PROJECT INFORMATION DOCUMENT (PID)
IDENTIFICATION/CONCEPT STAGE

Report No.: PIDC100565

Project Name	Djibouti Household Survey 2017
Region	MIDDLE EAST AND NORTH AFRICA
Country	Djibouti
Lending Instrument	IPF
Project ID	P162743
Borrower Name	Ministry of Finance
Implementing Agency	Agence Djiboutienne de Developpment Social
Environment Category	C - Not Required
Date PID Prepared	22-Dec-2016
Estimated Date of Approval	27-Jan-2017
Initiation Note Review Decision	The review did authorize the preparation to continue

I.   Introduction and Context
Country Context

Djibouti has experienced high economic growth rates in the last years. Taking advantage of its geographical location, Djibouti has become mainly a re-exporter of Ethiopian products and it has started to show its potential as a logistics platform. Between 2008 and2014, the country has had an average annual economic growth of 4.9 percent, surpassing the average of developing countries in the Middle East and North Africa region (2.3 percent). The main drivers behind this trend have been public investment and the continued dynamism of the transport chain (Central Bank of Djibouti, 2014).

Djibouti is a rent-based economy, living in large part from rents of its strategically located port and foreign military bases (USAID/Djibouti, 2004). Thus, Djibouti➢(s GDP growth is largely related to evolution of the tertiary sector, with 67% of its GDP coming from it, especially transport services. The primary sector is pretty small mainly because of hostile weather conditions which particularly hampered the development of the agricultural sector. In addition, only 10% of the land is cultivable (Central Bank of Djibouti, 2014).

The era of high economic growth was boosted by the increase of foreign direct investment (FDI). FDI inflows, which started in 2003, and surpassed in some years (2007, 2008 and 2013) a level higher than 20% of GDP. The FDI is mainly concentrated on infrastructure for ports, roads, buildings and hotels.

The medium term for Djibouti looks favorable with a projected growth of 7 percent between 2016 and 2018, but there are recognized risks to stability and continued growth. In the coming years, investments in infrastructure are expected to show positive results in the economy. Upon completion of such projects, tourism, telecommunications and rents from foreign military bases are expected to promote the country's growth. Nonetheless, significant risks are ever present due to potential delays in the construction or inefficient management of the recently completed

infrastructure projects, slowdown in the Ethiopian economy, and the security situation in neighboring countries.

Unfortunately, the strong observed economic growth has not "trickled down" and the country has seen little improvements in poverty reduction. The extreme poverty incidence has remained high even after the high economic growth rates of recent years. The official estimates show that the poverty rate has only been reduced by one percentage point in the period 2002-2013 going from 24 percent to 23 percent. The incidence of poverty in rural areas has somewhat decreased, but it remains severe as 44.5% of the population has been classified as extreme poor. This implies that around 45 percent of the population were not able to cover their food requirements. Other indicators such as the global poverty rate have shown slow progress as well. The global poverty rate, based on a cost of basic needs approach by adult equivalent, reflects the percentage of the population that is not able to afford a minimum threshold of food and non-food needs. Nationally, global poverty was 46% in 2002 and 40% in 2013.

While the results seem troubling, it is important to note that there are important differences in the approach to measure welfare and poverty across these years that raise caution in their interpretation. In summary, there are two key factors that may affect the comparability of the poverty estimates. First, the modules to collect consumption information were different across years (length and details of questions used, use recall instead of a dairy, etc.) thus allowing for some difference to come from the change in this methodology. Second, the focus of the 2013 household survey was on updating the Consumer Price Index and focused on collecting information from urban households. To obtain national estimates of welfare and poverty, a subsample of rural households from a 2012 household survey was incorporated into the calculation. This combination of data sources could also affect the comparability of the poverty estimates discussed above.

As part of an ongoing TA project (P156794), the team has engaged the Statistical Office (DISED) to better understand the comparability issues of the official poverty rates, and identify avenues for improving the welfare and poverty monitoring systems in the country. Through this work, the 2017 Household Survey (Enquete Aupres des Menages - EDAM 2017) has been identified as a clear opportunity to bring about and implement current good practices in welfare measurement and provide more transparency to the poverty estimation methodology.

Sectoral and Institutional Context

The Government of Djibouti has shown a strong commitment to a strong National Statistical Strategy. With support from donors, the first National Strategy for the Development of Statistics (NSDS) was developed for the period of 2006-2010. An updated strategy was developed for the period 2011-2015 embodied in law No123/AN/1/6eme L. The most recent NSDS only partially achieved the intended objectives - with the evaluation report highlighting that many of the activities could not secure timely funding. The NSDS third objective "Improve the global quality and frequency of statistics of Household Living conditions" was met at 25%, whereas objective 4 "Promote access to data" was only met at 41%. The GoD is currently pursuing the definition and development of the NSDS 2016-2020 and it is expected that these objectives will still be at the fore front of the strategy. Reliable data and statistics will be key in informing the government's new programs for development and action plans.

The Direction of Statistics and Demographic Studies (DISED in french) has relied on the Enquete Aupres des Menages (EDAM) since 1996 to produce welfare and poverty indicators. This effort has undergone several improvements along the years.

The first effort came with the Enquête Auprès des Ménages ➢(Indicateurs Sociaux (EDAM-IS), conducted in 1996, where only an exploratory questionnaire was fielded with the support of the World Bank and the UNDP. DISED has continued to expand the frontier of data collected in the EDAM-IS, and significantly improved the data collection in 2002 when an updated sampling frame was constituted in 2001/02 to better represent the living conditions of Djiboutian households. The EDAM-IS 2002 collected information on 12 consumption components of approximately 2400 households.

The 2009 Census provided an excellent opportunity to update and draw better samples to understand the expenditures of households. The questionnaire of 2012 was designed to improve the detail of the data collected. Modules on food, housing and utilities, education, health, clothing, communication, transport, purchases of durable goods and other non-food collected data on a total of 107 items. Lastly, the EDAM-Budget Consommation (EDAM-BC) collected very detailed information on consumption as part of DISED➢(s effort to update the consumer price index . Using the information from the EDAM-BC 2013, a new poverty line and poverty rate were estimated. The most recent methodology to measure poverty in Djibouti uses the information from the EDAM-BC 2013 to calculate poverty. By adjusting the poverty lines using changes in prices across time, poverty rates for 2002 and 2012 were also calculated from the corresponding EDAM-IS. A forthcoming publication jointly produced by DISED and the African Development Bank (AfDB) contains the most recent poverty rate estimates.

The next EDAM is planned for 2017 and is expected to be in the field during the first quarter of next calendar year. The survey, in line with previous efforts but incorporating current good practices, will provide essential information on demographics, households' consumption, expenditures, as well as welfare indicators to calculate poverty and inequality in the country. The EDAM is expected to become the cornerstone of future dialogue on evidence-based policies, especially those aiming to improve the living conditions of the citizens as part of the GoD new "Vision 2035" strategy.

At the request of DISED, the Poverty GP has provided technical assistance (TA) during the last 12 months to help improve the poverty monitoring system in the country. Poverty measurement in Djibouti rests on the availability and richness of data collected in the EDAM. Through this engagement the team has managed to establish a good working relationship with DISED management and technical staff. The TA activities have allowed to conduct diagnostics on previous survey instruments, welfare measurement methodologies and data collection protocols. As part of the TA, the team has focused on working closely with DISED on how to improve the survey instrument and to find feasible sampling strategies to include the nomadic population. The discussions have advanced at a good pace and DISED has been receptive to several of the suggested updates.

DISED staff have strong ownership of their previous questionnaires and are inclined towards lean living conditions surveys. The team, having benefitted from comments from DEC➢(s survey team and SP colleagues working in Djibouti on survey design, has managed to agree with the DISED on the implementation of several improvements in the questionnaire. In line with current good practices, the team and DISED have begun reviewing the EDAM questionnaire to include improvements on the food item module, the durable goods section, health module, and the module on housing services and dwelling-related expenditures. The questionnaire is being reviewed by

DISED to finalize the food item list, as well as the incorporation of country-specific options to questions on illnesses, institutions, sources of transfers, and a full harmonization of the language. As suggested by DISED, the revised version of the draft is expected to be shared and discussed with an inter-ministerial Technical Group for Statistics to increase awareness of the instrument and data to be collected, and help other institutions plan for potential uses of the data collected.

As part of the TA provided to DISED, activities have also been conducted to help improve the sampling framework to be used in the next EDAM. A WB mission conducted in July 2016 showed two important features that should be taken into consideration in the framework. The first feature is the inclusion of the nomadic population. According to the 2009 census, the nomadic population represented between 20-40% of the Djiboutian population. However, due to logistical and resources constraints, among others, the nomads have not been surveyed in any of the previous EDAMs. Given the likelihood of being among the most vulnerable in the country, having a strategy to survey them and to the extent possible include them in the calculation of national estimates of poverty and inequality will be a great improvement from all previous EDAMs. There is now an agreement to, in coordination with the ministry of agriculture, use the information on water points' maps to help draw enumeration areas that can frame the data collection efforts for the nomadic households. Another feature that will be included in the EDAM 2017, is the updating of the sampling framework to include slum areas (such as the community of Balbala). These areas have experienced large increases in population, due to immigration from within the country and elsewhere, and that raises caution on the usefulness of the 2009 census as a sampling framework. An updated list for these areas is expected to inform the framework from which the EDAM sample will be drawn.

Relationship to CAS/CPS/CPF

The proposed activity relates to both the current Country Strategy (CPS) and the regional strategy. The first pillar of the Country Partnership Strategy, Reducing Vulnerability, has identified the improvement of social safety net programs as well as the development of human capital through the improvement of health indicators and quality of education as key challenges. The improvement of the monitoring systems and welfare measurement in the country have the potential to inform and help design the targeting of the social safety net program and to provide solid foundation for tracking human development indicators. The activity is also in clear alignment to the MNA Strategy Pillar on renewing the social contract via the improvement of monitoring of urban poverty reduction and income opportunities of women and youth. Additionally, by providing feasible strategies to observe samples of the non-sedentary population, the task can inform the understanding and needs of refugees and displaced populations.

II. Project Development Objective(s)

Proposed Development Objective(s)

The PDO is to support the Department of Statistics and Demographic Studies (DISED) to collect, analyze and disseminate data emanating from the Household Survey for Social Indicators (Enquete Djiboutienne Aupres de Menages - EDAM) 2017.

Key Results

Key expected results from this project include:
1) Data collection: Successful completion of the 2017 Enquete Aupres des Menages (EDAM)
2) Analysis: Publication of the 2017 Poverty Analysis Report
3) Dissemination: Archiving of the 2017 EDAM for public access in DISED's website and World Bank's microdata library

III. Preliminary Description

Concept Description

The activities conducted under this operation will have the objective of supporting the successful implementation of the data collection of the EDAM 2017. Given the expected improvements to the questionnaire and sampling strategy, the 2017 EDAM is not only intended to produce poverty estimates, but also a substantially improved measure of households' welfare, and nationally representative indicators that include the nomadic population for the first time. The grant amount if for $500,000 USD.

Preparation of the questionnaire and piloting is expected to be carried out between November 2016 and January 2016. Training of surveyors and codification of the surveys into tablets will be conducted between January and February 2017. Data collection is expected to start in mid-March 2017 and run for 2-3 months. The full cycle will culminate in the preparation of the associated datasets and public use files of the data collected. At that point, complementary TA activities, including that of welfare and poverty measurement are expected to be put in place for the development and production of new poverty estimates in Djibouti.

The data collected from the EDAM 2017 is expected to help inform several World bank operations, with a particular timely focus of the preparation of the Djibouti SCD.

IV. Safeguard Policies that Might Apply

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

V. Financing *(in USD Million)*

Total Project Cost:	0.0000005	Total Bank Financing:	0
Financing Gap:	0		

Financing Source	Amount
Trust Fund for Statistical Capacity Building	0.0000005

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