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Report No: PAD985

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 3.3 MILLION
(US\$5.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF DJIBOUTI

FOR AN

ADDITIONAL FINANCING FOR THE SOCIAL SAFETY NET PROJECT

OCTOBER 6, 2014

Social Protection & Labor Global Practice
Middle East and North Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective JUNE 30, 2014)

Currency Unit	=	Djiboutian Francs
US\$1.00	=	178.15 DJF
1 SDR	=	US\$1.55
US\$1.00	=	SDR 0.65

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
ADDS	<i>Agence Djiboutienne de Développement Social</i>
DALY	Disability-Adjusted-Life-Year
EDAM	<i>Enquête Djiboutienne auprès des ménages</i>
ESSAF	Environmental and Social Screening Assessment Framework
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
IDA	International Development Association
JSDF	Japan Social Development Fund
PAD	Project Appraisal Document
PDNA	Post Disaster Needs Assessment
PDO	Project Development Objectives
PMT	Proxy means Test
SDR	Special Drawing Rights
SESN	<i>Secrétariat D'Etat chargé de la Solidarité Nationale</i>
SMART	Standardized Monitoring and Assessment of Relief and Transitions survey
SSN	Social Safety Nets
WHO	World Health Organisation
WFP	World Food Programme

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REPUBLIC OF DJIBOUTI
ADDITIONAL FINANCING FOR SOCIAL SAFETY NET PROJECT

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ADDITIONAL FINANCING DATA SHEET

Djibouti

DJ Social Safety Net Project Additional Financing (P149621)

MIDDLE EAST AND NORTH AFRICA

GSPDR

Basic Information – Parent									
Parent Project ID: P130328		Original EA Category: B - Partial Assessment							
Current Closing Date: 30-Sep-2016									
Basic Information – Additional Financing (AF)									
Project ID: P149621		Additional Financing Type (from AUS): Scale Up							
Regional Vice President: Inger Andersen		Proposed EA Category: B - Partial Assessment							
Country Director: Hartwig Schafer		Expected Effectiveness Date: 10-Jan-2015							
Senior Global Practice Director: Arup Banerji		Expected Closing Date: 30-Sep-2018							
Practice Manager/Manager: Yasser Abdel-Aleem Awny El-Gammal		Report No: PAD985							
Team Leader: Stefanie Koettl - Brodmann									
Borrower									
Organization Name		Contact		Title	Telephone		Email		
Ministère de l'Economie et des Finances Chargé de l'Industrie		S.E. M. Ilyas Moussa Dawaleh		Ministre de l'Economie et des Finances Chargé de l'Industrie			cabinet@mefip.gov.dj		
Project Financing Data–Parent (DJ Crisis Response - Social Safety Net Project-P130328)									
Key Dates									
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date		
P130328	IDA-H7790	Effective	12-Jun-2012	21-Aug-2012	10-Jan-2013	30-Sep-2016	30-Sep-2016		
Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disburse	Undisbur	%

						d	d	sed	Disburse d
P130328	IDA-H7790	Effective	XDR	3.30	3.30	0.00	0.92	2.38	28.03
Project Financing Data –Additional Financing DJ Social Safety Net Project Additional Financing (P149621)									
<input type="checkbox"/>	Loan	<input type="checkbox"/>	Grant	<input type="checkbox"/>	IDA Grant				
<input checked="" type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee	<input type="checkbox"/>	Other				
Total Project Cost:		5.00		Total Bank Financing:		5.00			
Financing Gap:		0.00							
Financing Source – Additional Financing (AF)								Amount	
BORROWER/RECIPIENT								0.00	
International Development Association (IDA)								5.00	
Total								5.00	
Policy Waivers									
Does the project depart from the CAS in content or in other significant respects?							No		
Explanation									
Does the project require any policy waiver(s)?							No		
Explanation									
Team Composition									
Bank Staff									
Name		Title		Specialization		Unit			
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Ruxandra Costache		Counsel		Legal		LEGAM			
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Rock Jabbour		Financial Management Analyst		Financial Management		GGODR			
Moussa Djama Kayad		E T Consultant		Procurement		GGODR			

Stefanie Koettl - Brodmann	Economist	TTL	GSPDR		
Robert J. Palacios	Team Leader	Social Registry	GSPDR		
Andrianirina Michel Eric Ranjeva	Finance Officer	Finance	CTRLA		
Non Bank Staff					
Name		Title		City	
Joseph Atick		ICT Specialist			
Anne Bossuyt		Nutrition expert			
Elena Celada		Public works expert			
Harold Coulombe		Consultant			
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Djibouti	Tadjourah	Tadjourah	X		
Djibouti	Tadjourah	Tadjourah	X		
Djibouti	Obock	Obock	X	X	
Djibouti	Dikhil	Dikhil	X	X	
Djibouti	Ali Sabieh	Ali Sabieh Region	X		
Djibouti	Arta	Arta Region	X		
Djibouti	Djibouti	Balbala	X	X	
Institutional Data					
Parent (DJ Crisis Response - Social Safety Net Project-P130328)					
Practice Area / Cross Cutting Solution Area					
Social Protection & Labor					
Cross Cutting Areas					
[] Climate Change					
[] Fragile, Conflict & Violence					
[] Gender					
[] Jobs					
[] Public Private Partnership					

Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Health and other social services	Other social services	100		
Total		100		
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Social protection and risk management	Social safety nets	70		
Human development	Nutrition and food security	30		
Total		100		
Additional Financing DJ Social Safety Net Project Additional Financing (P149621)				
Practice Area / Cross Cutting Solution Area				
Social Protection & Labor				
Cross Cutting Areas				
[] Climate Change				
[] Fragile, Conflict & Violence				
[X] Gender				
[] Jobs				
[] Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Health and other social services	Other social services	100		
Total		100		
<input type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				

Theme (Maximum 5 and total % must equal 100)		
Major theme	Theme	%
Social protection and risk management	Social safety nets	60
Social protection and risk management	Other social protection and risk management	20
Human development	Nutrition and food security	20
Total		100

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an additional financing credit in an amount of US\$5 million equivalent to support the ongoing Djibouti Crisis Response Social Safety Net Project (P130328, IDA H779-DJ).
2. In addition, the following changes to the original loan will be made: (i) a two-year extension of the closing date; (ii) restructuring of the results framework of the Original Project in line with the expanded activities; (iii) and extension of territories in Component 2.
3. The proposed additional financing would help finance the costs associated with: (i) a scale up of the nutrition-based social safety net program to increase the number of beneficiaries and widen geographic coverage (extension of locations); and (ii) an expansion of the social registry through the development of additional modules and increased coverage. Project management will receive additional funds in line with the expanded activities.

II. Background and Rationale for Additional Financing

Background

4. The Djibouti Crisis Response Social Safety Net Project (P130328), financed by a Crisis Response Window (CRW) IDA grant, was approved by the Board of Executive Directors on May 23, 2012 for an amount of SDR 3.3 million (US\$5 million equivalent), and became effective on January 10, 2013 (hereinafter referred to as the “Original Project”). The current closing date is September 30, 2016. The original project is a scale up of the Employment and Human Capital Safety Nets Project (P120588), which was a pilot financed by the Japan Social Development Fund (JSDF) for an amount of US\$3.6 million, which became effective on December 23, 2010 and which will close on December 30, 2014. The proposed additional financing speaks to the success of the pilot and its expansion through IDA funds and it further expands the scale of the Original Project.
5. The Project Development Objectives (PDO) of the Djibouti Crisis Response Social Safety Net Project are to: (a) support the provision of short-term employment opportunities in community-based labor-intensive works for the poor and vulnerable; and (b) support the improvement of nutrition practices among participating households focusing on pre-school children and pregnant/lactating women. The project has four components: (1) Community-based labor-intensive public works and services; (2) Nutrition-based social assistance to support investments in human capital; (3) Targeting, monitoring and evaluation; and (4) Project management and administration. **Neither the PDO nor component activities will change, with the exception of the expansion locations where Component 2 of the project will be implemented and the change of name of the registry to be developed under Component 3 of the project, from "national registry" to "social registry". However, as indicated above, the closing date of the Original Project will be extended and the results framework will be slightly modified for better focus, clarity and ease of measurement and target values will be adjusted to encompass the expanded scope.**

6. Djibouti requires the Bank's support due to: (a) the crisis brought on by the impact of the drought on the welfare of the population, particularly the poorest; (b) the limited coverage of existing social assistance programs; and (c) the limited donor assistance to social safety net activities in Djibouti. In fact, the effects of the drought on extreme poverty and food insecurity were aggravated by the high rates of chronic malnutrition among pre-school children, as well as unemployment. Apart from the World Bank, the World Food Program (WFP) (focused on food distribution) and UNICEF (focused on curative approaches to malnutrition), Djibouti has relatively few donor partners active in the social assistance sector, which leaves a serious financial gap given the socio-economic situation of the country.

7. The main aspects of the emergency that the original project aimed to address were: (a) establishing and/or preserving human and social capital, including economic reintegration of vulnerable groups by providing new short-term employment opportunities for the poor and vulnerable, and preventing malnutrition among pregnant/lactating women and pre-school children; (b) enabling economic activities by enhancing work-related skills of vulnerable groups through training, empowering women, and linking beneficiaries to bank accounts; and (c) assisting with the crucial initial stages of building capacity for longer-term disaster preparedness, and better service delivery and targeting by establishing a social registry of poor and vulnerable households. While initially an emergency response to the crisis situation, the project and extensive technical assistance from the World Bank has succeeded in reorienting the priorities of the government by putting prevention of malnutrition and short-term employment at the forefront of the Government's social protection strategy.

8. The design of the social safety net program builds on worldwide experience, with the addition of an innovative direct nutrition focus. The integrated approach of this nutrition-based social safety net program seeks synergies between short-term poverty alleviation (workfare) and long-term human capital building (nutrition). This demand-side approach aims at increasing household purchasing power and, given the integrated nature of this approach, aims to maximize the development impact of the project. It combines a workfare program for able-bodied members of poor households, who are not formally employed, with a social assistance program for children and pregnant/lactating women, the most vulnerable members of participating households. It encourages community participation in the selection of community works and services to maximize the opportunities for short-term employment generation under the project, and includes specific incentives for female participation and empowerment (with workfare activities specifically designed to target women).

Progress in project implementation

9. Project implementation has been underway for over a year and is rated satisfactory for both achievement of the PDO and implementation progress.

10. **Community-based labor-intensive public works and services and nutrition-based social assistance to support investments in human capital (Components 1 and 2).** The nutrition-based social safety net program was piloted with financing from the JSDF (2012-2014) and is being successfully implemented in Djibouti-ville and two rural areas (Atar/Damerjog and Adailou). The scale up of the program, financed under the Original Project (2012-2016), covers

two additional regions (Dikhil and Obock) as well as the continuation of activities in Djibouti-ville. To date, 4,700 beneficiaries have attended the nutrition sessions and 3,200 short-term employment opportunities have been provided to eligible households (equivalent to 160,000 person/days of labor-intensive community work). The JSDF grant is closing in December 2014 and all activities in Djibouti-ville are currently financed from the JSDF in order to use these funds first. Activities in Djibouti-ville will start to be financed by the Original Project in November 2014 once the JSDF funds have been fully utilized.

11. **Targeting, Monitoring and Evaluation (Component 3).** This component includes a number of activities for targeting beneficiaries and for monitoring process and program outputs. Under the ongoing project, the Ministry of Social Affairs (SESN) sought to investigate the concept of a social registry (previously referred to as “national registry” in the Original Project), to demonstrate the need and the viability of the concept, and to establish the parameters needed for moving into design, piloting and national scale up. Over the past 18 months, the SESN has achieved all these objectives, including: (i) identifying the objectives of the social registry; (ii) raising awareness that, given the depth of poverty¹ and the lack of a robust national identification system, the establishment of a registration system for the poor and vulnerable inevitably leads to a national identity system. As a direct result, an inter-ministerial committee has been formed under the leadership of the Prime Minister; (iii) the Government has decided to advance the work on the social registry while adhering to all the standards set by the national inter-ministerial committee so that the data collected through the social registry can feed into the national identity system once it becomes available; and (iv) the SESN has been very active in advancing the social registry, for example contributing to establishing standards, including biometrics, developing an action plan, consulting on the questionnaire to be used for poverty scoring, etc., and is in the process of hiring an experienced international expert to support the drafting of the operations manual and the technical bidding documents. The pilot of the first module of the social registry was conducted during summer 2014 with approximately 9,000 households in 7 neighborhoods in the Balbala community (neighborhoods with high poverty levels) interviewed. Additional modules (e.g., biometric capture, unique authentication, grievance mechanisms, and linkages to program management information systems) and geographic coverage expansion will be financed through the AF.

12. **Project management and administration (Component 4).** The project coordination unit is fully staffed and operational and will receive additional funding to maintain operations.

13. The original grant is in the amount of SDR 3.3 million (US\$5 million equivalent) and 17.3 percent has been disbursed. Disbursements under Components 1 and 2 have been slower than planned because the implementation of the JSDF-funded pilot was delayed. During the first 18 months of implementation of the pilot, the Government focused on developing the tools, strengthening cross-sectoral collaboration between the health and social sectors, and on increasing the capacity of the implementing agency and its partners. Since September 2012, the interventions at the community level have started and have since been rolled out geographically. All activities in Djibouti-ville and the rural areas are therefore still currently being financed through the JSDF. Once the JSDF funds have been exhausted by November 2014,

¹ According to the poverty profile elaborated by the Statistical Office (DISED) in 2012, extreme poverty stands at 41.9% and relative poverty at 79.4%.

disbursements under the IDA project will pick up quickly as the activities to be carried out are a continuation. In addition, disbursements will pick up once the AF is approved as activities will then be expanded geographically and the investments (high fixed costs) associated with the social registry can be undertaken.

Rationale for the additional financing

14. The purpose of the AF (US\$5 million equivalent) is to scale up the nutrition-based social safety net program (Components 1 and 2) and to improve the government's ability to target beneficiaries and monitor progress, outputs, and outcomes, including the scale-up of the social registry (Component 3). The social registry will be built in a modular way. Some modules can be designed right away and piloted with the financing of the original project whereas other modules require larger upfront investments and can be added during scale-up (see Annex 3 for more details on the modules). Modules include: (a) social survey to capture basic socio-economic information of the households and its members; (b) capturing of biometric information of each household member (national identity registry); (c) ensuring uniqueness of each individual to avoid duplication (national identity registry); (d) grievance/complaint mechanism at the local level; (e) management information system (MIS) for poverty scoring using a proxy means formula; (f) linkage with the main social protection programs within the country; (g) distribution of cards to program beneficiaries; (h) ensuring that at any point of service, it would be possible to verify that the individual or household present is the one for whom the benefit or service is intended; and (i) capacity to regularly update the information of households and their members. Under this proposed AF the closing date of the Original Project will be extended by two years to September 30, 2018; the additional time would primarily be needed for completion of the registry.

15. The activities to be supported through the AF are fully consistent with the current PDO which remains highly relevant and will remain unchanged. They are consistent with the country's Vision 2035 and the World Bank Group's Country Partnership Strategy for Djibouti FY2014-2017 (Report 83874-DJ), directly supporting the first pillar of the strategy, which is reducing vulnerability. As outlined in the Country Partnership Strategy, the activities help strengthen the social protection system in Djibouti, which has low coverage and is not well targeted and thus misses opportunities to reach the country's poorest and most vulnerable. In helping the government achieve greater efficiency in its social protection programs, the World Bank interventions will focus on four key areas, including: (i) strengthening targeting through the creation of a social registry of poor and vulnerable households; (ii) strengthening the information base from which social protection programs draw; and (iii) providing integrated support for employment creation and nutrition interventions. As such, the project directly contributes to the World Bank Group's twin goals of reducing extreme poverty and building shared prosperity as well as MENA's Regional Strategy, supporting the pillar on economic and social inclusion.

16. The project has established effective and efficient operational procedures and is being managed satisfactorily. The project is on track to achieve its development objectives, and has successfully established the basis for prevention of malnutrition in the country, therefore the option of additional funding to the ongoing project provides the most cost-effective way for both

the World Bank and the Borrower to increase the development impact of the Project and lay the foundation for an integrated social protection system. Because the ongoing project is well established and is being implemented effectively, it has been possible to leverage additional donor support. Arab donors are interested in providing funding (approx. US\$2 million equivalent per year) to supporting further geographic expansion of the nutrition-based social safety net program. In addition, the FAO is collaborating with the project team to pilot micro gardens in urban Djibouti as one of the labor-intensive works activities under Component 1 of the project and the WFP is continuing its support to the project by providing food rations to voluntary ‘role-model mothers’ of the nutrition component. As for the social registry, the Government has consented to the World Bank financing the hardware/software and international consultant expertise with funding for local human resources necessary for implementation of the social registry will be financed from other sources. This financing arrangement, coupled with the World Bank’s technical expertise, will ensure the establishment of a robust system developed within the budget limitations that will be able to target those in need of social assistance.

Summary of Proposed Changes

The closing date of the AF will be September 30, 2018. The PDO and the component activities will remain unchanged, subject to the modifications regarding the expansion of project locations for Component 2 and the change of name of the registry to be developed under Component 3 of the project, from "national registry" to "social registry". The AF proposal incorporates a level two restructuring under which the closing date, the results framework, as well as the disbursement and implementation schedules will be revised and adjusted to reflect the expanded scope and increased targets. The closing date of the Original Project will be extended from September 30, 2016 to September 30, 2018. The project locations for Component 2 of the Original Project will be extended in line with the AF and in line with the AF the wording will change from “national” to “social registry” under Component 3.

Change in Implementing Agency	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Project's Development Objectives	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Results Framework	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Safeguard Policies Triggered	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change of EA category	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Other Changes to Safeguards	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Legal Covenants	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Loan Closing Date(s)	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Cancellations Proposed	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Reallocation between Disbursement Categories	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Estimates	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change to Components and Cost	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Institutional Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Financial Management	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Procurement	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Implementation Schedule	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Other Change(s)	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]

Development Objective/Results

Project's Development Objectives

Original PDO

The project development objectives are to: (a) support the provision of short-term employment opportunities in community-based labor-intensive works for the poor and vulnerable; and (b) support the improvement of nutrition practices among participating households focusing on pre-school children and pregnant/lactating women.

Change in Results Framework

Explanation:

The results framework will be slightly modified for better focus, clarity and ease of measurement and target values will be adjusted to encompass the expanded scope.

Compliance

Covenants - Additional Financing (DJ Social Safety Net Project Additional Financing - P149621)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IDA	Section I.A.2 of Schedule 2	The Recipient shall ensure that the Original Framework Agreement shall be amended in a manner satisfactory to the Association not later than two (2) months after the Effective Date.	10-Mar-2015	<input type="checkbox"/>		New
IDA	Section I.A 3. of Schedule 2	The Recipient shall adopt the project operations manual, satisfactory to the Association, not later than two (2) months after the Effective Date.	15-Mar-2015	<input type="checkbox"/>		New

Conditions

Source Of Fund	Name	Type
IDA	Article 5.01	Effectiveness
Description of Condition		

The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.										
Finance										
Loan Closing Date - Additional Financing (DJ Social Safety Net Project Additional Financing - P149621)										
Source of Funds					Proposed Additional Financing Loan Closing Date					
IDA recommitted as a Credit					30-Sep-2018					
Loan Closing Date(s) - Parent (DJ Crisis Response - Social Safety Net Project - P130328)										
Explanation: The closing date of the Original Project would be extended by two years, from September 30, 2016 to September 30, 2018 to allow for scale-up of project activities and to allow time to support the development and implementation of the social registry.										
Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)					
IDA-H7790	Effective	30-Sep-2016	30-Sep-2016	30-Sep-2018						
Change in Disbursement (including all sources of Financing) Estimates										
Explanation: Disbursement estimates require revision to take account of the additional IDA resources.										
Expected Disbursements (in USD Million) (including all Sources of Financing)										
Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	0000
Annual	1.30	3.21	3.30	1.75	0.44	0.00	0.00	0.00	0.00	0.00
Cumulative	1.30	4.51	7.81	9.56	10.00	10.00	0.00	0.00	0.00	0.00

Allocations - Additional Financing (DJ Social Safety Net Project Additional Financing - P149621)				
Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement % (Type Total)
			Proposed	Proposed
IDA	XDR	Works, Non consulting S., Goods, Consultant S., Operat. Cost	3.30	100.00
		Total:	3.30	
Components				
Change to Components and Cost				
<p>Explanation:</p> <p>There is no change to the component structure, with the exception of the expansion in locations where Component 2 of the project will be implemented and a change in wording from “national” to “social registry”. However, the component costs will change.</p> <p>Component 1: Community-Based Labor-Intensive Works and Services. The component amount will be increased from US\$2.08 million to US\$4.87 million to expand the scale of the workfare program.</p> <p>Component 2: Nutrition-Based Social Assistance to Support Investments in Human Capital: The component amount will be increased from US\$1.22 million to US\$1.52 million to reach more beneficiaries.</p> <p>Component 3: Targeting, Monitoring and Evaluation: The component amount will be increased from US\$1.2 million to US\$2.93 million to expand the scale and scope of targeting instruments (i.e., the social registry to uniquely identify and target beneficiaries).</p> <p>Component 4: Project Management and Administration: The component, which had an initial allocation of US\$0.5 million will be increased to US\$0.68 million to support essential management functions at the implementing agency.</p>				
Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Community-Based Labor-Intensive Works and Services	Community-Based Labor-Intensive Works and Services	2.08	4.87	Revised
Nutrition-Based Social	Nutrition-Based Social	1.22	1.52	Revised

Assistance to Support Investments in Human Capital	Assistance to Support Investments in Human Capital			
Targeting, Monitoring and Evaluation	Targeting, Monitoring and Evaluation	1.20	2.93	Revised
Project Management and Administration	Project Management and Administration	0.50	0.68	Revised
	Total:	5.00	10.00	
Other Change(s)				
Implementing Agency Name				
		Type		Action
Change in Implementation Schedule				
Explanation:				
In order to allow for sufficient time for the implementation of the social registry and for scale-up of project activities, the closing date of the project will be extended to September 30, 2018.				
Appraisal Summary				
Economic and Financial Analysis				
Explanation:				
<p>Despite recent progress, Djibouti faces serious challenges in protecting poor and vulnerable households against shocks and the risk of irreversible loss of human capital. The scale and funding of existing social safety net programs remains inadequate to protect most poor and vulnerable groups. Estimates suggest that Djibouti spends less than one percent of GDP on non-subsidy social benefits, but precise data are lacking. According to household data from 2012, less than 3 percent of the population receives cash or in-kind benefits from the Government, non-governmental or international organizations. Programs are fragmented and largely uncoordinated and there is no (non-emergency) large-scale social safety net at the national level. The recent social safety nets strategy includes a stocktaking of the governmental and non-governmental financed social safety nets, composed of 25 small programs (many between 100 and 300 beneficiaries), the largest being financed by the World Food Programme (food vouchers) and the World Bank (nutrition-based social safety net program financed by this IDA project).</p> <p>The Social Safety Nets Project is at the forefront of a longer-term national strategy to prevent malnutrition, empower women, and improve targeting of social assistance. This innovative program is increasing the efficiency of nutritional interventions by leveraging the effect of short-term additional income on the nutritional status of children. The program focuses on the critical</p>				

first 1,000 days of life, combining a workfare component targeted to pregnant women and mothers of children aged 0–2 with community-based nutrition activities. This approach is based on evidence that the effects of inadequate malnutrition can be irreversible. Infants born with low birth weight for example are not only more likely to become stunted but also to have reduced cognitive ability as they grow up, which in turn will contribute to reduced future economic productivity. The approach also aims to address the intergenerational cycle of malnutrition, which reflects the common understanding that malnutrition often begins during pregnancy—referred to as intrauterine growth retardation. Infants born with low birth weight become malnourished children and adolescents. A malnourished woman is more likely than an adequately nourished one to have a low-birth weight baby and to die during delivery. Low-birth weight babies are more likely to become stunted, and a stunted girl has a greater likelihood of complications during pregnancy and delivery, as well as a greater chance of having a low-birth weight baby—thus continuing the intergenerational cycle of malnutrition.

Three main types of economic returns are expected from the interventions supported under this project: (i) impact of the nutrition activities for growth promotion and malnutrition prevention through increased knowledge, decreased food insecurity, increased preventative health check-ups; (ii) impact of the community-based labor-intensive works and services on local communities and direct beneficiaries through the increased income, financial inclusion, and future increase in earnings potential through training provision; and (iii) anticipated impact of the single registry through improvement of targeting, service delivery capacity, accountability and disaster response time, thereby lowering cost of response and coverage. To prevent malnutrition, the combination of interventions (nutrition activities and cash for work) is expected to achieve greater impact than a discrete intervention of either kind. A rigorous impact evaluation to measure the impact of combining nutrition activities with a cash for work component is ongoing.

Expected impact of the nutrition activities for growth promotion and malnutrition prevention (scale-up).

Despite recent efforts, malnutrition remains high in Djibouti, with 29.7 percent of children under the age of five chronically malnourished, 29.6 percent underweight, and over 17.8 percent of children acutely malnourished (SMART survey 2013). In addition to increasing the risk of mortality, malnutrition increases the susceptibility to, the duration of, and severity of various morbidities. Chronic malnutrition can have far reaching impacts on national productivity and economic growth and perpetuates poverty through three routes: direct loss in productivity from poor physical status; indirect loss from poor cognitive function and deficits in schooling; and losses owing to increased health care costs. Globally, investing in nutrition has been identified as economically sound and as a “best investment,” saving lives of mothers and children and improving education outcomes, which in turn boosts economic productivity. The Copenhagen Consensus 2012 concluded that every US\$1 spent on reducing malnutrition has at least a US\$30 return on investment. In Djibouti, the current effort to scale up coverage of the nutrition-based social safety net program is thus essential and timely. Moreover, research shows that interventions combining nutrition and early childhood stimulation can have a strong impact over productivity at an adult age. For example, an intervention that provided psychosocial stimulation and nutritional supplementation to growth-retarded toddlers living in poverty in Jamaica increased the average earnings of participants by 42 percent.

Expected impact of the community-driven labor-intensive works and services on direct beneficiaries and local communities (scale-up):

Djibouti faces multiple development challenges and the recent economic growth did not have a significant impact on unemployment. In spite of a 4.8 percent growth rate between 2005 and 2012, unemployment remained high at 48.4 percent in 2012. The main impact of the labor-intensive works and services results from an increase in income of beneficiaries, increase in female empowerment, high labor intensity of workfare activities, and benefits on local communities.

(i) Increased incomes from work for direct beneficiary households: The AF is expected to provide an additional 230,000 person/days, equivalent to US\$1.38 million at about US\$5.60 a day per work day in selected communities (Djibouti-ville, Dikhil, Obock, Ali Sabieh, and selected rural communities). The AF will increase benefit levels from a maximum 50 days/year per beneficiary to 75 days/year per beneficiary to support beneficiaries in building assets and gaining skills during program participation (basic literacy skills, artisan skills). Under the AF, each household will receive about US\$420 for their participation in the workfare program. The transfer represents an increase of about 15 percent on annual total consumption for beneficiary households or about 45 percent of the budget needed to fill the food consumption deficit of poor households. Daily wages are set below the market wages so as to minimize labor market distortions and reduce the incentive to participate for those that can find a job elsewhere.

(ii) Increase in female empowerment: So far the project has employed mostly women (70 percent of workers) that generally have no remunerated economic activity outside the household (96 percent of them do not have a paid job according to a survey conducted in 2013 among participants in Balbala). Their participation in the public works program therefore represents a net increase in family income. Women are encouraged to participate in the workfare program, by providing light works, street cleaning and artisanal activities and by adapting schedules to women's needs (reduced working hours and long breaks for rest and breastfeeding).

(iii) Labor intensity of the workfare activities is high: over 70 percent of workfare participants are women who perform light activities, such as street cleaning and artisan activities, for which labor intensity is very high. Men participate in small scale infrastructure, such as road rehabilitation, water retention structures and other small civil works, for which labor intensity is over 60 percent of total cost.

(iv) Benefits to local communities: it is difficult to undertake an economic analysis of local infrastructures and services implemented under this component because in general they are chosen by the community and not known in advance. A tentative analysis of potential impact can be made based on activities implemented under the pilot safety nets project even though precise data are not available: (i) street cleaning improves local sanitation for the community and contributes to increased hygiene conditions and health outcomes; (ii) road rehabilitation increases access to vehicles (including taxi, transport and commercial) of the beneficiary communities in Balbala, thus facilitating the movement of persons and goods and the development of economic activities; (iii) handicraft activities improve the professional skills of women and provide an

opportunity to learn an income-generating activity that can have a positive impact on future earnings; (iv) nutrition-based public works projects (soil conservation, water retention, urban gardening) which aim at reinforcing food security and food availability in the country, thereby further strengthening the results of the nutrition sensitization intervention.

Efforts have been made to increase the nutritional impact of the works and services and the project will collaborate with the FAO to pilot micro gardens in urban Djibouti (where there is little irrigation).

Decisions taken during appraisal:

a) Health and accident related expenses of beneficiaries of the labor intensive public works program: In addition to protective gear distributed to beneficiaries (such as for example boots, gloves and protective glasses), it was agreed that, (i) there will be a first aid kit and a person trained in first aid at all project sites; (ii) in rural areas, beneficiaries have access to community health services and will be eligible for universal health care under the forthcoming *programme d'assistance sociale de securite* (PASS). In addition, a contingency fund equivalent to 1 percent of beneficiary compensation will be budgeted which can be accessed to compensate beneficiaries in the case of severe accidents; (iii) in urban areas, agreement was reached that beneficiaries will be among the first to benefit from the universal health care (mandated to start in September 2014) should they qualify based on their poverty status. The implementing agency will seek agreements with health centers to care for beneficiaries in case of accident, which will be financed through a contingency fund equivalent to 1 percent of beneficiary compensation that will be budgeted. To date, only four accidents (of which 3 snake bites) have been recorded under the JSDF-financed pilot project.

b) Activities will be extended to the region of Ali Sabieh and to rural sites in the regions of Arta and Tadjorah to continue activities that have started under the JSDF-financed pilot program.

Anticipated impact of the social registry:

Targeting efficiency for social programs is low: targeting is mostly categorical and there is no comprehensive database for targeting available. Eligibility criteria are mostly categorical, often times ad-hoc, and not based on poverty-focused criteria similar to (proxy-) means-testing. Overall, the targeting effectiveness of Djibouti's social safety nets is worse than that of countries with similar levels of economic development. At the same time, targeting and beneficiary enrollment is very expensive. In the absence of a robust national ID system or a social registry of poor and vulnerable households, each agency/donor typically starts off with a census-like survey in selected neighborhoods to determine program eligibility. The World Food Programme for example repeats this (expensive) process every year prior to handing out food vouchers.

The World Bank has been driving the concept of a social registry that will feed into a national ID system. Over the past 18 months the World Bank has supported the SESN in raising awareness, bringing international experts to Djibouti, supporting capacity building of national actors (e.g., attendance at South-South Learning Forums in India and Brazil, Social Safety Net Courses in Washington and Kuwait, and a study tour to Colombia), and developing the necessary concepts

and project documents to develop a modularized system. The importance of the social registry has been acknowledged in many key documents, including the Government's social safety nets strategy, the Post Disaster Needs Assessment (PDNA) of 2011, and the Country Partnership Strategy 2014-2017. Donors, including the European Union, have expressed interest to support the scale-up once tangible outputs are produced. Other agencies, such as the World Food Programme, will finance part of the data collection. The SESN will continue to finance personnel to manage the registry and is mobilizing further resources from the Government to contract human resources to perform data collection and registration of beneficiaries.

The project will make an innovative use of technology to help the Government to remove one of the most important barriers to delivering services to the poor, namely the inability to uniquely identify people. It will help create the conditions necessary to expand health insurance coverage for the poor and those in the informal sector towards the goal of universal health coverage. It will allow international donor agencies providing disaster relief and aid to refugees to reach their intended beneficiaries. It will increase accountability and donor ability to judge performance on the basis of results on the ground. It will facilitate delivery of social services, ranging from nutrition services for the prevention of malnutrition to stipends for education, ensure that direct cash transfers are reaching the people that they are supposed to reach and increase financial inclusion, as the ID may increase access to the formal banking system.

Technical Analysis

Explanation:

No change.

The Safety Nets Project was designed to take into account good international practices on both the prevention of malnutrition and the design of the workfare program. The AF will also take into account lessons learned from the implementation of the pilot phase and the parent project, as well as international best practices for the development of a social registry. More specifically, this AF further expands an innovative approach that was successfully trialed in a pilot operation, was subsequently scaled-up and which, under this additional financing, will assist the Government in mainstreaming the development of a social registry database. The technical analysis that underpins the additional financing has been developed throughout the evolution of the project and now provides a robust and tested technical foundation that should ensure successful implementation.

Nutrition services are offered at the community level to poor households with pregnant women and children 0-24 months old, addressing thus the first 1,000 days. Nutrition services for lactating women and children under two include: (i) education and behavior change communication (nutrition, health and hygiene promotion and hand-washing around critical junctures, e.g. before eating, after defecation, before feeding a child, etc.), including cooking demonstrations; (ii) growth monitoring, (iii) personalized counseling; (iv) micronutrient supplements (sprinkles) for children 6-24 months old; (v) food supplementation during the lean season for all children 6-24 months old; and (vi) accompanied referral to health centers. Nutrition services offered to pregnant women are (i) support in early identification of pregnancy and promotion of health seeking behavior (ante-natal visits, use of iron and folic acids, vaccinations, etc.) ; (ii) adapted behavior

change communication (nutrition, health and hygiene promotion and hand-washing); (iii) monthly follow up of weight gain for women; and (iv) accompanied referral to health centers and free hemoglobin testing. Additionally, the project supports activities to stimulate early childhood development for children between 3 and 5 years, through referral to and support of child care centers.

Additionally, the proposed AF will also complement broader efforts and other investments by the Government of Djibouti, supported by the World Bank, to improve basic health service delivery, by contributing to increased access and utilization of basic health care services. The AF will support the scaling up of the community-based nutrition service delivery model, which in turn will generate sustained demand for basic health and nutrition services. The project works in close collaboration with the health sector and will continue to create capacity for nutrition in this sector. Implementation and supervision is also carried out in collaboration with the health sector. Health seeking behavior of beneficiary households is being promoted through monthly nutrition meetings and community mobilization, specifically for pregnant women and young children. Collaboration with the Ministry of Women is enhanced through the promotion of early childhood development and the creation of child care centers. Scaling up of nutrition through these existing platforms is not only cost-effective, but will also increase the Government's ownership and its capacity in nutrition, as well as enhance the overall outcomes of the safety net interventions.

In relation to the community-based labor-intensive works and services, the main aspects consist of a wage rate lower than the prevailing market wage for comparable labor, high labor intensity (labor cost being over 60 percent of total cost), maintenance of works by communities, and light works and services suitable for pregnant and lactating women. Other elements include significant community mobilization to raise awareness of program eligibility, as well as in the selection of the public works and review of the nutrition activities; financial inclusion through bank accounts opened in beneficiary's name; an effective monitoring and evaluation system; and linkages with other service provision to beneficiaries (e.g., access to health services or training).

The scale-up of the nutrition-based social safety net program incorporates lessons learned during the implementation of the pilot phase (financed through a JSDF grant) and the parent project. First, one of the main lessons points to the need to promote awareness of the link between the nutrition and the workfare program at the community level. This will be accomplished through short sensitization sessions on child malnutrition that will be organized for all beneficiaries of the workfare component, including men, as well as for community leaders (Community Village Committee) in order to promote the usage of additional income from temporary employment for child nutrition. Second, it is necessary to further increase the focus on identifying projects with a potential to improve either food security in the communities (agriculture, water management) or health outcomes (sanitation) in order to maximize the results of the project on nutritional status. Third, it is also necessary to further increase the emphasis on identifying work and services that are both gender sensitive and suitable for pregnant and lactating women. Given the high participation of women, more diversified light work and services beyond handicraft and street cleaning will be identified and work conditions monitored to ensure compatibility with women's schedules. Fourth, workfare will be increased from 50 to 75 days to support women in building assets and gaining skills during program participation (basic literacy skills, artisan skills). Finally, activation strategies for beneficiaries, such as linkages with micro-credit and training in handicraft

activities, will be designed and implemented.

The social registry is a database that helps governments identify who the poor and vulnerable population is and where they live. It provides accurate and transparent information of potential beneficiaries, links potential beneficiaries to social safety net programs for which they are eligible, and ensures improved coordination across programs. The social registry will feed identities to the national identity register on a priority basis (identities of the poor and vulnerable which result from the social survey) while allowing the national register to focus on all aspects of managing the identity itself, including ensuring uniqueness, through the use of an Automated Fingerprint Identification System (AFIS), and its link to a legal person, through an elaborate process of validation and linkage with the civil register—currently being digitized. The national identity registry will generate a unique ID number (uniqueness will be achieved through collection of biometric information and de-duplication) that can be linked to an official ID as well as be used for all social safety net programs in the system allowing cross-checking and program harmonization later on. The social registry will be linked to the Management Information System (MIS) of the nutrition-sensitive social safety net (and other programs) that manages data for all program processes, in order to facilitate evidence-based decision-making, and to ensure program oversight and accountability, all of which contribute to better program results. A Memorandum of Understanding between the SESN and the Directorate of the Population (at the Ministry of Interior) which describes the roles and responsibilities of both parties in this project was signed on September 18, 2014. It elaborates a commitment by both parties to work together in a highly coordinated fashion to ensure meeting the needs of each ministry relative to identification starting with a single unified effort.

Social Analysis

Explanation:

No change.

Targeting:

The project applies a dual targeting mechanism: geographical targeting is based on poverty rates. Within the target areas, the beneficiary households are selected based on nutrition vulnerability, and the focus is on households with pregnant women and children under two.

Gender:

The project is gender-focused, as women are the prime beneficiaries of the project. Women are not only empowered through increased income, but also by increased knowledge about how to take care of their children, and how to better use resources available. Over 70 percent of labor-intensive work and service participants are women, who are consequently also the recipients of the funds and linked to bank accounts. The process evaluation (data collected in May 2014) showed that 96 percent of women decide themselves how to spend the money they earned in the workfare program and 93 percent of them invest it in child nutrition and health. Global evidence also shows that income controlled by women has a significantly greater positive effect on child nutrition and household food security than income controlled by men. The workfare program has evolved towards more specifically targeting women (services, street cleaning, artisanal activities) and adapting working hours to their needs. The process evaluation showed that over 90 percent of

women are satisfied with the organization of the way the workfare program is organized.

Improved knowledge and caring practices:

One qualitative survey and a number of quantitative surveys have been carried out prior to program start (baseline in September 2011 in Djibouti ville and in September 2013 in the towns Dikhil and Obock) and during the program at various times (May 2013 in two neighborhoods in Djibouti ville and in January 2014 in one neighborhood of Djibouti ville). This last survey serves as the baseline for a rigorous impact evaluation to measure the impact of associating the workfare component to the nutrition intervention). These surveys show a consistent trend towards improved nutrition practices. For example, the 2011 baseline survey recorded that in Hayableh (poor neighborhood in Djibouti ville), 20.7 percent of pregnant/lactating women followed a diversified diet (diet diversification defined as consuming food from at least four different food categories within the last 24 hours) and 31.1 percent of children between six and 59 months of age. Among beneficiaries of the nutrition-based social safety net program in Hayableh (who follow the nutrition component only as no workfare component has been made available yet to coincide with the beginning of the impact evaluation) the corresponding rates in January 2014 were 62.3 percent and 54.5 percent. Exclusive breastfeeding increased from 9.4 percent to 34.5 percent. These changes will be further monitored throughout the year as the beneficiaries gain access to the workfare program and impact evaluation is being carried out. These results are promising as they refer to high impact interventions which can – over time- reduce chronic malnutrition. Stunting for example is positively affected by interventions that incorporate a strong focus towards behavior change, especially with regards to hygiene and sanitation behaviors. Generally, improvements in sanitation can be associated with 0.8 cm to 1.9 cm increase in height.

Participatory and inclusive approach:

The project is expected to result in major benefits for the communities through the availability of employment opportunities, improved community assets, nutrition services and increased health seeking behavior. The participatory decision making and selection process of community works, which includes communities and other relevant parties, should allow all stakeholders to make informed decisions. Such decisions will be documented by the counterpart for record keeping purposes. The targeting methodology for households participating in the public work program is based on clear and objective criteria (households with pregnant and lactating women) and this should minimize social tensions among community members.

The project will continue to strengthen existing community structures in order to promote sustainability of interventions. Nutrition services are delivered by trained volunteers and facilitators who originate from the communities or local associations. Community based women support groups are created under the project. One trained community volunteer supports two community women groups through mobilization, monthly group discussions and home visits. A community led counsel (the Local Development Committee) identifies the public works which are being carried out under the project with the aim of creating sustainable community assets. Additionally, local leaders are mobilized to organize quarterly community reviews of the implementation of both nutrition and public work interventions of the project, and their capacity is enhanced through a “triple-A approach” of assessment, analysis and action. Besides the behavior change communication provided to women groups, the communities will be reached through local radio, which will convey culturally adapted messages. These combined efforts will

allow reaching beyond the traditional target population of mothers, and harnessing the power of a broad range of influential groups and the community as a whole to build community assets, change overall social norms and improve appropriate nutrition and childcare practices.

As for the parent project, the implementation of the components financed by the project, in particular the community-driven small civil works, will be undertaken on public land and will not cause the involuntary withdrawal of land or lead to an involuntary displacement of people and/or loss of habitat, resources or sources of revenues or their access to them (as stipulated under OP 4.12). Therefore, OP 4.12 is not triggered.

Environmental Analysis

Explanation:

No change.

The Environmental Assessment OP/BP 4.01 policy is triggered, and the project is classified as Category B – Partial Assessment, due to potential site specific and less adverse impacts that may be associated with the sub-projects particularly for small construction / rehabilitation works under Component 1. The AF does not trigger additional safeguards policies, change the safeguard categories or raise safeguard-related issues that were not covered in the original project.

The original project was prepared under the former OP 8.00 (Rapid Response to Crises and Emergencies), and an Environmental and Social Screening Assessment Framework (ESSAF). The ESSAF has been updated to include the new geographical areas and to take into consideration any new sub-project types not taken into consideration in the original ESSAF, prior to being submitted for consultation and published in country and at the Infoshop on May 21, 2014.

Social safeguards:

Project funding will not be allocated to activities necessitating (1) Involuntary land acquisition resulting in involuntary resettlement and/or loss of assets or access to assets, shelter, revenues or means of livelihoods, loss of access to resources, and (2) The involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.

The ESSAF has been updated and reinforced with social safeguards related wording, prior to being submitted for consultation and published in country and at the Infoshop on May 21, 2014.

Risk

Explanation:

No change.

The overall implementation risks remains Substantial and they are consistent with those identified in the original project. These risks are mainly driven by (i) the country environment; (ii) the community-based approach; and (iii) the cross-sectoral nature of the activities. To mitigate these risks, the project will continue providing technical assistance to support activities and strengthen capacities of ADDS, MOH and the Ministry of the Interior for coordination and monitoring.

Annex 1

The Results Framework

Djibouti: DJ Social Safety Net Project Additional Financing (P149621)

Stage: Board

Project Name:	DJ Social Safety Net Project Additional Financing (P149621)		Project Stage:	Additional Financing	Status:	BOARD
Team Leader:	Stefanie Koettl - Brodmann	Requesting Unit:	MNC03	Created by: Amy Champion on 27-Feb-2014		
Product Line:	IBRD/IDA	Responsible Unit:	GSPDR	Modified by: Stefanie Koettl - Brodmann on 18-Jun-2014		
Country:	Djibouti	Approval FY: 2015				
Region:	MIDDLE EAST AND NORTH AFRICA	Lending Instrument:	Investment Project Financing			
Parent Project ID:	P130328	Parent Project Name:	DJ Crisis Response - Social Safety Net Project (P130328)			

Project Development Objectives

Original Project Development Objective - Parent:

The project development objectives are to: (a) support the provision of short-term employment opportunities in community-based labor-intensive works for the poor and vulnerable; and (b) support the improvement of nutrition practices among participating households focusing on pre-school children and pregnant/lactating women.

Proposed Project Development Objective - Additional Financing (AF):

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Beneficiaries of Safety Nets programs (number)	<input checked="" type="checkbox"/>	Number	Value	0.00	440.00	5000.00
				Date	08-Jan-2012	13-Jan-2014	30-Jun-2017
				Comment		Public works component started in January 2014.	
Marked for Deletion	Beneficiaries of Safety Nets programs - Conditional cash transfers (number)	<input checked="" type="checkbox"/>	Number Sub Type Breakdown	Value	0.00	0.00	0.00
				Date			31-Dec-2015
				Comment			
Revised	Beneficiaries of Safety Nets programs - Female (number)	<input checked="" type="checkbox"/>	Number Sub Type Breakdown	Value	0.00	440.00	2500.00
				Date	01-Aug-2012	13-Jan-2014	30-Jun-2017
				Comment			
New	Proportion of women who participated in the nutrition sessions who exclusively breastfeed during the first 6 months of an infant's life	<input type="checkbox"/>	Percentage	Value	9.40	34.50	40.00
				Date	30-Sep-2011	30-Mar-2014	30-Jun-2017
				Comment	Estimate based on the baseline survey conducted in Sept 2011 in the neighborhood of Hayableh	Estimate based on the baseline survey conducted in Feb/Mar 2014 among nutrition session participants in the neighborhood of	

						Hayableh.	
Revised	No. of person-days of labor intensive comm. works provided to able-bodied members of poor/vulnerable households.	<input type="checkbox"/>	Days	Value	0.00	0.00	450000.00
				Date	01-Aug-2012	13-Jan-2014	30-Jun-2017
				Comment		Public works component started in January 2014.	
Marked for Deletion	2. Proportion of pre-school children and pregnant/ lactating women using the improved nutrition practices, among those who attended the activities under comp. 2	<input type="checkbox"/>	Percentage	Value	0.00	0.00	50.00
				Date	01-Aug-2012	04-Oct-2013	31-Dec-2015
				Comment		Nutrition sensitization activities have started in the fall, too soon to measure any changes. Evidence from monitoring survey of ongoing pilot project shows improvement in nutrition practices of program beneficiaries.	
New	Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	Value	0.00	840.00	7000.00
				Date	01-Aug-2012	13-Jan-2014	30-Jun-2017
				Comment		Nutrition	

						sensitization sessions have started in the fall of 2013 and public works component started in January 2014. As of January 2014, there are 580 beneficiaries (out of 890 registered) attending the nutrition sessions in Dikhil and 260 beneficiaries (out of 430 registered) in Obock.	
New	Female beneficiaries	<input checked="" type="checkbox"/>	Percentage Sub Type Supplemental	Value	0.00	50.00	50.00

Intermediate Results Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Marked for Deletion	Percentage of communities satisfied with community works in targeted area.	<input type="checkbox"/>	Percentage	Value	0.00		70.00
				Date	01-Aug-2012	04-Oct-2013	31-Dec-2015
				Comment		No data yet.	
Revised	Number of labor intensive	<input type="checkbox"/>	Number	Value	0.00	0.00	50.00

	community works and services approved.			Date	01-Aug-2012	13-Jan-2014	30-Jun-2017
				Comment		Public works component started in January 2014.	
Revised	Total amount of compensation paid to beneficiaries.	<input type="checkbox"/>	Number	Value	0.00	0.00	452000000.00
				Date	01-Aug-2012	04-Oct-2013	30-Jun-2017
				Comment	in DJ francs		452 million DJF = US\$2.5 million
Marked for Deletion	% of trained participants in the nutrition component activities using knowledge and good nutrition practices among beneficiaries of Component 2.	<input type="checkbox"/>	Percentage	Value	0.00	0.00	50.00
				Date	01-Aug-2012	04-Oct-2013	31-Dec-2015
				Comment		Nutrition sensitization activities have started last month, too soon to measure any changes. Evidence from monitoring survey of ongoing pilot project shows improvement in nutrition practices of program beneficiaries.	

Revised	Percentage of beneficiaries trained in work related skills (basic construction techniques, crafts), entrepreneurship (savings groups, microfinance)	<input type="checkbox"/>	Percentage	Value	0.00	0.00	50.00
				Date	01-Aug-2012	13-Jan-2014	30-Jun-2017
				Comment		Public works component to start in December 2013.	
Marked for Deletion	Percentage of people participating in community-based sensitization sessions provided by LCA and NGOs among potential beneficiaries of Comp. 2.	<input type="checkbox"/>	Percentage	Value	0.00		50.00
				Date	01-Aug-2012	04-Oct-2013	31-Dec-2015
				Comment		No data yet.	
Marked for Deletion	Percentage of children who have been weighed and measured in the last trimester, among beneficiary children of Component 2.	<input type="checkbox"/>	Percentage	Value	0.00	0.00	60.00
				Date	01-Aug-2012	04-Oct-2013	31-Dec-2015
				Comment		No data yet.	
Revised	Percentage of mothers who had four prenatal consultations during last pregnancy, among those who attended the activities of Component 2.	<input type="checkbox"/>	Percentage	Value	5.40	18.10	20.00
				Date	30-Sep-2011	31-Mar-2014	30-Jun-2017
				Comment	Estimate based on the baseline survey conducted in Sep 2011 in the neighborhood of Hayableh.	Estimate based on the baseline survey conducted in Feb/Mar 2014 among nutrition session participants in the neighborhood of Hayableh.	

New	Percentage of mothers who had at least three prenatal consultations during last pregnancy, among those who attended the activities of Component 2.	<input type="checkbox"/>	Percentage	Value	82.80	88.60	90.00
				Date	30-Sep-2011	30-Mar-2014	30-Jun-2017
				Comment	Estimate based on the baseline survey conducted in Sept 2011 in the neighborhood of Hayableh.	Estimate based on the baseline survey conducted in Feb/Mar 2014 among nutrition session participants in the neighborhood of Hayableh.	
New	Proportion of children aged 6-24 months who have a diversified diet, among those who participated in the nutrition sessions.	<input type="checkbox"/>	Percentage	Value	33.30	51.80	55.00
				Date	30-Sep-2011	30-Mar-2014	30-Jun-2017
				Comment	Estimate based on the baseline survey conducted in Sep 2011 in the neighborhood of Hayableh.	Estimate based on the baseline survey conducted in Feb/Mar 2014 among nutrition session participants in the neighborhood of Hayableh.	
New	Pregnant/nursing women who have a diversified diet, among those who participated in the nutrition sessions	<input type="checkbox"/>	Percentage	Value	20.70	62.30	60.00
				Date	30-Sep-2011		30-Jun-2017
				Comment	Estimate based on the baseline survey conducted in	Estimate based on the baseline survey conducted in Feb/Mar 2014	

					Sep 2011 in the neighborhood of Hayableh.	among nutrition session participants in the neighborhood of Hayableh.	
New	Pregnant/lactating women, adolescent girls and/or children under age five-reached by basic nutrition services (number)	<input checked="" type="checkbox"/>	Number	Value	0.00	840.00	7000.00
				Date	01-Aug-2012	13-Jan-2014	30-Jun-2017
				Comment			
New	Pregnant/lactating women, adolescent girls and/or children under age five- reached by basic nutrition services – Others (specify)	<input checked="" type="checkbox"/>	Number Sub Type Breakdown	Value	0.00	840.00	7000.00
				Date	01-Aug-2012	13-Jan-2014	30-Jun-2017
				Comment	Number of community-based nutrition sessions (component 2) attended		
Revised	Data on poor and vulnerable households collected and updating mechanism available.	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	01-Aug-2012	04-Oct-2013	31-Jul-2018
				Comment			
Revised	Beneficiary cards from the social registry issued and delivered.	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	01-Aug-2012	04-Oct-2013	31-Jul-2018
				Comment			

Annex 2

Operational Risk Assessment Framework (ORAF)

Djibouti: DJ Social Safety Net Project Additional Financing (P149621)

Risks							
1. Project Stakeholder Risks							
Stakeholder Risk	Rating	Moderate					
<p>Risk Description:</p> <p>The multi-sector nature of the integrated nutrition/workfare program could undermine the success of the project activities.</p> <p>The multitude of concerned stakeholders and the complex nature of the social registry of poor and vulnerable households could delay implementation.</p>	Risk Management:						
	<p>Under the pilot project (JSDF-financed), the team has put strong emphasis on promoting multi-sectoral collaboration and it is working well (a technical committee meets once a month). An inter-ministerial committee will be established, which will increase government ownership of the program.</p> <p>The Bank is working to strengthen the capacity of the Ministry of Social Solidarity to design a registry of poor and vulnerable households that is sustainable and innovative and has participated in a number of consultations/meetings with government officials (including the prime minister, the ministries of interior, finance, budget, health, etc.). A national committee has been formed as well as a technical level committee.</p>						
	Resp: Both	Stage Implementation	Recurrent	Due Date:	Frequency:	CO NTI NUS	Status: In Progress
			<input checked="" type="checkbox"/>				
2. Implementing Agency (IA) Risks (including Fiduciary Risks)							
Capacity	Rating	Substantial					
Risk Description:	Risk Management:						

<p>(i) Limited experience in implementing this type of project. The community works under the workfare component are labor intensive and built by the communities themselves. The nutrition component is implemented by NGOs and facilitators and will require intensive supervision by ADDS. The MIS and social registry are being implemented for the first time in Djibouti under the ongoing project.</p> <p>(ii) Limited capacity of the market to supply certain skills sets.</p> <p>(iii) Weak implementation capacity of NGOs and CBOs.</p> <p>(iv) Weaknesses in management and fiduciary capacity (procurement) of ADDS still exist.</p> <p>The FM staff team has adequate experience in Bank financed projects. Current risk includes delays in the submission of audit report and customization of the MIS system.</p>	<p>(i) The project will be implemented by ADDS which has acquired experience under the ongoing project. In addition, the agency, through the implementation of other donor funded projects, has acquired increased capacity in fiduciary, procurement, and safeguard policies applicable to Bank-financed projects. It also has considerable experience in selecting NGOs and CBOs for implementation.</p> <p>(ii) Regarding the workfare component, the education sector is implementing a technical vocational education project and the university system has been expanding in Djibouti. This is likely to increase the supply of skilled workers for different aspects of the project components. Regarding lower-skill occupations, the project will enhance availability through training provision to participating households. With regard to the nutrition component, the MOH is heavily involved in the ongoing project and will continue to be an important partner.</p> <p>(iii) The project will strengthen ADDS capacity to monitor and manage NGOs/association through performance-based contracts. NGOs and CBOs involved in the project will receive additional training. The participatory approach including community planning and assets building will build on ADDS's experience with community development projects.</p> <p>(iv) Project Coordinator and staff members involved in procurement will receive intensive training or the help of an individual expert and capacity building. The internal audit department has been strengthened with additional staff and its scope expanded to include all projects implemented by ADDS. The role of the internal audit department has been added to the operational manual.</p>						
	<table border="1"> <tr> <td data-bbox="716 1024 888 1144">Resp: Both</td> <td data-bbox="894 1024 1066 1144">Stage Imple : ment ation</td> <td data-bbox="1073 1024 1245 1144">Recurrent :</td> <td data-bbox="1251 1024 1520 1144">Due Date:</td> <td data-bbox="1526 1024 1730 1144">Frequenc y:</td> <td data-bbox="1736 1024 1942 1144">Status: In Progre ss</td> </tr> </table>	Resp: Both	Stage Imple : ment ation	Recurrent :	Due Date:	Frequenc y:	Status: In Progre ss
Resp: Both	Stage Imple : ment ation	Recurrent :	Due Date:	Frequenc y:	Status: In Progre ss		

3. Project Risks	
Design	Rating Moderate
<p>Risk Description:</p> <p>The innovative design of a community-works program complemented by a behavioral change component</p>	<p>Risk Management:</p> <p>The project has developed small scale works detailed in a catalogue; it will also enhance skills and community services through training. In addition, it will improve knowledge in malnutrition prevention, and enhance community asset building and ownership.</p>

(nutrition) may represent a challenge. Based on the successful experience of the JSDF pilot and the ongoing project, the implementing agency and the country have gained experience and the design has proven to be successful. The complex nature of the social registry may represent a challenge, and certain populations may be left out (nomads, mobile population without papers, refugees, migrants, etc.)	The design of the social registry will be consulted at the highest ministerial level and the World Bank will support the Ministry of Social Solidarity in that the registry is as inclusive as possible and in accordance with human rights standards.					
	Resp: Both	Stage Implementation	Recurrent :	Due Date:	Frequency:	Status: In Progress
Social and Environmental	Rating	Moderate				
Risk Description: The location and precise nature of the activities will be determined by the community from a catalogue of works. Managing community expectations can represent a challenge.	Risk Management: Intensive mobilization campaign will be carried out to inform communities about the program's approach, the catalogue of works and the decision making mechanisms. ADDS will closely supervise NGOs and CBOs to ensure that the respective procedures are followed.					
	Resp: Both	Stage Implementation	Recurrent : <input checked="" type="checkbox"/>	Due Date:	Frequency:	Status: In Progress
Program and Donor	Rating	Moderate				
Risk Description: This project is a stand-alone operation and does not have other co-financiers. However, a large share of the population is food insecure and depends on WFP food rations. Limited availability of these resources can represent a challenge due to limited access to food.	Risk Management: The project will maintain agreements with key partners such as WFP. It will also continue close collaboration with UNICEF and WHO, among others.					
	Resp: Both	Stage Implementation	Recurrent :	Due Date:	Frequency:	Status: In Progress
Delivery Monitoring and Sustainability	Rating	Moderate				

<p>Risk Description:</p> <p>The risk is that there may be poor quality of community works due to the skill levels of community workers. In addition, there may be resistance and high turnover rates of voluntary community workers under the nutrition component.</p> <p>The risk that NGOs have limited capacity to enter data into the MIS</p> <p>For the social registry, the political commitment and financial resources to keep the registry operational once implemented may be limited.</p>	<p>Risk Management:</p> <p>The project will train community-works supervisors. They will have access to a detailed technical specification of the works. These specifications will be detailed in the catalogue of works. NGOs have been supported in entering data (data entry is part of contract and condition for payment) but if further delays are observed ADDS will hire data entry personnel and reduce the contract amount of the NGO in question. Government has expressed high level of commitment to develop a social registry, which would feed into a national identification system.</p>					
	Resp: Both	Stage Implementation	Recurrent	Due Date:	Frequency:	Status: In Progress
<p>4. Overall Risk</p>						
<p>Overall Implementation Risk: Substantial</p>						
<p>Risk Description:</p> <p>The overall implementation risks remain Substantial and they are consistent with those identified in the original project. These risks are mainly driven by (i) the country environment; (ii) the community-based approach; and (iii) the cross-sectoral nature of the activities. To mitigate these risks, the project will continue providing technical assistance to support activities and strengthen capacities of ADDS and MOH for coordination and monitoring."</p>						

Annex 3: Detailed Description of Project Components

Djibouti: DJ Social Safety Net Project Additional Financing (P149621)

1. Project activities consist of establishing an integrated social safety net for poor households (Components 1 and 2) and to improve targeting as a building block for a robust social protection system in Djibouti (Component 3). The project consists of four components:

Component 1: Community-Based Labor-Intensive Works and Services

2. This component finances the community-based labor-intensive work and service activities of the nutrition-based social safety net program with the objective to provide short-term employment to able-bodied members of vulnerable/poor households. Eligible beneficiaries are households who participate in the nutrition sessions (Component 2), i.e., households with pregnant/lactating women and/or pre-school children (under 2 years of age in Djibouti-ville and all intervention areas, with the exception of the towns of Dikhil and Obock, where it is up to 5 years of age). Beneficiaries of the nutrition sessions are eligible to register one household member for the workfare program once a year. Under the additional financing the maximum number of days for the program will be increased from 50 to 75 (adjustments possible during implementation). Each workfare beneficiary receives a beneficiary card that provides access to a bank account at the local microfinance institution.

3. The planning of community works and services will be participative and will respond to community needs and potential workforce availability as defined by the registration process. Community works to be carried out under Component 1 will be selected and prioritized by the communities among a list of eligible works and standard design of eligible works (catalogue) of limited size and scope for the upgrading and maintenance of small-scale community assets (e.g., community infrastructure upgrading, such as the pavement of footpaths, the construction or rehabilitation of small containment walls for flood control, and small pedestrian bridges and stairs). They will be executed through the use of labor-intensive construction techniques that mostly rely on unskilled workforce. Services will consist of artisanal activities, street cleaning, garbage collection at the community level, feeder road (routine and periodic) maintenance, production of stone blocks to be used for the labor-intensive construction, and rehabilitation of community infrastructure. Under the additional financing more emphasis will be placed on identifying nutrition-sensitive works and services, such as for example the development of micro gardens in urban Djibouti used for growing vegetables and fruits.

4. The scope of activities will be expanded under the additional financing by including basic skills development of beneficiaries of Component 1. This training will be done on-site during one day out of every working week and will be for very basic work (e.g., manual skills) and life related skills (coaching, literacy). No formal certification will be provided. There will be no links with the Government's Technical Vocational Education Training (TVET) at this stage given their different focus.

5. More than 60 percent of the amount allocated to community works and services in this component is to pay wages to the beneficiaries. The wage rate has been tested over the past year and will be kept stable (below the market wage at 1000 DJF in urban and at 800 DJF in rural

areas). Each beneficiary will receive a bank account at the local microfinance institution. Wages are paid weekly. The piloting of this approach has been successful.

6. This component will finance the provision of works, goods, consultants' services, and training.

Component 2: Nutrition-Based Social Assistance to Support Investments in Human Capital

7. This component will support innovative community interventions aimed at preventing malnutrition in pre-school children and pregnant/lactating women and enhance child development. This will be achieved through community-based interventions consisting of training/sensitization sessions for mothers, growth monitoring and promotion of children, and provision of food supplements during the lean season. Sensitization sessions include topics/modules such as the importance of good nutrition practices, appropriate use of food supplements, hygiene promotion, importance of schooling, better eating through cooking demonstrations using available local produce, improved care practices for children, etc. Referrals to services delivered to the targeted population and follow-up visits are also envisaged. Local community associations, NGOs and facilitators will provide the interventions directly at the community level through community volunteers and facilitators who will be trained and will provide peer-training/sensitization. The component activities include: (i) conducting sensitization sessions and community-based growth monitoring through, *inter alia*: (a) sessions on the importance of good nutrition practices; the appropriate use of key micronutrients, the importance of education, improved care practices for children, and cooking demonstrations using available nutritious foods; and (b) home visits by a community worker and/or facilitator; (ii) distribution of food supplements to beneficiary households during the lean season; (iii) developing and conducting training on the prevention of malnutrition and promoting growth and child development through sensitization, in partnership with the MOH; and (iv) providing support to the MOH with respect to the prevention of malnutrition at the community level through training, workshops and provision of goods for the health centers. Any detected cases of acute malnutrition will be referred to the appropriate MOH agency.

8. The project will work with the MOH through a Framework Agreement, and the ADDS will implement the nutrition activities in collaboration with the MOH, and will coordinate supervision activities. All supplementation and distribution protocols will be in line with the latest WHO recommendations and evidence of international best practices.

9. This component will finance the provision of goods, food supplements and consultants' services, and training.

Component 3: Targeting, Monitoring and Evaluation

10. The component aims at improving targeting and monitoring of social programs in Djibouti. To this end, the project will finance the following activities: (i) the development of a social registry in the *Secrétariat d'Etat chargé de la Solidarité Nationale* (SESN), which will include the potential beneficiaries of all social programs as well as the actual beneficiaries of the nutrition-based social safety net program financed by this project; and (ii) the consolidation of an

integrated monitoring system (including monitoring surveys) at the *Agence Djiboutienne de Développement Social* (ADDS) to evaluate the outcome of the program financed by the project.

11. The social registry is a database of potential beneficiaries of social programs used by various agencies (SESN, ADDS, CNSS, WFP, etc.) with proper identifiers and verification criteria and a management information system (MIS) that is managed by the SESN to allow for poverty scoring and that could be linked to other MIS of various social programs. As of now, Djibouti does not have any such system of identification of beneficiaries across social programs nor their citizens. It has been considered essential to make use of ICT for the purpose of building this registry to ensure minimizing errors that may creep in a more manual system. This social registry is an important risk management mechanism as it will allow for quick scale up in response to crises, coordination of assistance from the Government and other donors on social programs, and integrated approaches with the beneficiary cards from the registry being linked to health and education benefits. Such a social registry has been developed successfully in many countries and has become the main building block of the social assistance system (e.g., Brazil, Mexico, Philippines).

12. In parallel, the Government of Djibouti is contemplating the creation of a National Identity Registry (NIR) for its population. Developing a NIR can be accomplished in two ways, either as a top-down (foundational-first) or a bottom-up approach (functional-first). In Djibouti, the bottom-up approach will be used. During the first phase, the social registry will be developed and based on the building blocks of the social registry the NIR will be developed. The SESN will start collecting both biometric² and socio-economic information of the poor who are the targeted beneficiaries of social programs and who represent an important segment of Djibouti's population. The biometric information collected by the SESN will feed into the NIR housed at the Ministry of Interior (MOI). Therefore, there is a clear link between the social registry that will lead to creation of the NIR. The project will finance (i) technical assistance and the hardware and software for development of the social registry in the SESN; and (ii) the hardware and software for the Automated Fingerprint Identification System (AFIS) in the MOI.

13. In order for the functional-first/ bottom-up approach to work (avoid fragmentation, overlaps and incompatibility between systems) the country has to adopt policy and standards. The SESN and the MOI have agreed to sign a partnership agreement and will work closely on procuring equipment that are compatible. The Memorandum of Understanding between the SESN and the Directorate of the Population (at the Ministry of Interior) which describes the roles and responsibilities of both parties in this project. was signed on September 18, 2014. It

² Biometrics are core to the proposed national registration in Djibouti. It is required for establishing the uniqueness of identity and for providing identity assurance through biometric verification at the point of service. The amount and type of biometric data to be captured during enrollment should be governed by a national policy. In principle agreement has been reached with the MOI to capture ten fingers and a picture. The exact specifications will be decided upon and included in the technical specifications. In addition to these Core Identifying Data, Validation Data to connect claimed identity to a natural person need to be decided upon. It involves establishing documentation for use of the name (person exists), for the date of birth and for the address where this identity can be localized. The validation data could consist of scanned copies of breeder documents, such as birth certificates, voter cards, drivers' permits, community affidavits, and other proofs of identification or use of name and social reputation, and/or may include self-declarations of applicant collected by a trained agent during enrollment. Again, the exact nature will be decided with the MOI.

elaborates a commitment by both parties to work together in a highly coordinated fashion to ensure meeting the needs of each ministry relative to identification starting with a single unified effort. In addition, it is expected that other agencies would join and contribute to the enrollment effort by collecting biometric information of the population they serve. For example, the *Caisse National de Sécurité Sociale* (CNSS) will be collaborating in the enrollment process in the NIR for formal workers.

14. Agreements reached are the following: A partnership agreement has been signed between the SESN and the MOI. The distribution of responsibilities is shown in Table 1. In principle agreement has been reached with the MOI to capture ten fingers and a picture. Agreement has been reached between the SESN and the MOI that during data collection for the social registry those without national identification documents will be supported to obtain the necessary documents (at a lower cost), thereby closing the identity gap.

Function	Description	Hosting Institution
Social Registry	<ul style="list-style-type: none"> - system for capturing socio-economic data - IT system for capturing identity data, including biometrics - Temporary storage of identity data - MIS for poverty scoring, monitoring and program management 	<ul style="list-style-type: none"> - Housed at SESN
National Identity Registry (NIR)	<ul style="list-style-type: none"> - National Data Repository - AFIS de-duplication system - Issuance of Unique Identity Number (UIN) - Identification services 	<ul style="list-style-type: none"> - Housed at MOI - Other ministries could also open their own enrollment centers to collect identity data

15. The main modules and steps to be undertaken to create the social registry, the linkages with the NIR, and funding sources are as follows:

Social registry (and financing sources):

- i. *Social survey*: Capture demographic and socio-economic information to calculate the poverty score (PMT, proxy means test) and determine eligibility for various social programs. In pockets of poverty, a questionnaire will be administered to each household door-to-door. In non-poor areas, registration will be on demand. This task will use Tablet PCs. Tablets will be financed by the project and local human resources will be financed by the Government and financing from other partners mobilized by the SESN (including World Food Programme).

- ii. *Biometric capture:* Fingerprints of the target population would be captured as a second step after capture of the demographic and socio-economic data. Since this is a specialized task, it would need engaging a team that is capable of developing the required software and also operate the system on the ground for capture of biometrics for those who have been surveyed and data thereof available in the server. International standards for capture, storage and usage of this data would be adhered to along with security and privacy requirements. Procurement of an international firm to deliver the IT system to capture the information and to train local staff will be financed by the project. Local human resources to operate the equipment will be financed by other sources.
- iii. *Calculating PMT scorecard and identifying eligible beneficiaries:* The formula for awarding points to the data collected has been developed by an international expert and consulted upon in Djibouti. This formula would be built into customized software which would run on the collected data. As an output, this software would automatically award points to each family. Based on the scoring available across the data set, beneficiaries eligible for various schemes would be automatically identified in the database. This will be financed by the project.
- v. *Validating and authenticating beneficiaries for delivery:* Each of the social programs would have their own methodology for identifying and validating the beneficiaries using biometrics or the identifying number. However, it is an established fact that leakages and erroneous entries can be better identified and corrected through the use of biometrics at point of disbursement. The utilization and disbursement entries would also be transferred back to the central database for storage and monitoring. The project will finance the issuance of beneficiary cards for the nutrition-based social safety net program and for making the program MIS compatible with the social registry.
- vi. *Updating of data, grievances, applications:* Fixed centers would be set up in every area to take in applications for: any changes to the demographic or socio-economic data, inclusion in the survey, any other complaint or grievances. This would be financed by other sources.
- vii. *MIS:* Various reports and queries would be built into the social registry. This will be financed by the project.

Linkages with NIR:

- viii. *Biometric de-duplication (housed at the Ministry of Interior):* The process of removing exact duplicate records from the database for it to present a much more robust system is called de-duplication. Since it is essential not only to identify each family and beneficiary uniquely in the system but also ensure that every person appears only once in the database, biometric de-duplication is an important aspect. The process is conducted automatically by a software; for each new record of an individual that enters the database (e.g., collected as part of the data collection for the social registry), the fingerprints of the person would be compared against all existing data already available in the database. This process requires expertise to be built and operated and requires some high-end hardware for good results. The result of this process is the issuance of a Unique Identity Number (UIN). The UIN

would be reported back to the social registry so that it is possible to uniquely identify a family as well as the members of the households.

Component 4: Project Management and Administration

1. This component will provide support to the ADDS, which will manage, implement and coordinate the project. This component will finance the provision of goods and equipment, consultants (such as Procurement Specialist, Financial Specialist, IT Specialist, a Regional Coordinator to cover regions outside of Djibouti ville, and the Project Coordinator), audit, training, and operational/administrative costs.

Annex 4: Revised Financial Management and Disbursement Arrangements

Djibouti: DJ Social Safety Net Project Additional Financing (P149621)

Financial Management Assessment

1. The FM team reviewed the financial management arrangement at the Agence Djiboutienne de Développement Social (ADDS). Based on the result of the assessment, the FM risk, as a component of the fiduciary risk, is rated as Moderate. With the proposed mitigating measures ADDS will have the financial management requirements as per OP/BP 10.00 and will maintain an acceptable financial management system and the current risk rating.

2. The proposed project will be implemented according to World Bank guidelines, using the implementation framework of the ongoing Social Safety Net Project, procurement, and disbursement arrangements, and using the human resources of ADDS. The project will be mainstreamed in ADDS's activities. ADDS is an autonomous public institution with administrative and financial autonomy, with oversight by the Social Solidarity Secretary of State ("Secrétariat d'Etat chargé de la Solidarité Nationale" (SESN)), which has performed well under the previous and current projects and has acquired solid capacity in fiduciary procedures applicable to Bank-financed projects. ADDS is in charge of planning, executing, monitoring and evaluation of project activities. It is responsible for project financial management and accounting and for preparing periodic reports on project implementation progress, including both physical and financial achievements.

3. In view of the risks identified and the weaknesses observed, the overall financial management risk is deemed to be Moderate. ADDS should satisfy the following recommendations in order to maintain an acceptable financial management system. The following are the risks identified and mitigating measures to be implemented : (i) the accounting software MIS at ADDS has not been fully customized yet and will need to be fully operational in order to produce the required financial reports; (ii) ADDS has experienced delays in the recruitment of an external auditor which resulted in an overdue audit for ongoing projects, the process of recruiting an external auditor will need to be initiated early during the year to avoid having an overdue audit report; (iii) ADDS has been submitting Interim Un-audited Financial Reports for other projects financed by the World Bank without the certification of the external auditor.

4. The Financial Management rating for the ongoing Social Safety Net Project is Moderately Satisfactory. ADDS had delays in submitting the last audit reports for other Bank financed projects (Urban Poverty Reduction and JSDF Employment and Human Capital) which was caused by the delay in the recruitment of the external auditor.

Financial Management and Disbursement Arrangements

5. *Staffing:* ADDS has a dedicated financial team to handle the FM aspects of all Bank financed projects. The team is comprised of a Financial Officer (FO), who will report to the "Agent Comptable", in charge of the overall FM aspects and is assisted by an accountant, a

budget officer that prepares the annual budget for all activities and a financial officer assigned by the ministry of finance to monitor all project FM activities. The FM team has substantial experience in implementing Bank-financed projects. ADDS has recently reinforced the Internal Audit department. The internal audit department will be in charge of monitoring the internal control at ADDS.

6. *Internal control:* The ADDS is satisfactorily staffed with regard to the level of transaction volume. It is managed using administrative, financial and accounting procedures. The Project Operation Manual (POM) defines the roles, functions, and responsibilities of the ADDS management and staff.

ADDS has recently updated the POM of the ongoing project to reflect all the changes and the increase of activities. In addition they have included a detailed FM chapter describing the various functions within the FM and accounting spectrum. The ADDS is comprised of staff responsible for managing the project activities, including procurement, financial, accounting and assets management software.

The Internal Audit department has been reinforced with additional staff and its scope has been expanded to cover all activities and projects undertaken by ADDS. The internal audit department will be responsible for the ongoing monitoring and supervision of the internal controls and ensure that a sound control environment is constantly kept. The roles and responsibilities of the internal audit department have been updated in the POM. The internal auditor will produce quarterly reports on the effectiveness of internal controls and provide an independent and objective assurance over the project implementation and fiduciary management.

7. *Budgeting:* ADDS budget is prepared by the department of financial services and budget monitoring. The consolidated budget of the entity is prepared after inputs from the various departments. Reconciliation with the previous year is established to better monitor differences. Regarding the projects of the World Bank, the department of finance and budget monitoring receives data from the project manager and adds to the general budget. The process of preparing the annual budget is completed before the start of the fiscal year so not to block the operations of the agency and allow commitments of budgeted expenditures. ADDS sends the annual budget plan for approval by the donors no later than November 15 of each year. ADDS will prepare a budget plan and disbursements plan for each fiscal year related to the project and will submit these plans for World Bank's approval by November 15 of each fiscal year.

8. *Project accounting system:* The transactions will be registered in the accounting system by the accountant under the control of the Financial Officer. The project Financial Officer is responsible for preparing the Interim Un-audited Financial Reports (IFRs) before their transmission to the Agency's Director for approval. Periodical reconciliation between accounting statements and IFRs is also done by the Financial Officer. ADDS will follow the same accounting principles adopted for the ongoing Social Safety Net Project which will cover all sources and uses of project funds, including payments made and expenses incurred. All transactions related to the project will be entered into the accrual accounting system. Disbursements made from the project Designated Accounts (DA) will also be entered into the project accounting system; (ii) project transactions and activities will be separated from other activities undertaken by the ADDS. IFRs summarizing the commitments, receipts, and expenditures made under the project will be produced quarterly using the templates established for this purpose; and (iii) the project chart of accounts will be in compliance with the

classification of expenditures and sources of funds indicated in the project cost tables and the general budget breakdown in addition to the POM. The chart of accounts should allow for data entry to facilitate the financial monitoring of project expenditures by component, sub-component and category. The accounting software (Tompro) is fully functional and is now able to generate the required financial reports. The MIS system used for the High Intensity Work Force component of the ongoing Social Safety Net Project is not fully operational yet and is not able to generate the required reports. ADDS is working on finalizing the customization and having the system fully functional.

9. *Project reporting:* The project financial reporting includes quarterly IFRs and yearly Project Financial Statements (PFS). IFRs should include data on the financial situation of the project, including:

- Statement of Cash Receipts and Payments by category and component.
- Accounting policies and explanatory notes including a footnote disclosure on schedules: (i) “the list of all signed Contracts per category” showing Contract amounts committed, paid, and unpaid under each contract, (ii) Reconciliation Statement for the balance of the Project’s Designated Account, (iii) Statement of Cash payments made using Statements of Expenditures (SOE) basis, (iv) a budget analysis statement indicating forecasts and discrepancies relative to the actual budget, and (v) a comprehensive list of all fixed assets.

The IFRs should be certified by the external auditor and should be produced by ADDS every quarter and sent to the World Bank within 45 days from the end of each quarter. PFS should be produced annually. The PFS should include (a) a cash flow statement; (b) a closing statement of financial position; (c) a statement of ongoing commitments; and (d) an analysis of payments and withdrawals from the project’s account; (e) a statement of cash receipts and payments by category and component; (f) reconciliation statement for the balance of the Project’s Designated Account; (g) statement of cash payments made using Statements of Expenditures (SOE) basis.

10. *Audit of the project financial statements:* An annual external audit of the project accounts will cover all aspects of the project, all uses of funds and all the committed expenditures of the project. It will also cover the financial transactions, internal control and financial management systems and will include a comprehensive review of statements of expenditures (SOEs). An external auditor will be appointed according to Terms of Reference acceptable to the Bank and should conduct the audit in accordance with international auditing standards. The auditor should produce: (i) an annual audit report including his opinion on the project's annual financial statements; (ii) a management letter on the project internal controls; and (iii) a limited review opinion on the IFRs. The annual reports will be submitted to the World Bank within six months from the closure of each fiscal year and the limited review opinion will be submitted to the World Bank with the IFRs. ADDS will ensure that the recruitment of the external auditor will be done early during the year and that the external auditor is on board and will start early his field work so to deliver the audit report and management letter within the deadlines and avoid any delays in this regard. There are no outstanding audits under the original project.

11. *Flow of information:* The ADDS will be responsible for preparing periodic reports on project implementation progress and on both physical and financial achievements. These reports

will be based on project activity progress (by component and expenditure category), including technical and physical information reported on a quarterly basis. ADDS will maintain the project bookkeeping, and will produce annual PFSs and quarterly IFRs.

Disbursement

12. The IDA funds will be disbursed according to the World Bank guidelines and should be used to finance project activities. The proceeds of the project will be disbursed in accordance with the traditional disbursement procedures of the Bank and will be used to finance activities through the disbursement procedures currently used: i.e., Advances, Direct Payment, Reimbursement and special commitment accompanied by appropriate supporting documentation (Summary Sheets with records and/or Statement of Expenditures (SOEs)) in accordance with the procedures described in the Disbursement Letter and the Bank's "Disbursement Guidelines". The IFRs and the PFS will be used as a financial reporting mechanism and not for disbursement purposes. The Minimum Value of Applications for Direct Payment, Reimbursement and Special Commitment Issuance is 20 percent of the Designated Account Advance.

13. Allocation of the Credit's Proceeds:

Category	Amount Allocated (US\$)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
(1) Works, Non Consulting Services, Goods, Consulting Services including Training and Operational Cost for the Project	5,000,000	100%
Total	5,000,000	100%

Designated Account

14. On behalf of the ADDS, the Department of External Financing will open a segregated DA at the Bank of Africa in Djibouti in US Dollars to cover the Project's share of eligible project expenditures. The Ceiling of the DA will be US\$500,000 of the Credit's amount. ADDS will be responsible for submitting monthly replenishment applications with appropriate supporting documentation.

15. *E – Disbursement:* The World Bank has introduced e-disbursement for all Djibouti supported projects. Under e-disbursement, all transactions will be conducted and associated supporting documents scanned and transmitted on line through the Bank's Client Connection system. E-disbursement will considerably speed up disbursements and facilitate project implementation.

Statement of Expenditures (SOEs):

16. For requests for Reimbursement and for reporting eligible expenditures paid from the Designated Account:

- Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for (a) works against contracts valued at US\$ 400,000 or more, (b) goods and non-consulting services against contracts valued at US\$ 100,000 or more, (c) consulting firms against contracts valued at US\$ 100,000 or more and, (d) individual consultants against contracts valued at US\$ 50,000 or more, and
- Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for all other expenditures, namely those against contracts exceeding the above indicated amounts.

Governance and anti-corruption

17. Fraud and corruption may affect the Project resources, thus impact negatively the Project outcomes. The World Bank FMS worked closely with Project's Task Team Leader (TTL) as well as project's consultants and developed with the team an integrated understanding of possible vulnerabilities and agreed on actions to mitigate the risks. The above proposed fiduciary arrangements, including POM with a detailed FM chapter, internal auditor assignment, reporting and auditing and review arrangements are expected to address the risk of fraud and corruption that are likely to have a material impact on the Project outcomes.