

## PROJECT INFORMATION DOCUMENT (PID) ADDITIONAL FINANCING

Report No.: PIDA4243

<b>Project Name</b>	DJ Social Safety Net Project Additional Financing (P149621)
<b>Parent Project Name</b>	DJ Crisis Response - Social Safety Net Project (P130328)
<b>Region</b>	MIDDLE EAST AND NORTH AFRICA
<b>Country</b>	Djibouti
<b>Sector(s)</b>	Other social services (100%)
<b>Theme(s)</b>	Social safety nets (60%), Other social protection and risk management (20%), Nutrition and food security (20%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P149621
<b>Parent Project ID</b>	P130328
<b>Borrower(s)</b>	Government of Djibouti
<b>Implementing Agency</b>	AGENCE DJIBOUTIENNE DE DEVELOPPEMENT SOCIAL (ADDS)
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	20-May-2014
<b>Date PID Approved/Disclosed</b>	30-May-2014
<b>Estimated Date of Appraisal Completion</b>	31-May-2014
<b>Estimated Date of Board Approval</b>	30-Oct-2014
<b>Decision</b>	

### I. Project Context

#### Country Context

Djibouti is one of the smallest countries in Africa with a relatively young population. The population is estimated at just under 900,000 and almost 75 percent is under the age of 35. The country is almost a city-state with 80 percent of the population living in Djibouti-ville. The rural population mainly consists of poor pastoral and nomadic populations who sparsely occupy the hinterland, an extension of the deserts of Ethiopia and Somalia. Real GDP growth is projected to reach 6 percent per year in the coming years, driven by strong foreign direct investment (FDI) inflows and public investment. However, Djibouti is a food-deficit country that depends practically entirely on imports to meet its food requirements. The country is left vulnerable to major risks to growth and macroeconomic stability including fuel and food price shocks and natural disasters such as droughts and floods. Also, due to its strategic location in the Horn of Africa and at the southern end of the Red Sea, adverse economic or security developments in neighboring countries and domestic social and political instability could be potential risks to growth. Overall, the service sector represents close to 80 percent of the economy. Although 20 percent of the population

depends on the agricultural sector for its livelihood, it contributes less than 4 percent to GDP, including farming, livestock, and fisheries. Employment is mostly informal, with around 68 percent of jobs in the informal sector.

A big part of the population suffers from extreme poverty with adverse effects on human development indicators. Official data based on the latest 2012 household survey suggests that 41.9 percent of the population lives in extreme poverty (barely changed from 2002). Poverty is particularly severe in rural areas: 7 out of 10 Djiboutians living outside of Djibouti-ville are extremely poor and 9 out of 10 relatively poor. Human development indicators remain low in 2012, ranking Djibouti 164th out of 187 countries and placing the country well below the regional average. Due to the severe drought in 2012 – the worst in 60 years – at least 20 percent of the capital's population and three-quarters of rural households were left vulnerable to severe and moderate food insecurity. Despite recent efforts, malnutrition remains high in Djibouti, with 30% of children under the age of five chronically malnourished, 30% underweight, and over 18% of children acutely malnourished (SMART survey 2103).

### **Sectoral and institutional Context**

In this context, social safety nets become crucially important to alleviate the devastating effects of poverty. Yet, in Djibouti, the targeting effectiveness of social safety nets is worse than that of countries with similar levels of economic development. The scale and funding of existing social safety net programs remains inadequate to protect most poor and vulnerable groups, eligibility criteria are mostly categorical and not based on poverty-focused criteria similar to (proxy-) means-testing, and programs are fragmented and uncoordinated. The Government is committed to increase equity and efficiency of social welfare benefit delivery for poor and vulnerable households. The Government has increased efforts to improve the design and effectiveness of social safety net programs, which is reflected in an increase in the CPIA rating of 10b (social safety nets programs) from 2.5 in 2001 to 3.0 in 2012. To improve targeting and ensuring that benefits reach the poorest and most vulnerable, the Government's social safety nets strategy (developed in 2012) prioritizes the development a national registry of poor and vulnerable households for better targeting, integration of different forms of assistance and coordination of donors' support. Prevention of malnutrition is considered a core responsibility of the Government (it is a core pillar of the government's social safety net strategy) to save lives, prevent economic losses, and make progress towards increasing human capital and the development goals, including MDG 1. Also 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 (Copenhagen Consensus 2012).

The Social Safety Nets Project is at the forefront of a longer-term strategy to prevent malnutrition, empower women, and improve targeting of social assistance. This innovative program seeks to increase the efficiency of nutritional interventions by leveraging the effect of short-term additional income on child nutritional status. The program focuses on the critical 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. The “first 1,000 days approach” of the project interventions is based on the evidence that early damage is irreversible after the child reaches 24 months of age. After that time it is almost impossible for children to recover from the developmental deficits. 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 under nutrition 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.

One key driver of malnutrition is poverty and unemployment. In fact, the recent economic growth has not translated into significant employment generation. Most poor households (average size of 6 people) rely on one earner per family. For example, survey data collected by the World Bank in 2011 suggests that 10.7 percent of households in the capital's neighborhood of "Moustiquaire" have no earner at all, 81.1 percent have one earner, and 8.2 percent have two earners. Of these, 39.5 percent are wage-employed, 17.1 percent are auto-employed, and 42.8 percent are day-laborer. Other data suggest that most businesses are microenterprises in the service sectors and around 68 percent of jobs are estimated to be in the informal sector. Among the rural population, which is largely (semi-) nomadic organized along tribal structures, pastoralism is the main source of livelihood. The lack of water - particularly during the three- to four-month dry season and during droughts - as well as the degradation of natural resources, largely as a result of overgrazing in areas where water is more easily accessible, threatens rural livelihoods. To gain access to water sources and basic public infrastructure such as schools, many families settle temporarily in proximity of villages and urban centers.

Young people and women are particularly vulnerable and at risk of not establishing a foothold in the labor market. While access to primary and secondary education has improved considerably over the past decade, school dropout after primary school remains high and literacy low, especially in rural areas (according to 2012 data, the literacy rate outside Djibouti-Ville is 31.5 percent). Most youth do not partake in the formal economy and while official unemployment is estimated at 50-60 percent it is likely above 70 percent for young people under the age of 30. Women and girls face additional burdens associated with low literacy and school enrollment and high economic inactivity. Female literacy stands at about 39.5 percent (compared to 60.1 percent for men), and drops to 22 percent outside the capital city. Although no official data as to women's economic activity was included in Government's publication of the recent survey data, the high rate of overall inactivity (over 60 percent) and high incidence of 1-earner families suggest that few women are gainfully employed. Those who are economically active are usually engaged in small commerce activities in the informal sector, including the preparation and sale of food and artisan products.

Key barriers to education, health, and labor market participation include resistance to schooling among families, traditional gender roles and household responsibilities, household poverty, early marriages, and limited access to health facilities. Notwithstanding these constraints, there are windows of opportunity for women's economic empowerment. Despite the socially conservative environment women and girls are generally not discouraged or prevented from accessing training or work opportunities by male family members, and there are no cultural barriers against entrepreneurship. Moreover, community consultations and qualitative research of the existing Social Safety Nets program confirm that women largely manage the household income and have shared decision making power over the allocation of expenditures. These findings suggest that additional income generated by women could directly enhance their economic empowerment within

the household and foster food security and intergenerational transfers. These assumptions are currently being tested through a rigorous impact evaluation.

## II. Proposed Development Objectives

### A. Current Project Development Objectives – 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.

### B. Proposed Project Development Objectives – Additional Financing (AF)

## III. Project Description

### Component Name

Community-Based Labor-Intensive Works and Services

### Comments (optional)

Community-based labor-intensive works and services are offered on a short-term basis to households participating in the nutrition program (see below). Female beneficiaries of the nutrition program are the main target group and over 70 percent of the beneficiaries in the workfare component are women.

### Component Name

Nutrition-Based Social Assistance to Support Investments in Human Capital

### Comments (optional)

Nutrition services are offered at community-base to poor households with pregnant women and children 0-24 months. Additionally, the project supports activities to stimulate early childhood development for children between 24 and 56 months, through referral to and support of child care centers.

### Component Name

Targeting, Monitoring and Evaluation

### Comments (optional)

This component includes a number of activities to target beneficiaries and to monitor process and program outputs. Under this component, the Ministry of Social Affairs (SESN) is developing a social registry so that target beneficiaries and their households can be uniquely identified and to ensure that the benefits disbursed can be tagged to the exact beneficiary.

### Component Name

Project Management and Administration

### Comments (optional)

## IV. Financing (*in USD Million*)

Total Project Cost:	5.00	Total Bank Financing:	5.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>

BORROWER/RECIPIENT	0.00
International Development Association (IDA)	5.00
Total	5.00

## V. Implementation

Project implementation has been underway for more than one year and is rated Satisfactory for both achievement of the PDO and Implementation Progress. Rationale for the AF: The Government of Djibouti has requested the World Bank's support to scale-up the activities of the nutrition-based social safety net program and to increase the funds available to support the development of a social registry to improve the government's ability to target beneficiaries and monitor progress and outcomes. The Government's commitment and ownership of the project is demonstrated by its commitment to contribute funding to the social registry (mainly for local human resources). The additional financing is warranted to scale-up the successful nutrition and workfare activities and to finance the high fixed cost of the social registry. The implementing agency has demonstrated under the pilot project (financed by a JSDF grant) that it has the capacity to deliver a greater volume of activities.

## VI. Safeguard Policies (including public consultation)

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01	<b>x</b>	
Natural Habitats OP/BP 4.04		<b>x</b>
Forests OP/BP 4.36		<b>x</b>
Pest Management OP 4.09		<b>x</b>
Physical Cultural Resources OP/BP 4.11		<b>x</b>
Indigenous Peoples OP/BP 4.10		<b>x</b>
Involuntary Resettlement OP/BP 4.12		<b>x</b>
Safety of Dams OP/BP 4.37		<b>x</b>
Projects on International Waterways OP/BP 7.50		<b>x</b>
Projects in Disputed Areas OP/BP 7.60		<b>x</b>

### Comments (optional)

The Environmental Assessment OP/BP 4.01 policy is triggered because of potential site specific and less adverse impacts that may be associated with the sub-projects particularly for small construction/rehabilitation works. It is expected that all the sub-projects to be Category B or C. The original project was prepared under the OP 8.00 (Rapid Response to Crises and Emergencies), and an Environmental and Social Screening Assessment Framework (ESSAF). The ESSAF will be 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.

## VII. Contact point

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