

BOARD APPROVAL
Lapse-of-time Procedure
15 December 2016

FOR INFORMATION

MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Vincent O. NMEHELLE
Secretary General

SUBJECT : MULTINATIONAL: RURAL LIVELIHOODS' ADAPTATION TO CLIMATE CHANGE IN THE HORN OF AFRICA I (RLACC I)*

DJIBOUTI- GEF GRANT OF USD 5,484,000
KENYA- GEF GRANT OF USD 2,784,000

The above-mentioned **Grant Proposals** together with the draft **Resolutions** were submitted for your **consideration on a Lapse-of-time Basis**, on 1st December 2016.

Since no objection was received by 6:00 pm., on December 15, 2016, the said document is considered as approved and the Resolutions adopted.

Attach:

Cc: The President

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

Mr. G. NEGATU	Regional Director	EARC	Extension 8232
Mr. C. OJUKWU	Director	OSAN	Extension 2042
Mrs. H. N'GARNIM-GANGA	General Counsel	GECL	Extension 2032
Mrs. J. MWANGI	Division Manager	OSAN.1	Extension 2375
Mrs. M. KEI-BOGUINARD	Ag. Division Manager	GECL.1	Extension 2418
Mr. L. UMAR	Chief Livestock Specialist	EARC/OSAN.1	Extension 8352
M. B. BOULANOUAR	Team Leader	OSAN.1	Extension 2721

AFRICAN DEVELOPMENT BANK GROUP



PROJECT : RURAL LIVELIHOODS' ADAPTATION TO CLIMATE CHANGE IN THE HORN OF AFRICA I (RLACC I)

COUNTRY : MULTINATIONAL (DJIBOUTI-KENYA)

APPRAISAL REPORT

November 2016

Preparation Team	Team Leader	B. Boulanouar	Principal livestock officer	OSAN.1	2721
	Team Members	M. Assouyouiti	Senior climate change officer	ONEC.3	2753
		E. R. Mpyisi	Principal agricultural economist	EARC/OSAN.0	4291
		J. M. Meng	Principal agricultural economist	OSAN.1	3968
		M. Kane	Senior rural infrastructures engineer	OSAN.1	3004
		P. Ngwala	Senior social protection specialist	ORTS.1	1639
		A. M. Diallo	Senior procurement officer	EARC/ORPF.1	8275
		M. Diomandé	Senior financial management officer	EARC/ORPF.2	8243
		S. Sawka	Consultant Fin. Manage. Specialist	EARC/ORPF.2	-
	Sec. Manager	Mme Josephine MWANGI		OSAN1	2375
	Sec. Director	M. Chiji OJUKWU		OSAN	2042
	Reg. Director	M. Gabriel NEGATU		EARC	8232
	L. Umar	Chief Livestock Specialist		EARC/OSAN.1	8352
Peer Reviewers	E. Ntagwabira	Senior Rural Infrastructure Engineer		OSAN.2	2737
	S. Ahmed	Chief Water Resource Engineer		EARC/OSAN.1	8311
	T. Owiyo	Principal Economist		ORSP	3118

AFRICAN DEVELOPMENT BANK GROUP



MULTINATIONAL (DJIBOUTI-KENYA)

RURAL LIVELIHOODS' ADAPTATION TO CLIMATE CHANGE IN THE HORN OF AFRICA I (RLACC I)

APPRAISAL REPORT

Public Disclosure Authorized

Public Disclosure Authorized

OSAN/GECL
December 2016

TABLE OF CONTENTS

Currency Equivalents.....	i
Weights and measures.....	i
Acronyms & Abbreviations	ii
Loan Information	iv
Project Summary.....	v
Project Overview	v
Needs Assessment.....	v
Bank’s Added Value.....	vi
Knowledge Management	vi
Results-Based Logical Framework	vii
I. Strategic Thrust & Rationale	1
1.1 Programme linkages with countries’ and HoA strategy and objectives	1
1.2 Rationale for Bank’s involvement	1
1.3 Donors’ Coordination	1
II. Project Description.....	2
2.1 Project Components	2
2.2 Technical solutions retained and other alternatives explored	3
2.3 Project Type	4
2.4 Project Costs and Financing Arrangements	4
2.5 Project’s target area and population.....	6
2.6 Participatory process for project identification, design and implementation	7
2.7 Bank Group experience, lessons reflected in project design	7
2.8 Key performance indicators	8
III. Project Feasibility	8
3.1 Economic and Financial Feasibility.....	8
3.2 Environmental and Social impacts.....	9
IV. Implementation	10
4.1 Implementation arrangements.....	10
4.2 Monitoring & Evaluation.....	11
4.3 Governance	12
4.4 Sustainability.....	12
4.5 Risk management.....	13
4.6 Knowledge building.....	14
V. LEGAL INSTRUMENTS AND AUTHORITY	15
5.1 Legal Instruments.....	15
5.2 Conditions associated with the Bank’s Intervention.....	15
5.3 Compliance with Bank Policies	15
VI. RECOMMENDATION	15
Annexe 1. CEO Endorsement Letter of the full size project Djibouti	I
Annexe 2. CEO Endorsement Letter of the full size project Kenya.....	III
Annexe 3. Bank portfolio in Djibouti (as at May 2016).....	IV
Annexe 4. AfDB’s portfolio in Kenya.....	V

Currency Equivalents

Djibouti

March 2015

Currency Unit = Djiboutian Franc (DJF)
1 UC = 250.5 DJF

Kenya

March 2015

Currency Unit = Kenya Shilling (KES)
UA 1 = KES 128.66
UA 1 = USD 1.41

Fiscal Year

Djibouti: January 1 – December 31
Kenya: July 1 – June 30

Weights and measures

1 metric tonne	=	2204 pounds
1 kilogramme (kg)	=	2.204 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937inch
1 kilometre (Km)	=	0.62 mile
1 hectare (ha)	=	2.471 acre

Acronyms & Abbreviations

AfDB	African Development Bank
ADF	African Development Fund
APR	Annual Percentage Rate
AWP/B	Annual Work Plan and Budget
ALLPRO	ASAL-based Livestock and Rural Livelihoods Project
ASAL	Arid and semi-arid land
ASCU	Agriculture Sector Coordination Unit
CAADP	Comprehensive Africa Agriculture Development Programme
CDF	Constituencies Development Fund
CIDP	County Integrated Development Plan
COMESA	Common Market for East and Southern Africa
CBO	Community-based Organization
CSO	Civil Society Organization
DAT	Direction de l'Aménagement du Territoire et de l'Environnement
DRSLP	Drought Resilient and Sustainable Livelihoods Programme
EARC	East Africa Regional Resource Centre
EIRR	Economic Internal Rate of Return
ERR	Economic Rate of Return
EVA	Ecology Village Association
GFMA	Government Financial Management Act
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoK	Government of Kenya
HFA	Hyogo Framework for Action
HOA	Horn of Africa
IGA	Income Generating Activities
IGAD	Inter-Governmental Authority on Development
IGAD-LPI	IGAD-Livestock Policy Initiative
INDS	National Social Development Initiative
IWM	Integrated Watershed Management
GPN	General Procurement Notice
KPI	Key Performance Indicators
LCA	Local Currency Account
LASDAP	Local Authority Service Delivery Action Plan
LATF	Local Authorities Transfer Funds
LPI	Livestock Policy Initiative
MAEPE – RH	Ministre de l'Agriculture, de la Pêche, de l'Élevage et des Ressources Halieutiques
MENR	Ministry of Environment and Natural Resources
M&E	Monitoring and Evaluation
MoALF	Ministry of Agriculture, Livestock and Fisheries
MTP	Medium Term Plan
MUHEAT	Ministry of Housing, Town Planning, Environment & Spatial Planning
NAP	National Action Plan
NAPA	National Adaptation Plan of Action
NASP	National Food Security Programme
NCB	National Competitive Bidding
NGO	Non-Governmental Organisation
NEPAD	New Partnership for Africa's Development'
NDMA	National Drought Management Authority
NPV	Net Present Value
PDNA	Post Disaster Needs Assessment
PIRs	Project Implementation Reports
PIU	Project Implementation Unit
PMO	Project Management Office
PPADA	Public Procurement and Asset Disposal Act

PPRA	Public Procurement Regulatory Authority
PSC	Project Steering Committee
PCT	Project Coordination Team
QCBS	Quality and Cost Based Selection
REC	Regional Economic Communities
RISP	Bank Group Regional Integration Strategy Papers
RLACC	Rural Livelihoods Adaptation to Climate Change
RMC	Regional Member Countries
SA	Special Account
SADC	Southern African Development Community
SHDP	Small scale Horticulture Development Project
UA	Unit of Account
UNCCD	United Nations Convention to Combat Desertification
WFP	World Food Programme

Loan Information

Client's Information

GRANT RECIPIENTS:	Governments of Djibouti and Kenya
EXECUTING AGENCIES:	Ministry of Agriculture, Water, Fisheries, Livestock & Halieutic Resources (Djibouti) Ministry of Agriculture & Livestock & Fisheries (Kenya)

Financing Plan

Country	Instruments	Amounts in US\$ (From the GEF)	AfDB Co-financing (From DRSLP, in US\$)	Government contribution (In-Kind, US\$)	Total Co-financing (US\$)	Total Project Cost (US\$)
Djibouti ¹	Grant / Loan	5 484 000	31,302,000	2,749,500	34,051,500	39,535,500
Kenya	Grant	2 784 000	52,748,100	6,189,900	58,938,000	61,722,000
TOTAL		8 268 000	84,050,100	8,939,400	92,989,500	100,257,500

¹ Considering both DRSLP I and III (amounts of co-financing were calculated using March 2015 exchange rate: UA 1 = USD 1.41)

ADB's Key Financing Information

Grant Currency	US\$
Interest Type	Not applicable
Interest Rate Margin	Not applicable
Service Charge for ADF Loans	Not applicable
Commitment Charge for ADF Loans	Not applicable
Other Charges	Not applicable
Tenor (ADF Loans)	Not applicable
Grace Periods and Repayment of ADF Loans	Not applicable
FIRR (20%), NPV at 12%	USD 420 540
EIRR (23%), NPV at 12%	USD 870 320

Timeframe – Main milestones

GEF PFD approval	August 2012
Program Approval by GEF	February 2016
Program approval ADB	November 2016
Signing of Grant Agreements	December 2016
Effectiveness	January 2017
Mid-term review	December 2018
Completion	December 2020
Last disbursement	May 2021

Project Summary

Project Overview

The *Rural Livelihoods' Adaptation to Climate Change in the Horn of Africa* (RLACC) program will seek to implement adaptation strategies in the Horn of Africa, starting with Djibouti and Kenya, through a grant from the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) under the auspices of the Global Environment Facility (GEF). The program will be implemented through two initial national projects, which will run from 2016 to 2020, and may be followed by further projects in other countries. The total GEF grant budget is USD 8 268 000 (US\$ 5 484 000 for Djibouti and US\$ 2 784 000 for Kenya), with co-financing of US\$ 84,050,100 from the African Development Bank (AfDB). The first project will be carried out in the semi-arid areas (ASALs) of Djibouti and Kenya, and the following outcomes are expected from their implementation:

- Awareness raised and local stakeholders involved in planning pro-active adaptation measures to climate change;
- Climate change-related adaptation measures integrated into national and county development plans;
- Vulnerabilities of local populations reduced through the development and implementation of adaptation practices that respond to climate change-induced stresses in livestock in arid and semi-arid ecosystems;
- Vulnerabilities of targeted pastoral and agro-pastoral communities to climate risks reduced.

The project's main beneficiaries include agro-pastoral communities residing in semi-arid areas that are particularly vulnerable to climate change. Project activities aims at addressing the various impacts of climate change on rural livelihoods, by financing adaptation measures and associated services based on both the traditional knowledge and know-how of pastoral and agro-pastoral communities, and on improved sustainable technologies and practices. It is estimated that the proposed project would directly benefit between 160,000 beneficiaries over a period of 4 years-excluding the intangible benefits related to environmental regeneration, capacity building and institutional support.

The project will help improve the living conditions of the population by strengthening and disseminating natural resource management techniques within an integrated watershed management approach, developing alternative livelihoods, as well as training local stakeholders on adaptation to climate change in agro-pastoral context. Beneficiaries will participate through trainings, workshops, development of community-based plans, and improved livelihood practices. The use of cash for work mechanisms and other social transfer mechanisms will be explored during implementation, to further strengthen the income basis of resource-poor beneficiaries.

Needs Assessment

The project is urgently needed in these sites both to address the damages and losses already incurred since the last drought, and losses projected to occur from climate change, if adaptation planning is not integrated into community actions. As it stands, ASALs both in Kenya and Djibouti are facing droughts, loss of livelihoods, with associated impacts on health, nutrition, and general socioeconomic conditions.

In Kenya the damages and losses sustained by the population during the 2008-2011 drought was estimated to be Ksh 968.6 billion (USD 12.1 billion). The livestock sector sustained a very significant share of the damage and losses estimated at Ksh 699.3 billion with agriculture second at Ksh 121.1 billion.

In Djibouti recurrent droughts, combined with anthropogenic pressure, are gradually leading to desertification and almost irreversible degradation of scarce agricultural land and pastoral resources. Without adaptive measures, the drought will negatively impact economic growth, and lead to a host of socio-economic consequences from extreme loss of livelihoods, degrading health to possible

migrations.

Bank's Added Value

The Bank has a strong comparative advantage and added value as an implementing agency due to its experience in both Djibouti and Kenya.

At a regional level, the Bank is the major donor and financier in the agriculture sector, after having committed around US\$ 300 million between 2012 and 2015 to building resilience in the form of the Drought Resilience and Sustainable Livelihoods Program (DRSLP), which is the baseline Program. Djibouti and Kenya received US\$ 31.2 million and US\$ 52.7 million respectively. Through this, it has established operational units for implementation, built networks and partnerships with stakeholders, and established the monitoring and evaluations structures needed for successful implementation. These same mechanisms will be drawn upon to implement the RLACC. The DRSLP structures and systems are already in place and running, enabling cost-effectiveness for the resources already spent and the use of the knowledge-gathered.

The Bank has significant experience in successfully implementing many other multinational and regional operations for example with SADC, COMESA and AU, and the lessons drawn from those operations such as the use and strengthening of country systems, development of regional policies, strategies for use of available natural resource as well as community focused approach will guide the implementation of the proposed programme.

Knowledge Management

The implementation of the project for long-term resilience to drought will generate a number of challenges and lessons at national and regional levels, which will be documented in the project progress reports, audit reports, mid-term review reports, and completion reports. During the implementation, other information routinely collected will feed in the monitoring and evaluation process. Discussion with the beneficiaries, during project implementation will also be valuable source of knowledge to be capitalized and shared.

The project will also develop guidelines, manuals and training for staff of sector authorities at national levels, organize exchanges between communities and countries in the region participating in DRSLP in order to share best practices in resilient agro-pastoral development, integrating local knowledge as well as the technologies for adaptation to climate change. The project will also work with NGOs already active in the region to increase capacity and knowledge of local actors.

Information exchange links will be established between this project and the regional component of DRSLP, which is implemented by IGAD. The information generated on the implementation and the monitoring of the key indicators of the RLACC program will feed into the DRSLP national components of the participating countries and in the regional M&E system at IGAD.

Results-Based Logical Framework

Title and location of the project		Rural Livelihoods' Adaptation to Climate Change in the Horn of Africa (RLACC) - Djibouti and Kenya				
Program Objective		Improve resilience of agro-pastoral communities and production systems by enhancing their adaptation to climate change				
Results chain		Performance indicators			Means of verification	Risks/mitigation measures and assumptions
		Indicators (including CSI)	Baseline (2015)	Target (2020)		
Impact	Reduction of food insecurity in the regions targeted by the project during dry seasons and droughts	Annual Income of beneficiary household	90,861 KES in Kenya and 145,000 DJF in Djibouti	25% increase	Government statistics Programme reports IGAD reports	Risk: Insufficient human and institutional capacities Mitigation: the programme will have capacity building activities at the regional level
		Number of food insecure households	TBD	20% reduction		
Outcomes	Outcome 1. Climate change-related adaptation measures integrated into development plans	Number of adaptation measures integrated in the development plans by the end of the project	0	At least 5 adaptation measures	Project supervision, mid-term review and completion reports	Risk: insufficient institutional capacities of national and local planners Mitigation: the programme will provide training at all levels, including community planning Assumption: It is possible to identify plans, for which adaptation dimensions should be included.
	Outcome 2. Awareness raised and local stakeholders involved in planning proactive adaptation measures to CC	% of men and women with awareness and engagement for undertaking adaptation measures	No more than 20%	At least 60% of men and women	Project supervision reports, GEF project implementation reports and completion report	Risks: it might be difficult for the project to identify best practices to disseminate within the DRSLP. Mitigation: the project will work closely with other funding agencies and other projects to exchange information and develop cross-learning and identify best practices. Assumptions: Communities and institutions are interested to learn about experiences from neighboring countries.
	Outcome 3. Vulnerabilities of local populations reduced through social transfers and the implementation of adaptation practices that respond to CC-induced stresses in crop and livestock	Adaptation technologies introduced to targeted groups and number of beneficiaries (men and women)	X households implementing adaptation technologies (TBD)	Increase by at least: * 20% of households implementing new adaptation technologies -based on water harvesting techniques *50% of households benefiting from the maintenance of infrastructures and facilities; *70% of households with diversified livelihoods	Project supervision reports, GEF project implementation reports and completion report	Risks: Communities may find it difficult to take risks in changing their use of natural resources. Mitigation: The project will demonstrate the short and long-term economic benefits of proposed adaptation options to obtain communities buy in. Furthermore, the identification of alternative livelihoods will be conducted with the

				activities; *10% of households having access to micro-finances; *10% of households benefiting from cash for work schemes		targeted population, which will also enhance their technical capacities. Assumptions: Within the project's duration, it will be possible to show economic and ecological benefits of the adopted measures.
	Outcome 4. Implementation of project activities efficiently coordinated, monitored and evaluated	Degree of execution of the project M&E Plan	NA	The M&E plan is fully developed and executed in a timely manner	M&E documents, PIRs, APRs, AWP's	Risk: Difficulty separating GEF and DRSLP contributions in regards to implementation in the field Mitigation: Although GEF funds are included in DRSLP budget and implementation plans, they will be allocated to resilience-related activities only and monitored for their results. The project plans an additional fund dedicated to monitoring and evaluation.
Outputs	Component 1: Improved resilience to climate change of pastoral and agro-pastoral communities in targeted areas					
	Output 1.1. Sensitization, awareness and information on climate change (CC) of local stakeholders	Number of men and women in project sites with increased awareness of the necessity to increase their resilience to CC at the end of the project	No more than 20% of men and women declare to know what CC is, how it affects them	At least 60% of men and women declare to know what CC is and how it affects them in project sites, of which half are women	Project supervision reports	
	Output 1.2. Training of officials at the national and local level on the measures, tools and methodologies on how to deal with climate change adaptation	Number of officials trained	0	25 officials (of which 40% are women) in each country trained in at least three tools and methodologies	Project supervision reports	
	Output 2.1 Workshops organized at national level to draw lessons from project activities and achievements, and mainstream them into development policies and strategic frameworks	Number of workshops, study tours and meetings held where lessons from the project were discussed	0	At least 8 workshops, study tours and meetings to discuss project lessons (4 per country)	Workshop reports and project reports	
	Component 2: Invest in sustainable measures aimed at improving the resilience of pastoral communities to climate change and variability					
Output 3.1. Matching grants provided to targeted communities to finance micro-adaptation projects (in the areas of water and rangeland resources, livestock and IGAs)	Number of households that benefit from matching grants No of households adopting sustainable land management measures	0 0	At least 50% of DRSLP targeted households in project areas adopt will benefit from matching grants by the end of project 50	Project supervision reports, GEF project implementation reports and completion report		

	Output 3.2. Adequate social transfers provided to vulnerable household	Number of households that benefit from adequate social transfers (micro-finances, cash-for-work on public projects and social monetary transfers)	0	At least 10% of DRSLP households in Kenya and at least 40% of households in Djibouti benefit from adequate social transfers (micro-finances, cash-for-work on public projects and social monetary transfers)	Project supervision reports, GEF project implementation reports, Midterm review report and project completion report	
Component 3: Support efficient, timely and accountable coordination and monitoring and evaluation of project activities						
	Output 4.1. Knowledge products at national and regional level	Number of knowledge products developed	0	At least 10 knowledge products are developed	Project supervision report, PIRs and MTR	
	Output 4.2 Timely, efficient and cost-effective M&E systems put in place at national and sub-regional level.	Number of M&E activities conducted	0	At least 4 Project Implementation Report and one Mid Term Review per country; one final evaluation per country	M&E documents and systems	
	Output 4.3: Efficient and cost effective project management and coordination	Degree and timeliness of project work plans execution and reporting	0	100%	Quarterly and annual progress reports, audit reports	
Activities					INPUTS (USD) GEF grant: 8 268 000 Component 1: 1,062,500 Component 2: 5,237,275 Component 3: 671,225 Contingencies: 684 556 ADB fees: 612,444	

Project Timeframe

While the RLACC program is regional in scope, the activities will be implemented in a national context, through two national projects with some nuances in timeline and activities, due to differences in national contexts and stakeholders.

Table 1: Regional RLACC Activities¹ and Implementation Timeframe over a four years' period

Components	Activities	Mois															
		3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48
Improved resilience to climate change of pastoral and agro-pastoral communities in targeted areas	Training of local NGOs and CBOs on resilience to climate change in an agro-pastoral context																
	Raising awareness of local communities on resilience to climate change through support for NGOs and civil organizations trained in aforementioned activity and conducting local media campaigns																
	Staff training at central and local levels on climate risk management and resilience planning																
	Development and distribution of technical manuals on strengthening the resilience of ASAL for use by key departments, and the DRSLP programme team																
	Analysis of entry points for the integration of climate change issues in national development, regional or local, and sectoral planning processes																
	Integrating adaptation into national and regional development plans																
	Using a participatory process, develop community-based resilience development plans with the support of NGOs trained																
	Organization of workshops and consultations to identify lessons learned from the project on resilience to climate change																
	Organization of regional study tours, national and / or international for policy makers, project managers, communities and / or producer groups to familiarize them with the lessons learned from the project with IGAD																
Investment in sustainable measures aimed at improving the resilience of pastoral communities to climate change and variability	Support for the development of producer groups and to the identification of alternative livelihood strategies																
	Provision of small grants to producer groups to acquire productive assets, with technical support provided through NGOs trained under Component 1																
	Support the dissemination of irrigation technology, equipment and resilient infrastructure																
	Acquire and disseminate resistant varieties and seeds to support the development of agro-pastoral areas																
	Support the rehabilitation and upgrading of rural roads to facilitate and increase the commercialization of agro-pastoral products, taking climate change into account																

¹ This implementation timeframe refers to activities common to both country projects. For country specific details, please refer to the separate project timeframe in the technical annexes for more details

Components	Activities	Mois															
		3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48
	Support the development of natural resource management systems communities (pastures, water)																
	To implement erosion control measures in the upper catchments with local NGOs and / or labor from communities																
	Implement reforestation of targeted watersheds with local NGOs and / or labor from communities																
Program activities coordination, monitoring and evaluation	Develop information products in local languages on climate adaptation, resilience and adaptive approaches to development																
	Fulfill additional GEF-related requirements (e.g. basic evaluation, mid-term evaluation, final evaluation)																
	Additional support for management and project operations																

I. Strategic Thrust & Rationale

1.1 Programme linkages with countries' and HoA strategy and objectives

The Program is consistent with the principles of key sub-regional and national initiatives, policies and programmes, adopted by the governments of the participating countries over the last few years, namely (i) The Inter-Governmental Authority on Development (IGAD) Drought Disaster Resilience and Sustainability Initiative (IDDRSI) Regional Programming Paper (RPP, 2013); (ii) the IGAD member Countries' Programming Papers (CPPs) "To End Drought emergencies in The Horn of Africa" (2012); (iii) Comprehensive Africa Agriculture Development Programme (CAADP); (iv) The IGAD 'Minimum Integration Plan', which focuses on joint use and management of water resources for food security; (v) the Livestock Policy Initiative (IGAD-LPI), (vi) the new Sendai Framework for DRM (2015 – 2030), which contains the collective commitment of governments and the United Nations to work towards reducing societal vulnerability to disasters generally and stop drought in particular, and (vii) the National Development Strategies of the countries involved. The programme is also in line with the Bank's Regional Integration Strategy Paper (RISP) for Eastern Africa (2011-15, namely its Capacity building pillar. The program also fits in the Bank's new Regional Integration Strategy and Policy Paper (2014-2023), the Bank's Ten year Strategy (2013-22), the Bank's Strategy for Addressing Fragility and Building Resilience in Africa (2014-19), and the recent High 5s vision of the Bank. At the national level, the RLACC program is in line with the participating countries strategies and priorities. Additional details on the strategic fit of RLACC in each country are given in the individual countries' PARs.

1.2 Rationale for Bank's involvement

1.2.1 Parts of Djibouti and Kenya are some the world's most food-insecure regions. The high frequency of droughts has induced high rates of crop failures and diminished potential livestock grazing lands. The recurrent and persistent drought situation in the HoA results in loss of lives and livelihoods called for the attention of the Bank to intervene as a premier development organization of Africa.

1.2.2 The Bank is actively involved in the baseline project of the DRSLP. It has the expertise, knowledge of the socioeconomic and geographic context, as well as of the key stakeholders and beneficiaries that it is partnering with to implement the baseline. The Bank has also been instrumental in supporting the regional approach through IGAD Secretariat while reinforcing national units in project implementation.

1.2.3 The project is also in line with the Bank's strategy for Djibouti for the 2016-20 (DSP 2016-20) which aims at: (i) the development of socio-economic infrastructure and (ii) institutional capacity building and good governance. The project is also in line with the Country Strategy Paper (CSP, 2014-18) in Kenya, namely its 1st pillar 'Enhancing physical infrastructure to unleash inclusive growth'.

1.3 Donors' Coordination

1.3.1 The recurrent drought in the region has resulted in great interest of donor agencies, NGOs and Humanitarian Organizations. IGAD member states have various activities, albeit on a smaller scale, to mitigate the adverse effects of drought. Regional organizations (Inter-African Bureau for Animal Resources (AU/IBAR), Regional Centre for Mapping Resource and Development (RCMRD) and international organizations such as the Bank, the World Bank, Arab Fund for Economic and Social Development (AFESD) and the Arab Bank for Economic Development in Africa (BADEA), International Fund for Agricultural Development (IFAD), Food & Agricultural Organization (FAO), World Food Programme (WFP), International Livestock Research Institute (ILRI), World Organization for Animal Health (OIE), Economic Commission for Africa (ECA). International NGOs

(WorldVision International, Terra Nova, World Resources Institute, Red Cross), regional livestock and pastoralist associations, Universities, and Bilateral Donors (KfW, GIZ, EU, JICA, USAID, Netherlands, and Finland) are present and relatively active in the target countries. Nonetheless, a concerted effort to achieve a common goal is still required. This will result in efficient and effective delivery of the required support to overcome the effects of the drought and famine in the HoA. A recent assessment by the Bank has shown that the capacity of IGAD has significantly improved with the support from the Bank and other donors. IGAD is now the Executing Agency for DRLSP 2 for Somalia and Sudan and DRSLP 3 for Sudan.

1.3.2 In an effort to mobilise funding and to coordinate with donors, the Djiboutian and Kenyan Governments were invited to use their allocations from the GEF to complement and support the DRSLP as the baseline project. Once they accepted that the Bank can play an implementation agency role, the necessary documentation was submitted to the GEF for approval.

II. Project Description

The overall objective of the programme is to improve resilience of pastoral and agro-pastoral communities through their adaptation to climate change in targeted areas in Djibouti and Kenya.

2.1 Project Components

The programme is structured around three components presented in the table below.

Table 3. Component Descriptions

Component Name	Estimated Cost (US\$) - GEF Funds only ¹	Component Description
Improved resilience to climate change of pastoral and agro-pastoral communities in targeted areas	1,062,500	<ul style="list-style-type: none"> - Public awareness and widespread information on climate change is key so one aspect of this component will be to promote sensitization, awareness and information on climate change among local stakeholders and beneficiaries, including NGOs and community-based associations - Knowledge-building and awareness of how to build climate resilience will also be integrated at the governmental levels so as to enhance national capacity. Officials at the local and, where relevant, national level will be trained. This will include information sharing and staff training on climate risk management and resilience planning. - Based on training and awareness raising, climate-sensitive pastoral development issues and adaptation options will be mainstreamed into development planning at relevant local (county), regional or national levels. - Workshops will be organized at the national level to draw lessons from project activities and achievements, and mainstream them into development policies and strategic frameworks
Invest in sustainable measures aimed at improving the resilience of pastoral communities to climate change	5,237,275	<ul style="list-style-type: none"> - Sustainable measures proposed in the second component of the project stem from the awareness and training conducted in Component 1 and are part of the introduction of integrated watershed management (IWM). Integrated Watershed Management (IWM) consists of rehabilitation of ecosystems, better management and planning of natural resources.

Component Name	Estimated Cost (US\$) - GEF Funds only ¹	Component Description
and variability		- The activities in this component will be concretely supported by providing grants and, where relevant, social transfers, to targeted communities to finance adaptation strategies, such as: the use of improved irrigation technologies, the acquisition of drought tolerant varieties and seeds resilient equipment and infrastructure, diversification of sources of revenue to increase food security in a sustainable manner, the use of cash transfer during the non-productive phases of the investments.
Support efficient, timely and accountable coordination and monitoring and evaluation of project activities	671,225	- enhance monitoring of the other two components, notably by developing the required information products in local languages and coordinating the management of project activities and monitoring and evaluation. Through this component, the lessons learned of the project will be highlighted during the implementation, and documented through the monitoring and evaluation of the project. A link will be established through this component with the monitoring program set up by IGAD. GEF funds will therefore strengthen coordination with other actors of adaptation in both countries, and documentation of project results and knowledge sharing. - Timely and cost effective implementation of the project activities and reporting (including audit)
Total	6,971,000	

¹ The amounts do not include contingencies (USD 684,556) and ADB fees (USD 612,444)

2.2 Technical solutions retained and other alternatives explored

2.2.1 The project will build capacities of local stakeholders and beneficiaries in mainstreaming climate-sensitive pastoral development into relevant local development plans, and, ultimately, into national development policies and strategic frameworks. Moreover, the project will promote community cooperation and capacity building by supporting community-based adaptation measures such as water resources and rangeland management, and livestock management, combined with an integrated watershed management approach that will strive to restore the ecological services that are at the basis of regional livelihoods. Initiatives to identify and develop alternative, resilient sources of livelihoods will further help to protect households against climate risks and promote social and economic inclusion of the poorest groups as well as diversify the local economy.

2.2.2 A variety of adaptation options have been considered for integration into the DRSLP but only some were retained while others have been rejected, for various reasons, as presented below.

Table 4. Alternative Solutions Considered

Alternative solution	Brief description	Reasons for rejection
Dissemination of agro-climate information and warnings through traditional media (newspapers, papers...)	To inform and warn agro-pastoral communities regarding extreme climate events that can affect them and disseminate appropriate information	The traditional media has been considered to have little impact in the targeted areas, given that local communities do not generally read them. In contrast, agro-pastoral community members in Kenya extensively use mobile phones, but Djibouti communities are still not sufficiently connected. As a result, agro-climate information and warnings will be disseminated by mobile phones in Kenya, while in Djibouti, information will be disseminated using local NGOs and extension services. In addition, the information will be tailored, in local language in ways that are useful to agro-pastoral development.

Alternative solution	Brief description	Reasons for rejection
Construction of major water infrastructure to manage ground and surface water	Given that water availability is a deterring factor of agro-pastoral development, the project could have invested in the construction of major water infrastructure.	The high cost of these works in relation to the low population density makes it difficult to justify this initiative. Moreover, this would require better knowledge on the state of the groundwater reserves and long-term planning beyond the duration of the project. Instead, the proposed projects favour the development of micro-infrastructures in order to improve the management of ground and surface water. GEF funds will be used to supplement DRSLP resources in order to ensure adequate physical norms are respected (in light of anticipated climate change), and to develop resilient, no-regrets water management systems.
Construction of new rural roads (a consideration for Djibouti)	The isolation of some sites is a limiting factor for development, particularly because access to markets and productive inputs are reduced. The project could build new roads to improve access.	The high cost of concrete roads per kilometer (estimated between US \$115,000 and US \$ 215,000 in 2015) given the rugged terrain and vast area to cover, would have absorbed the entire budget of the project. It was instead decided to strengthen the resilience of critical points in existing tracks in productive areas especially in areas where investments were made under DRSLP by reinforcing the coating and/or modifying the conditions of drainage of rainwater, to ensure their durability even under changing climatic conditions. Investments made by the project will complement the work undertaken by the national government and their other partners.
The project covers all ASALs (a consideration for Kenya)	The project interventions cover all the ASAL area, or at least the six counties where the DRSLP is working.	In order not to spread project funds too thin, the project interventions focus their attention on some of the most affected counties by the drought in ASAL and those where armed conflicts are absent. In particular, they focus on two of the six DRSLP target areas. The DRSLP team found that, given the amount of resources, focusing on the six DRSLP counties would not allow having significant impact in any county. By focusing on two, significant impacts can be achieved.

2.3 Project Type

This project is an investment operation using GEF funds combining two grants from two different windows: the Least Developed Country Fund (LDCF) for Djibouti with US\$ 5. 484 million and the Special Climate Change Fund (SCCF) for Kenya with US\$ 2.784 million.

2.4 Project Costs and Financing Arrangements

2.4.1 Although the DRSLP is enhancing drought resilience and improving sustainable livelihoods of the communities in the project target areas, there is a need to complement it in order to strengthen climate change adaptation. While the DRSLP focuses on investments in agricultural and livestock public and community based infrastructure and therefore by improving storage, market and transport infrastructure, there is a need to respond more to the needs on the household side allowing all pastoral/agro-pastoral communities (even the poorest ones) to benefit from the infrastructures financed by the DRSLP. In this sense, the proposed RLACC addresses the need to directly respond to specific climate change-induced stresses.

2.4.2 In addition, the proposed project implements an Integrated Watershed Management approach, which could be weak in the DRSLP approach. This approach contributes to the regeneration of ecosystems and their ecological services in order to increase the capacity of local populations to cope with climatic shocks. While existing funds respond to the impacts of chronic droughts in the medium and long-term through “hard” measures, such as investing in agricultural infrastructure, the addition GEF funds focus on “soft” measures for planning resilience in the long term, in order to increase the

local sources of social, human, financial, economic, natural and physical capital, through an integrated watershed management approach.

2.4.3 The additional resources from GEF are justified given that the program will complement existing DRSLP funds by financing the additional costs related to adaptation and resilience. The activities will focus on community-based adaptation measures, the regeneration of ecosystems and infrastructures, and the enhancement of management systems, reducing the vulnerability of agro-pastoral communities at the same time that the long-term adaptive capacities are strengthened.

2.4.4 The RLACC program will be financed by a GEF-supported LDCF/SCCF grant in the amount of US\$ 8.268 to be implemented over a period of 4 years. The grant for the proposed regional program will complement the already approved AfDB's DRSLP in each of the two countries, whose overall cost (exclusive of tax and customs duty), including provision for physical contingencies and price escalation, is estimated at about US\$ 84,050,100. Costs estimates by component, category of expenditure and expenditure schedule by Component in US\$ are given in the tables below. Detailed costing tables for each country are presented in their respective reports

Table 5. Project cost estimates by components (US\$)

Components	Local	Foreign	Total	% Foreign Exchange
Improve the resilience to climate change of pastoral and agro-pastoral communities in targeted areas, and increase the adaptive capacity of their livelihoods	212 500	850 000	1 062 500	80
Investment in sustainable measures aimed at improving the resilience of pastoral communities to climate change and variability	1 047 455	4 189 820	5 237 275	80
Program activities coordination, monitoring and evaluation	151 700	519 525	671 225	80
Total base costs	1 411 655	5 559 345	6 971 000	77
AfDB administrative fees	128 740	483 704	612 444	80
Physical contingencies	63 373	238 405	301 778	79
Price contingencies	168 422	214 356	382 778	79
Total costs	1 772 190	6 495 810	8 268 000	56

Table 6. Project cost by category of expenditure (US\$)

Category of expenditures	Local	Foreign	Total	%FE
Investment costs				
A. Works	207 000	828 000	1 035 000	80
B. Goods	387 000	1 548 000	1 935 000	80
C. Services	722 515	2 898 860	3 621 375	80
Total investment costs	1 316 515	5 274 860	6 591 375	80
D. Recurrent costs				
Operating expenses	94 906	284 719	379 625	75
Total recurrent costs	94 906	284 719	379 625	75
Total baseline cost	1 411 421	5 559 579	6 971 000	79
AfDB administrative fees	128 740	483 704	612 444	
Physical contingencies	63 373	238 405	301 778	79
Price contingencies	168 422	214 356	382 778	56
Total project costs	1 771 956	6 496 043	8 268 000	78

Table 7. Expenditure Schedule by Component (US\$)

Components	Y1	Y2	Y3	Y4
Improve the resilience to climate change of pastoral and agro-pastoral communities in targeted areas, and increase the adaptative capacity of their livelihoods	338 000	265 500	189 000	270 000
Investment in sustainable measures aimed at improving the resilience of pastoral communities to climate change and variability	336 775	2 625 120	1 668 690	606 690
Program activities coordination, monitoring and evaluation	126 851	231 039	179 514	133 821
Total base costs	801 626	3 121 659	2 037 204	1 010 511
AfDB administrative fees	612 444			
Physical contingencies	29 585	116 710	75 760	79 723
Price contingencies	35 477	158 815	101 324	87 161
Total costs	1 479 132	3 397 184	2 214 288	1 177 395

2.5 Project's target area and population

2.5.1 The project will target the drought prone areas in Djibouti and Kenya, and specifically in selected sites in the area of DRSLP intervention. In terms of population targeted by the project the direct beneficiaries of the project are the pastoral and agro-pastoral households in the targeted watersheds in Djibouti and Kenya. The project will directly benefit 164,000 beneficiaries (120,000 beneficiaries in Djibouti and 44,000 beneficiaries in Kenya out of which 50% are women) and 70,000 households (60,000 households in Djibouti and 10,000 in Kenya) over a period of 4 years. In addition, the project will benefit NGOs as well as local and national government officials, which will benefit from technical and institutional capacity building.

2.5.2 In Djibouti, project interventions will take place in the watershed of Gaggade-Derela and sub-basins Mouloud, Harou, Aroua (region Dikhil) Beyya Dader, Beyya Aday, Dedey Weyn and Barislé (region of Ali Sabieh), Weima (regions of Tadjourah -Obock) and Douda and Damerjog (Arta region).

2.5.3 During the preparation phase of the RLACC program, the Government of Kenya strongly recommended that RLACC does not cover all the six target counties of Kenya, but focuses instead on one or two counties, in order not to spread the resources and efforts too thin, and for there to be discernible project impacts. Based on two criteria such as: vulnerability and the opportunity to make an impact, the RLACC program will focus on the catchments related to the site in Baringo County and the two sites in Turkana County where the DRSLP activities are currently ongoing.

2.5.6 The anticipated socioeconomic benefits of this project for the targeted communities include:

- Improved living conditions of pastoral and agro-pastoral communities, through diversifying and increasing production and income, and increased access to social services.
- Improved linkages between disaster risk management and climate change, by addressing existing vulnerabilities through development and operational planning, policy processes, and incentive systems, thereby reducing people's risk to climate catastrophes in the long run.
- Improved role of the private sector in livestock development in ASALs, especially to boost economic diversification and generation of income within and outside the livestock economy.
- Innovative practices stressing the contribution of the livestock sector to a green and climate-resilient economy.
- Emphasis on a multi-level, integrated approach to pastoral development through support and funding for a range of initiatives to help pastoralist communities and households resilient activities, accompanied by awareness raising, information and capacity building.
- Social inclusion and economic growth to reintegrate the most vulnerable and marginalized

population categories into the local economy and combat the social and economic marginalization in which many pastoral groups are trapped.

- Mainstreaming gender issues into pastoral development namely by addressing in all initiatives the specific needs of women, and by establishing gender dis-aggregated indicators that can assess improvements for women through the project.

2.6 Participatory process for project identification, design and implementation

2.6.1 The initial DRSLP project on which this proposed project anchors itself, was conceptualized based on the outcomes of a Bank financed 2010 Regional Study on Sustainable Livestock Development in the Horn of Africa, whose final report was validated during a broad based international meeting involving all the concerned countries, civil societies and donors. This participative approach was fostered during the identification, preparation and appraisal missions in Djibouti (Djibouti and IGAD Secretariat), Ethiopia, Kenya, Sudan, and Somalia. During these missions, countries' officials, technical experts, potential beneficiaries and other donors were consulted during a number of technical meetings on the design, sites selection and definition of key activities. The views and suggestions of all the stakeholders were fully integrated in the final design of the DRSLP project.

2.6.2 This project, which adds on the climate-resilience component for both Djibouti and Kenya, also involved national-level consultations. For instance, in Djibouti, in the preparatory phase of the project, the team met with community leaders, government officials, representatives of NGOs, bilateral and multilateral partners to develop and design the project in a participatory manner. The consultation process included individual interviews and meetings with community groups. The design process and implementation selected for this project was informed and influenced by the success of interventions, and similar lessons learned in project implementation (e.g. from the first phase of DRSLP and other adaptation projects. More details on the participatory process for Djibouti and Kenya are given in the country reports.

2.6.3 In addition to the communities targeted by the project, the following national institutions in Kenya will participate in the project: Ministry of Agriculture, Livestock and Fisheries; Ministry of Environment and Natural Resources; and National Drought Management Authority; and at a decentralized level, the Local Councils of Baringo and Turkana.

2.7 Bank Group experience, lessons reflected in project design

2.7.1 The current Bank portfolio in Djibouti includes 12 projects, 10 in the public sector with a total amount of UC 43 million and 2 in the Private sector for about UC 65 million. The average age of public sector operations is 2.5 years, for a disbursement rate of about 9%. The agricultural sector has two projects (DRSLP.1 and DRSLP.3) amounting to UA 22.2 million disbursed in the amount of 7%. For Kenya case, the development of this project is based to a significant extent on the DRSLP project, which is itself based on current and past projects in the area such as the (i) ASAL-based Livestock and Rural Livelihoods Project (ALLPRO) which covers the two counties covered by the proposed project, and (ii) Small scale Horticulture Development Project (SHDP) which is rehabilitating irrigation infrastructure in nine existing irrigation schemes in a number of ASAL districts and providing support to farmers in scheme management and post-harvest handling of produce. For Djibouti, the project has taken into account lessons learnt from the ongoing DRSLP.I and III, that is the result experiences undertaken namely by (i) *Le Programme de mobilisation des eaux de surface et gestion durable des terres* (PROMES-GDT); (ii) *Le programme de lutte contre la sécheresse*, en cours depuis 2006, which are focusing on water storage improvement, soil & water conservation, and pasture development. The design of the proposed project has incorporated lessons and best practices from these projects in domains related to poverty reduction in the ASALs, in general, and on sustainable livelihoods, pastoral development, livestock sector, sustainable land management and rangeland management, in

particular.

2.7.2 While specific lessons learned in the two countries are provided in the country reports, overall key lessons learned and reflected in this project’s design include:

- Existing projects highlight the importance of raising communities’ concerns for climate change-related risk, of supporting sustainable livelihoods through community-based activities (including capacity building, livestock health and productivity, adaptive social protection, etc.), of focusing on water resources and rangeland management at the level of small grass-roots communities, and of an integrated, comprehensive approach to sustainable livelihoods that diversifies livelihoods and stresses the relationships between climate change adaptation and social protection.
- Existing projects also show the need for mainstreaming climate change into local government planning mechanisms, as well as the need for integrating safety net initiatives into community-based activities aimed at improving adaptation to climate change, supporting specific social protection measures and safety nets for the poorest and most vulnerable households, cash-for-work initiatives for the poor households with economically active members and weather-index insurance for livestock for the less poor households.

2.8 Key performance indicators

The overall relevant performance indicators have been summarized in the Project Results Based Logical Framework. Country specific indicators are provided in the technical annexes. Key performance indicators include:

- Number of men and women trained in mainstreaming climate change
- Number of men and women in project sites with increased awareness of resilience to climate change at the end of the project
- Number of men and women officials trained by end of project
- Number of development frameworks that include specific budgets for adaptation actions
- Number of men and women with increased awareness and engagement for undertaking adaptation measures
- Number of workshops, study tours and meetings held where lessons from the project were discussed
- Number of households in targeted areas that implement relevant climate change adaptation technologies
- Number of targeted households that have adopted resilient livelihoods under existing and projected climate change by end of project
- Type of adaptation technologies introduced to targeted groups and number of beneficiaries (men and women)
- Number of households that benefit from adequate social transfers (micro-finances, cash-for-work on public projects and social monetary transfers)
- Number of knowledge products developed
- Number of M&E activities conducted

III. Project Feasibility

3.1 Economic and Financial Feasibility

FIRR (base case) 20%	NPV \$ 420 540 at 12%
EIRR (base case) 23%	NPV \$ 870 320 at 12%

3.1.1 The project builds on the DRSLP. The economic and financial analysis was based on incremental benefits generated by additional grant funded by the GEF. Those benefits include increase in fodder produced by pastures rehabilitated, value of fuel wood and charcoal provided, increase in agricultural land productivity resulting from the reduction of soil erosion. Other benefits include increase in carbon sequestration, availability of water for agriculture and livestock and increased biodiversity. It is estimated that: (i) the value of coal and firewood provided by tropical woodland and semi-arid ecosystems are US\$ 104 and US\$ 0.377 per hectare per year respectively, (ii) the value of carbon sequestered in the reforested land US\$ 53.2 / ha/year, (iii) losses due to erosion, which are around 15 / tons / ha / year for pastures, leading to a drop in annual productivity livestock of approximately 0.1% and 12 tons / ha / year for arable land, leading to a decrease in agricultural productivity by 0.6% annually.

3.1.2 The financial internal rate of return (FIRR) of the Project is calculated at 21%, the net present value (NPV) is estimated at USD 420 540. The economic internal rate of return (EIRR) to the project is estimated at 25% and the net present value (NPV) at 12% opportunity cost of capital is estimated at USD 870 320. Both FIRR and EIRR are sensitive to changes in prices and costs. A 10% increase in real prices will increase the FIRR and the EIRR to 23% and 26% respectively.

3.2 Environmental and Social impacts

3.2.1 Positive environmental impacts resulting from the program include natural resource protection, biodiversity conservation, physical and natural assets strengthening and increased vegetative cover.

3.2.2 Negative environmental impacts are expected to be minimal. The RLACC is specifically targeting resilience through adaptation to climate change, it is anticipated that it will have negligible negative environmental impacts. Moreover, it will benefit from the DRSLP experience on how to minimize negative environmental impacts.

3.2.3 In light of the above, the project is classified in category 3.

Climate Change

3.2.4 Adaptation to climate change is the main focus of the RLACC program. In this sense, project activities aim to enhance the resilience of agro-pastoral communities to the impacts of droughts as well as augment the sustainability of the outputs of the baseline DRSLP. In particular, adaptive capacity will be strengthened at national, local and regional scales, and at institutional and social levels by awareness raising, information and training. Adaptation to climate change will be mainstreamed into local development plans. Adaptation to climate change will also be promoted through micro-projects on water harvesting, improved access to productive assets and enhanced access to resilient crops and feed seed varieties, and a better management of rangeland and water systems. In addition, adequate access to different types of social transfers, from micro-finance to cash-for-work-schemes and to direct monetary transfers, will make pastoralist and agro-pastoralist communities more resilient to the impacts of climate change.

Gender

3.2.5 The project will make a positive impact on the living conditions and incomes of female-headed households and female members of households. Depending of the project activity, 30 to 60% of the beneficiaries will be women and will particularly benefit from the RLACC program, as gender issues will be mainstreamed into pastoral development. This will be done by addressing in all initiatives the specific needs of women and men (for instance, through well-tailored training programs, gender-sensitive income generation activities, etc.); and by identifying interventions that specifically target women as main beneficiaries (for instance, by providing cash transfers directly to women). Moreover,

the project will promote the use of gender-disaggregated indicators to assess the positive impacts on women.

Social

3.2.6 The project will contribute greatly to poverty reduction and improved living conditions of pastoral and agro-pastoral communities. It will contribute to increasing production and income from agro-pastoralist activities. In addition, it will promote diversification, by promoting income-generating activities outside the livestock economy. Moreover, it will provide social transfers, complementing incomes. While all will benefit from cash-for-work schemes, the most vulnerable and marginalized population categories will particularly benefit from social transfers. These will reintegrate them into the local economy, combating the social and economic marginalization in which many pastoral groups are trapped. Better awareness, information and capacity building will foster economic activities and promote informed decisions.

3.2.7 By establishing a regional approach, it is also assumed that broader regional social relationships will be fostered, exchanges will be promoted and social cohesion will be strengthened.

Involuntary Resettlement

The project would not involve any involuntary movement of the population.

IV Implementation

4.1 Implementation arrangements

4.1.1 Institutional arrangements of DRSLP and RLACC will be the same at the national level. The African Development Bank will act as the GEF implementing agency. The GEF funds mobilized for RLACC will be integrated and used under the procedures of DRSLP projects (Project I for Kenya and Projects I and III for Djibouti). The project will be implemented by the unit responsible for implementing the DRSLP already in place in each country. The ministries of Agriculture in each country will be the executing Agency of the program and will collaborate with key Ministries to establish a steering committee that brings together the relevant ministries and stakeholders. Additional contributions will be made from the RLACC budget to the operating costs to compensate for the additional costs incurred by the management of additional funds. More details on the implementation arrangements in the two countries are given in the country reports.

4.1.2 The regional coordination of the DRSLP is under the responsibility of IGAD the program. The RLACC, funded by the GEF, uses the DRSLP as the baseline project and concerns only a subset of countries participating in the DRSLP. However, it is expected that more countries will be engaging in similar investments using their national allocations from the GEF. The Bank, acting as the GEF implementing agency will work closely with the implementing units, the executing agencies in the two countries and the IGAD Secretariat to capitalize and share the information collected on the RLACC planning and implementation progress, outputs and outcomes, and eventually its impact on communities in terms of adaptation. The information generated by the RLACC will feed into the overall Regional Drought Resilience M&E platform already put in place by IGAD Secretariat.

Provisions of procurement

4.1.3 All procurement of goods, works and consulting services will be carried out in accordance with the Bank's Procurement Policy dated October 2015, as amended from time to time, using the relevant Bank Standard Bidding Documents and provisions stipulated in the Financing Agreement. The DRSLP PIUs in both countries will be responsible for the procurement of works goods and

services.

Financial management and disbursement

4.1.4 The administrative, financial and accounting of the project will be under the responsibility of the DRSLP Implementation Units. It will hold a general and cost accounting adapted to RLACC project and organize budget monitoring in an integrated accounting system. A manual of administrative, financial and accounting procedures, will be developed early in the project. The project will be subject to the usual controls through annual audits whose reports will be submitted to the Bank for review and clearance. At the beginning of RLACC in both countries, the TOR for the audit of DRSLP will be extended to cover the audit of the GEF component and the cost will be borne by the DRSLP resources in each country. A provision is however made in the RLACC in both countries to cover for years 3 and 4 audits in case funds run low in DRSLP.

4.1.5 Disbursements of funds will be in accordance with the Bank's disbursement procedures. Two disbursement methods will be used: the direct payment method for the payment of contracts for the procurement of goods, services and works, and the special account method for operating expenses. For this purpose, two special accounts will be opened in a bank acceptable to the Fund dedicated to receive RLACC proceeds. Control over the various payments made in connection with the implementation of projects already being done through the Directorate of Exterior of the Ministry of Finance and the Public Debt Department of the Ministry of the Budget.

4.1.6 The RLACC will be supervised at the same time as the DRSLP or through a steering committee that provides advisory inputs and strategic direction of the project, approves the annual work plans and budget. The Steering Committee includes among its members representatives of the technical departments involved in the implementation of the project, beneficiary organizations and civil society.

4.2 Monitoring & Evaluation

4.2.1 The project will set up a results-based monitoring and evaluation system based on the results-based logical frame, and some of the key measurable and verifiable indicators and participatory monitoring of project activities will include:

- awareness of climate change,
- knowledge of resilience strategies, information tools, climate change resilience manuals, poverty levels,
- involvement of women in project activities,
- per capita household incomes from income generating activities,
- access to micro-finance, access to cash-for-work initiatives, access to social monetary transfer, and average household income.

4.2.2 In addition to the M&E undertaken by the DRSLP team the RLACC will contribute additional resources to support this process through the recruitment of a consultant, who will in the first year of the project, assist the project's M&E Unit with the establishment of a comprehensive results-based monitoring and evaluation system for the project. Country specific details are given in the country reports. All M&E efforts in the RLACC will feed in the ongoing IGAD regional M&E work under the DRSLP.

4.2.3 The key milestones/reports that will be prepared during implementation of this project are summarized below which show the reports expected, the agencies responsible, and the timelines.

Timeframe	Milestones	Monitoring process / feedback loop
February 2016	Program approval by the GEF	AfDB
November 2016	Program approval by the Bank	AfDB
December 2016	Signature of Grant Agreements	AfDB/ Governments
January 2017	Effectiveness	AfDB / Governments
January 2017 – July 2017	Preparation of management tools and of ToR for technical studies: preparation and launching of DAO	PIUs/AfDB
March 2017 - December 2018	Procurement of goods, works and services, implementation and monitoring of works	PIU/AfDB/ Suppliers-Contractors and Service providers
December 2018	Mid-term review	AfDB/PIU/Governments
December 2020	Completion	AfDB/PIU/Governments
May 31 2021	Last disbursement	AfDB/PIU/Governments

4.3 Governance

The HoA has been affected by a chronic cycle of poverty, instability and conflict over natural resources. Challenges commonly faced by all the countries of the region include governance, conflict prevention, nomadic pastoralism, food insecurity, human trafficking and transboundary resource sharing. Regional, multi-sectoral interventions, such as the DRSLP, and as a consequence RLACC which builds on it, aim at preventing and mitigating conflict by addressing the root causes of instability. The project design integrates specific measures to mitigate governance risk to ensure that resources are used judiciously and for the purposes for which they are intended. In this regard, the project will provide technical assistance in procurement to the various executing agencies in addition to the ongoing support from DRSLP and IGAD Secretariat. In addition, independent auditors will be recruited to carry out project annual financial and technical audits. The governance status for each country is given in the individual country reports. Country specific information on governance are given in the country reports.

4.4 Sustainability

4.4.1 The project intends to initiate a dynamic by which Climate Change is mainstreamed into development planning at the local level involving communities and at the national level involving policy makers and planners. The training at all levels engaged by the project will provide the tools and approaches for continuous commitment using public resources beyond the lifetime of the project.

4.4.2 Djibouti and Kenya, and their national stakeholders have demonstrated commitment to and ownership of the project activities. The choice of drought resilience infrastructure and need for capacity building were the results of agreed consensus of technical discussions held during the project identification, preparation and appraisal stages. Project sustainability will be ensured through strengthened and sustainable institutional framework based on the use of existing country systems. Moreover, the stakeholders are invested in finding ways to adapt to climate changes and will thus share and upscale the knowledge garnered from the local to national to regional levels. The DRSLP structure also allows for that upscaling which promotes greater sustainability.

4.4.3 The project will be community-driven and government facilitated. The beneficiaries have been consulted all along in the design of the project. Their continued involvement at implementation and

monitoring and evaluation of project achievements will increase the sense of ownership and responsibility and lead to the sustainability of the investments. In kind cost sharing to maintain and manage community investments, will be promoted as much as possible to further enhance investment sustainability.

4.4.4 The project also seeks to integrate the ASAL into the mainstream of the national economy by increasing household incomes, exploiting in a sustainable and equitable manner its natural resources, improving resource utilization while enhancing its conditions, and sustaining livelihoods.

4.4.5 Capacity-building activities of the various stakeholders, particularly with NGOs working in the region, will ensure continuity and monitoring of project results. Indeed, due to the training on climate change data as part of Component 1 of the project, technical and institutional capacity, both at national, regional and local levels will be strengthened to mainstream adaptation to climate change in long-term development plans. The awareness of climate change will contribute to a pro-active and sustainable involvement of local actors (NGOs) and beneficiaries in planning for adaptation to climate change.

4.4.6 The second component of this project also demonstrates sustainability through development of sustainable livelihoods. With the spread of irrigation technologies, resilient equipment and infrastructure, and the acquisition of resistant varieties and seeds, agro-pastoral and pastoral communities will have greater productivity and their income will increase by diversifying their sources of revenue to increase food security in a sustainable manner.

4.4.7 The combination of investment in infrastructure and technical capacity building for watershed management and resilience is also a sustainability advantage. In addition, the project builds on a sustainable income growth among the beneficiaries, which will support the maintenance of infrastructure and ecological services that are at the base of livelihoods.

4.5 Risk management

Risk	Risk Rating	Mitigation	Risk Rating with mitigation
Climate-change related risks			
Increases in temperature open new areas to cultivation, adding new threats to the viability of nomadic pastoral systems	Moderate	Diversification of sources of income will make pastoral communities more resilient to any change in one particular source of income. Moreover, the trainings, public awareness activities under Component 1 will better inform pastoralists of climate change, associated risks and the linkages with income-generating behaviour.	Low
A series of years without major climate change events weaken the interest of national and local decision-makers and other stakeholders to addressing climate-sensitive initiatives and investments	Moderate	National and local decision-makers will be trained on climate change dynamics, so that they can contextualize specific climate events. Climate change adaptation will be mainstreamed in policy documents, so decision-makers will be committed to implement climate-sensitive initiatives and investments.	Low
Policy-related risks			
Sectoral development policies and programmes promote the settlement of migratory pastoralist affecting negatively pastoralist adaptation strategies	Moderate	Training and policy development will have an integrated approach, highlighting the interaction of different dimensions. Diversification of sources of income of pastoralist communities will be promoted.	Low

Risk	Risk Rating	Mitigation	Risk Rating with mitigation
Investment-related risks			
The cost of livestock-related investments may become very high given the very low population densities and high seasonal mobility of pastoral groups	Moderate	The investments will have long-term impacts and have positive externalities to a wider community. In addition, the project will promote the establishment of community-based management systems, including the involvement of community members in the maintenance of infrastructure. Moreover, the government is strongly engaged and will contribute to planning, construction and maintenance of the infrastructures.	Low
The livestock commodity chain is dominated by brokers and wealthy exporters at the expense of primary small-scale producers.	Moderate	The DRSLP Baseline project complements RLACC is addressing this issue	Low
Institutional risks			
Poor coordination and cooperation among key national institutions dealing with pastoralist issues	Moderate	All relevant stakeholders will be trained and coordination issues will be explicitly addressed.	Low
A weak non-governmental movement cannot assist the state in providing services and facilitating community-led initiatives	Moderate	NGOs with proven experience in the field will be selected and trained so that capacity increases	Low
Social risks			
Conflicts between pastoralists and sedentary farmers as well as between different pastoral groups	Moderate	The project will benefit different communities and will contribute to the diversification of income sources, promoting a more complex individual approach to collective issues. Dialogue and conflict resolution will be promoted. An integral approach will be promoted so that all stakeholders share a vision of the change.	Low
Inadequate acknowledgement of the role of the civil society by national governments	Moderate	National and local officials will be trained in resilience to climate change which will highlight the importance of civil society for climate change adaptation	Low

4.6 Knowledge building

4.6.1 The implementation of the project for long term resilience to drought will generate a number of challenges and lessons at national and regional levels, which will be documented in the project progress reports, audit reports, mid-term review reports, and completion reports. During the implementation, other information routinely collected will feed in the monitoring and evaluation process. Discussion with the beneficiaries, during project implementation will also be valuable source of knowledge to be captured and shared.

4.6.2 The project will also develop guidelines, manuals and training for staff of sector authorities at national levels, organize exchanges between communities and countries in the region participating in DRSLP in order to share best practices in resilient agro-pastoral development, integrating local knowledge as well as the technologies for adaptation to climate change. The project will also work with NGOs already active in the region to increase capacity and knowledge of local actors.

4.6.3 Information exchange links will be established between this project and the regional component of DRSLP, which is implemented by IGAD. The information generated on the implementation and the monitoring of the key indicators of the RLACC program will feed into the

DRSLP national components of the participating countries and also in the regional M&E system at IGAD.

4.6.4 Finally, the monitoring and evaluation system put in place to prepare periodic reports information on the performance of the project and its progress towards the achievement of objectives. At the end of the project a completion report will be produced, and an independent evaluation, according to the standards required by the GEF and the Bank. It will document the project's impacts and lessons learned from its implementation.

V. LEGAL INSTRUMENTS AND AUTHORITY

5.1 Legal Instruments

5.1.1 The RLACC makes use of grant financing from the GEF and will be supervised and monitored by the AfDB as an implementing agency for the GEF. As such the legal framework of the RLACC will be governed by a Protocol of Agreement between the Bank and the Governments of Djibouti and Kenya including the usual terms and conditions.

5.2 Conditions associated with the Bank's Intervention

5.2.1 Conditions Precedent to Entry into Force of the Grants: the Grants Protocol of Agreements shall enter into force on the date of their signature.

5.2.2 The obligation of the Fund to make the first disbursement of the Grants resources to the Recipients shall be conditional upon the entry into force of the Protocol and to the fulfillment by the Recipients of the following conditions:

- (i) The project will have to open 2 special accounts (for foreign and local currency payments) in the name of the Recipient at a bank acceptable to the Fund to receive the Grant resources;
- (ii) Preparation of the initial annual work plan and the procurement plan to the satisfaction of the Fund.

5.3 Compliance with Bank Policies

This project complies with all applicable Bank policies.

VI. RECOMMENDATION

Management recommends that the Boards of Directors approve, on a lapse-of-time basis, the proposed GEF incremental grant financing of USD 5,484,000 (including USD 406,222 as agency fees) to the Government of Djibouti and USD 2,784,000 (including USD 206,222 as agency fees) to the Government of Kenya for the purposes and subject to the conditions stipulated in this report.

Annexe 1. CEO Endorsement Letter of the full size project Djibouti



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Naoko Ishii
CEO and Chairperson

February 24, 2016

Mr. Mahamat Assouyouli
GEF Coordinator
African Development Bank
01 B.P. 1387 Abidjan
Cote D'Ivoire

Dear Mr. Assouyouli:

I am pleased to inform you that I have endorsed the full-sized project proposal detailed below:

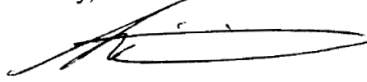
Decision Sought:	CEO Endorsement of Sub-Project under a Program
GEFSEC ID:	9325
Agency(ies):	AfDB
Focal Area:	Climate Change
Project Type:	Full Size Project ¹
Country(ies):	Djibouti
Name of Project:	RLACC - Rural Livelihoods' Adaptation to Climate Change in the Horn of Africa (PROGRAM)
Parent Program:	Regional: RLACC - Rural Livelihoods's Adaptation to Climate Change in the Horn of Africa (PROGRAM)
GEF Project Grant:	\$5,077,778
Agency Fee:	\$406,222
Funding Source:	Least Developed Countries Fund

I am endorsing this project on the understanding that the GEF Agency will have its internal approval of the project no later than four months after the CEO endorsement.

1818 H Street, NW • Washington, DC 20433 • USA
Tel: +1 (202) 473 3202 - Fax: +1 (202) 522 3240
E-mail: gefceo@thegef.org
www.thegef.org

This endorsement is subject to the comments made by the GEF Secretariat in the attached document. It is also based on the understanding that the project is in conformity with LDCF focal areas strategies and in line with GEF/LDCF policies and procedures.

Sincerely,



Naoko Ishii
Chief Executive Officer and Chairperson

Attachment: GEFSEC Project Review Document
Copy to: Country Operational Focal Point, GEF Agencies, STAP, Trustee

¹ Projects submitted under "Programs Accessible to GEF Agencies with Board" do not require PIFs. Hence, this project comes fully developed and is submitted directly for CEO Endorsement.

Annexe 2. CEO Endorsement Letter of the full size project Kenya



Naoko Ishii
CEO and Chairperson

February 29, 2016

Mr. Mahamat Assouyouiti
GEF Coordinator
African Development Bank
01 B.P. 1387 Abidjan
Cote D'Ivoire

Dear Mr. Assouyouiti:

I am pleased to inform you that I have endorsed the full-sized project proposal detailed below:

Decision Sought:	CEO Endorsement of Sub-Project under a Program
GEFSEC ID:	9326
Agency(ies):	AfDB
Focal Area:	Climate Change
Project Type:	Full Size Project
Country(ies):	Kenya
Name of Project:	RLACC - Rural Livelihoods' Adaptation to Climate Change in the Horn of Africa (PROGRAM)
Parent Program:	Regional: RLACC - Rural Livelihoods's Adaptation to Climate Change in the Horn of Africa (PROGRAM)
GEF Project Grant:	\$2,577,778
Agency Fee:	\$206,222
Funding Source:	Special Climate Change Fund

I am endorsing this project on the understanding that the GEF Agency will have its internal approval of the project no later than four months after the CEO endorsement.

This endorsement is subject to the comments made by the GEF Secretariat in the attached document. It is also based on the understanding that the project is in conformity with SCCF focal areas strategies and in line with GEF/SCCF policies and procedures.

Sincerely,

Naoko Ishii
Chief Executive Officer and Chairperson

Attachment: GEFSEC Project Review Document
Copy to: Country Operational Focal Point, GEF Agencies, STAP, Trustee

1818 H Street, NW • Washington, DC 20433 • USA
Tel: +1 (202) 473 3202 - Fax: +1 (202) 522 3240
E-mail: gefceo@thegef.org
www.thegef.org

Annexe 3. Bank portfolio in Djibouti (as at May 2016)

Project name	No. Grant / Loan	Approv. date.	Amount approved (M.UC)	Disb. Rate	Age	Closing date
OPERATIONS SECTEUR PUBLIC			42,909	9%	2,3	
SECTEUR SOCIAL			7,500	1%	0,9	
Projet d'appui à la réalisation des infrastructures socio-économiques et à la promotion des activités économiques	2100155033693	10.07.15	7,500	1%	0,9	31.12.20
SECTEUR EAU ET ASSAINISSEMENT			6,291	6%	3,5	
AEPA en milieu rural & centres secondaires	2100155024119	27.11.12	3 500	10%	3,5	31.12.17
AEPA en milieu rural & centres secondaires	5800155001002		2,312	2%		31.12.17
SECTEUR ENERGIE			3 800	3%	2,9	
Projet exploratoire géothermique (Don)	2100155025466	28.06.13	3 531	2 %	2,9	31.12.17
Projet exploratoire géothermique (Prêt)	2100150029643		0,269	17%		31.12.17
MULTISECTEUR			2,484	5,51%	3,5	
Renforcement des capacités institutionnelles	5900155004302	12.11.12	1,296	27%	3,5	31.07.16
Appui Structures d'Élaboration des données statistiques	5900155004301	12.11.12	1,064	79%	3,5	30.06.16
AGRICULTURE (MULTINATIONAL)			22,200	6%	2,2	
Prog. résilience à la sécheresse et de dével. des moyens de subsistance durables, DRSLP I - Djibouti	2100155024217	19.12.12	10,700	11 %	3,4	31.12.17
Prog. résilience à la sécheresse et de dével. des moyens de subsistance durables, DRSLP III - Djibouti	2100150033443	17.06.15	11,500	2 %	0,9	31.12.20
AIDE D'URGENCE			0,728	100%	0,8	
Aide d'urgence pour une assistance aux réfugiés en provenance du Yémen	5000199004018	06.08.15	0,728	100 %	0,8	30.06.16
OPERATIONS SECTEUR PRIVE			65,044	100%	-	
Terminal Vraquier de Djibouti	2000120000115	03.12.03	7,280	100%	-	11.06.08
Terminal à conteneurs de Doraleh	2000120001819	24.09.08	57,764	100%	-	16.12.09
TOTAL PORTEFEUILLE			107,953	64%	-	

Annexe 4. AfDB's portfolio in Kenya

PROJECT NAME	Main Sector	Approval Date	Effect. Date	Closing	Approved Loan UA	Disb. Ratio
1. Roads 2000 - Districts Rural Roads Rehabilitation Project: North and South Regions	Transport/ Roads	12.07.2001	29.04.2002	30.12.2008	20,000,000.00	42.30%
2. Nairobi - Thika Highway Improvement Project	"	21.11.2007	29.07.2008	Dec. 2010	117,850,000.00	0.00%
	"	21.11.2007	29.07.2008	Dec. 2010	3,150,000.00	0.00%
3. Rift Valley Water Supply and Sanitation Project	Water & Sanitation	07.07.2004	21.12.2004	31.12.2009	13,040,000.00	43.01%
	"	07.07.2004	6.09.2004	31.12.2009	5,020,000.00	40.39%
4. Water Services Boards Support Project	"	Nov-07	26.11.2008	Dec. 2011	35,190,000.00	0.00%
	"	Nov-07	-	Dec. 2011	10,070,000.00	0.00%
5. Green Zones Development Support Project	Agriculture	12.10.2005	27.02.2006	31.12.2013	25,040,000.00	35.77%
6. Ewaso Ng'iro North Natural Resources Conservation Project	"	22.04.2005	27.09.2005	31.12.2012	13,590,000.00	20.33%
	"	22.04.2005	16.06.2005	31.12.2012	2,890,000.00	34.65%
7. ASAL-Based Livestock and Rural Livelihoods Support Project	"	17.12.2003	22.09.2004	31.12.2011	18,410,000.00	51.92%
	"	17.12.2003	09.08.2005	31.12.2011	3,170,000.00	59.03%
8. Kimira- Oluch Smallholder Farm Improvement Project	"	31.05.2006	21.09.2006	30.09.2013	22,978,992.00	2.46%
	"	31.05.2006	20.10.2007	30.09.2013	1,153,332.00	2.08%
9. Small-Scale Horticulture Development Project	"	05.09.2007	20.5.2008	Jan. 2014	17,000,000.00	1.20%
10. Education III Project	Social	17.12.2003	24.11.2004	31.12.2010	24,260,000.00	1.03%
	"	17.12.2003	24.11.2004	31.12.2010	6,750,000.00	0.73%
11. Rural Health III Project	"	07.07.2004	15.03.2005	31.12.2010	17,180,000.00	11.09%
	"	07.07.2004	15.03.2005	31.12.2010	6,000,000.00	52.86%
12. Kenya Institutional Support to Good Governance	Institutional reforms	26.07.2006	08.12.2007	30.09.2009	5,520,000.00	14.20%
13. Community Empowerment & Institutional Support Project	"	17.12.2007	-	Mar. 2013	17,000,000.00	0.00%
14. Kisumu District Primary Schools Water and Sanitation Project	"	19.12.2006	29.01.2007	Sep-08	198,317.04	100.00%
15. Technical Industrial Vocational and Entrepreneurship Training (TIVET)	Social	16.12.2008	-	31.12.2013	25,000,000.00	0.00%
16. Integrated Land and Water Management	Water & Sanitation	06.02.2009			1,936,000.00	0.00%
17. Mombasa - Nairobi - Addis Ababa Road Corridor Project	Transport/ Roads	13.12.2004	07.04.2005	31.12.2010	33,600,000.00	20.90%
	"	13.12.2004	07.04.2005	31.12.2010	1,200,000.00	29.01%
18. Arusha - Namanga - Athi River Road Development Project	"	13.12.2006	30.04.2007	31.12.2012	49,241,000.00	8.01%
19. Creation of Sustainable Tsetse Eradication Program	Agriculture	08.12.2004	07.04.2005	31.12.2011	6,550,000.00	48.49%
20. Nile Equatorial Lakes Electric Grid - NELSAP	Energy	27.11.2008	-	31.1.2014	17,730,000.00	0.00%
21. African Virtual University Support Project	Social	13.12.2004	07.03.2005	30.09.2009	5,000,000.00	57.57%
Total					525,717,641.04	12.32%

BOARDS OF DIRECTORS

Resolution N° B/Z1/2016/83 - F/Z1/2016/115

Adopted by the Board of the Bank and the Board of the Fund on a lapse of time basis on 15 December 2016

Multinational: Grant to the Republic of Kenya from the resources of the Global Environment Facility for the financing of the Rural Livelihoods' Adaptation to Climate Change in The Horn of Africa Program**THE BOARDS OF DIRECTORS,**

HAVING REGARD to: (i) Articles 1, 2, 10, 12, 13, 17 and 32 of the Agreement Establishing the African Development Bank (the "Bank"); (ii) Articles 2 and 26 of the Agreement Establishing the African Development Fund (the "Fund"); (iii) the Memorandum of Understanding (the "MOU") signed on 9 February 2005 between the Bank, the Fund and the Secretariat of the Global Environment Facility (the "GEF"); (iv) the Financial Procedures Agreement (the "FPA") signed between the Bank and the International Bank for Reconstruction and Development as Trustee of the GEF; and (v) the Appraisal Report contained in document ADB/BD/WP/2016/236/Approval - ADF/BD/WP/2016/172/Approval (the "Appraisal Report");

NOTING that the GEF was established to provide funding for projects designed to improve the global environment;

CONSIDERING: (i) that pursuant to the MOU and the FPA, the Bank is one of the Executing Agencies for the GEF, and in this capacity is entitled to submit project proposals directly to the GEF Secretariat; and (ii) the grant proposal contained in the Appraisal Report for the financing of the Rural Livelihoods' Adaptation to Climate Change in the Horn of Africa Program (the "Program");

TAKING NOTE of the Letter of the Chief Executing Officer of GEF dated 29th February 2016, endorsing the Program;

DECIDE as follows:

1. To approve the implementation of the Program by the Bank with resources of the GEF, which provides a Grant in an amount not exceeding Two Million Seven Hundred and Eighty-Four Thousand United States Dollars (USD 2 784 000) to the Republic of Kenya for the financing of the Program;
2. To instruct Management to implement the Program with such financing and to authorize the President to conclude a Protocol of Agreement with the Republic of Kenya in accordance with the MOU, the FPA and the Appraisal Report;
3. The President may decide that the Bank will not implement the Program and may cancel its implementation if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the implementation; and
4. This Resolution shall become effective on the date above-mentioned.

BOARDS OF DIRECTORS

Resolution N° B/Z1/2016/84 - F/Z1/2016/116/

Adopted by the Board of the Bank and the Board of the Fund on a lapse of time basis on 15 December 2016

Multinational: Grant to the Republic of Djibouti from the resources of the Global Environment Facility for the financing of the Rural Livelihoods' Adaptation to Climate Change in The Horn of Africa Program

THE BOARDS OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 10, 12, 13, 17 and 32 of the Agreement Establishing the African Development Bank (the "Bank"); (ii) Articles 2 and 26 of the Agreement Establishing the African Development Fund (the "Fund"); (iii) the Memorandum of Understanding (the "MOU") signed on 9 February 2005 between the Bank, the Fund and the Secretariat of the Global Environment Facility (the "GEF"); (iv) the Financial Procedures Agreement (the "FPA") signed between the Bank and the International Bank for Reconstruction and Development as Trustee of the GEF; and (v) the Appraisal Report contained in document ADB/BD/WP/2016/236/Approval - ADF/BD/WP/2016/172/Approval (the "Appraisal Report");

NOTING that the GEF was established to provide funding for projects designed to improve the global environment;

CONSIDERING: (i) that pursuant to the MOU and the FPA, the Bank is one of the Executing Agencies for the GEF, and in this capacity is entitled to submit project proposals directly to the GEF Secretariat; and (ii) the grant proposal contained in the Appraisal Report for the financing of the Rural Livelihoods' Adaptation to Climate Change in The Horn of Africa Program (the "Program");

TAKING NOTE of the Letter of the Chief Executing Officer of GEF dated 24 February 2016, endorsing the Program;

DECIDE as follows:

1. To approve the implementation of the Program by the Bank with resources of the GEF, which provides a Grant in an amount not exceeding Five Million Four Hundred and Eighty-Four Thousand United States Dollars (USD 5 484 000) to the Republic of Djibouti for the financing of the Program;
2. To instruct Management to implement the Program with such financing and to authorize the President to conclude a Protocol of Agreement with the Republic of Djibouti in accordance with the MOU, the FPA and the Appraisal Report;
3. The President may decide that the Bank will not implement the Program and may cancel its implementation if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the implementation; and
4. This Resolution shall become effective on the date above-mentioned.