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AFRICAN DEVELOPMENT BANK GROUP

PROJECT APPRAISAL REPORT

MULTI-NATIONAL - CLIMATE DISASTER RISK FINANCING PROJECT

MULTI-NATIONAL (COMOROS, DJIBOUTI, SOMALIA, AND SOUTH SUDAN)

April 2024

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CURRENCY EQUIVALENTS

Exchange rate effective 3/7/2023

Currency Unit[1]	Equivalent
1 Unit of Account	1.34701 USD

FISCAL YEAR

1 January 2024 – 31 December 2024

WEIGHTS AND MEASURES

1 Metric ton	2.204,62 Pounds (lbs)
1 Kilogramme (kg)	2.20462 lbs
1 Meter (m)	3.28 Feet (ft)
1 Millimetre (mm)	0.03937 Inch (“)
1 Kilometre (km)	0.62 mile
1 Hectare (ha)	2.471 acres

[1] Add any additional foreign or local currencies relevant to the project and their currency equivalents.

ABBREVIATION AND ACRONYMS

ADF	African Development Fund
ADRiFi	Africa Disaster Risk Financing Programme
AfDB	African Development Bank
ARC	African Risk Capacity
ASAL	Arid and Semi-Arid Lands
CatDDO	Catastrophe Deferred Draw-Down Option
CAW	Climate Action Window
CBA	Cost-Benefit Analysis (CBA)
CRFA	Country Resilience and Fragility Assessment
CSP	Country Strategy Paper
DP	Development Partner
DRF	Disaster Risk Finance
DRM	Disaster Risk Management
EA	Executing Agency
EA-RISP	East Africa Regional Integration Strategy Paper
EIRR	Economic Internal Rate of Return
ESCON	Environmental and Social Compliance Note
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
FC	Foreign Currency
FIRR	Financial Internal Rate of Return
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Green House Gases
HOA	Horn of Africa
HDI	Human Development Index
HDR	Human Development Report
IDP	Internally Displaced Persons
IPC	Integrated Food Security Phase Classification
IPR	Implementation Progress Reviews
LC	Local Currency
LDC	Least Developed Country
LDCF	Least Developed Countries Fund
M&E	Monitoring and Evaluation
MDTF	Multi-Donor Trust Fund
MoPIED	Ministry of Planning and International Cooperation

MTR	Mid-Term Review (MTR
ND-GAIN	Notre Dame Global Adaptation Initiative
NDP	National Development Plan
NGO	Non-Governmental Organization
NPV	Net Present Value
OCB	Open Competitive Bidding
PAR	Project Appraisal Report
PCN	Project Concept Note
PCR	Project Completion Report
PFM	Public Financial Management
PGSF	Premium Guarantee Support Facility
PIU	Project Implementation Unit
PLW	People Living with Disabilities
RAP	Resettlement Action Plan
RDGE	Regional Directorate General for East Africa
RMC	Regional Member Country
SD	Solicitation Documents
SDG	Sustainable Development Goals
SEAH	Sexual Exploitation and Harassment
SODMA	Somalia Disaster Management Agency
TOR	Terms of Reference
TPIA	Third-Party Implementation Agency
TYS	Ten-year Strategy
UA	Unit of Account
UNDP	United Nations Development Programme
USD	United States Dollars

PROJECT INFORMATION SHEET

CLIENT INFORMATION

Project Name	Multi-National Climate Disaster Risk Financing Project
Sector	Multi-Sector - Climate Disaster Risk Finance
Grant Recipient	Comoros, Djibouti, Somalia, and South Sudan
Project Instrument	Grants
Executing Agencies	Comoros - General Directorate of Civil Security Djibouti - Ministry of Finance Somalia - Somalia Disaster Management Agency South Sudan - Food and Agriculture Organization of the United Nations

COUNTRY AND STRATEGIC CONTEXT

Country Strategy Paper Period:	Comoros - 2021-2025 Djibouti - 2023-2027 Somalia 2022 – 2024 (I-CSP) South Sudan 2022 - 2024
Country Strategy Paper Priorities supported by Project:	Comoros - Reducing fragility and building resilience to promote structural transformation and emergence. Djibouti – Support the country in its efforts to promote more inclusive growth by accelerating structural transformation and economic diversification. Somalia - Priority Area 2: Capacity building for a stronger state and inclusive economy South Sudan - Priority 1: Agriculture value chains development for economic diversification and resilience
Government Program (PRSP, NDP, or equivalent):	Comoros - Emerging Comoros Plan 2030 Djibouti - Djibouti ICI 2020–2024 Somalia - Somalia Ninth National Development Plan (NDP-9), 2020-2024 South Sudan - Revised National Development Strategy (R-NDS), 2021-2024
Project classification:	High 5: Feed Africa Sub-Theme: 1.6 Inclusivity and sustainable development (gender/jobs/climate)
	Sustainable Development Goals (SDGs): SDG 2 (end hunger, achieve food security and improved nutrition, and promote sustainable agriculture), SDG 5 (Achieve gender equality and employment for all women and girls,) and SDG 13 (take urgent action to combat climate change and its impacts)
	Selectivity Priorities: Improve nutrition and food security; Strengthen agriculture value chains
Country Performance and Institutional Assessment[2]:	Comoros – 2.35, Djibouti – 3.23, Somalia – 2.083 (2021), South Sudan – 1.9 (2023)
Projects at Risk in the country portfolio:	Comoros – No projects at risk Djibouti – No projects at risk Somalia – No projects at risk South Sudan – No projects at risk Multi-national portfolio – 2%

[2] Obtain CPIA rating here - Country Policy and Institutional Assessment (afdb.org) (VPN required)

PROJECT CATEGORISATION

Environmental and Social Risk Categorization	Category 3, 12 September 2023
Does the project involve involuntary resettlement?	No
Climate Safeguards Categorization:	Category 3
Fragility Lens Assessment:	Yes
Gender Marker System Categorization:	Category 2

KEY FINANCING INFORMATION

Source	Amount		Financing Instrument
	USD	UA	
African Development Fund	8.66	6.50	Grant
Global Environment Facility – LDCF	8.94	6.64	Grant
ADRiFi MDTF	16.20	12.03	Grant
Government Counterpart Contribution: in-kind	1.45	1.07	In-Kind
Total Project Cost:	35.25	26.24	

PROJECT DEVELOPMENT OBJECTIVE AND COMPONENTS

Project Development Objective:	To enhance the resilience and response to climate shocks in Comoros, Djibouti, Somalia, and South Sudan by improving the management of climate disaster risks
Project Components:	Component 1 Setting the enabling environment for the adoption of climate risk financing instruments in the targeted beneficiary countries, USD 5.06 million
	Component 2 Improving uptake of climate and disaster risk financing instruments in the targeted beneficiary countries and other African LDCs, USD 24.30 million
	Component 3 Strengthening adaptation and resilience of the targeted beneficiary countries against climate risks, USD 2.01 million
	Component 4: Program management, USD 3.89 million

PROJECT PROCESSING SCHEDULE TO BOARD APPROVAL

PCN Approval:	PCN not required as per the ADRiFi Programme framework approved by the Board
Appraisal Mission:	Somalia and Comoros (17 July 2023 – 28 July 2023) South Sudan (18 – 22 September 2023) Djibouti (2 - 6 October 2023)
Planned Board Presentation:	05 April 2024
Effectiveness:	01 May 2024
Project Implementation Period:	01 May 2024 – 31 December 2028
Planned Mid-term Review:	June 2026
Project Closing Date:	30 June 2029

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1 STRATEGIC CONTEXT

A. Country Context, Strategy, and Objectives

1. Djibouti, Somalia, and South Sudan are located in the Horn of Africa (HOA), a large extension o land that protrudes from the eastern edge of the continent of Africa, lying between the Indian Ocean to the eas and the Gulf of Aden to the north. Although the "Horn of Africa" was previously used to define a politica region that consists of Djibouti, Ethiopia, Eritrea, and Somalia, the Greater HOA consists of more than th typical four countries, and includes Kenya, South Sudan, Sudan, and Uganda. These countries are socially economically, and ecologically diverse and, at the same time, are related geographically, historically, an demographically. They are also all members of the Intergovernmental Authority on Development (IGAD), wit ambitions to embark on regional integration. The region has a population of over 230 million people. Th archipelago of Comoros consists of three volcanic islands (Grande Comore (also known as Ngazidja), Anjoua (also known as Ndzuwani), and Moheli (also known as Mwali)) in the middle of the southern waters of th Indian Ocean. As a Small Island Developing State (SIDS), the country is characterised by inter alia: i) geographical isolation; ii) a rapidly expanding population; iii) limited natural resources; iv) poor economi resilience; and v) vulnerability to sea level rise and natural disasters. The main risks come from tropica cyclones and excess rains and flooding associated with the cyclones.

2. Comoros, Djibouti, Somalia, and South Sudan are among the poorest economies in Africa because o an extended sequence of both natural and human-induced events that result in a series of economic shocks. Th targeted countries are subject to severe droughts, flooding, and other climate-related events that exacerbate th underlying stressors and cause economic distress. Future climate projections indicate an increase in th frequency and intensity of extreme weather events. This will have devastating consequences for huma wellbeing and the livelihoods of rural people in the targeted countries. The economies are already fiscally constrained, fragile, and dependent on imports, with underdeveloped manufacturing and industries, and servic sectors. These fragilities are coupled with weak infrastructure and human capacity. Djibouti, Somalia, an South Sudan are known for their long history of armed conflict, large influxes of refugees, and weak stat capacity and governance. They are located in one of the world's poorest regions, where weak infrastructure widespread insecurity, frequent droughts, and limited livelihood opportunities condemn many people to poverty and vulnerability. These countries have experienced many social, political, and economi transformations since independence, resulting in military coups, inter-state and civil wars, revolutions, ethni and religious disputes, and complex humanitarian crises, among others. Some of the countries also face intra state conflicts and other local and national grievances.

3. Some progress has been made in socio-economic terms in the greater HOA region, especially i Kenya, Ethiopia, and Uganda, with major improvements in infrastructure and poverty reduction. And althoug growth rates in the region have, overall, been robust in recent years, countries face numerous major development challenges. The targeted countries rank near the bottom on the Human Development Index (HDI) According to the 2022 Human Development Report (HDR), Somalia and South Sudan are ranked last an second to last, respectively, on the HDI among 193 countries in the World. Comoros and Djibouti are ranke 152nd and 171st, respectively, out of 193 countries. The livelihood of most of the populations in the targeted countries is dependent on rain-fed agriculture and pastoralism. However, farming opportunities are only available to a small part of Djibouti and Somalia, as 70% of the area is made up of arid and semi-arid lands. Competition to access these limited natural resources is, thus, a major factor fuelling conflicts and insecurity in the region.

4. The multi-national project, submitted within the ADRiFi Programme Framework is aligned with th Bank's Ten-year Strategy (TYS, 2024-2033) and two of the Bank's 'High 5' priorities: "Feed Africa" an "Improve the Quality of Life of Africans". It is aligned with the Bank's Country Strategies for the individua countries and Pillar 3 of the HOA Initiative which dwells on strengthening resilience to climatic shocks including recurrent droughts, floods, and pests, as well as conflicts, displacements, and development of th borderlands. It is aligned with the Bank's East Africa Regional Integration Strategy Paper (EA-RISP) for 2023 2027 whose main objective is to accelerate structural transformation, address drivers of fragility, reinforce resilience and create decent jobs. Climatic and environmental shocks have been identified by the Bank as one of the main drivers of fragility in the HOA and Comoros, in addition to conflict and violence. It is aligned with the ADF-16 operational priorities of addressing resilience and fragility and promoting climate adaptation, the Bank's Gender Strategy (2021 – 2025) which aims to reduce gender inequality and empower women to actively

participate across the High 5s and especially because women and girls are most affected by climate shocks. The proposed investment is aligned with two priority areas of the Bank's Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026), notably strengthening institutional capacity and building resilient societies, and the Bank's Climate Change and Green Growth Action Plan (2021-2025), which prioritizes investments that enhance disaster risk management, such as those on data collection and knowledge management, early warning systems and decision making for disaster prevention and response. The proposed investment will also contribute towards the Sustainable Development Goals (SDGs), especially SDG 2 (end hunger, achieve food security and improved nutrition and promote sustainable agriculture) and SDG 13 (take urgent action to combat climate change and its impacts).

B. Sector and Institutional Context

5. The Comoros is particularly vulnerable to weather and natural events, and to climate change. Th main reasons are its geographic location, being an archipelago, and its dependence on agriculture and natura resources. Additionally, Comoros is going through a fast urbanization, largely unregulated, with limited fisca ability to manage its infrastructures, limited capacity to manage disasters across the territory. Comoros i subject to hydrometeorological (tropical cyclones, floods, tsunamis) risks, which account for close to 90 percen of its vulnerabilities. The country is also exposed to other risks, including geophysical (volcanic eruptions earthquakes, landslides) and biological (cholera epidemics, dengue, chikungunya, etc.). The existin vulnerability of the Comorian population to the impacts of climate change is exacerbated by an inadequat ability to effectively prepare for, prevent, and respond to climate-related disasters.

6. Djibouti experiences a semi-desert arid tropical climate, except for the mountainous regions in th northern Gulf of Tadjourah. Over the past forty years, natural disasters have affected more than half a millio people in Djibouti (about 50% of the population), which has a high level of risk to natural hazards. The countr is susceptible to floods, droughts, heat waves, and earthquakes, and is also one of the world's most water-scarc nations. Climate change exacerbates this issue, while sea-level rise poses a significant threat to the country' coastline, increasing the risk of inundation and salinization, which could damage port infrastructure an tourism. From 2008 to 2011, an extended drought across Djibouti reduced the country's GDP by 4%, with farmers and livestock herders being the hardest hit. The agriculture sector lost 50% of its GDP, directl impacting over 15% of the population. Djibouti has no permanent rivers or streams, and the extrem evaporation rate further exacerbates its water scarcity. About 33% of the population lives in high hazard ris zones, while 35% of the economy is chronically vulnerable to floods and drought. Djibouti is projected t become generally hotter and drier in the future, while sea-level rise is expected to result in the loss of significant portion of the northern and eastern coastlines. The most recent Integrated Food Security Phas Classification (IPC) analysis indicates that about 21% of the population of Djibouti, approximately 250,00 individuals out of over 1.18 million, are facing acute food insecurity (IPC Phase 3 or higher). This includes 7 in an Emergency situation (Phase 4) and 14% in a Crisis situation (Phase 3). Despite food assistance from th Ministry of Social Affairs and humanitarian partners, predominantly rural populations struggle due to limite food diversity, purchasing power, and livelihood access.

7. Somalia continues to experience significant climate change shocks, including droughts, floods, an cyclones. The country is characterized by generally high annual temperatures of about 30°C throughout th country, with the average monthly temperatures being highest between April and June. Droughts are the mos common climate-related disasters in Somalia, with devastating effects on the country's agriculture, livestock water resources and food security. The country's semi-arid and arid climate, coupled with erratic rainfal patterns and high evapotranspiration rates, make it particularly susceptible to droughts. The latest drought fro 2020 to 2022 that led to five failed seasons was the longest in 40 years. The IPC analysis of July to September 2022 indicated that approximately 6.7 million people across Somalia were facing high levels of acute food insecurity (IPC Phase 3 or above) between October and December 2022. This included 2.2 million people in Emergency situation (IPC Phase 4) and at least 300,000 people in Catastrophe situation (IPC Phase 5). The subsequent analyses in 2022 and 2023 indicated numbers above five million facing high levels of food insecurity, attributed to drought and chronic poverty. Floods are also a significant climate risk in Somalia, with significant impacts on the country's infrastructure, agriculture, and livelihoods. Floods in Somalia are typically caused by heavy rainfall, often associated with tropical cyclones and the East African monsoon. Both flash floods and riverine flooding have become more common in Somalia in recent years. Flash floods are common in the northern areas, especially in low-lying and built-up areas. Tropical cyclones don't happen very often in

Somalia. However, from 2015 to 2020, the country experienced storms every year that destroyed a lot of property because of the strong winds and heavy rains that caused flash floods.

8. South Sudan is at risk to several natural hazards, including floods, droughts, and climate-relate epidemics. Climate-related hazards are seen to intensify intercommunal conflicts over natural resources driving population displacement and worsening food insecurity. Flooding is the most prevalent hazard affectin the highest number of people year on year and a major driver of displacement, followed by conflicts. Floodin mainly occurs between July and September, when heavy rains fall in most parts of the country, leading to th flooding of the Nile River tributaries. Exceptionally severe floods in 2019 affected 900,000 people an displaced about 420,000. The impacts of climate shocks are exacerbated by widespread food insecurity According to the most recent IPC analysis (October to November 2022), about 6.6 million people, or over hal of South Sudan's population (54%), are experiencing high levels of acute food insecurity, classified in Crisi situation (IPC Phase 3) or worse between October and November. The highly food insecure populations are i locations with chronic vulnerabilities worsened by frequent climate-related shocks (severe flooding and dr spells), the macro-economic crisis, conflicts and insecurity, and low agricultural production.

C. Rationale for Bank's Involvement

9. Management of climate-related crises in Africa, including the targeted countries, has generally bee reactive and while there are facilities for anticipatory planning, the response has been ex-post. This ha generally led to more fatalities, and loss of livelihoods, disruption of economic growth by damages to physica infrastructure and assets, losses from reduced production, tax revenue, budget reallocations to manage socia protection programmes amidst limited liquidity for disaster response and recovery. Governments have ofte relied on humanitarian appeals after climate disaster events, leading to delayed response, affected population getting trapped in negative coping mechanisms and with growing climatic changes, recovery programme addressing immediate lifesaving needs at the expense of building back better towards resilience. Such reactiv approaches are expensive, slow, and place the population at risk with limited cushion unless changes ar adopted towards proactive planning and management of the changing climate.

10. The Bank has been supporting the implementation of the ADRiFi programme in collaboration with the African Risk Capacity (ARC) over the last five years. The ADRiFi programme is currently being implemented in 15 countries and the Bank has invested over USD 100 million in the programme. The programme has protected more than five million people as of 30 December 2022 with sovereign risk insurance against severe climate hazards and enhanced anticipatory planning for climate disaster risks. Six countries (Madagascar, Malawi, Mauritania, Niger, The Gambia, Zambia) have so far received pay-outs of about USD 35 million from about USD 12 million invested in premiums through the Pan-African Risk Pool run by ARC. This helped these countries to have timely liquidity to address immediate lifesaving needs of the populations that were at risk of food insecurity, minimized the fiscal pressure and populations received timely assistance, which helped to enhance recovery and resilience. The Bank, is thus, well positioned to support the countries in the HoA region and Comoros to adopt ex-ante risk management instruments and development climate risk management solutions to reduce the protection gap.

D. Development Partners Coordination

11. Coordination of development partners in the different countries is undertaken under different coordination mechanisms, including the UN Country Teams and the HOA Initiative. The project will build on the HOA DRIVE Program, financed by the World Bank which aims to protect pastoralists with drought insurance, savings, and digital financial services at the micro-level. The project will be coordinated with the Replica Programme implemented by the Start Network in Somalia. Under the Replica Programme, the Start Network aims to enhance protection against drought disasters by expanding sovereign climate insurance. In the Comoros, the United Nations Development Programme (UNDP) is a key player in supporting the country's disaster risk management in the areas of preparedness, prevention, response, and recovery. The European Union (EU) supports the Environment, Fisheries, and Civil Protection Department as part of its Green Pact program. The World Bank Group is supporting the Directorate General of Civil Security in post-disaster rehabilitation and reconstruction by building warehouses on the three islands. The IMF has a trust fund called the Resilience and Sustainability Trust, which could potentially support the country's response to climate shocks.

2 PROJECT DESCRIPTION

A. Project Development Objective

12. The overall objective of this project is to enhance the resilience and response to climate shocks in Comoros, Djibouti, Somalia, and South Sudan by improving the management of climate disaster risks. The specific objectives are to:

1. Create an enabling environment for the adoption of climate risk financing instruments in the targeted beneficiary countries;

2. Improve uptake of climate and disaster risk financing in the targeted beneficiary countries and other African LDCs; and,

3. Strengthen adaptation and resilience of the targeted beneficiary countries against climate risks.

B. Theory of Change

13. Climate change is perhaps the most serious pressure affecting lives and livelihoods in Comoros Djibouti, Somalia, and South Sudan. The targeted countries are vulnerable to climate-related risks, manifeste through highly variable and erratic rainfall patterns together with rising temperatures, droughts and floods tha have increased in frequency and intensity in recent years. The economies and livelihoods of the targete countries are highly dependent on rain-fed agriculture, which is extremely sensitive to weather and climat variability. Across the HOA, at least 19.4 million people were affected by the drought which began in Octobe 2020 and lasted until December 2022. Because of this drought, at least 7 million livestock—which pastoralist families rely upon for sustenance and livelihoods— died across the region, including more than 1.5 million in Kenya, between 2.1 million and 2.5 million in southern and south-eastern Ethiopia, and 3 million in Somalia. Sustainable development in the region is unlikely to be achieved without addressing the climate crisis there.

14. Despite the exposure of the targeted countries to several climate hazards, the countries do not have adequate climate risk management and adaptation mechanisms to enable them build resilience to these climate hazards. The impacts of climate shocks are exacerbated by the rampant insecurity, weak governance structures and institutional capacity. There is need to strengthen the organizational, technical, institutional, and financing arrangements for disaster risk management (DRM) in the targeted countries, enhance disaster risk knowledge to allow for effective disaster preparedness and disaster risk reduction activities across sectors and to develop and strengthen multi-hazard early warning systems for effective decision-making and early actions.

15. The theory of change for this intervention is thus three-pronged. The first element focuses on creating an enabling environment to facilitate the adoption of ex-ante climate risk financing instruments. This will involve enhancing knowledge and awareness of risk financing instruments, developing institutional capacity for climate risk management, and developing climate risk financing strategy for the selected countries. This will lead to a strengthened understanding of climate risk exposure and the establishment of the necessary institutional climate risk management processes and frameworks required to strengthen adaptation and addressing fragility. The second element focuses on supporting the countries to sustainably participate in the sovereign risk pool of ARC Ltd over several years. This will increase risk ownership by the governments and reduce the financial protection gap among the most vulnerable people. Thirdly, investments in climate observation and risk dissemination infrastructure will not only improve early warning capacity but also increase preparedness against future climate risks. Underpinning this theory of change are the assumptions that an increased understanding of climate risk will lead to increased interest in adopting climate risk financing strategies, including parametric risk insurance; that the developed climate risk financing strategies are implemented and financed; that climate risk data are timely and accurate; that premium payments and guarantee facility payments are made on time and insurance payouts from ARC are used in line with agreed policies to benefit the vulnerable populations.

C. Project Components

COMPONENT 1: Setting the enabling environment for the adoption of climate risk financing instruments in the targeted beneficiary countries, USD 5.06 million

This component aims at building the overall capacity and understanding of climate risk and disaster risk management through assistance and capacity building under the following sub-components:

Sub-component 1.1: Strengthening understanding of climate risk exposure of the beneficiary countries and establishment of institutional climate risk management processes and frameworks needed to facilitate enhanced recovery from climate shocks and will include the following tasks:

- Improving understanding: Long-term technical and capacity building to main stakeholders to enhance their understanding of weather and climate information and risk, vulnerability, and exposure maps, and assist in improving coordination among key actors of the DRM systems. Particular emphasis shall also be given to implementing awareness campaigns on DRM at all levels.

- Support to plans: Provide technical and capacity support to improve the preparedness and response infrastructure, framework, and contingency plans, and support in enhancing the decentralization of civil protection systems.

- Data generation: Surveys to collect data on households, businesses, and other affected agents of vulnerability to climatic hazards, and training in statistical analysis and modeling of data collected for members of the ARC technical working group, which is partly composed of weather agents.

- Analysis: Analytical reviews and assessments of the flooding or drought exposure, vulnerability and risk Assessment, all elements that require capacity and understanding of various factors, including socioeconomic status, age, health, and the quality of the built environment, vulnerability data, food security and nutrition indicators, data quality and analysis (including hazard/risk analysis), and vulnerability assessments, with particular emphasis on key risks such as flooding and drought.

Sub-component 1.2: Enhancing understanding of climate risk financing instruments including index-based insurance by - relevant stakeholders in beneficiary countries (Governments, insurance regulators, private insurance companies, farmers associations and cooperatives, etc.). This will include the following tasks:

- Awareness building: Target stakeholders for awareness building including:

    - Members of National Disaster Risk Management Councils
    - Members of Country Disaster Management Committees, both at the country and regional levels
    - National members of the ARC Technical Working Group
    - Members and officials of National Early Warning Technical Working Group

Activities include training and capacity building to enhance the understanding of weather and climate information and risks, vulnerability and exposure maps, and the functioning of national climate monitoring and reporting systems at both national and regional levels. It could also, depending on demand, include training on food security and nutrition indicators, data quality and collection (methodologies, methods, tools), data analysis (including hazard/risk analysis), and vulnerability assessments, with particular emphasis on key risks such as flooding and drought.

- Review disaster risk management strategies: Technical assistance and capacity building for all relevant ministries and agencies to enhance the knowledge and understanding of risks, risk mitigation and adaptation, risk management instruments and their complementarity. This will include (a) reviewing the existing disaster risk financing frameworks, budgeting process appropriation for preparedness and emergency funding, tagging across ministries, agencies, and provide appropriate knowledge and capacity building across the various stakeholders, and (b) evolve various financing instruments into a comprehensive disaster risk management strategy, including pre-funding, contingent lines of credit, insurance and re-insurance products, catastrophe risk insurance.

- Develop disaster risk financing strategies: Assist participating countries in developing and implementing comprehensive financing strategies to complement ARC's coverage with different instruments and support the mobilization of the private sector, and support them in the understanding of the critical elements of catastrophe risk insurance, including the choice of the types of risk transfer instruments, what choices and at what levels of attachment probabilities, managing basis risk with reserves and contingent lines, managing emergency coverage versus recovery and reconstruction.

Sub-component 1.3: Feasibility studies on private sector participation in providing private climate risk insurance products.

- Mapping of and conducting feasibility studies of private sector participation in providing private climate risk insurance products. The studies will provide concrete recommendations for how the nascent private insurance markets can be supported through policy.

COMPONENT 2: Improving uptake of climate and disaster risk financing in the targeted beneficiary countries and other African LDCs, USD 24.30 million

The objective of this component is to increase access and participation of the targeted countries and other African LDCs in the sovereign regional risk pool offered by the African Risk Capacity (ARC). This component will support the establishment of a Premium Guarantee Support Facility (PGSF) at ARC Ltd to address liquidity gaps and time mismatch in the contracting of the risk pools for all African LDCs. Additionally, it will support premium payments for the three HoA beneficiary countries and Comoros. Part of the funding from the GEF will be allocated to ARC Ltd to establish the PGSF which will be accessible to all African LDCs participating in the ARC risk pool.

Sub-component 2.1: Strengthening participation of African LDCs in the Sovereign regional risk pool offered by the African Risk Capacity. The activities will include:

- Premium payments: Support premium payments for climate risk insurance for policies with ARC Ltd over a multi-year period (2024 to 2028). The premium payment will be financed through the countries ADF allocations and ADRiFi-MDTF contributions.

- Premium payment guarantee: A regional 6-month liquidity facility to guarantee the payment of the premium for the policies of the LDCs, which would enable ARC to efficiently place the sovereign risk pool with the risk takers on time for the beginning of the risk seasons. The facility aims at addressing delays and avoiding policy cancellations, which have anecdotally experienced variability and instability, and resulted in increased rates on-line and insurance multiples. The guarantee facility, which will be accessible to all African LDCs, will address delays and preserve the integrity of the sovereign pools, while retaining the obligations of LDCs and their donors to perform on premium payments. The facility will guarantee participation of countries in the risk pool despite delays in premium payment and enable ARC Ltd to optimize re-insurance arrangements by negotiating better the reinsurance terms and treaties with the market since the participation of countries will be confirmed in advance.

COMPONENT 3: Strengthening adaptation and resilience of the targeted beneficiary countries against climate risks, USD 2.01 million

This component aims to enhance the capacity and skills of the targeted countries in collecting and managing data that is critical for climate risk management and improve communication and dissemination of climate risk management practices. It will provide funding for:

Sub-component 3.1: Establishment and maintenance of climate information systems.

- Weather Stations: The project will support installation, maintenance, and operational sustainability of weather observation infrastructure to enhance emergency preparedness, climate risk insurance and anticipatory action.

Sub-component 3.2: Supporting communication and dissemination of risk data.

- Communication and dissemination: Strengthen communication and dissemination channels including software, hardware, and communication equipment to improve communication and dissemination of risk data, including the following:

    - Stakeholder collaboration: Work with local stakeholders, such as community leaders and organizations, to build partnerships and involve them in disaster risk management efforts.

- Training and capacity building: Conduct training programmes to enhance community understanding of disaster risks, preparedness, and response measures.
- Participatory decision-making: Involve community members in decision-making processes related to disaster risk management to consider their input and priorities.
- Awareness campaigns and public events: Conduct campaigns, workshops, and events to promote a culture of preparedness and resilience within the community.
- Community-based early warning systems: Engage the community in designing and implementing early warning systems, including training and communication networks.

COMPONENT 4: Project coordination and management, USD 3.89 million

- Coordination of project implementation, project audits, monitoring and evaluation and implementation of the Gender Action Plan

D. Project Cost and Financing Arrangements

16. The total financing mobilised for the project is USD 35.25 million. This amount consists of USD 8.94 million from the Global Environment Facility’s Least Developed Countries Fund (GEF - LDCF), USD 8.66 million from Performance-Based Allocation of Comoros, Djibouti, and Somalia under ADF-16, and USD 16.20 million from the Multi-Donor Trust Fund of the Africa Disaster Risk Financing Programme. The project activities and recipient countries are eligible for GEF-LDCF as endorsed by the GEF Secretariat on 20 December 2023. All the financing from the Bank will be grant resources. In-kind contribution from the beneficiary countries in-terms of staff resources, office space and equipment are estimated at USD 1.45 million, thus bringing the total project cost to USD 35.25 million. Although the government contribution as proportion of total project costs is four percent, this increases to five percent when the regional activities executed directly by the Bank are excluded. It also makes up about 16% of the ADF contribution. Owing to the enormous climate risks faced in the HOA, there is need to mobilize additional resources for greater impact. The project team is targeting the Bank’s recently launched Climate Action Window (CAW) to mobilise additional financing for this project. If resource mobilization from the CAW is successful, this will be allocated to the components elaborated in section 2 (C) to scale-up the interventions and development impact under the project. Tables 1 to 3 show the allocation of project cost by component, sources of financing and by country. The allocation of project costs by category of expenditure are shown in the individual country reports.

Table 1: Estimated Cost of the Project by Component

Components	**Cost (millions)**			**% of Total Project Cost**
	Foreign Currency Cost (USD)	**Foreign Currency Cost (UA)**	**Total Cost (USD)**	
Component 1: Setting the enabling environment for the adoption of climate risk financing instruments	5.06	3.76	5.06	14
Component 2: Improving uptake of climate and disaster risk financing	24.30	18.09	24.30	69
Component 3: Strengthening adaptation and resilience of targeted beneficiary countries	2.01	1.49	2.01	6
Component 4: Project management and coordination	3.61	2.69	3.61	10
Total Base Costs	**34.97**	**26.03**	**34.97**	**99**
Physical contingencies	0.00	0.00	0.00	0
Price contingencies	0.28	0.20	0.28	1
Total Project Costs	**35.25**	**26.24**	**35.25**	100

Table 2: Project sources of financing

Sources of financing	Cost (USD, millions)	Cost (UA, millions)	% of Total Project Cost
GEF Grant	8.94	6.64	25
ADF16 PBA	8.66	6.50	25
ADRiFi MDTF	16.20	12.03	46
Government contribution: in-kind	1.45	1.07	4
Total Project Costs	**35.25**	**26.24**	**100**

Table 3: Allocation of project cost by country

	USD (Millions)					
Funding Sources	**Comoros**	**Djibouti**	**Somalia**	**South Sudan**	**Bank-Executed Regional Activities**	**Total**
GEF Grant	0.75	0.55	0.55	2.20	4.90	8.94
ADF16 Grant	1.35	3.28	4.04	0.00	0.00	8.66
ADRiFi MDTF Grant	2.00	1.20	13.00	0.00	0.00	16.20
Bank Funded	**4.09**	**5.12**	**17.59**	**2.20**	**4.90**	**33.80**
Government: In-kind	0.20	0.25	0.88	0.11	0.00	1.45
Total Cost	**4.30**	**5.03**	**18.02**	**2.31**	**4.90**	**35.25**

E. Project's Target Area and Population Beneficiaries, and other Stakeholders

17. The capacity building aspects under Component 1 of the project are targeted at the technical staff in government Ministries, Departments and Agencies at both the Central and Local Government levels. Risk transfer under Component 2 will benefit the vulnerable pastoralists and crop farmers exposed to severe drought and flood events. With the resources allocated under this component, at least 400,000 pastoralists and crop farmers are expected to be insured annually against severe climate hazards. Improvement of climate information collection and dissemination systems will be targeted at the National Hydromet agencies and Disaster Management agencies.

18. Identification and preparation of this financing was undertaken after extensive consultations with government Departments, Ministries and Agencies. During the preparation of the project, consultations were held with the Ministry of Finance, Somalia Disaster Management Agency, Ministry of Livestock, Range and Forestry, Ministry of Agriculture and Irrigation, Ministry of Energy and Water Resources and the Inter-Ministerial Steering Committee in Somalia; the Ministry of Environment and Forestry and Ministry of Humanitarian Affairs and Disaster Management in South Sudan; Ministry of Finance, Executive Secretariat for Risk and Disaster Management - Ministry of Interior, Ministry of Housing, Urban Development and Environment and Ministry of the Environment and Sustainable Development in Djibouti and Directorate General for Civil Security, General Directorate of Environment and Forests and Ministry of Finance, Budget and Banking Sector in Comoros. Additional consultations were also undertaken with the Start Network, which is the humanitarian partner undertaking sovereign insurance in Somalia to complement the coverage by the government. Consultations for the project also took into account previous engagement with the World Bank on the implementation of the DRIVE Program in the HOA. Whereas the DRIVE is transferring drought risk for pastoralists at the micro-level, investments under this project will provide support at the sovereign level, thus layering the risk of drought.

F. Bank Group Experience and Lessons Reflected in Design

19. The Bank Group has acquired invaluable experience supporting the implementation of climate risk finance projects through the ADRiFi programme framework over the last five years. The Bank has supported

15 RMCs to access climate risk insurance through ARC Ltd. The independent Mid-Term Review (MTR) of the programme revealed that the ADRiFi contributed to enhancing the ability of participating RMCs to respond to disasters. Crucially, it has influenced a shift in the attitude of the governments regarding disaster risk insurance and ex-ante approaches to DRM. The MTR also revealed that ADRiFi's activities in RMCs are broadly relevant to the development context and are sufficiently well-aligned with international and regional frameworks on DRM and DRF. Despite the successes reported over the last five years of implementation, the review noted that the assumption that a five-year membership of ADRiFi would be sufficient to bring about the needed paradigm shift and to generate an insurance culture among RMCs was overly optimistic. Firstly, many RMCs have not yet been members of ADRiFi for five years and as such, it is too early to tell if ADRiFi will be able to influence the wider policy context as quickly as was hoped. Secondly, the turnover within national governments, which can result in a new cadre of decision makers with less of an understanding of the importance of DRF and risk transfer instruments, poses clear risks to ADRiFi's long-term impact. The review also noted the need for more clarity on the roles of different institutions involved in the programme particularly regarding capacity building activities. The need to take advantage of the in-house expertise available in the ClimDev-Africa team to strengthen the generation of, and use of, quality climate data and information as part of improving DRM in RMCs and the data which could be used for climate insurance was identified as an important action area. These recommendations, among others have been incorporated into the design of new climate disaster risk finance projects including this multi-national project.

3 PROJECT FEASIBILITY

A. Financial and Economic Analysis

20. The feasibility of this financing is not assessed from a Cost-Benefit perspective as it doesn't generate direct monetary benefits but rather from a Cost-Effectiveness perspective of improvement of climate information services and climate disaster risk insurance. Enhancement of climate information services and risk dissemination infrastructure will increase the capacity of the government to predict climate hazards, thus saving lives and livelihoods. The data from climate services will inform forecast-based action programmes, but also the selection of the most appropriate adaptation practices/technologies and mitigation measures to respond to climate variability and decision-making, planning and investments of the private sector, government (local and national) and rural communities and smallholder farmers. Accurate and reliable climate data and information are critical for index-based crop and livestock insurance which has proven to be an effective means of adaptation against climate hazards, especially drought, for smallholder farmers.

21. Climate disaster risk insurance aims to protect households from loss of assets and livelihoods in case of severe climate hazards by providing funding for emergency, recovery, and reconstruction support programmes. This action creates value by enabling household consumption smoothing, which cushions reductions in consumption in response to disaster-related income shocks. Secondly, climate disaster risk insurance reduces the need for reactive donor and sovereign spending in response to severe and low-frequency events. This action creates value by enabling greater predictability and smoothing of donor and sovereign humanitarian spending, compared to a typical reactive humanitarian response. Thirdly, climate disaster risk insurance is intended to give greater and more effective control of resources to sovereign governments, as compared to a typical donor-led humanitarian response, where much of the disaster response funding is channelled via United Nations agencies and largescale international NGOs. This results in increased domestic risk ownership and greater sovereignty, accountability, and sustainability in country-level risk planning and response.

22. Furthermore, investment in the purchase of the ARC insurance policy generates many economic benefits for the countries such as the reduction of the countries' financial vulnerability to extreme disaster events (due to the quick and immediate availability of funds to assist those affected and accelerate their recovery), as well as the relatively low cost of the ARC insurance premium for the countries due to their participation in the ARC insurance pool (low premium cost compared to the scenario where the countries would have to acquire coverage individually).

23. Alternative options for climate disaster risk insurance to address the frequent climate disasters and the different layers of risk have been considered. These options include the government setting aside contingency funds (an ex-ante budget allocation to finance disaster response costs), establishing contingent credit mechanisms (World Bank CatDDO), emergency ex-post budget reallocation, sovereign borrowing on an ex-

post basis, and humanitarian appeals. The main available strategy for many African countries is an ex-post budget reallocation in combination with sovereign borrowing on an ex-post emergency basis. These strategies are considered the costliest for three reasons: the social rate of interest implicit in reallocating existing funds from existing projects is very high; accessing fresh funds under stressed conditions is typically expensive; and the application of such funds to disaster recovery is often delayed, preventing governments from acting early to minimize the costs of a natural disaster. The initial Cost-Benefit Analysis (CBA) (Clarke and Vargas Hill, 2013) of sovereign insurance through ARC estimated a potential additional benefit of US $ 1.55 to US $ 1.90 for every dollar invested in insurance premiums if payouts are delivered through existing safety nets such as cash transfer schemes or a state-contingent welfare scheme, for instance, index-based insurance or an employment guarantee scheme. The additional benefit of food reserves and reserve funds were estimated at US $ 1.28 and US $ 1.27, respectively compared with the counterfactual of providing humanitarian assistance seven to nine months after a drought event. A revised CBA undertaken in 2019, with new methods and assumptions showed that the increase in benefits to the poor will have exceeded the costs of regional risk pooling, but not by as much as US$ 1.90 per dollar invested (additional details in the individual country Technical Annexes).

24. Insurance has been shown to be the optimal strategy for low-frequency/high-impact risks, but not for events that occur more frequently.; for those types of events, countries would be better off using reserve funds and credit. However, the institutional and fiscal capacity of many LDCs in Africa is still limited to utilise tools such as contingent credit, in light of debt distress, to manage severe climate disaster events. Thus, sovereign insurance against low-frequency and high-impact disaster events is optimal for Somalia to manage severe drought shocks.

25. Analysis of risk transfer parameters from ARC Ltd reveals that for every dollar spent on premium, the countries participating in the risk pool receive coverage of six dollars on average. This implies that for one million dollars spent on climate insurance premiums, the maximum possible payout the insured country could receive is six million dollars. If the same one million dollars were saved in a disaster risk fund, the money would remain the same at the end of the year, especially if not invested in government securities, implying a cost-effectiveness ration of six as indicated in Table 5.

Table 5: Key economic and financial figures (for cost-effectiveness analysis)

CEA ratio (project)	6
Alternative CEA ratio – saving money in a reserve fund	1

Additional Positive Effects

26. Bank involvement could catalyse the mobilization of additional resources from climate funds including the Bank's Climate Action Window, the Green Climate Fund, and the Adaptation Fund. Additional resources will accelerate adaptation and resilience building against climate risks in the targeted countries, with positive spillover effects in the other countries in the HOA. Support by the Bank could enable the targeted RMCs to leverage additional support through the ARC Replica Programme. ARC Replica is an innovative programme enabling governments and humanitarian organizations to work together on improving climate and disaster risk management through the use of financial instruments, like insurance, to finance pre-agreed early response activities so that vulnerable people receive timelier support than through traditional response channels.

B. Environmental and Social Safeguards

27. Environmental and Social Categorization: In-country environmental assessment, legal and institutional framework, and the Bank's Integrated Safeguards Systems Operational Safeguards (ISS, OS) are key to determining project categorization based on the level of Environmental and Social risks and impacts. The Horn of Africa Climate Disaster Risk Financing (HOA CDRF) Project –components, sub-components, and activities will lead to outcomes that do not present any Environmental and Social Impacts and risks. The project was categorised as Category 3 on the Bank's safeguards system on October 18th, 2023. The project objective is to enhance the resilience and response to climate shocks in the HOA and Comoros to promote more effective and efficient climate disaster risk management.

28. Applicable Safeguards Instruments: Considering that the project categorization and nature of project activities that will lead to outcomes do not present any key environmental and social risk, the project does not require the preparation of any safeguard instruments/studies or documentation.

29. Institutional Capacity to Implement the Safeguards Instruments: The need to carry out a preliminary assessment of the Borrower/Client capacity in E&S safeguards risk management does not arise. However, it is still important for the clients to have the capacity to implement safeguards measures as they are responsible for ensuring that any negative environmental effects do not arise during project implementation.

30. Stakeholder Consultation: The stakeholder engagement carried out was targeted at ensuring cohesion between the beneficiary Regional Member Countries' Executing Agencies on disaster risk management strategies and promoting risk financing and transfer measures to assist RMCs in addressing the residual risks of disasters.

31. Environmental and Social Negative risks/impacts: The overarching objective of the proposed project is aimed at promoting solutions that will lead to greater climate resilience and improve access to financing for initiatives to promote more effective and efficient disaster risk management. The project's components and activities that will lead to outcomes do not present any key negative environmental and social risks or impacts.

32. Positive social impacts: ADRiFi aims to support RMCs to prevent, limit, and/or address the economic impacts of climate-related disasters. The programme will be implemented comprehensively to include disaster risk management strategies in the RMCs and will promote risk financing and transfer measures to assist RMCs in addressing the residual risks of disasters. As a result, ADRiFi will foster the financial resilience of RMCs to climate-related disasters, by promoting risk financing and risk transfer measures that will provide cover for and distribute or pool the residual economic risk. Evidence suggests that investments in risk transfer mechanisms, as part of disaster risk management strategies, enhance access to fast and cost-effective liquidity for disaster-affected people, especially poor and vulnerable populations. Furthermore, as being able to rapidly access financial support in the immediate aftermath of a disaster is crucial to saving lives and livelihoods, disaster risk pools are emerging as a cost-effective vehicle to help countries access rapid financing for disaster response.

33. Involuntary Resettlement: The project components and activities that will lead to outcomes that do not present any Resettlement Aspects.

Climate Change and Green Growth

34. The project has been screened for climate risks using the Bank's Climate Safeguards System (CSS) and classified as Category 3, meaning the activities are not vulnerable to the impacts of climate change. Activities are aimed at improving the enabling environment for disaster risk financing, promoting ex-ante risk insurance and improving weather observation and information dissemination networks. These interventions will build the countries' resilience and strengthen rural agropastoral communities' capacity to adapt to the impacts of climate change - mainly floods, droughts, reduced and erratic rainfall patterns - as the population in the HOA largely depend on climate sensitive sectors such as rainfed agriculture, livestock keeping, water, energy and forestry for sustenance and income generation. No significant GHG emissions are expected from implementation of the projects' activities. Detailed analysis of the projects contribution to climate adaptation and alignment with the national climate change policies is presented in the individual country Technical PARs and the Paris Alignment note in the Technical Annexes 3-4.

C. Other Cross-cutting Priorities

Poverty reduction, Inclusiveness and Job Creation

35. Climate disasters and food insecurity are intricately linked in the greater HOA and Comoros. Severe climate disasters cause governments to move resources from planned development interventions to relief and recovery. They also result in the destruction of crops and loss of livestock, the main means of livelihood for rural people in the Horn and Comoros, driving large numbers of people into poverty, food insecurity and malnutrition, with long-term consequences. Families also adopt negative coping mechanisms such withdrawing children out of school, selling productive assets, and even marrying off young girls in extreme circumstances. Women and young girls walk long hours in search of water in times of drought, exposing them to Sexual and Gender-Based Violence (SGBV). Early response to climate disasters through climate insurance and other ex-ante instruments will help to mitigate the foregoing negative effects of climate disasters, contribute to quicker

recovery, and prevent families from falling into poverty and food insecurity and enable Governments to use already allocated resources for the development of their countries.

Opportunities for Building Resilience

36. Climate change is among the most serious pressures affecting lives and livelihoods in the HOA and Comoros. The region is highly vulnerable to variable and erratic rainfall, rising temperatures, droughts, and floods. The economies and livelihoods of countries in the region are highly dependent on rain-fed agriculture, which is extremely sensitive to weather and climate variability. For example, Somalia has faced more than a decade of drought. South Sudan is among the five most climate-vulnerable countries in the world and has experienced extreme flooding. Djibouti is also experienced droughts and flash floods. The Horn region is now facing its worst drought since 1981, with four consecutive failed rainy seasons. These shortages have destroyed crops, caused widespread livestock deaths, and dried up water sources in several countries across the region. The risk of natural resource-based conflicts is ever present in the region. Vulnerable people are trapped in a cycle of chronic hunger and poverty as they lack the capacity to cope with increasing, more frequent, and intense risks and their impacts. Addressing climate change impacts in the HOA and Comoros requires integrated approaches that combine climate adaptation and mitigation strategies, sustainable development, humanitarian aid, conflict resolution and climate risk financing mechanisms. Regarding risk financing, there is a need to strengthen regional coordination mechanisms for disaster risk insurance; facilitate learning and knowledge exchange on climate disaster risk finance and insurance at the regional level; strengthen climate information systems critical for disaster risk preparedness and early warning; promote innovative risk management mechanisms that can serve nomadic, migratory, and forcibly displaced persons across borders and promote private investment in risk financing. Detailed analysis is found in Fragility and Resilience Assessment Notes in Technical Annex 3-2 in individual country PARs and regional PAR.

Gender Equality and Women's Empowerment Promotion

37. Climate risk insurance approaches must be tailored with gender differences in mind so that the hardest hit, specifically women, can not only survive shocks but invest in their future. They must account for the gender gap in financial inclusion, insurance, and information (in 2020, only 37 percent of African women have a bank account, compared with 48 percent of men, a gap that has only widened over the past several years). Additional challenges to having a tailored approach to climate risk insurance include lack of disaggregated data, socioeconomic studies on impact on climate hazard on women, and lack of alternative financial instruments. Climate risk insurance has the capacity to positively impact gender equality when it is cognizant of the challenges women face; and given that women's insurance market is posited to reach $1.4 trillion in premiums by 2030, it is critical that climate risk insurance is responsive to women's preferences and inclinations.

38. The project will, as part of strengthening enabling environment for the adoption of climate risk financing instruments, ensure risk profiles are gender sensitive, and the studies on social and financial impacts of climate hazards are disaggregated by sex to highlight any differences by gender. For the uptake of sovereign risk insurance against climate disasters in African LDCs, the number of people covered by insurance will include at least 40% female. The Guarantee Facility to be established by ARC will be subject to ARC Gender Equality Principle which states that it "intends to vigorously ensure that its operational responses and its capacity building work have a differentiated approach to women and men". Finally, the as part of the outcome on adaptation and resilience of African LDCs, 30% of those trained to collect analyse and disseminate climate data and information will be female to build their capacity but also involve women in decision making. The details of the Gender Analysis undertaken for the different countries are in the individual country PARs and Technical Annexes.

39. The project is classified in Category 2 under the Bank's Gender Marker System.

4 IMPLEMENTATION

A. Institutional and Implementation Arrangements

40. To implement project activities at the country level, a lean Project Implementation Unit (PIU) will be established within the Executing Agency (EA) in the participating countries. The executing entity will be the Somalia Disaster Management Agency in Somalia, Directorate General for Civil Security in Comoros, and

Ministry of Finance in Djibouti. In the case of South Sudan, the Food and Agriculture Organization of the United Nations has been selected as a Third-Party Implementing Agency (TPIA) in coordination with the Government of South Sudan to spearhead the implementation of activities because of the limited capacity within the Ministry of Humanitarian Affairs and Disaster Management. Under this arrangement, FAO will provide fiduciary oversight of the project, including those pertaining to procurement and financial management, in accordance with the Fiduciary Principles Agreement (FPA) signed between the Bank and FAO in 2019. The Government of South Sudan will constitute a core Project Implementation Unit made up of a Project Coordinator, a Deputy Coordinator, and a Financial Accountant to lead implementation of project activities on the Government side. This hybrid arrangement is intended to build the capacity of government staff in execution of Bank funded projects. The details of the implementation arrangements for the individual countries are found in the individual appraisal reports and accompanying technical annexes.

41. In addition to the PIU, a Steering Committee will be established in each country to provide strategic guidance throughout the implementation of the project. The steering committee will be composed of representatives of relevant Ministries and Government Agencies responsible for making decisions on climate and disaster risk financing, planning and response. The steering committee will convene twice a year. The details of the Composition of Steering Committees are provided in the individual country reports.

42. A Premium Guarantee Support Facility (PGSF) Trust will be established at ARC Ltd within one year after project approval to support ARC LDC Member States that have formally committed to pay premiums for ARC insurance policies, but where payment is delayed due to sovereign government invoice payment processes. Participating countries will enter into a separate agreement with the PGSF, creating a legal obligation on the country to repay the premium advance within a specific time-period – back to the PGSF Trust, to replenish it. Eligibility, selection criteria, and prioritization of countries for the PGSF will be further developed through a detailed concept note with ARC Ltd that will detail the governance, structure, enforcement, and expenses of the Trust.

43. At the regional level, the ADRiFi Coordination Unit, under the overall supervision of the Director of Agricultural Finance and Rural Development (AHFR), will lead the coordination of regional activities, which are limited in scope. These regional activities include regional peer learning workshops for sharing information and experiences across countries, sharing experiences on the design of disaster risk management and financing strategies, and other themes relevant to climate disaster risk financing, monitoring and supervision of project activities and reporting to the GEF, for the GEF funded elements. The GEF funded elements of the project are elaborated in the individual country reports. To ensure effective coordination with the in-country PIUs, the ADRiFi Coordination Unit will designate a dedicated Regional Coordinator, based at the Regional Directorate for Eastern Africa (RDGE) to oversee the project's progress and activities. This Coordinator will work closely with each country's PIU to develop a comprehensive M&E plan tailored to the specific needs and context of the country. The regional coordinator's role is pivotal in maintaining a continuous and rigorous monitoring of the project. They will provide guidance and support to the PIUs, ensuring that the M&E plan is properly implemented, and monitor the overall progress and performance of the project in each country. By closely monitoring the implementation process, the Regional Coordinator can identify potential challenges, gaps, and areas for improvement, allowing for timely corrective actions to be taken.

B. Procurement

44. Procurement of goods, works and acquisition of consulting services under the project which are financed by the Bank will be carried out in accordance with the Procurement Policy for Bank Group funded operations, dated October 2015, and following the provisions stipulated in the Financing Agreement and using the relevant Bank Standard or Model Solicitation Documents (SDs) approved by the Bank. Detailed procurement arrangements are elaborated in the individual country PARs and Technical Annexes.

C. Financial Management, Disbursement, and Audit

45. A financial management assessment of the proposed project Executing Agencies (EAs) in the different countries was conducted and covered specific and relevant areas including organizational structure and staffing, general and specific experience, accounting, and internal control systems as well as budgeting, financial reporting, treasury management, funds flow and disbursement arrangements. External audit arrangements were also discussed during the mission. Details of the Financial Management, Disbursement and Audit arrangements are in the individual country PARs and Technical Annex 4-6 (Detailed FM, Disbursement Arrangements) and Technical Annex 4-7 (Detailed Audit arrangements).

D. Monitoring and Evaluation

46. Monitoring of the project activities will be undertaken by the respective country PIUs. The monitoring and evaluation of the project will follow the monitoring plan and results framework specified in this appraisal report. Joint supervision, monitoring and mid-term review missions will be conducted by the Bank and the government during project implementation. Implementation Progress Reviews (IPR) based on the Bank's IPR template will be completed twice a year to track the results specified in the projects results framework. A mid-term review and project completion report will be produced mid-way and at the close of the project. An independent entity will undertake the evaluation since the project is co-financed by the GEF. The Monitoring and Evaluation (M&E) process will not only focus on tracking the project's outputs and outcomes but also aim to capture lessons learned, best practices, and potential areas for project expansion or adaptation. It will provide valuable insights and evidence to inform decision-making, optimize resource allocation, and strengthen the project's overall effectiveness.

47. In the case of South Sudan, the responsibility for M&E will be entrusted to the TPIA. The TPIA will assume the role of ensuring the rigorous monitoring and evaluation of the project's implementation in South Sudan. Working closely with the regional coordinator and the respective PIU, the TPIA will conduct regular assessments, collect relevant data, and generate comprehensive M&E reports to gauge the progress and impact of the project in the country. At the regional level, monitoring of project delivery and results as defined in the results frameworks will be led by a dedicated Project Coordinator within the ADRiFi Coordination Unit of the Bank. The regional coordinator, along with the country-level M&E experts, will collaborate closely to ensure that the M&E plan is effectively executed, data is collected accurately, and reports are generated promptly. A budget of USD 500,000 has been provided in the project for monitoring and learning activities (including USD 250,000 for regional monitoring and evaluation and USD 250,000 for regional peer learning activities). Details of the M&E capacity of the individual country PIUs and the expertise provided for M&E in the project has been elaborated in the individual country reports.

E. Governance

48. Governance arrangements have been put in place to manage the implementation, monitoring, review, and audit of the project. The risks to project governance may be associated with delays in the development of terms of reference (TORs) for procuring capacity-building interventions. The Bank will provide technical assistance to ensure that capacity building is undertaken in a timely manner. Moreover, Bank procurement, financial management and disbursement rules and regulations will be used to safeguard against any possibilities of fraud during project implementation. Fiduciary clinics and training will be provided to all project PIU staff to ensure that they are fully aware of the Bank's requirements and regulations. The Bank's Regional Directorate General for East Africa (RDGE) will enable adequate and timely support to implementation through regular desk and field supervisions, as well as dialogue with the authorities and DPs.

F. Sustainability

49. The project was formulated after extensive consultations with in-country stakeholders and with targeted stakeholders in the HOA and Comoros. The project is also a direct response to a request from the selected countries to access the climate risk pool run by the African Risk Capacity, thus demonstrating government ownership and commitment to deliver effectively. The DRF diagnostic studies, development of a DRF strategy and capacity building to mainstream climate risk finance in development plans and strategies will not only enhance the appreciation of ex-ante risk finance mechanisms in the selected countries at policy level but also enable governments to adopt and finance ex-ante finance instruments. Particularly, the DRF strategy will enable the governments to identify resources that can be used to sustainably finance climate disasters, including payment of insurance premiums. Mainstreaming climate risk finance in government planning will help to safeguard the gains of this project.

G. Risk Management

50. The three countries of the HOA and Comoros face multiple risks that are likely to affect effective implementation of the project's activities. At the regional level, ongoing or potential conflict in some of the RMCs such as Somalia and South Sudan could limit the effective implementation of project activities. However, the ongoing peace building processes by regional entities such as the African Union and the Inter-Governmental Authority on Development (IGAD) are intended to mitigate this risk. Secondly, macroeconomic

instability, inflation and global economic dynamics could affect project delivery in the targeted countries which are mostly in transition and vulnerable to shocks. Sufficient price contingencies have been provided within the project budget to mitigate such risks. Political disagreements and competition among key ministries and government agencies involved in the implementation of the program could hinder efficient implementation and effective achievement of results. The project will ensure that the steering committees within each participating country are inclusive, and that significant decisions are made through consultative processes to mitigate this risk. Technical and institutional capacity gaps within the executing entities could also delay delivery of project activities. Since the project has a significant capacity building component, continuous capacity building will be undertaken throughout the lifespan of the project for any identified capacity gaps, including capacity building and coaching undertaken internally by the Bank's technical experts and fiduciary services. Fiduciary risk remains high due to weak Public Financial Management (PFM) systems in some of the targeted RMCs. Consequently, the project's fiduciary services will be delivered using the Bank's rules and procedures with the help of hired and/or Bank Experts and through direct payment modalities as far as is feasible.

H. Knowledge Building

51. The project will recruit a Monitoring, Learning and Reporting Specialist for each PIU level to document and share knowledge generated during project implementation. The Bank will directly coordinate implementation of the regional aspects of the project since the project is partly financed by the Regional Window of the Least Developed Countries Fund (LDCF) of the GEF. Knowledge generated throughout the lifespan of the project will be disseminated through regular interactions, missions, regional workshops, and topical deep dives organized to foster direct and peer to peer learning and promote knowledge sharing. Moreover, the Bank will establish a micro website through which it will foster knowledge dissemination towards a wider audience.

5 LEGAL INSTRUMENTS AND AUTHORITY

A. Legal Instrument

I. South Sudan

The legal instrument is a Tripartite Funding and Implementation Agreement between the African Development Fund, the Republic of South Sudan and the Food and Agriculture Organization of the United Nations (FAO).

II.Somalia, Djibouti, and Comoros

The legal instruments for each of Somalia, Djibouti, and Comoros (each, a "Recipient", together the "Recipients") are as follows:

a. A Protocol of Agreement between each of the Recipient and the African Development Fund (the "Fund") (the "ADF Protocol of Agreements").

b. A Grant Agreement amongst each of the Recipient and the African Development Bank (the "Bank") and the Fund (*as Executing Agencies of the Global Environment Facility (GEF*) (the "GEF Grant Agreements); and

c. A Letter of Agreement between each of the Recipient and the Fund (*as Administrators of the ADRiFi MDTF*) (the "ADRiFi MDTF Letter of Agreements").

The above listed agreements are hereinafter jointly referred to as the "Grant Agreements".

B. Conditions Associated with Bank's Intervention

52. **Condition precedent to entry into force**: The Grant Agreements will enter into force upon signature by the parties.

53. Condition precedent to first disbursement of grants for Somalia, Comoros:

The obligation of the Fund to make the first disbursement of the Grants shall be conditional upon the entry into force of the Grant Agreements and the fulfilment by each of the Recipients, in form and substance satisfactory to the Fund, of the following condition:

(i) The submission of evidence of the recruitment, appointment, or designation of staff for the Project Implementation Unit (PIU) within the Executing Agency with qualifications and terms of reference acceptable to the Fund, as follows: (i) Project coordinator; (ii) Technical Focal Point of MoECC (for Somalia); (iii) Procurement specialist, (iv) Financial management specialist; (v) Monitoring, learning and reporting specialist; and (vi) Gender specialist.

54. Condition precedent to first disbursement of grants for Djibouti

The obligation of the Fund to make the first disbursement of the Grants shall be conditional upon the entry into force of the Grant Agreements and the fulfilment by each of the Recipients, in form and substance satisfactory to the Fund, of the following conditions:

(i) provide the Fund with proof of confirmation that the PAIC-GEP PMU will be responsible for implementing the Program;

(ii) provide the Fund with proof of the recruitment of additional staff assigned to the PAIC-GEP PMU, in particular (i) the person responsible for disaster risk management; (ii) the accounting assistant; (iii) the procurement assistant;

(iii) provide evidence of the appointment of focal points from the Executive Secretariat for Disaster Risk Management, the Meteorological Agency, and the Insurance Directorate; and

(iv) submit to the Fund the agreement between the PMU and the Djibouti Research and Development Center, duly signed to implement specific project activities.

55. **Condition precedent to disbursement for South Sudan**

(i) Condition precedent to disbursement of the first tranche: The obligation of the Fund to make the disbursement of the first tranche of 40% of the grant shall be subject to the entry into force of the Agreement and the satisfaction of the following condition, submission of:

(a) approved annual work plan between FAO and South Sudan ("the Host Government") in form and substance acceptable to the Bank.

(ii) Conditions precedent to disbursement of the second tranche: The obligation of the Bank to make the disbursement of the second tranche of 40% of the grant shall be subject to the satisfaction of the following conditions, submission of:

(a) six-monthly project progress reports in form and substance acceptable to the Bank;

(b) an approved work plan between FAO and the Host Government covering the period for which the funds are being requested, in form and substance acceptable to the Fund; and

(c) Unaudited interim financial statements showing, inter alia, all project expenditures to the semester the tranche is requested from the Fund, and the expenditures reported and justified are at least fifty percent (50%) of the funds advanced to FAO in the first tranche.

(iii) Conditions precedent to disbursement of the third tranche: The obligation of the Bank to make the disbursement of the third tranche of 20% of the grant shall be subject to the satisfaction of the following conditions, submission of:

(a) six-monthly project progress reports in form and substance acceptable to the Fund;

(b) an approved work plan between FAO and the Host Government covering the period for which the funds are being requested, in form and substance acceptable to the Fund; and

(c) Unaudited interim financial statements showing, inter alia, all project expenditures to the semester the tranche is requested from the Fund, and the expenditures reported and justified are one hundred percent (100%) of the funds advanced in the first tranche and at least fifty percent (50%) of the funds advanced to FAO in the second tranche.

56. Other Conditions

A. Somalia and Djibouti:

The Recipient shall within three (3) months of the first disbursement of the Grant or such later date as may be approved by the Fund, provide proof of provision of office space and assignment of staff to support Project implementation with qualifications and terms of reference acceptable to the Fund, as its in-kind contribution towards the costs of the Project.

B. Comoros

The Recipient shall within three (3) months of the first disbursement of the Grant or such later date as may be approved by the Fund, provide evidence of:

(i) The validation and adoption of an Annual Work Plan and Budget (PTBA) by the Fund and the Steering Committee before the start of each financial year to be enforceable during the financial year concerned.

(ii) The establishment of a Project Execution Manual (MEP) validated by the Fund before its implementation.

(iii) The implementation of accounting and financial software allowing fair reporting and meeting the specific needs of the project must be acquired for management and accounting monitoring.

Other Conditions for the Fund executed regional activities :

a. Within six (6) months of approval of this Project by the Board, the Bank/Fund will enter into an agreement with the African Risk Capacity Ltd (ARC Ltd) on the modalities of the establishment of the Premium Guarantee Support Facility (PGSF)

b. Prior to the disbursement of funds intended for premium payments for climate risk insurance for Djibouti, Somalia and Comoros, ARC Ltd to provide evidence of signed insurance policies and the accompanying invoices, for policies with ARC Ltd for Djibouti, Somalia and Comoros.

C. Compliance with Bank Policies

☒ This project complies with all applicable Bank policies.

☐ There are exceptions to Bank policies.

African Development Bank Group Independent Recourse Mechanism

57. Communities and individuals who believe that they are adversely affected by an African Development Bank Group (AfDB) supported project may submit complaints to existing project-level grievance redress mechanisms or the AfDB's Independent Recourse Mechanism (IRM). The IRM ensures project affected communities and individuals may submit their complaint to the AfDB's Independent Recourse Mechanism which determines whether harm occurred, or could occur, as a result of AfDB non-compliance with its policies and procedures. To submit a complaint or request further information please contact: IRM@afdb.org or, visit the IRM website www.irm.afdb.org. Complaints may be submitted at any time after concerns have been brought directly to the AfDB's attention, and Bank Management has been given an opportunity to respond before reaching out to the IRM.

6 RECOMMENDATION

Management recommends that the Boards of Directors approve the following grants for the purposes and subject to the conditions stipulated in this report:

(a) to the Federal Republic of Somalia, (i) ADF grant of UA 3.00 million; (ii) GEF grant of USD550,000; and (iii) ADRiFi MDTF grant of USD 13.00 million.

(b) to the Republic of South Sudan, Global Environment Facility (GEF) Grant of USD 2.2 million.

(c) to the Union of the Comoros, (i) ADF grant of UA 1.00 million; (ii) GEF grant of USD745,000; and (iii) ADRiFi MDTF grant of USD 2.00 million.

(d) to the Republic of Djibouti, (i) ADF grant of UA 2.50 million; (ii) GEF grant of USD550,000; and (iii) ADRiFi MDTF grant of USD 1.2 million; and

(e) GEF grant of USD 4.9 million for the Bank executed regional activities.

7 RESULTS FRAMEWORK

<table>
<tr><th colspan="6">RESULTS FRAMEWORK</th></tr>
<tr><th colspan="6">A PROJECT INFORMATION</th></tr>
<tr><td colspan="3">PROJECT NAME AND SAP CODE: Multi-National - Climate Disaster Risk Financing Project - P-Z1-K00-142</td><td colspan="3">COUNTRY/REGION: Comoros, Djibouti, Somalia, and South Sudan</td></tr>
<tr><td colspan="6">PROJECT DEVELOPMENT OBJECTIVE: To enhance the resilience and response to climate shocks in Comoros, Djibouti, Somalia, and South Sudan by improving the management of climate disaster risks</td></tr>
<tr><td colspan="6">ALIGNMENT INDICATOR (S):
Number of people who are hungry / malnourished (millions)
Prevalence of stunting among children under 5 (%)</td></tr>
<tr><th colspan="6">B RESULTS MATRIX</th></tr>
<tr><th>RESULTS CHAIN AND INDICATOR DESCRIPTION</th><th>RMF/ADOA INDICATOR</th><th>UNIT OF MEASURE MENT</th><th>BASELINE (2023)</th><th>TARGET AT COMPLETION (2028)</th><th>MEANS OF VERIFICATION</th></tr>
<tr><td colspan="6">OUTCOME STATEMENT 1: Enabling environment for the adoption of climate risk financing instruments in the targeted beneficiary countries improved</td></tr>
<tr><td>OUTCOME INDICATOR 1.1: Number of countries where risk profiles are used in disaster risk planning</td><td>☐</td><td>Number</td><td>0</td><td>4</td><td>Implementation reports from PIU</td></tr>
<tr><td>OUTCOME INDICATOR 1.2: Number of countries where climate risk financing instruments are budgeted for and implemented</td><td>☐</td><td>Number</td><td>0</td><td>4</td><td>Implementation reports from PIU</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="6">OUTCOME STATEMENT 2: Uptake of sovereign risk insurance against climate disasters supported in targeted beneficiary countries and other African LDCs</td></tr>
<tr><td>OUTCOME INDICATOR 2.1: Numbers of targeted countries participating for three consecutive years in the ARC sovereign climate risk pool</td><td>☐</td><td>Number</td><td>0</td><td>4</td><td>Sovereign Insurance Policy Document</td></tr>
<tr><td>OUTCOME INDICATOR 2.2: Cumulative number of people covered by sovereign climate risk insurance during project period</td><td>☐</td><td>Number</td><td>450,000</td><td>2,600,000 (50% de femmes)</td><td>Insurance Policy Document</td></tr>
<tr><td colspan="6">OUTCOME STATEMENT 3: Adaptation and resilience of targeted beneficiary countries against climate risks strengthened</td></tr>
<tr><td>OUTCOME INDICATOR 3.1: Number of countries where early warning and climate information systems are enhanced</td><td>☐</td><td>Number</td><td>0</td><td>4</td><td>PIU Reports</td></tr>
<tr><td colspan="6">OUTPUT STATEMENT 1.1: Climate risk exposure and institutional processes and frameworks for climate risk management improved to facilitate quicker recovery</td></tr>
<tr><td>OUTPUT INDICATOR 1.1.1: Gender sensitive risk profiles independently elaborated by participating countries each year</td><td>☐</td><td>Number</td><td>0</td><td>6</td><td>PIU Reports</td></tr>
<tr><td>OUTPUT INDICATOR 1.1.2: Number of contingency plans produced in targeted countries</td><td>☐</td><td>Number</td><td>0</td><td>8</td><td>PIU Reports</td></tr>
</table>

OUTPUT INDICATOR 1.1.3: *Studies of gender disaggregated social and financial impacts of climate hazards*	☐	*Number*	*0*	*4*	*Study Reports*
OUTPUT INDICATOR 1.1.4: *Number of people trained on climate data collection, processing and climate risk modelling (disaggregated by sex).*	☐	*Number*	*0*	*160 (30% female)*	*PIU Reports*
OUTPUT STATEMENT 1.2: Enhanced understanding of climate risk financing instruments including index-based insurance by relevant stakeholders					
OUTPUT INDICATOR 1.2.1 *Number of people trained on DRF instruments and their complementary (disaggregated by sex).*	☐	*Number*	*0*	*160 (30% female)*	*PIU Reports*
OUTPUT INDICATOR 1.2.2 *Disaster risk diagnostics undertaken in benefitting countries*	☐	*Number*	*0*	*4*	*Diagnostic reports*
OUTPUT INDICATOR 1.2.3 *Disaster risk financing strategies developed in targeted benefitting countries*	☐	*Number*	*0*	*4*	*Strategy documents*
OUTPUT INDICATOR 1.2.4 *Number of regional peer learning exchanges organized*	☐	*Number*	*0*	*5*	*ADRiFi Coordination Reports*
OUTPUT STATEMENT 1.3: Feasibility studies on private sector participation in providing private climate risk insurance products undertaken					
OUTPUT INDICATOR 1.3.1: *Mapping and feasibility studies of private sector participation in providing private climate risk insurance products*	☐	*Number*	*0*	*3*	*Study Reports*
OUTPUT STATEMENT 2.1: Sovereign insurance Premium Guarantee Support Facility established					
OUTPUT INDICATOR 2.1.1: *Guarantee Facility established*	☐	*Yes/No*	*No*	*Yes*	*ADRiFi Coordination Unit Reports*
OUTPUT STATEMENT 2.2: Countries covered through Premium Guarantee Support Facility					
OUTPUT INDICATOR 2.2.1: *Number of countries benefitting from the Premium Guarantee Support Facility by the end of the project period*	☐	*Number*	*0*	*5*	*ADRiFi Coordination Unit Reports*
OUTPUT STATEMENT 2.3: ARC sovereign climate risk insurance premiums supported over a multi-year period					
OUTPUT INDICATOR 2.3.1: *Number of countries with sovereign climate disaster risk premium payments supported*	☐	*Number*	*0*	*4*	*Disbursement Reports*
OUTPUT INDICATOR 2.3.1: *Amount of resources committed for sovereign climate disaster risk insurance over the project duration*	☐	*USD (millions)*	*0*	*18.5*	*Sovereign Insurance Policy Documents*
OUTPUT STATEMENT 3.1: Maintenance and rehabilitation of climate information systems supported					
OUTPUT INDICATOR 3.1.1: *Number of automatic weather stations rehabilitated/maintained*	☐	*Number*	*0*	*20*	*PIU Reports*

▌ **OUTPUT STATEMENT 3.2: Improved communication and dissemination channels for climate data and information**					
OUTPUT INDICATOR 3.2.1: *Countries where equipment and systems for communication and dissemination of climate data are established*	☐	*Number*	*0*	*4*	*PIU Reports*

8 ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)

A. Basic Information[3]

Project Title: Multi-National Climate Disaster Risk Financing Project (Comoros, Djibouti, Somalia, and South Sudan)			**Project ''SAP code''**: P-Z1-K00-142
Country: Multi-National (Comoros, Djibouti, Somalia, and South Sudan)	**Lending Instrument**[4]: DI ☒ FI ☐ CL☐ BS☐ GU☐ RPA☐ EF☐ RBF☐		
Project Sector: Multi Sector - Climate Disaster Risk Finance		**Task Team Leader**: Benard ONZIMA	
Appraisal date: Somalia and Comoros (17 July 2023 – 28 July 2023); South Sudan (18 – 22 September 2023); Djibouti (2 -6 October 2023)		**Estimated Approval Date**: November 30th, 2023	
Environmental Safeguards Officer:			
Social Safeguards Officer: Kingsley EJIM			
Environmental and Social Category: 3	**Date of categorization**: September 12th, 2023	**Operation type**: SO ☒ NSO ☐ PBO ☐	
Is this project processed under rapid responses to crises and emergencies?			Yes ☐ No ☒
Is this project processed under a waiver to the Integrated Safeguards System?			Yes ☐ No ☒

B. Disclosure and Compliance Monitoring

B.1 Mandatory disclosure

Environmental Assessment/Audit/System/Others (specify: NA)	
Was/Were the document (s) disclosed ***prior to appraisal?***	Yes ☐ No ☐ NA ☒
Date of "in-country" disclosure by the borrower/client	
Date of receipt, by the Bank, of the authorization to disclose	
Date of disclosure by the Bank	
Resettlement Action Plan/Framework/Others (specify: NA)	
Was/Were the document (s) disclosed ***prior to appraisal?***	Yes ☐ No ☐ NA ☒
Date of "in-country" disclosure by the borrower/client	NA
Date of receipt, by the Bank, of the authorization to disclose	NA
Date of disclosure by the Bank	NA
Vulnerable Peoples Plan/Framework/Others (specify: NA)	
Was the document disclosed ***prior to appraisal?***	Yes ☐ No ☐ NA ☒
Date of "in-country" disclosure by the borrower/client	NA
Date of receipt, by the Bank, of the authorization to disclose	NA
Date of disclosure by the Bank	NA
If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: NA.	

B.2. Compliance monitoring indicators

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes ☐ No ☐ NA ☒
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes ☐ No ☐ NA ☒
Is the total amount for the full implementation for the Resettlement of affected people, **as integrated in the project costs**, ***effectively mobilized, and secured***?	Yes ☐ No ☐ NA ☒
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes ☐ No ☐ NA ☒
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes ☐ No ☐ NA ☒

C. Clearance

Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board?

Yes ☒ No ☐

Prepared by:	***Name***	***Signature***	***Date***
Environmental Safeguards Officer:			
Social Safeguards Officer:	Kingsley EJIM		October 18, 2023
Task Team Leader:	Benard ONZIMA		October 18, 2023
Submitted by:			
Sector Director:	Richard OFORI-MANTE		November 30, 2023
Cleared by:			
Director SNSC:	Modeste Lawakilea KINANE for Maman-Sani ISSA		12/12/2023

[3] **Note**: *This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.*

[4] **DI**=Direct Investment; **FI**=Financial Intermediary; **CL**=Corporate Loan; **BS**=Budget Support; **GU**=Guarantee; **RPA**=Risk Purchase Agreement; **EF**=Equity Financing; **RBF**=Results Based Financing.