

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA20795

Project Name	CI- Productive Social Safety Net (P143332)
Region	AFRICA
Country	Cote d'Ivoire
Sector(s)	Other social services (100%)
Theme(s)	Social Safety Nets/Social Assistance & Social Care Services (100%)
Lending Instrument	Specific Investment Loan
Project ID	P143332
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of Employment, Social Affairs and Vocational Training (MEMEASFP)
Environmental Category	C-Not Required
Date PID Prepared/Updated	27-Jan-2015
Date PID Approved/Disclosed	16-Mar-2015
Estimated Date of Appraisal Completion	26-Feb-2015
Estimated Date of Board Approval	28-May-2015
Appraisal Review Decision (from Decision Note)	

I. Project Context

Country Context

A. Country Context

The proposed project is designed to lay the foundations and initiate implementation of a national social safety net system for Cote d'Ivoire for promoting poverty reduction. The project will be financed by an IDA credit in the amount of US\$ 50million and will be implemented over a five year period, from 2015-2020. The project is intended to support implementation of the government's poverty reduction and growth objectives in line with its National Development Plan (NDP) for 2012-2015 and its new National Social Protection Strategy (NSPS), adopted during May 2014. The project design reflects lessons learned from productive social safety nets in other countries such as in Brazil, Ethiopia and Burkina Faso, and includes a social safety net with accompanying measures to encourage investment in human capital and livelihoods.

Cote d'Ivoire is moving fast from years of stagnation to recovery. After almost two decades of strong economic growth, Cote d'Ivoire's economy has experienced a series of economic and political crises which culminated in a short war following the 2011 elections. The successive crises

have resulted to widespread deterioration of living standards. The economic growth was among the lowest in Sub-Saharan Africa (on average -1.6 percent between 1999 and 2003; 1.3 percent between 2004 and 2008, and -0.8 percent from 2009 to 2011). Since mid-2011, stability has been restored and economic growth has resumed with GDP growth reaching close to 9% in 2014. Public investment in infrastructure (transport, energy, health, and education) and private investment in mining, agriculture, energy and housing have boosted domestic demand . The country has a favorable medium-term economic outlook. Growth is expected to rise moderately, averaging 8-9 percent over the next few years as construction accelerates and growth in agriculture and agrobusiness remain strong. Cote d'Ivoire membership in the CFA zone ensures that inflation will remain at low levels. A current account deficit of 4.8 percent of GDP in 2013 is expected to decrease to 3.2 percent in 2014 and 2.1 percent, as export growth lightly outpaces imports. Budget execution has been satisfactory, given strong revenue performance and expenditures that have been kept within budget amounts. The proposed 2015 budget aims to support short- to medium-term growth through continuing to expand public investment.

Despite these achievements, the government continues to face a number of challenges and threats that could undermine the country's fragile transition towards peace and development. Some of the root causes of the crisis. While there has been progress in restoring political and social stability, efforts to achieve reconciliation between the two major political parties have had little success and the 2015 presidential election presents a serious challenge. Similarly, the root causes of the crisis; i. e. national identity, deficit in youth integration and land conflict, are still looming. Last but not least, for the large majority of the population, the fast recovery has yet to trickle down and translate into effective poverty reduction and reduced inequality. In 2013, the Gross National Income (GNI) stood at about US\$900, roughly equivalent to its level in 1962 and income inequality is high with a GINI coefficient of approximately 44 as of 2011 . Estimated at close to 50 percent in 2014 as compared to 10 percent in 1985, poverty is very high with great disparities across regions; pronounced differences are particularly evident between the North (69 percent) and the South (25 percent).

Cote d'Ivoire is endowed with vast resource base capable of fueling its development. Cote d'Ivoire built its economic development on agriculture with the agricultural sector counting for 22 percent of GDP and over three quarter of non-oil exports, and providing incomes to two thirds of households. The sector, especially cashew, cotton, rubber and oil palm, has an enormous potential for growth. In addition Cote d'Ivoire is well endowed with mineral resources oil and gas. Between 2002 and 2009, crude oil production quadrupled and the value of petroleum products dramatically increased. In 2014, net exports of crude oil and refined petroleum products together reached about USD 650 million. Further explorations could lead to the discovery of new fields. Furthermore, with a GDP of about US\$ 30 billion (2013) and a population of 23 million (2014), Cote d'Ivoire is one of the largest economies in West Africa and aspires to be an emerging economy by 2020. Cote d'Ivoire's population stands at 22.6 million according to the 2014 national population census. The population is young with 41.5 percent less than 15 years of age and has been estimated to grow by 2.6% per year between 1998 and 2014. About half of the population lives in urban areas with Abidjan housing close to 39% of the total urban population.

To achieve its poverty objectives, the Government recognizes the need to accelerate economic growth and make it more inclusive while increasing investments in human capital for the neediest populations, as reflected in its NDP 2012-2015. Increases in cocoa and coffee international market prices have benefited Ivoirian farmers through Government's measures to apply a farm-gate price

and civil service salaries were increased in 2014. A rebound in economic growth as well as public investment in basic social services was estimated to have had some impact on poverty reduction. Poverty levels were estimated to have come down to the 2008 level after a spike in 2011 following post-election crisis. Although urban poverty may have decreased somehow due to the recovery of the services sectors, rural poverty may have worsened in line with the relatively poor performance of the agriculture sector. Furthermore, the 2014 employment survey shows that over 75% of the employed population remains active in low-productivity occupations in agricultural and non-agricultural self-employment. A currently under implementation household survey will provide updated information of household welfare and poverty profile and its determinants. Preliminary results are expected in April 2015.

Sectoral and institutional Context

The recent adoption of Cote d'Ivoire's new NSPS paves the way for better coverage, increased efficiency and a higher impact of social protection programs on poverty reduction. The NSPS is intended to protect populations, particularly the most vulnerable, against economic and social risks, and to improve their resilience and their capacity to take care of themselves in the long term. The Strategy is organized around four main strategic pillars: (i) improving vulnerable and poor households' living standards; (ii) improving access to basic social services and investment in human capital; (iii) strengthening social action against violence, abuse, exploitation, discrimination and exclusion; (iiii) extending gradually formal social protection to a larger share of the population. Furthermore, the Government has expressed its interest in the Brazil Bolsa Familia model as an effective tool to reduce inequality by promoting investment in human capital and increasing consumption by the poor.

Poverty in Cote d'Ivoire is predominately rural and marked by wide regional disparities. In terms of the share of the poor, rural areas accounted for 68 percent of the poor in 2008 (the most recent survey- see box on data), down from 72 percent in 1985. Although the share of the poor in urban areas increased to 32 percent in 2008, the poor are still overwhelmingly concentrated in rural areas. There are great disparities in poverty rates across regions, with pronounced differences between the North and the South. For example, poverty rates tend to increase from the South (25 percent) to the North (69 percent).

The high vulnerability to poverty, largely due to a series of interlocking shocks, affected mostly the poorest. In Côte d'Ivoire, mean consumption per capita for the bottom 40 percent has been shrinking at an annualized rate of -2.6 percent between 2002 and 2008, worse than that for the total population (-0.9 percent). Furthermore, the growth incidence curve for this same period indicates that the bottom decile—the poorest of the poor—experienced the biggest losses. As a result Côte d'Ivoire is one of the worst performers in Africa with respect to the Shared Prosperity Index.

Poverty is exacerbated by Cote d'Ivoire's employment profile in low-productivity agriculture and non-agricultural self-employment. Most of Côte d'Ivoire's employment is found in low-productivity occupations, notably agricultural and non-agricultural self-employment, which also bears the highest poverty rates. Labor-force participation is high and formal unemployment relatively low. In February 2014, 76.8% of the adult population was in the labor force. Unemployment only affected a small share of adults in the labor-force (6.7%). Overall, the vast majority of adults in the labor force are engaged in some type of work, although mostly in low-productivity occupations. Indeed, only 17.4% of employed individuals hold wage jobs, more than

half of these wage jobs remain informal with salaries below the formal minimum wage. By contrast, 46.9% of the employed population is self-employed in agriculture, and 29.3% is self-employed in non-agricultural activities. The latter also tend to be the least educated. This high concentration of employment in low-productivity occupations comes with low earnings and provides little opportunity to alleviate poverty or promote shared prosperity.

Existing social protection programs in Cote d'Ivoire are limited and have had a marginal impact on poverty reduction, improving employment and promoting access to basic services. Contributory programs, i.e., pensions and insurance, have very limited coverage (about 5 percent of households) as they tend to benefit only workers in the formal private sector or civil servants. The public pension system runs a structural deficit and due to the high statutory payouts and limited revenues, delays in the payments of public pensions may emerge unless structural reforms are implemented. CNPS remains confronted with the problem of payment of its debt due to the government. The Government adopted in 2012 new pension schemes following the conclusion of the actuarial studies in 2011. The Government has also decided to increase the retirement age for civil servants in specific categories. Only 10% of elderly population is an old-age pensioner. The minimum pension is still equal to 50% of the monthly legal minimum wage (increased from 36,607 to 60,000 in 2013), and the maximum pension is 50% of the insured's average earnings in the 10 best years. The Government also decided to adopt additional measures related to the contribution rate to the pension fund from civil servants. The new contribution rate for the pension was set at 25 percent of income, from 18 percent previously. This is split between the state, two thirds, and the staff itself supporting the other third. These provisions are expected to help balance the accounts of the state employees' pension fund which faced a US\$100 million deficit per year.

Therefore, building a social safety net system can help lay the foundations for channeling much-needed resources to the poorest households. International experience has demonstrated that targeted, well designed social safety nets can mitigate poverty, reduce inequality, encourage investments in human capital and improve productivity or livelihood diversification. Cash transfer programs in countries as diverse as Brazil, Ethiopia, and Bangladesh have demonstrated positive impacts these programs have on poverty and human capital in the short-term, while also mitigating the intergenerational transmission of poverty. As a global leader in social safety nets, the World Bank is well positioned to assist the government of Cote d'Ivoire in implementing a cost effective and well-targeted safety net system.

II. Proposed Development Objectives

The project development objective (PDO) is to provide cash transfers to poor households in selected regions and develop the foundations of a social safety net system.

III. Project Description

Component Name

Cash Transfer "Plus" Program to Poor Households

Comments (optional)

Component Name

Developing the Foundation of a Social Safety Net System

Comments (optional)

Component Name

Project Management, Monitoring and Evaluation

Comments (optional)**IV. Financing (in USD Million)**

Total Project Cost:	50.00	Total Bank Financing:	50.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			50.00
Total			50.00

V. Implementation

The Ministry of Employment, Social Affairs and Vocational Training (MEMEASFP) will be the implementing agency for the project. A PIU will be established for the project and staff for the PIU will be recruited with the necessary qualifications to ensure appropriate fiduciary control and project management. A multi-sectoral steering committee will be set up to support the implementation of the project and oversee coordination.

VI. Safeguard Policies (including public consultation)

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

Comments (optional)**VII. Contact point****World Bank**

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