	Small investment for the same service quality as a new water point/DWS system. Low operating costs	Very high breakdown rate (72% in Logone Oriental and 46% in Logone Occidental). Some NGOs (IDO, World Vision, etc.) are rehabilitating equipment, supervising water users' associations and management committees to reduce breakdowns and ensure the durability of these facilities. It is no longer necessary to invest in rehabilitation.	Rejected
Extension of existing mini-DWS systems	Small investment for the same service quality. Low operating costs.	The terms of reference of water users' associations already entrusts them with the responsibility of extending the network. Selecting localities necessitating extension would absolve WUAs of this obligation, which actually contributes to empowering them.	Rejected
Construction of power-operated boreholes	No physical effort to pump water for consumption and watering of animals given the large herd of cattle in the regions covered by the programme.	Heavy investment for an ad hoc water point. It does not exist in Order No. 22/MHUR/2011 laying down the national strategy for equipment and allocation of drinking water points.	Rejected
Construction of runoff water retention ponds ("haffirs")	These basins would be a solution to water supply in settlement areas where groundwater harnessing is virtually impossible. This technique is widely used in neighbouring Sudan.	Very heavy investment, especially when the water has to be rendered fit for human consumption. Therefore, the basins would be coupled with an appropriate treatment system and a self-propelled dewatering system. When untreated, this water can be a potential source of waterborne diseases and hepatitis.	Rejected
Construction of boreholes equipped with manual pumps	Relatively low investment	Limited service. Significant physical effort needed to draw water, especially in pastoral areas where the population have large herds of cattle to water; a very large of number of broken facilities.	Rejected
Construction of mini-DWS systems equipped with solar pumps	A large service area. Provides larger quantities of water that can be drawn with more ease. Durable equipment. Involvement of private partners in the operation of facilities. Grouping of villages. Use of solar pumps to mitigate climate change-related risks (no carbon emissions).	Relatively heavy investment	Maintained

2.3. Programme Type

This is an investment operation financed with ADF, RWSSI and GEF resources.

2.4. Programme Cost and Financing Arrangements⁴

2.4.1 PAEPA SU-MR – Phase I will cost UA 16.67 million, net of taxes and custom duties, of which a UA 7.25 million (43.49%) ADF grant, a UA 2.49 million (14.94%) RWSSI grant, and a UA 6.93 million (41.57%) GEF grant. The contributions of the beneficiaries to the cost of DWS facilities amount to UA 0.062 million. The programme cost was estimated based on the unit prices of recent projects designed, with a 10% provision for physical contingencies and an annual price escalation of about 3%. It is worth noting that there is no counterpart contribution for this programme⁵ due to the high risk of short-term debt overload. The IMF's Debt Sustainability Analysis of June 2017 considers the country as being at high risk of debt distress. Another priority of the MEEP is the financing of the Water and Sanitation Master Plan (SDEA 2003-2020) update. The mission promised to help to secure financing for the SDEA and to mobilize UA 2 million through the Transition Support Facility Pillar III (TSF III). The above-mentioned cost table does not include the SDEA activities because TSF III resources will only be approved in October 2018, while the PAEPA SU-MR will be submitted to the Board of Directors in July 2018. Phase I of the programme will be implemented over a three-year period beginning in 2018.

Table 2.4.1: Programme Cost by Component (in UA million)

Components	Cost in Foreign Exchange	Cost in Local Currency	Total Cost	% Foreign Exchange
Component A: DWSS Infrastructure Development	8.56	3.03	11.59	74%
Component B: Capacity Building	1.05	1.36	2.41	44%
Component C: Programme Management	0.34	1.06	1.40	24%
Total Base Cost	9.95	5.45	15.40	65%
Provision for Physical Contingencies	0.86	0.30	1.16	74%
Provision for Price Escalation	0.04	0.07	0.11	36%
Total Programme Cost	10.85	5.82	16.67	65%

Table 2.4.2: Programme Cost by Source of Financing (in UA million)

Sources of Financing	Cost in Foreign Exchange	Cost in Local Currency	Total Cost	%Total
GEF	5.49	1.44	6.93	41.57%
RWSSI	1.35	1.14	2.49	14.94%
ADF	4.01	3.24	7.25	43.49%
TOTAL	10.85	5.82	16.67	100.00%

Table 2.4.3: Programme Cost by Expenditure Category

Expenditure Categories	Cost in Foreign Exchange	Cost in Local Currency	Total Cost	% Foreign Exchange
Works	8.1	2.61	10.71	76%
Goods	0.96	0.95	1.91	50%
Services	0.84	0.95	1.79	47%
Operation	0.05	0.94	0.99	5%
Total Base Cost	9.95	5.45	15.40	65%
Provision for Physical Contingencies	0.86	0.30	1.16	74%
Provision for Price Escalation	0.04	0.07	0.11	36%
Total Programme Cost	10.85	5.82	16.67	65%

⁴ Exchange rate in April 2018: UA 1 = EUR 1.20187; UA 1 = USD 1.41519; UA 1 = CFAF 773.918.

⁵ The note on the justification of the Bank Group's contribution of more than 90% of the total programme amount is attached as an annex to the PAR.

Table 2.4.4: Programme Cost by Expenditure Category and Source of Financing

	GEF	RWSSI	ADF	TOTAL COST
Works	6.24	1.61	2.86	10.71
Goods	0.07	0.67	1.17	1.91
Services	0.00	0.00	1.79	1.79
Operation	0.00	0.03	0.96	0.99
Total Base Cost	6.31	2.31	6.78	15.40
Contingencies	0.62	0.18	0.47	1.27
Grand Total	6.93	2.49	7.25	16.67

Table 2.4.5: Expenditure Schedule by Component

Components	2019	2020	2021
DWSS Infrastructure Development	3.11	5.60	2.88
Capacity Building	0.50	0.971	0.94
Programme Management	0.71	0.34	0.34
Total Base Cost	4.32	6.92	4.16

2.5. Programme Target Areas and Beneficiaries

During the identification and preparation phases, PAEPA SU-MR was expected to cover eleven regions whose water access rates (WARs) are below 60%. These regions are⁶ Borkou (19%), Ennedi (8%), Tibesti (5%), Mayo Kebbi Ouest (13%), Mayo Kebbi Est (22%), Tandjilé (31%), Logone Oriental (27%), Logone Occidental (16%), Mandoul (39%), Moyen-Chari (42%), Salamat (40%) and Sila (27%). The initial programme cost was estimated at UA 97.23 million⁷, or CFAF 80 billion in May 2017.

Since the ADF resources allocated to Chad in 2018 were insufficient, it was considered appropriate to use the programme-based approach so as to gradually cover the drinking water and sanitation needs of the most disadvantaged regions in terms of DWSS infrastructure up to 2030, starting with the regions whose WARs were below 30% in 2017.

Consequently, the UA 16.67 million allocated after the appraisal mission could finance only five priority regions during Phase I. Thus, the first phase of PAEPA SU-MR will cover the semi-urban and rural population of the following regions: Borkou (19%), Ennedi (8%), Tibesti (5%), Logone Oriental (27%) and Logone Occidental (16%).

The beneficiary population is estimated at 2 164 183 million (750 000 additional people or direct beneficiaries for drinking water and 364 000 additional people for sanitation), 54% of them women. This number represents 14.55% of Chad's total population (14 876 609 in 2017).

2.6. Participatory Approach for Programme Identification, Design and Implementation

During programme identification, preparation and appraisal missions, a consultative process was adopted through meetings and discussions held with the Chadian authorities, TFPs, stakeholders in semi-urban and rural areas (governors, prefects, sub-prefects, mayors, management committees, water users' associations, and women's and youth associations), the CCAG and the private sector.

At Fada in Ennedi Ouest Region, the first meeting held aimed at presenting the programme to the Governor of Ennedi Ouest Region, represented by the Secretary-General of the Region. The second meeting was held with the other stakeholders in the presence of the representative of the Governor of Ennedi Ouest Region. The stakeholders included sub-prefects, canton heads, neighbourhood delegates, decentralized State services (represented by delegates of education and environment, and health officials), representatives of the Fada Municipal Council, civil society

⁶ Chad: PAEPA SU-MR, Final Mission Report on Inventory of Water and Sanitation Facilities by Region, February 2018.

⁷ Exchange rate in May 2017: UA 1 = CFAF 822.813; UA 1 = USD 1.37482; US 1 = EUR 1.25437.

(producers' associations, etc.) and workers of the Chadian water utility (Société Tchadienne des Eaux). This second meeting made it possible to discuss with participants the recurrent problems of water supply and the obsolescence of the elevated water tank at Fada.

At Moundou in Logone Oriental Region, two meetings were held, the first with the Governor and his staff and the second with the other stakeholders. The discussions revealed the lack of maintenance and the high breakdown rate of facilities, the lack of ownership of facilities put up, etc. The issues of waste management and weak capacity of the municipal councils in terms of equipment and infrastructure to manage this sub-sector (sanitation) were raised. The anti-social spirit shown by the population (mechanics, etc.), who discharge waste oils and other products into the streets and gutters, was also raised. Due to these difficulties in operating facilities identified by the beneficiaries and the region's very high population density (**104 inhabitants/km²**), the stakeholders proposed that several villages located near the mini-elevated water tank be grouped together to increase the very low coverage rate (16%) and reduce the breakdown rate in this region which stands at 46%.

At Doba and Mbaikoro in Logone Oriental Region, the Governor presented the needs of three entities (indigenous, nomadic and refugee populations) and hoped that the programme would take their water needs into account without discrimination. The second meeting held in Doba made it possible to discuss the ownership of facilities with the canton head, NGOs (World Vision, IDO, etc.) and youth and women's associations. The third meeting held in Mbaikoro with the sub-prefect, the canton head and youths focused on the management of the elevated water tank constructed by the Government and the lessons to be learned for programme design.

This participatory approach will be continued at the start-up, implementation and completion of works to elicit the involvement of stakeholders and beneficiaries.

2.7. Bank Group Experience and Lessons Reflected in Programme Design

2.7.1 Brief description of previous Bank Group activities in the sector and the country

As at 15 May 2018, the projects portfolio comprised fourteen (14) active operations for a total commitment of UA 203.45 million, with seven (7) national projects (UA 99.78 million) and seven (7) multinational projects (UA 103.67 million). Three regional projects approved in November and December 2017 for a total commitment of UA 47 million were signed on 7 March 2018. These are the Feasibility Study on the Extension of the Cameroon Railway to Chad (UA 2 million), the Cameroon-Chad Power Grid Interconnection Project (UA 27.5 million), and the Lake Chad Basin Regional Integrating Road Network Project Through the Construction of a Bridge Over River Logone Between Yagoua in Cameroon and Bongor in Chad (UA 17.5 million). Three sectors account for about 82% of investments, namely: (i) the transport sector with 42% (UA 86.2 million); (ii) the governance sector with 26% (UA 52.54 million); and (iii) the energy sector with 14% (UA 27.5 million). Water and sanitation, and agriculture/natural resources account for 10% (UA 20.12 million) and 8% (UA 16.06 million) of investments, respectively. The annual disbursement rate is 35%. The portfolio is financed through thirteen (13) agreements as follows: (i) the African Development Fund (ADF): 4 loans and 4 grants; (ii) the Transition Support Facility (TSF): 3 grants; (iii) the Rural Water Supply and Sanitation Initiative (RWSSI): 1 grant; and (iv) the OPEC Fund for International Development (OFID): 1 grant.

The portfolio performance is deemed moderately satisfactory with a score of 2.6 on a scale of 1 to 4. The average portfolio age is 3.14 years. Regarding Clause 5.2 of Presidential Directive No. 2/2015 relating to the design, implementation and cancellation of the Bank Group's sovereign operations, 6 projects were considered eligible for cancellation on 15 May 2018.

2.7.2 Performance of the Drinking Water Supply and Sanitation Project in Eight Secondary Centres and Surrounding Rural Areas (PAEPA-CS). Overall, the performance of the project which was launched in 2013 is considered satisfactory. The disbursement rate (excluding State counterpart contributions) increased from 69.40% in November 2017 to 78.71% in February 2018. The physical execution rate rose from 83% to 88%. Concerning works, about 567 (80%) boreholes equipped with manual pumps are already operational and have led to the creation of 1 130 permanent jobs instead of the 800 jobs planned (200% implementation rate). The rate of access to drinking water went up from 32% in 2011 to 47% in 2017 and the access rate to sanitation services improved from 11% in 2011 to 23.37% in 2017 in the targeted regions. This has contributed to reducing the poverty rate in the programme impact areas. The under-five mortality rate due to waterborne diseases decreased by 10 percentage points between 2011 and 2016.

2.7.3 Lessons from the CSP implementation and their consideration in programme preparation. In general, difficulties in mobilizing counterpart funding affected project efficiency in the country. There will be no counterpart contribution under this programme. A note on the justification for exemption from national counterpart contribution is appended to this report.

2.8. Key Performance Indicators

Impact indicators are: (i) reduction in the prevalence of waterborne diseases, particularly in children below five, from 23.6% in 2017 to 3% in 2030; (ii) increase in the profit margin/operating revenue ⁸ of mini-elevated water tanks from 34.08% in 2018 to 54.88% in 2030; (iii) operationalization of 5 youth cooperatives and 5 women's cooperatives; (iv) the time saved on the usual chore of fetching water is devoted to IGAs; (v) improvement in the income of youths and women by at least 50%; (vi) increase in the gross enrolment rate of girls from 88% in 2018 to 98% in 2030; and (vii) at least 80% of beneficiaries adopt new and positive behaviour regarding environmental protection, hygiene and sanitation and adaptation to climate change.

The expected outcomes at the end of phase I of the programme are: (i) increase in the rate of access to water from 15% in 2018 to 49.65% in 2021; (ii) rise in the sanitation service access rate from 16% in 2018 to 36% in 2021; (iii) reduction in the breakdown rate in Logone Oriental and Logone Occidental from 60% to below 10%; (iv) reduction of the distance to water facilities from 10 kilometres to less than 500 metres; (v) creation of at least 5 000 temporary labour-intensive (HIMO) jobs during works; and (vi) creation of more than 3 500 permanent jobs, 40% of them for women, during the operation of facilities.

The expected outputs are: (i) 48 mini-DWS systems and 1 500 standpipes constructed; (ii) 5 boreholes equipped with solar pumps for market gardening constructed; (iii) 135 public latrines constructed in health centres, schools, bus stations and markets; (iv) 6 piezometers installed; (v) 5 final landfills developed; (vi) 1 functional water analysis laboratory set up; (vii) 20 water technicians and 3 CCAG officers trained; (viii) 2 000 youths grouped into associations trained and equipped for the operation of quarries, conduct of sensitization on environmental protection, and the fight against poaching and desertification; (ix) 2 000 women grouped into associations trained and equipped for the management of latrines, and the processing and sale of plastic and solid waste; (x) 5 000 women sensitized on breastfeeding; and (xi) 5 multipurpose centres (literacy education, training, processing, marketing, drying areas and other IGAs) managed by women's associations.

⁸ The net present value (NPV) of the surplus produced as a result of an increase in the operating margin is CFAF 4 372.67 million.

III. PROGRAMME FEASIBILITY

3.1. Economic and Financial Analysis

3.1.1 Main results of calculations made [2018 baseline scenario] (see Technical Annex B.7.2.7)

PERFORMANCE INDICATORS	BASELINE SCENARIO (2018)
Economic Rate of Return (ERR) (%)	14.23
Internal Rate of Return (IRR) (%)	16.80
Net Present Value (NPV) (in CFAF million)	4 567.85

A – Baseline: the internal rate of return (IRR) and the net present value (NPV) were estimated based on cost projections including mainly investment, annual operating costs, and the profit margins achieved by a lessee (standard lease method). As regards economic analysis, the main assumptions considered are: (i) the population to be covered; (ii) the average household size in the programme area; (iii) the actual drinking water access rate; (iv) the rate of prevalence of waterborne diseases; (v) the school repetition, failure and dropout rates; (vi) the average school fees of a pupil; and (vii) an average inflation rate. All these assumptions helped to calculate the economic rate of return (ERR) and the net present value (NPV) generated by the programme and, hence, demonstrate its economic performance, justify its feasibility and identify its impact through the resulting substantial benefits and advantages.

B - Financial performance helps to conclude that the private operators to be recruited to manage water points will be viable. Assuming an actual discount rate of 12%, the net present value (NPV) generated by all the water points to be constructed will be CFAF 4 567.85 million, with an IRR of 16.80%. The conduct of a sensitivity test on a water point helps to conclude that even if sales drop sharply by 5%, the return on sales will be 15.46% for an NPV of CFAF 3 193.92 million, which augurs well for the continuity of the operator's activity (Table 11).

C - Economic performance helps to determine the programme's benefits and advantages for the country in terms of health, employment, education or time saved. Assuming a capital economic opportunity cost of 12%, the analysis shows that the ERR will be 14.23% for a financial NVP of CFAF 4 567.85 million, reflecting a significant impact and the generation of substantial benefits for the entire country. A sensitivity test helps to conclude that even with a 10% increase in investment cost, the economic viability margin will be 12.29% for a financial NPV of CFAF 2 989.27 million. However, it should be noted that the indicators of programme profitability are much more affected by changes in school repetition, failure and dropout rates than by the waterborne disease prevalence rate (see Table 11).

3.2. Environmental Impact, Climate Change and Gender Issues

3.2.1 Environment

The programme will construct small- and medium-scale water supply and social infrastructure, and sanitation facilities in 5 priority regions. This infrastructure will have no major negative environmental and social impacts. The risks associated with the programme are: (i) drinking water management conflicts; (ii) soil erosion and/or pollution due to the use of pesticides for market gardening; (iii) water and soil pollution and contamination from the emptying of latrines and wastewater; (iv) accidents involving workers and the population during the construction phase; and (v) possible drop in groundwater level after catchment and due to climate change.

The programme measures seek to address real social problems (lack of water and sanitation) and to ultimately improve the living conditions of the beneficiary population. The sites of DWS infrastructure will be defined after the completion of feasibility studies that will be carried out on

a proactive basis as from May 2018. The programme will not entail any displacement of the population or restriction of access to property and means of livelihood.

Consequently, the programme was classified under Category II in accordance with the Bank's environmental safeguards on 6 April 2018 in view of the small size of the infrastructure that will be constructed. This programme does not provide for the construction of facilities in protected areas and other sensitive natural habitats. The mitigation/enhancement, monitoring and institutional measures to be implemented during this phase are: (i) the participatory selection of sites for the construction of facilities will help to avoid the loss of farmland. The implementation of works during the dry season will help to prevent possible crop losses. This selection will be done in close collaboration with the population concerned and local water authorities. (ii) the establishment of a water quality baseline situation in the programme impact area and the conduct of physical, chemical and bacteriological analyses before the final selection of sites for the facilities. During this process, national drinking water standards will serve as a reference. Otherwise, World Health Organization (WHO) standards will be used. The requirements will include: (a) the construction of infrastructure in compliance with the environmental management standards in force; (b) the application of safety measures on construction sites and the restoration of soil immediately after the completion of works; (c) the collection of data and the regular monitoring of the quantity of water resources; and (d) facilitation of the access of youths to labour-intensive (HIMO) works is expected to help reduce the seasonal unemployment rate among youths. The Environmental and Social Impact Assessment (ESIA) and the Environmental and Social Management Plan (ESMP) prepared in May 2018 are being certified and will be posted on the Bank's website in May 2018. The cost of ESMP monitoring and implementation stands at CFAF 17 600 000. In addition to the ESIA and the ESMP which include comprehensive studies by region, a Strategic Environmental and Social Assessment (SESA) was also carried out by region (Borkou, Ennedi, Tibesti, Logone Occidental and Logone Oriental) and will be submitted to the Bank for review and the issuing of a no objection opinion.

A budget chapter has been allocated for the monitoring of the measures adopted, to enable the Directorate of Pollution and Nuisance Control (DEELPN) to ensure environmental monitoring in collaboration with the PMU and the Directorate of Forestry and Desertification Control. Such monitoring will help to verify, using monitoring parameters defined beforehand, if the impacts identified during appraisal have actually been generated in the projected proportions. Environmental monitoring will seek to ensure the effective implementation of the mitigation, enhancement and stakeholder capacity building measures contained in the Environmental and Social Management Plan (ESMP). It will be carried out by an environmentalist within the PMU.

3.2.2. Climate change

Climatic risks were identified in April 2018. The score sheet prepared on 9 April 2018 classified the programme under Category II, in compliance with the Adaptation Review and Evaluation Procedures (AREP) and the Climate Safeguards System (CSS). The risks identified include: (i) the vulnerability of DWS infrastructure and equipment to the climatic conditions of the regions concerned; (ii) intermittent or seasonal rainfall with an average or high evaporation rate; and (iii) frequent extreme weather events (for example, droughts and floods) in the regions concerned (for example, Borkou-Ennedi-Tibesti). The programme has adopted adequate adaptation measures to reduce the risks identified. Many activities will be implemented to adapt livestock breeders' and farmers' lifestyles to climate change-related constraints in the North and South of the country, and to address water shortage or scarcity. This will be achieved by: (i) training and sensitizing 2 000 youths and more than 2 000 women on desertification control and environmental protection; (ii) involving the beneficiaries of the training in organising the population and ensuring that they act as relays in their respective communities; (iii) constructing about 2 000 water bowls at least 200 metres from standpipes for the watering of livestock (cattle and small ruminants); (iv) constructing 5 mini-elevated water tanks for the irrigation of market gardening and farm plots run by at least 2

500 farmers, 70% of them women; and (v) equipping DWS facilities with solar pumps to contribute to protecting the environment. These activities will be financed by GEF to the tune of UA 6.93 million.

3.2.3 Socio-economic and gender issues

3.2.3.1 Socio-economic impact

The rate of access to drinking water in the targeted regions is below 30% and that of sanitation is only 16%, whereas the national rate of access to water was 61.78% in 2017. The programme will: (i) improve the availability and quality of drinking water, hygiene and sanitation services in semi-urban and rural areas; (ii) increase the income of youths and women, and reduce poverty by creating 5 000 temporary labour-intensive (HIMO) jobs (excavation and backfill, brick manufacture, rock crushing, catering, bricklaying, jobbers for the construction of water and sanitation facilities) during works; (iii) create 3 500 permanent jobs, 40% of them for women, during the operation of water and sanitation facilities; and (iv) reduce the prevalence of waterborne diseases, especially among children below five, from 23.6% in 2017 to 3% in 2030. In addition, the project will encourage the adoption of new behaviour with regard to environmental protection and adaptation to climate change.

3.2.3.2 Impact on gender

The availability of drinking water and water for market gardening will improve youth schooling (boys and girls), adult labour (men and women) and hygiene conditions, and relieve women and girls of daily water chores by reducing the distance covered to fetch water from 10 kilometres (6-hour return walk) to less than 500 metres (at most 20-minute return walk) in the targeted regions. The time saved on normal water chores will be devoted to income-generating activities (IGAs) (management of multipurpose centres, literacy education, market gardening, orchard cultivation, food processing, drying of market garden products, marketing, management of water points and public latrines, etc.). These opportunities will increase the current 65.6% net enrolment rate and the 37% school completion rate (of which 28% for girls), and reduce the high illiteracy rate of 68.7% for men and 86% for women in 2017. **The budget allocated for construction works** (42%), capacity building (30%) and management (10%) to meet the needs of women is estimated at UA 5.725 million, representing 34.34% of the overall programme budget.

3.2.4 Involuntary resettlement: programme activities will not lead to the displacement or resettlement of people.

IV. PROGRAMME IMPLEMENTATION

4.1. Implementation Arrangements

4.1.1 Institutional framework

The Ministry of Environment, Water Resources and Fisheries (MEEP) will be the executing agency through the General Directorate of the Ministry (DGM), which comprises three technical directorates (Directorate of Drinking Water Supply, Directorate of Sanitation and Directorate of Pastoral Water). Placed under the supervision of the DGM, a Programme Management Unit (PAEPA-CS Team maintained) will work in close collaboration with MEEP's new Project Implementation Unit on administrative issues. The Bank mission will support the establishment of the new unit. The PMU will comprise: a Coordinator; an Administrative Officer, an Accounting and Finance Officer; a Procurement Expert; an Accountant, a Monitoring and Evaluation Expert and PAEPA-CS Operational Management Support Staff. It will be further strengthened with the recruitment of an Environmentalist, a Sanitation Expert and a Gender Expert. Three curricula vitae

(CVs) per position (Environmentalist, Gender Expert and Sanitation Expert) will be transmitted to the Bank for its opinion on the candidates' qualification and experience.

A consulting firm will be recruited in advance using PAEPA-CS resources to conduct comprehensive studies on the construction of mini-DWS systems and networks, and to prepare the related bidding documents (BDs). Two control firms will be recruited for works supervision per pole of activities (North and South). Works and activities will be monitored at the regional level by two (2) agencies and two (2) Advisory and Management Support Units (CCAG). The PMU will coordinate the two agencies, one for each pole of activities. The agency managers will work in close collaboration with the decentralized services. The PMU/PAEPA SU-MR experts will be civil servants from ministries, assigned based on their field of competence.

The already established Technical Monitoring/Steering Committee (TSC) will monitor programme activities. The TSC is a permanent entity that steers all rural development sector programmes and projects. The TSC will approve the programme of activities, the annual budget and annual reports, and ensure the smooth implementation of programme activities. At the regional level, the existing Regional Action Committee (CRA) will be strengthened and extended to the relevant local elected representatives for programme activity monitoring. Chaired by the governors of the targeted regions, the CRA will meet once every three months and the agency manager will provide it with secretarial services. At the prefecture headquarters level, the Local Action Committee (CLA) extended to local elected representatives, administrative authorities, MEEP regional delegates, chairpersons of water users' associations (WUAs)/lessees, CCAG representatives, and youth and womens' association and group representatives will monitor programme activities.

4.1.2 Applicable Procurement Policy and Framework

4.1.2.1 All goods, works and consultancy services financed with Bank resources will be procured in line with the Procurement Policy for Bank Group Funded Operations ("AfDB Procurement Policy"), October 2015 edition, and the provisions in the Financing Agreement. Pursuant to this policy and following various assessments conducted, it was decided that : (a) the following goods and works will be procured using the National System as set out under **Decree No. 2417/PR/PM/2015 of 17 December 2015** on the Public Procurement Code (CMP): (i) rock collection and crushing equipment, youth associations to fight deforestation/poaching, women's associations; (ii) garbage bins; (iii) computer hardware and accessories, printers/photocopiers, office furniture, and for works on: (1) the development of small market garden plots; (2) installation of piezometers; (3) construction of VIP latrines, water analyses laboratories, drying areas, multifunctional centres for women, final landfills; and (4) rehabilitation of the Fada nursery. The following procurements will be made using the Bank's system ("AfDB system"): (i) selection of all consultants; (ii) bid invitation for mini-DWS construction works and purchase of reagent/water quality control kits and sample packaging materials, waste collection and management equipment, dump trucks and septic tank emptying equipment, vehicles and small scientific field materials.

4.1.2.2 The use of the National System will help to improve efficiency, thanks to: (i) better ownership of the procurement system to be used by the executing agency; (ii) time saved in the absence of a second control (after control by national entities), which the Bank's ex post control would represent. **However, the Bank reserves the right to request the Borrower to revert to the Bank's system if:** (a) the legal framework governing Chadian procurement changes towards a system not satisfactory to the Bank; (b) the arrangements in force are not respected by the executing agency; or (c) appropriate risk mitigation measures included in the risk evaluation action plan are not respected.

4.1.2.3 Evaluation of Risk and Capacity Assessment (ERCA): to take the programme's specificities into account, the Bank assessed: (i) risks at the national, sector and project level; and (ii) the capacity of the executing agencies. These assessments concluded that the procurement risk is **moderate**, and decided on the list of procurements that could be made using the Bank's system, and others through the national system, subject to the application of mitigation measures proposed in paragraph 5.9 (Annex B.5).

4.1.3 Disbursement Procedures

The disbursement methods to be used under the programme are: (i) the direct payment method; (ii) the special account or revolving fund method; and (iii) the reimbursement method.

The direct payment method will be used to pay for contracts signed with contractors, suppliers and providers of goods, works and services. The special account or revolving fund method will be used to pay for the Management Unit's recurrent operating expenses. A local currency special account intended to receive operating funds to be paid from the ADF grant will be opened in a bank deemed acceptable to the Fund. The reimbursement method will be used to reimburse expenses authorized beforehand incurred and pre-financed by the Borrower using its own resources.

Disbursements will be made based on a detailed list of goods and services, in accordance with applicable Bank rules and procedures described in the disbursement manual. The first disbursement will be effected after signature of agreements and fulfilment of first disbursement conditions. The programme disbursement schedule will span three years. The disbursement letter will be reviewed during negotiations and transmitted to the Government upon programme approval by the Bank.

4.1.4 Financial Management Arrangements

The Bank's Policy on Financial Management of Development Projects seeks to maximize the use of the national public finance management systems of regional member countries (RMCs). Recent assessments showed that Chad's public finance management system cannot meet project financial management requirements. Therefore, it was agreed that the financial management system established in the PAEPA-CS PIU will be used under this programme. The financial management mechanism used in the unit comprises a procedures manual, an accounting software and trained staff.

The mission assessed the current capacity of the unit in relation to the PAEPA SU-MR to ensure that its financial management mechanism is appropriate for transparent, effective and efficient management of programme resources, protection of assets and production of reliable financial information.

The assessment showed that the fiduciary risk is moderate because the staff in service (an Administrative and Finance Officer and an Assistant Accountant) have sufficient capacity. A new version of the accounting software will be acquired in May 2018. The existing administrative, accounting and financial procedures manual will be reviewed prior to the launch of activities in order to adapt it to the new programme and to the ministry's institutional trends. The mechanism will be supplemented with the recruitment of two assistant accountants who will be assigned to the two branches, and the procurement of working equipment. The PAEPA-CS is up-to-date regarding annual accounts audit. The team satisfactorily produces its interim and annual financial reports. The complete assessment of the fiduciary risk and the ensuing mitigation measures are presented in the technical annexes of this report.

Audit of programme accounts: the programme accounts and internal control system will undergo an annual external audit using terms of reference agreed with the Bank. The audit reports must be transmitted to the Bank within six months following the closure of the financial year under consideration.

4.2. Monitoring

Bank monitoring will be carried out through multidisciplinary supervision missions (at least two annually), and technical and financial audits. The PAEPA SU-MR will produce quarterly financial monitoring reports (FMRs) directly using the TOMPRO computerized accounting system and submit them to the Bank within the 30 days following the end of each quarter. A PAEPA SU-MR consolidated annual financial report will also be produced. This consolidated report presents the annual financial statements that will be audited by a private external audit firm and forwarded to the Bank within six months following the end of the year under review. The DGM, PCU experts, CCAG and the agencies will very closely monitor works and activities on the ground.

4.3. Fragility, Governance and Resilience

Since 2014, the country has been experiencing a serious economic crisis resulting from falling oil prices. Due to this persistent crisis, Chad has been placed in Category I among fragile countries. However, the country has sources of resilience. The Semi-urban and Rural Drinking Water Supply and Sanitation Programme (PAEPA SU-MR) aims to reduce fragility and strengthen resilience. The fragility challenges facing Chad in the water and sanitation sector, especially in the targeted areas, are: (i) low access to drinking water and sanitation in a context characterized by inflows of refugees and returnees fleeing armed conflicts in neighbouring countries (CAR and Sudan), as well as attacks by the terrorist group, Boko Haram; (ii) low capacity of local communities to ensure proper management for the sustainability of water and sanitation facilities; (iii) the dispersal of sites, which is an operational constraint, especially in the northern regions (Borkou, Ennedi and Tibesti); and (iv) conflicts between breeders and farmers for access to land, water, pasture, etc. The programme measures will address these fragility challenges and provide free access by all entities (sedentary groups, nomads and refugees) to programme benefits without discrimination and under the same conditions.

4.4. Sustainability

The participatory approach adopted by the Government already involves local actors, elected representatives, the administration and MEEP, through committees established at the central (SC), regional (RCA) and local (CLA) level. In addition, hygiene, sanitation and drinking water information, education and communication (IEC) campaigns are likely to foster programme ownership by beneficiaries, and should contribute to the sustainability of facilities. Financially, revenue generated from the sale of water will be used to cover the cost of maintenance, upkeep and purchase of spare parts. However, weaknesses were noted in some localities with respect to revenue management and very high breakdown rates of hand pump-equipped boreholes (46% in Logone Occidental and 72% in Logone Oriental). As a result, the DWS facilities to be constructed will only be mini-DWS systems and standpipes (SPs), each of which will cover 4-5 villages within a 5- to 10-kilometre radius. According to CCAG and MEEP, the lease method will be the most appropriate DWS management method for the operation of these facilities. National competitive bidding with emphasis on value for money will be launched for the recruitment of private persons/lessees, whose technical and financial capacity to operate these drinking water supply systems would have been deemed acceptable by MEEP and the Bank.

4.5. Risk Management

4.5.1. Bottlenecks and lack of transparency in the procurement process are some of the programme risks. These risks will be mitigated through: (i) the preparation of a procurement plan prior to grant effectiveness; (ii) the PAEPA-CS operational procurement expert who already has a sound knowledge of Bank rules and regulations, having participated in several Bank-organized procurement training sessions; (iii) the retraining of the PCU in Bank procurement rules and procedures during programme launch; and (iv) regular technical audit of contract execution and the quality of works carried out.

4.5.2 Lack of ownership of mini-DWS systems by local authorities and the population: the mitigation measures are: (i) increased sensitization of decentralized authorities (governors, prefects, mayors, etc.), military authorities and beneficiaries on new sector reforms relating to transparent and efficient management of the financial resources of WUAs in order to supply drinking water to the entire population in a sustainable manner; and (ii) the prioritization of the DWS lease management method.

4.5.3 Delays in conducting detailed design studies for mini-DWS works and related bidding documents: the mitigation measures are: (i) advance contracting has been recommended to accelerate the award of some contracts, notably the recruitment of IEC service providers; (ii) the amendment to the current contract between the consulting firm and PAEPA-CS to conduct the required preliminary engineering studies; and (iii) the preparation of bidding documents.

4.5.4 The low disbursement rate of the counterpart contribution, leading to ineffective project objectives: mitigation measure: the memorandum to waive the cancellation of the national counterpart contribution is presented as annex.

4.6. Knowledge Building

Knowledge will be managed by the monitoring and evaluation team of the Programme Coordination Unit (PCU) comprising the monitoring and evaluation expert already in service, which will be backed by an environmentalist, a sanitation expert and a gender expert. The baseline data used to prepare the logical framework will be updated upon programme start-up to take into account data from preparatory (feasibility) studies in the two activity poles (North and South). The studies for the construction of solar pump-equipped mini-DWS facilities, pump testing and water quality analysis will provide data on the optimum tapping of groundwater resources. Data collected through piezometers will be used to build and disseminate knowledge (Réseau, Swiss Cooperation Agency, 2016).

4.7. Programme Implementation Schedule – Phase I

No.	ACTIVITIES	RESPONSIBILITY	TIMEFRAME
1	Recruitment of consultants	PCU/AfDB	May-September 2018
2	Programme launching	Government/AfDB	October 2018
3	Commencement of IEC activities	PCU/AfDB	February 2019
4	Recruitment of the consulting engineer (control)	PCU/AfDB	February 2019
5	Recruitment of contractors	PCU/AfDB	February 2019
6	End of works	Contractors/Govt.	December 2020
7	Mid-term review	Government/AfDB	December 2019
8	Completion of activities	Government/ AfDB	July 2021
9	Completion report	Government	December 2021

V. LEGAL FRAMEWORK

5.1. Legal Instrument

The legal instrument is the ADF and RWSSI grants that will be awarded to Chad to finance the activities of programme Phase I. The grant Protocol Agreements will be signed between the Bank and Chad. The grants will become effective upon signature.

5.2. Conditions Precedent to Effectiveness of the ADF and RWSSI Grants

The ADF and RWSSI grant Protocol Agreements will become effective upon signature.

5.3. Conditions Precedent to First Disbursement of the ADF and RWSSI Grants

The first disbursement of ADF and RWSSI resources shall be subject to fulfilment of the following conditions:

- (i) Transmit to the Bank evidence of opening a special account bearing the name of the Programme to receive ADF and RWSSI grant resources, in a bank acceptable to the Bank and the Fund.
- (ii) Provide the Fund with evidence of maintaining the members of the PAEPA-CS implementation unit team that will constitute the Programme Coordination Unit (PCU).
- (iii) Transmit to the Bank three curricula vitae (CVs) per position (environmentalist, gender expert and sanitation expert) for its opinion on the qualification and experience of the experts who will strengthen the PCU.

5.4. Compliance with Bank Policies

This programme is consistent with all applicable Bank policies. It is recommended that the following exception to Bank policies be approved: the counterpart contribution is cancelled due to the severe economic crisis that Chad has been experiencing since 2014 (cf. appendix on the rationale).

VI. RECOMMENDATION

Management recommends that the Boards of Directors approve the UA 7.25 million ADF grant and the UA 2.49 million RWSSI (EUR 3.00 million) grant which make up the overall programme amount of UA 9.74 million for the purpose and under the conditions set forth in this report.

Appendix I: Rationale for Bank Group Contribution to the Financing of the Semi-urban and Rural Drinking Water Supply and Sanitation Programme (PAEPA SU-MR) in Eleven Regions – Phase I

In accordance with the Policy on Expenditure Eligible for Bank Group Financing, this appendix seeks to justify why the Bank Group's financing under Phase I of the Semi-urban and Rural Drinking Water Supply and Sanitation Programme (PAEPA SU-MR) in Eleven Regions in Chad is above 90% of the overall programme cost.

Overall Context of the Republic of Chad

Although the political and security situation is stable, it remains fragile. Unlike the 2005 and 2011 presidential elections, the April 2016 presidential elections were marked by the participation of the main opposition coalition. However, faced with a serious fiscal crisis owing to the fall in world oil prices, and especially the equity interest repurchase contract with a foreign company that deprived the country of almost all its oil resource, the political and social climate quickly deteriorated due to the social cost of the austere fiscal policy.

Lastly, on 30 April 2018, the National Assembly adopted institutional reforms on the revision of the term of office of the President of the Republic and Members of Parliament. As a reminder, the major opposition political parties that boycotted the reform process and the Clergy had called for a referendum.

The Country's Commitment to Implement its Comprehensive Development Programme

The Government of Chad recently adopted the National Development Plan (PND) 2017-2021 hinged on four priorities, namely: (i) Strengthening National Unity; (ii) Enhancement of Good Governance and the Rule of Law; (iii) Development of a Diversified and Competitive Economy; and (iv) Improvement of the Quality of Life for Chadians. PND financing was the subject of a Round Table of Chad's donors in September 2017 in Paris. The financing pledges announced during the meeting stood at USD 20 billion, proving the support of Chad's partners for the Government's vision. Moreover, the Government is highly mobilized to achieve the objectives of the PND and the monitoring institutional framework has already been established. The recent debt restructuring agreement with Glencore signed on 21 February 2018, followed by the conclusion of the first IMF Extended Credit Facility review in April 2018, enabled the disbursement of a CFAF 80 billion budget support from the IMF, the World Bank and the European Union.

Importance Accorded by the Country to the Sectors Targeted by Bank Assistance

The Semi-urban and Rural Drinking Water Supply and Sanitation Programme - Phase I is an offshoot of the Kigali Action Plan (KAP) initiative adopted by African Union Heads of State and Government to assist member countries that failed to achieve the Millennium Development Goals (MDGs) in the water and sanitation sector. This phase of the programme will address the needs of 2 164 183 million people (that is 750 000 additional people or direct beneficiaries for drinking water and 345 404 additional beneficiaries for sanitation), 54% of them women. Therefore, the beneficiary population represents 14.55% of Chad's total population (14 876 609 in 2017).

The expected outcomes at the end of Phase I of the programme are: increase in the water access rate from 15% in 2018 to 49.65% in 2021 and in the sanitation service access rate from 16% in 2018 to 36% in 2021; reduction in the distance to water sources from 10 kilometres to less than 500 metres; creation of at least 5 000 labour-intensive (HIMO) temporary jobs during the execution of works; and creation of 3 500 permanent jobs, 40% of them for women, during the operation of facilities. At least 80% of beneficiaries would change their behaviour regarding water hygiene and sanitation.

The execution of the works and activities adopted will: (i) improve the availability and quality of drinking water, hygiene and sanitation services in semi-urban and rural areas; (ii) reduce the prevalence of waterborne diseases, especially among children below five, from 23.6% in 2017 to 3% in 2030; (iii) change behaviour regarding hygiene, sanitation and environmental protection; (iv) increase the income of youths and women; and (v) increase the net school enrolment rate of youths and women's education.

Country's Fiscal Situation and Debt Level

Since 2014, Chad has been experiencing a difficult fiscal situation due to falling oil prices. According to IMF statistics, the country's total revenue, including grants, dropped from 23% of GDP in 2014 to barely 14.9% in 2016 and a projected 19.9% in 2017. This contraction of revenue led to a decline in spending, from 29.4% of GDP in 2014 to 18% in 2016, and a projected 18.8% in 2017. The shrinkage mainly concerned capital spending, especially domestic financing, which was affected by the fiscal shock, plunging from 9.9% of GDP in 2014 to only 1.1% of GDP in 2016 and a forecast of 1.4% in 2017. The overall budget balance, including grants, remained negative over the entire 2014-2016 period, standing respectively at -6.2%, -5.9% and -3.0%. The country has accumulated huge domestic arrears of about CFAF 240 billion and external arrears of CFAF 27 billion.

In June 2017, Chad concluded a three-year Extended Credit Facility (ECF) arrangement with the IMF, which provided the country with significant budget support opportunities, notably from major partners, the European Union, the World Bank and the Bank. One of Chad's greatest challenges is improving the mobilization of domestic tax revenue currently below 10% of GDP. The dependence on oil has seriously weakened Chad's fiscal position, making it highly dependent on external budget support without which the country will hardly be able to maintain political and social stability.

Regarding debt, Chad reached the completion point of the Heavily Indebted Poor Countries (HIPC) Initiative in April 2015. The external public debt, which represented 29.1% of GDP in 2014, decreased slightly to 25% of GDP in 2015. Over the period 2015-2021, it is expected to remain below 30% of GDP. In spite of the HIPC Initiative, Chad's risk of debt overhang in the short term is still high. The debt sustainability analysis conducted by the IMF in June 2017 classified Chad as "a country in debt stress". It accumulated arrears of payment to some traditional donors in 2016.

However, the debt restructuring agreement with Glencore signed in February 2018 (two-year debt moratorium and reduced interest rates) enabled the conclusion of the first IMF Extended Credit Facility review in April 2018 and the disbursement of CFAF 80 billion in budget support. The fulfilment of the conditionalities under this arrangement will help to streamline public spending in the long run, and ensure fiscal sustainability in the medium term.

Conclusion

In spite of the Government's determination to implement the country's development strategy (PND), Chad is still a fragile country grappling with weak institutional capacity and strong budgetary pressures caused by poor control of salary and military spending as part of the fight against terrorism in the Sahel, and low tax revenue mobilization.

In light of the foregoing, and in accordance with the Policy on Expenditure Eligible for Bank Group Financing, **Management recommends that the Bank should finance the total cost of the Semi-urban and Rural Drinking Water Supply and Sanitation Programme whose implementation is essential for improving the living conditions of the beneficiary population, especially women and youths.**

Appendix II : Chad's Comparative Socio-economic Indicators 2017

	Year	Chad	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2017	1 284	30 067	94 716	35 018
Total Population (million)	2017	15.0	1 244.8	6 252.1	1 190.0
Urban Population (% of Total)	2017	22.0	40.5	49.2	81.4
Population Density (per Km²)	2017	11.9	42.4	66.0	34.0
GNI per capita (USD)	2016	720	1 836	4 442	41 208
Labour Force Participation *- Total (%)	2017	71.6	65.8	62.3	60.3
Labour Force Participation **- Female (%)	2017	64.0	55.3	47.8	52.5
Sex Ratio (Males per 100 Females)	2017	100.3	100.2	107.5	105.3
Human Development Index (rank among 187 countries)	2015	186
Population Living Below USD 1.90 a Day (%)	2011	38.4	...	16.3	0.6
Demographic Indicators					
Population Growth Rate - Total (%)	2017	3.2	2.5	1.3	0.6
Population Growth Rate - Urban (%)	2017	3.7	3.5	2.4	0.9
Population < 15 years (%)	2017	47.3	40.8	27.9	16.6
Population 15-24 Years	2017	20.4	19.2	16.7	11.9
Population >= 65 Years (%)	2017	2.5	3.5	6.8	17.4
Dependency Ratio (%)	2017	99.3	79.6	54.6	52.0
Female Population 15 - 49 Years (%)	2017	22.2	24.0	25.6	22.6
Life Expectancy at Birth - Total (years)	2017	52.4	61.9	70.2	80.7
Life Expectancy at Birth - Female (years)	2017	53.6	63.3	72.3	83.5
Crude Birth Rate (per 1 000)	2017	43.9	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	75.2	49.3	33.1	4.5
Under-five Mortality Rate (per 1 000)	2016	127.3	72.6	44.3	5.3
Total Fertility Rate (per woman)	2017	5.8	4.4	2.6	1.7
Maternal Mortality Rate (per 100 000)	2015	856.0	444.1	237.0	10.0
Women Using Contraception (%)	2017	6.8	37.6	62.1	...
Health and Nutrition Indicators					
Physicians (per 100 000 people)	2005-15	4.4	41.6	121.6	293.5
Nurses and Midwives (per 100 000 people)	2005-15	30.9	120.9	211.3	873.4
Births Attended by Skilled Health Personnel (%)	2010-16	20.2	55.9	76.6	98.9
Access to Safe Water (% of Population)	2015	50.8	71.6	89.4	99.5
Access to Health Services (% of Population)	2015	12.1	39.4	61.5	99.4
Percent. of Adults (15-49 years) Living with HIV/AIDS	2016	1.3	3.6	1.1	...
Incidence of Tuberculosis (per 100 000)	2016	153.0	221.7	163.0	12.0
Children Immunized Against Tuberculosis (%)	2016	56.0	82.1	84.9	95.8
Children Immunized Against Measles (%)	2016	58.0	74.4	84.0	93.7
Underweight Children (% of children under 5 years)	2010-15	28.8	18.1	15.3	0.9
Prevalence of Stunted Growth	2010-15	38.7	33.3	25.0	2.5
Prevalence of Malnutrition (% of population)	2015	32.5	17.5	12.3	2.7
Public Expenditure on Health (as % of GDP)	2014	2.0	2.6	3.0	7.7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary - Total	2010-16	101.4	101.7	103.8	102.6
Primary - Female	2010-16	88.0	98.8	102.2	101.8
Secondary - Total	2010-16	22.4	51.8	...	106.6
Secondary - Female	2010-16	14.0	49.7	...	106.4
Primary School Female Teaching Staff (% of Total)	2010-16	15.4	46.0	51.3	81.0
Adult Literacy Rate - Total (%)	2010-16	22.3	68.6
Adult Literacy Rate - Men (%)	2010-16	31.3	76.0
Adult Literacy Rate - Women (%)	2010-16	14.0	61.7
Percentage of GDP Spent on Education	2010-16	2.8	4.9	4.1	5.2
Environmental Indicators					
Arable Land (as % Total Land Area)	2015	3.9	8.0	11.3	10.1
Agricultural Land (as % of Total Land Area)	2015	39.7	37.4	38.1	35.1
Forests (as % of Total Land Area)	2015	3.9	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 Database; World Bank, UNAIDS, UNSD, WHO, UNDP and Country Reports. Last Update: January 2018

*Labour Force Participation

**Female (% of female population aged above 15 years)

Appendix III: Table of Bank Active Projects Portfolio in Chad as at 12 March 2018

	Project Name	Approval Date	Signature Date	Effective-ness Date	Date of 1 st Disb.	Closing Date	ADF Commit. (UA)	Amount Disbursed (UA)	Disb. %
	Agricultural Sector								
1	Programme to Build Resilience to Recurrent Food and Nutritional Insecurity in the Sahel (P2RS)	15/10/2014	4/12/2014	4/12/2014	23/12/2015	31/12/2019	9.77	1.438	14.72
2	Programme to Rehabilitate and Strengthen the Resilience of Socio-ecological Systems (PRESIBALT) (GRANT)	17/12/2014	9/3/2015	9/3/2015	25/7/2016	30/09/2019	5.35	0.59	11.07
3	Programme for Biodiversity Conservation in Central Africa (GRANT)	22/7/2013	17/12/2013	16/01/2015	6/5/2015	31/12/2017	0.25	0.14	58.81
4	Emergency Food Assistance to Vulnerable Communities	14/07/2017	22/12/2017	22/12/2017	22/12/2017	30/06/2018	0.68	0	0
Total Agricultural Sector							16.05	2.168	13.50
	Water and Sanitation Sector								
5	DWSS Programme for 15 Secondary Centres (GRANT)	11/7/2012	4/10/2012	04/10/2012	26/4/2013	31/12/2018	6.90	5.63	81.74
	DWSS Programme for 15 Secondary Centres (RWSSI GRANT)	11/7/2012	4/10/2012	04/10/2012	6/5/2013	31/12/2018	2.56	2.06	80.46
	DWSS Programme for 15 Secondary Centres (LOAN)	11/7/2012	4/10/2012	18/4/2013	23/7/2013	31/12/2018	10.71	8.17	76.35
Total Water and Sanitation Sector							20.17	15.86	78.63
	Transport Sector								
6	Algeria/Niger/Chad Road Project - Multinational (LOAN)	11/12/2013	19/3/2014	30/10/2014	10/6/2016	31/12/2019	20.90	7.63	36.51
	Algeria/Niger/Chad Road Project - Multinational (GRANT)	11/12/2013	19/3/2014	19/3/2014	02/6/2015	31/12/2019	20.40	6.61	32.44
7	Kyabe-Singako Road Tarring Project (GRANT)	13/6/2014	29/10/2014	29/10/2014	08/3/2016	30/6/2019	12.84	2.24	17.44
	Kyabe-Singako Road Tarring Project (OFID LOAN)	17/04/2015	17/4/2015	17/04/2015	17/4/2015	31/12/2018	12.37	0	0
8	Study on the Chad – Cameroon Railway (GRANT)	28/11/2017					2.00	0.00	0
9	Bridge over the Logone Chad/ Cameroon (GRANT)	11/12/2017					17.50	0.00	0
Total Transport Sector							86.01	16.48	19.16%
	Energy Sector								
10	Chad-Cameroon 225 kV Electrical Grid Interconnection Project (GRANT)	15/12/2017					27.50	0.00	0
Total Energy Sector							27.50	0	0
	Social Sector								
11	Preparatory Studies for the Project to Promote the Education of Girls and Literacy Education (GRANT)	4/11/2016	24/1/2017	24/4/2017	42 863	30/9/2018	1.00	0.056	5.62
Total Social Sector							1.00	0.056	5.62
	GOVERNANCE								
12	Business Climate Improvement and Economic Diversification Support Project (PACADET) (LOAN)	3/12/2013	19/3/2014	28/10/2014	8/2/2016	31/12/2018	3.97	0.383	9.66
	Business Climate Improvement and Economic Diversification Support Project (PACADET) (GRANT)	03/12/2013	19/03/2014	19/03/2014	16/01/2015	31/12/2018	1.92	0.250	13.05
13	Round Table (GRANT)	17/5/2017	25/5/2017	25/5/2017	19/7/2017	31/12/2018	0.65	0.351	54.13
14	Achievement of HIPCI Completion Point (GRANT)	5/3/2014	15/05/2014	15/5/2014	13/1/2015	30/4/2018	1.40	0.354	25.34
15	Emergency Budget Consolidation Support Programme (GRANT)	24/11/2017	29/11/2017	29/11/2017	12/12/2017	31/12/2018	46.00	46.00	100
	Sub-total Institutional Support and Capacity Building						53.94	47.34	87.77%
Grand Total							204.67	81.90	40.01%
Total LOANS							47.95	16.18	33.74%
Total GRANTS							156.72	65.72	41.93%

CHAD: FRAGILITY ANALYSIS AND MAINSTREAMING IN THE SEMI-URBAN AND RURAL DRINKING WATER SUPPLY AND SANITATION PROGRAMME IN ELEVEN REGIONS – PHASE I (PAEPA SU-MR).

I. INTRODUCTION

This appendix provides details on the mainstreaming of fragility factors and sources of resilience in **PAEPA SU-MR**. It is an overview of the following elements: (i) analysis of Chad's fragility factors; (ii) rationale for **PAEPA SU-MR** as a contribution to reducing fragility and building resilience in Chad; and (iii) measures adopted in **PAEPA SU-MR** design for consideration of fragility.

Under **PAEPA SU-MR**, Chad's fragility factors and sources of resilience were identified through consultations during the appraisal mission that held discussions with national authorities, local authorities, NGOs, local communities and private sector actors. The discussions enriched the information gathered from previous analyses conducted by the Bank as part of the fragility assessment study (2015) and assessments conducted under other Bank operations (the Optical Fibre Programme in 2016 and the Budget Support Programme in 2017).

II. ANALYSIS OF CHAD'S FRAGILITY FACTORS

The fragility factors specific to the water and sanitation sector stem from the overall fragility that the country is facing. It is important to first analyse this overall fragility at the political, economic, social, security and environmental/climatic level.

2.1. Political Factors

Although Chad has made significant efforts in political and institutional governance, there are still huge challenges in this domain. The country's institutional capacity to boost development is weak and political cohesion low. The weak institutional capacity is the result of insufficient skills in public administration, especially in financial services that are responsible for driving the mobilization of the country's autonomous resources. The Government has embarked on a series of public administration reforms especially regarding the audit of certificates to identify and address fraud in the recruitment process. The weak institutional capacity is also linked to the instability of ministries and the ensuing changes in the administration because of numerous cabinet reshuffles. This situation affects the capacity of the executive to implement sustainable development policies.

Weak political cohesion is the result of the diverse social cleavages that have characterized Chad's socio-political history. Insurrections and attempted coups d'état over the past decades and social tensions that marked the 2011 and 2015 elections have greatly increased the distortions in socio-political cohesion. Although the Government has initiated a socio-political dialogue that has contributed to easing tensions, there are still challenges and the recent constitutional revision - considered by the opposition as a means of perpetuating and strengthening the existing political power - could contribute to heightening socio-political tensions. In addition, the current fiscal crisis, considered by some of Chad's vital forces as the consequence of bad governance by the existing political power, is only fuelling these socio-political tensions.

2.2. Economic Factors

The weak institutional capacity to boost development has resulted in Chad's weak capacity to develop a real economic diversification strategy. The economy is highly dependent on the main source of revenue, oil. Chad's vulnerability to external shocks due to the fall in world oil prices and its low economic diversification are the country's main economic factors of fragility. Moreover, Chad is also suffering from lack of infrastructure that can generate the energy resource required to meet its needs and enable the population to have systematic and substantial access to drinking water. Also, security risks imposed on Chad by the actions of Jihadist movements and the Boko Haram sect are some of the factors of instability that have further weakened its fiscal situation, external position and short-term growth outlook. The financial costs of Chad's military engagement and management of refugees continue to weigh on its public finance.

2.3. Security Factors

Violence and instability in neighbouring countries have created a precarious security situation that has not only forced Chad to resort to massive use of its armed forces to secure its borders, but also led to its military engagement in neighbouring countries (Mali, Nigeria, the Central African Republic and Niger). Instability in neighbouring countries has also led to a massive influx of forcefully displaced persons. Over half a million people have crossed the borders into Chad in reaction to violence in the Central African Republic, Nigeria, Darfur Region and Eastern Sudan, in addition to the country's returnees. This migratory flow increases the country's fragility in a context where the local native populations are themselves suffering from malnutrition and difficult access to basic services. Moreover, the Lake Chad Basin is experiencing serious crossborder insecurity as a result of porous borders. Insecurity is characterized by: (i) crossborder military banditry and roaming armed groups, including Boko Haram; (ii) a wide range of illegal and criminal activities comprising traffic in light weapons and contraband goods (fuel, drugs, vehicles and spare parts); (iii) traffic in human beings and identification documents; and (iv) crossborder land insecurity. Such crossborder insecurity is part of the history of the socio-political and economic dynamics of this region shared by Cameroon, the Central African Republic, Niger, Nigeria and Chad, and which are mainly based on cattle rearing and pastoral nomadism.

2.4. Environmental Factors

Chad is grappling with a situation of generalized environmental and climatic fragility due to recurrent droughts compounded by high population pressures that affect economies and the entire population, and increase food and nutritional insecurity. Furthermore, there is widespread poverty among the rural population, insufficient public investments in the agricultural sector and dysfunctions in the legal system, especially in rural areas, which do not encourage private investment. Moreover, the recurrent floods, drought and violent winds increase the vulnerability of the population and their livelihoods, as well as the degradation of natural capital. The consequences of environmental fragility are numerous, including intercommunity tensions, declining agricultural yields and impact on the general price level.

2.5. Social Factors

The social factors that characterize Chad's fragility are many and complex. The major factors include: (i) persistent human vulnerabilities embodied in extreme poverty whose implications are reflected by low life expectancy, high infant mortality, low immunization and school enrolment rates and the highest malnutrition levels in the world; (ii) unequal access to resources and basic socio-economic services between the various population segments (urban and rural

areas), leading to distortions in social cohesion; (iii) diverse intercommunity cleavages and conflicts (breeders and farmers, ethnic groups, etc.); (iv) high rate of unemployment, especially among youths who fall prey to manipulation by terrorist groups; (v) gender inequalities; and (vi) high population pressures (1.92% annually) that further weaken the social fabric.

According to recent socio-economic data, Chad is among the poorest countries in the world, with a human development index (HDI) that ranked the country at the 186th position out of 187 countries in 2014.

The country is grappling with inequalities in access to resources and basic socio-economic services between the various population segments. Most of the rural population often living in areas that are not easily accessible because of the security situation and inadequate infrastructure are victims of spatial and other forms of social exclusion, which are major sources of fragility. Moreover, Chad is among the Sahel countries regularly faced with community conflicts that constitute real factors of fragility and the most traditional of which are those pitting nomadic transhumance breeders, often of the Fulani ethnic group, against sedentary farmers from the various ethnic groups. These conflicts, which can be violent and deadly, are often triggered by disputes over pastoral areas and transhumance corridors.

Unemployment, especially among youths, is also a real factor of fragility. In a population made up mostly of youths (close to half of the country's total population) with limited economic and employment opportunities, terrorist groups have a fertile ground for exploiting, manipulating and radicalizing boys and girls.

Chad is also facing gender-based inequalities despite significant efforts with regard to laws and the ratification of international provisions whose effective implementation is still difficult. Chad is among the countries with the lowest gender-based human development index in the world. Such inequalities take various forms: inequalities in access to education, resources and income, various forms of gender-based violence, including early and forced marriages, etc.

III. MAINSTREAMING FRAGILITY IN PAEPA SU-MR DESIGN

3.1. Rationale for PAEPA SU-MR as a Contribution to Reducing Fragility and Building Resilience in Chad

Chad was engaged in a process of combatting fragility and building its resilience. The benefits of economic growth recorded in the decade from 2003 to 2013 have contributed in one way or another to triggering the construction of social gains likely to restore social inclusion and cohesion as the basic elements in remedying fragility and building resilience. Unfortunately, the fiscal crisis caused by the external shock due to the fall in world oil prices is undermining these fragile social gains. The Government of Chad is heading towards a situation of incapacity to provide basic social services. Trust between the State and its citizens may break down. The political, economic, social, security and environmental fragility challenges analysed above are worsening at a fast pace. Against this backdrop, the operations of development partners to ease the sufferings of the population are essential. **PAEPA SU-MR** is intended to be an instrument for contributing to reducing exclusion from access to water resources and building social cohesion. In other words, it could contribute to reducing social tensions in a country that today appears as one of the major pillars of the plan to stabilize the region, especially with respect to combatting terrorism. It should be noted that a Chadian State weakened by internal social exclusions exposes itself and the region to the intensification of terrorist attacks.

The fiscal crisis that Chad is currently facing due to the shock caused by fluctuations in world oil prices has worsened the factors of fragility analysed in Paragraph II above. The crisis has

mostly weakened the Government's capacity to continue the programmes embarked on in the social sector, namely: education, health, gender issues, water and sanitation.

Education sector: in Chad, 60% of schools are community schools located in rural areas. Their teaching staff are community teachers. The Government paid 75% of their allowances before 2012 and has been paying all the allowances from 2012. As a result of the crisis, the Government could no longer afford to pay the allowances and stopped in July 2014. Currently, the allowances of community teachers are the responsibility of parents who, unfortunately, are poor. This situation is largely responsible for the exclusion of thousands of children, especially girls, from the school system. It is estimated that over 20% of schools were closed between 2015 and 2017. The construction of 1 000 schools that was ongoing with Government financing was also suspended. Due to fiscal constraints, the budget allocated for the functioning of the education sector, for example, dropped by 25% from 2014 to 2016, and a more substantial reduction is expected in 2017 and 2018. However, between 2003 and 2013, the benefits of economic growth mostly driven by oil revenue had helped to double transfers and subsidies to the education sector. Using its own resources, the Government launched the regular production of statistical yearbooks, the construction of school infrastructure and the granting of school materials. The outcomes were positive, showing an 8% annual increase in primary school enrolment from 2003 to 2013.

Health sector: the effects of the fiscal crisis on the health sector are very harmful. The Government is no longer able to continue the implementation of its national health development policy. The Ministry of Health is facing serious difficulties in procuring vaccines, antiretroviral (ARVs) and essential drugs. The health personnel recruitment process has been suspended and the indicators are in the red. The situation is even more alarming in a context where the Government's capacity to provide minimum health services is dwindling whereas it is grappling with an influx of forcefully displaced persons and returnees.

Gender issues: Chad adopted a national gender policy (NGP) in 2011 comprising six priority areas: (i) development of an appropriate legal and institutional framework for achieving gender equality and equity, and promoting human rights; (ii) elimination of disparities in education (girls/boys), training and employment; (iii) equal access to opportunities (including land) and decision-making circles; (iv) adoption of concrete measures to reduce poverty among women and other marginalized groups; (v) the right to health, especially reproductive health; and (vi) consideration of gender in national budgets and accounts. The fiscal crisis the Government of Chad is experiencing has greatly reduced its capacity to continue to implement the gender policy. The few achievements made in implementing this policy, especially the slight improvement in the education of girls, are being strained.

Water and sanitation: the fiscal crisis has seriously weakened the Chadian Government's capacity to continue to implement its National Development Plan (PND) 2017-2021 which, in its Thrust 4, provides for the improvement of the drainage and sanitation system, and access to drinking water, among others. The overall rate of access to drinking water was estimated at 51% and that of sanitation at 16% in 2015. The Chadian water utility (STE) manages the drinking water supply system in only thirteen towns. An analysis of the current drinking water consumption status of the population shows a still quite low population coverage rate despite a fourteen-point growth observed over a three-year period and a low per capita drinking water consumption rate (40 litres/person/day in urban areas and 15 litres/person/day in rural areas). Under such conditions, many households continue to fetch water from non-drinking water sources. The proportion of the population with access to an adequate sanitation service is estimated at 16%. Some three towns have a collective household wastewater disposal system and stormwater drainage networks. However, they are so poorly maintained that some neighbourhoods are systematically flooded during the rainy seasons. Household solid waste

collection is rudimentary and there is no treatment. The door-to-door refuse collection operation launched by the N'Djamena City Council in 2016 seems to be working although it is not generalized in all the neighbourhoods of the town.

3.2. Measures for Better Consideration of Fragility in PAEPA SU-MR Design

In light of the above analysis, **PAEPA SU-MR** has been designed as a response that will contribute to some extent to reduce fragility and build resilience in Chad. It will cover the semi-urban and rural populations of the following regions that had an overall 15% average water access rate in 2017: Borkou (19%); Ennedi (8%); Tibesti (5%); Logone Oriental (27%) and Logone Occidental (16%). The beneficiary population is estimated at 2 164 183 (750 000 additional people or direct beneficiaries for drinking water and 364 000 additional people for sanitation), 54% of them women. This population represents 14.55% of Chad's total population (14 876 609 in 2017).

The risks that could be faced in programme implementation considering the country's fragility situation are:

- (i) The target areas experience an influx of forcefully displaced persons fleeing from armed conflicts in neighbouring countries (CAR and Sudan) and attacks by the Boko Haram terrorist group. While access to water resources already poses problems to local communities, this influx of forcefully displaced persons will increase the water access challenges. Moreover, the consideration of this population segment (forcefully displaced persons) is indispensable to avoid worsening social exclusion.
- (ii) The local communities' low capacity to ensure proper management and sustainability of water and sanitation facilities.
- (iii) The dispersal of sites (an operational constraint), especially in the northern regions (Borkou, Ennedi and Tibesti).
- (iv) Conflicts between breeders and farmers over access to land, water, pasture resources, etc.

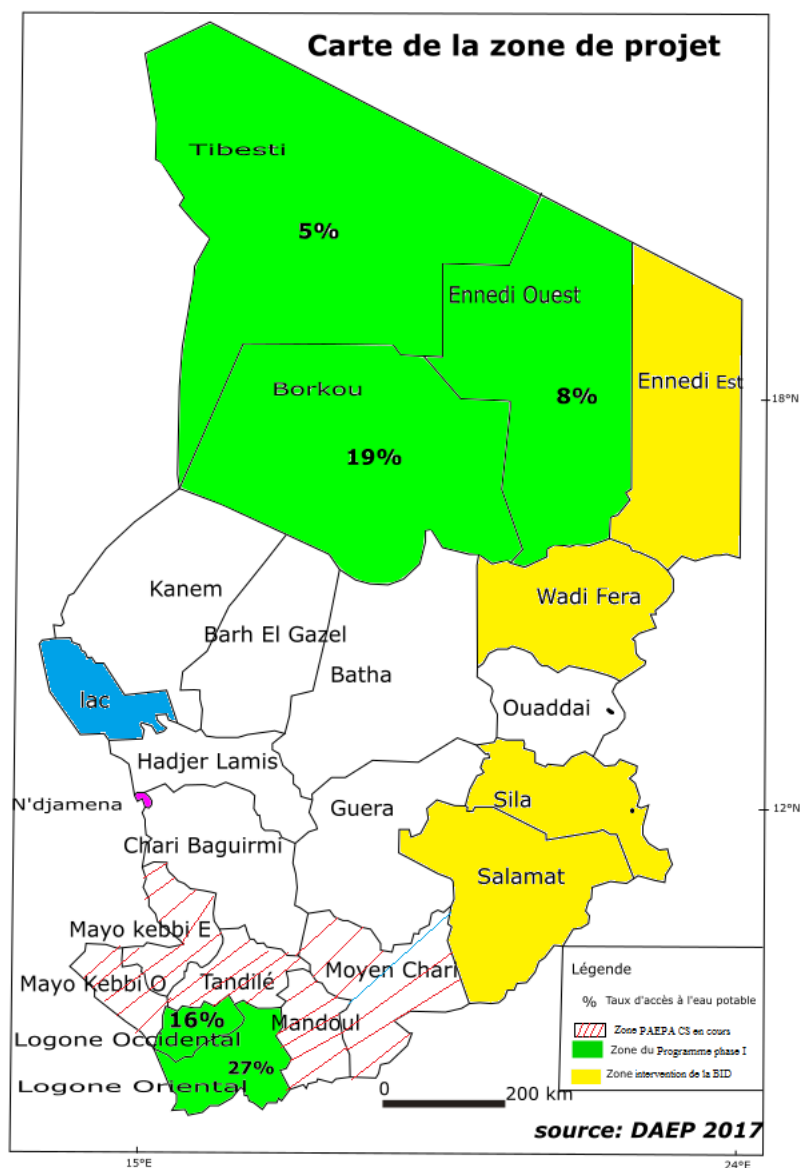
The measures adopted in **PAEPA SU-MR** design to address these fragility challenges include:

- (i) To avoid conflicts between displaced persons and natives, local government services will ensure free access for both population segments without discrimination and under the same conditions. It should be noted that humanitarian assistance operations have been discriminatory in some communities as drinking water and sanitation facilities were established only in refugee camps. The programme will also ensure that displaced persons are included in income-generating activities to enable them to have the means to access water.
- (ii) The management of water and sanitation facilities will be entrusted to contractors to be recruited through a competitive bid process. To avoid surcharges on the price of water and enable the entire population to have access, an in-kind subsidy (fuel for electric generators) will be granted to water managing contractors.
- (iii) The programme explored the maximum flexibility possible with regard to procurement rules and procedures to facilitate the implementation of activities.

It included, for example, sizing procurements by ascertaining the capacity of the contractors or firms to carry out the activities within the prescribed timeframe, considering the distance to the sites (recruit two control firms instead of one, etc.).

- (iv) The facilities will be constructed in a manner to enable access to water for human and animal consumption, and to prevent conflicts between breeders and farmers.
- (v) In some sites, the appraisal mission noted community dynamics based on positive experiences in the management of water and sanitation facilities as a source of resilience. The programme will build on these experiences in the form of experience-sharing and/or twinning. Specifically, it will entail organizing forums for experience-sharing between various communities within the country or even with the communities of neighbouring countries. In addition, programme implementation will focus on awareness-raising for change of mentality, especially concerning the principle of purchasing water, as against free water, to ensure self-financing of the maintenance of facilities and their sustainability beyond programme completion.

Appendix V: Map of Programme Areas



AFRICAN DEVELOPMENT FUND

BOARD OF DIRECTORS

Resolution N° F/TD/2018/46

Adopted by the Board of Directors, on a lapse-of-time basis, on 12 July 2018

Grant to the Republic of Chad to finance part of the costs of the Semi-Urban and Rural Drinking Water Supply and Sanitation Programme in Eleven Regions – Phase I

THE BOARD OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (ii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (ADF-14); (iii) the applicable ADF-14 Country Resource Allocation; and (iv) the appraisal report contained in document ADB/BD/WP/2018/131/Approval - ADF/BD/WP/2018/92/Approval (the “Appraisal Report”);

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

DECIDES as follows:

1. To award to the Republic of Chad (the “Recipient”), from the resources of the Fund, a grant of an amount not exceeding the equivalent of Seven Million, Two Hundred Fifty Thousand Units of Account (UA 7,250,000) (the “Grant”) to finance part of the costs of the Semi-Urban and Rural Drinking Water Supply and Sanitation Programme in Eleven Regions - Phase I;
2. To authorize the President to conclude a protocol of agreement between 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 and the Appraisal Report;
3. The President may cancel the Grant if the Protocol of Agreement is not signed within Ninety (90) days from the date of approval of the Grant by this Board; and
4. This Resolution shall become effective on the date above-mentioned.

BOARDS OF DIRECTORS**Resolution N° B/TD/2018/32 - F/TD/2018/47**

Adopted by the Boards of Directors of the Bank and the Fund, on a lapse-of-time basis, on 12 July 2018

Grant to the Republic of Chad from the Resources of the Rural Water Supply and Sanitation Initiative Multi-Donor Grant Arrangement to finance part of the costs of the Semi-urban and Rural Drinking Water Supply and Sanitation Programme in Eleven Regions – Phase I

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; and (iv) the grant proposal contained in document ADB/BD/WP/2018/131/Approval - ADF/BD/WP/2018/92/Approval (the “Appraisal Report”);

RECALLING 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;

DECIDE as follows:

1. To award to the Republic of Chad (the “Recipient”), from the resources of the RWSSI Multi-donor Grant Arrangement, a grant of an amount not exceeding the equivalent of Three Million Euros (EUR 3,000,000) (the “Grant”) to finance part of the costs of the Semi-urban and Rural Drinking Water Supply and Sanitation Programme in Eleven Regions – Phase I;
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 and in the Appraisal Report;
3. The President may cancel the Grant if the Protocol of Agreement is not signed within Ninety (90) days from the date of approval of the Grant by the Boards; and
4. This Resolution shall become effective on the date above-mentioned.