

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

Report No.: PIDA18464

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| Project Name | Comoros Social Safety Net Project (P150754) |
| Region | AFRICA |
| Country | Comoros |
| Sector(s) | Other social services (80%), Health (20%) |
| Theme(s) | Natural disaster management (20%), Social safety nets (50%), Nutrition and food security (20%), Other rural development (10%) |
| Lending Instrument | Investment Project Financing |
| Project ID | P150754 |
| Borrower(s) | Union of Comoros |
| Implementing Agency | FADC |
| Environmental Category | B-Partial Assessment |
| Date PID Prepared/Updated | 07-Jan-2015 |
| Date PID Approved/Disclosed | 08-Jan-2015 |
| Estimated Date of Appraisal Completion | 19-Dec-2014 |
| Estimated Date of Board Approval | 17-Mar-2015 |
| Decision | |

I. Project Context

Country Context

The Union of Comoros (UoC) is a small nation made up of three islands (Grande Comore, Anjouan and Mohéli) with an estimated population of 760,000. A fourth island, Mayotte, has remained part of France after independence in 1975. Like other small island nations, the UoC is characterized by geographical isolation, limited resources, a small domestic market, a narrow export base and a high dependence on food imports and remittances. Since independence, the UoC has experienced recurrent political crises and conflict between the islands. Political instability has contributed to a long-term declining trend in real income per capita and taken a severe toll on the government's ability to deliver quality basic services.

Comoros has reversed years of economic instability but remains vulnerable to macroeconomic volatility primarily caused by weak fiscal policy and lack of fiscal space for investment in infrastructure and social sectors. Economic growth has consistently been exceeding 2 percent since 2009 and reached an eight year high growth of 3.5 percent in 2013, benefiting from stronger agricultural exports (e.g. vanilla, ylang ylang), increased construction activities, increased foreign aid, some direct investment, and resilient remittances. In 2014 though, economic activity has slightly decelerated to 3.3 percent as structural reforms in key infrastructure sectors like electricity

and telecom continue to be delayed. Macroeconomic management has improved and an Extended Credit Facility program with the IMF has been maintained for three years, supporting key structural reforms under a more stable power sharing agreement across the islands. While monetary policies continue to be prudent and has remained in conformity with the Comorian Franc Zone monetary arrangement, the major source of macroeconomic vulnerability remains fiscal policy. The low level of domestic revenues along with a small tax base, the dependency on volatile foreign grants, the increasing expenditures on the wage bill and subsidies (e.g. energy), and the accumulated arrears have all reduced the fiscal space available for Comoros. This has severely constrained much needed public spending on infrastructure and social sectors such as health, education and social safety nets.

The Comorian population is also highly exposed to natural disasters such as geophysical (volcanic eruptions, earthquakes, landslides) and hydro meteorological (hurricanes / tropical storms, torrential rains, floods, sea level rising, erosion, tidal waves) hazards. A World Bank Report (2005) on natural disaster "hotspots" estimated that 54.2 percent of the population is living in areas at risk of hurricanes, volcanic eruptions, floods, etc. Natural disasters have shown a sharp increase in recent years in the Comoros. After their occurrence, many households suffer a loss of income by losing all or part of their crops and/or assets. The density of the coastal population and urbanization are some of the factors that make the Union of Comoros vulnerable to the effects of climate change. Threats such as rising sea levels, coastal erosion and salinization of drinking water are weighing on the future of the three islands' population.

Due to the weak socio-economic and unstable political situation in the country, Comoros has a longstanding out-migration. According to UN Statistics, in 2012 there were 108,986 Comorians living abroad. The Comorian diaspora is mostly concentrated in France and in Mayotte. The Union benefits from large and growing remittances from the Comorian diaspora, which are crucial for the economy. Over 90 percent of remittances are estimated to go to the island of Grande Comore, which is home to about half the country's population and the country's capital Moroni. Remittances are a major factor in the difference of living standards between the islands and raise the income levels particularly on Grande Comore. In terms of relevance of remittances for the economy, Comoros ranks high in international comparison.

While several MDGs are on track, other key MDGs like halving malnutrition and reducing child mortality by two thirds lack behind. Millennium Development Goals (MDGs) such as universal primary education, reducing maternal mortality by three-quarters, and halting and beginning to reverse the spread of HIV/AIDS are likely to be achieved by 2015. However, the MDG goals of halving the proportion of the undernourished population, achieving gender parity in schooling, and reducing child mortality by two-thirds are unlikely to be attained. Progress in halving the proportion of the population earning less than US\$1.25 per day cannot yet be assessed given a lack of data. Child mortality at birth (49 per 1,000) and maternal mortality (380 per 100,000 live births) have only slowly declined over the decade. Access to health and education services is particularly poor in rural areas, resulting in even weaker MDG outcomes in rural areas. Thus, any poverty oriented program would require special attention to women.

Women are particularly affected by migration, unemployment and poor social services. Comoros has a high level of female-headed households due to separation and migration. Female single parent households represented 22 percent of the total in 2004 (EIM 2004), and there is a higher than average level of dependents in female-headed households. Although remittances benefit female-headed households in particular, they create economic dependency and act as a constraint to

economic participation by women. Female labor force participation was comparatively low at 32 percent as opposed to approximately 43 percent for men. This rate increases to 50 percent and 60 percent for women between 30 and 50 years old as opposed to 80 percent to 89 percent for men of the same age (EIM 2004), and there were more unemployed women than men. Women's employment is also more likely to be precarious -- there are very few women in wage-earning non-agricultural work (13.7 percent) and there are more self-employed women than men. Approximately two-thirds of women work in the informal agricultural (rural) sector.

Malnutrition among children under 5 is widespread. About one third of the children under 5 years of age suffered from chronic malnutrition in 2008, negatively affecting their physical and cognitive development. More specifically, 15.3 percent of children were underweight (4.4 percent of which were severely underweight) and 30 percent were stunted (of which 14.5 percent were severely stunted). The rate of stunting increased significantly with age, from 18 percent to less than 6 months, peaking at a very high prevalence rate of 43 percent among children aged between 18 to 23 months. Malnutrition remains mostly concentrated in rural areas and among children with mothers who lacked education. According to the Demographic and Health Survey -Multiple Indicator Cluster Survey (EDS-MICS II), 16 percent of children had low birth weights in 2012. Contraception use (at 14 percent) and early breastfeeding (at 12 percent) are very low, with breastfeeding even having decreased in the last five years. Critical services such as nutrition counselling and family planning are largely absent.

Effective Safety Net and Nutrition programs would directly support the achievement of MDGs and the Bank's twin goals. Given Comoros' track record of instability, weak economic growth and slow progress on MDGs and poverty reduction, it will be crucial for the country to change its development trajectory towards transparent governance, effective private sector development, and decisive poverty reduction policies and programs. Social Protection policies and programs including nutrition interventions are of crucial importance for the country's development. The proposed project would operationalize the twin goals of eliminating extreme poverty and boosting shared prosperity for the bottom 40 % of the population by combining access to cash transfers and nutrition education with improving the productive assets of communities and households.

Sectoral and institutional Context

The recent assessment of social protection policies and systems in Comoros identifies that Social Protection (SP) programs only cover a small part of the population, a particular challenge given the high poverty and vulnerability of large parts of the Comorian population: Social Insurance is only offered for the formal sector (public sector, military) and private health insurance only covers about 3 percent of the population. While the Government, supported by the World Bank and others (e.g. French Development Agency, AfD - and the Japanese Government), has implemented temporary Cash-for-work programs to respond to multiple crises, a longer term safety net approach has not yet been developed. Social services such as health and education services are out of reach for much of the rural population, not only because of distance but also because of high out-of-pocket expenditures for clients. Government services for special needs groups such as disabled, elderly, etc. are largely absent. Moreover, the study highlights the lack of coordination in the sector accompanied by shortcomings in the availability of data and program information. A budget analysis reveals the dominance of external financing in the sector. Based on these observations, the analysis concludes on the need for the Comoros to develop a strategic framework for its social protection system and improvements in coordination and information on Social Protection

programs. To improve the performance in the sector in the short-term, the study recommends to develop a safety net approach for the poorest families along with the strengthening of nutrition services for the youngest children. In addition, it stresses the importance for the SSN to respond to natural disasters. Similarly, despite high malnutrition rates, nutrition services are very limited. Therapeutic feeding centers were set up at health facilities across the country for the recovery of severely malnourished children (Centre de Récupération Nutritionnelle Ambulatoire - CRENA), with support from AfD. Nevertheless, the community access to these centers as well as the reference system between the community and health facilities is limited, in addition to the lack of information, education and communication on nutrition promotion.

The Ministry of Health, Solidarity, Social Cohesion and Gender Promotion (MoH&S) has already developed a Nutrition Policy. With support from multiple donors, the Ministry has developed a National Nutrition and Food Policy that aims to ensure the right to food and adequate nutrition, in order to improve child survival, to allow optimal development of their physical and intellectual potential, and to promote the health and well-being of vulnerable groups and the entire population. This policy is articulated around ten strategic areas of intervention including Food Security of Households; Nutrition in Health Services and Community Nutrition and Early Childhood Development. Furthermore, Comoros recently joined the Scaling Up Nutrition (SUN) Movement in 2013. The Ministry's Director of Family Health was appointed as the National Coordinator for SUN by the Minister of Health. A multi-sector interim committee on nutrition governance has been established, with two key objectives: setting up of a multi-sector platform and launching of the SUN Movement. UNICEF is leading the nutrition agenda among development partners and providing technical and financial assistance to the MoH&S. However, policy and SUN Movement activities have not been implemented due to the lack of financing and institutional constraints.

More recently, the MoH&S engaged in a participatory process to develop a Social Protection policy in collaboration with the Ministry of Labor. The Bank has supported the development of this policy in 2014 based on a request from the Ministry which emerged from the Bank's Social Protection policy dialogue. The draft document has recently been validated and endorsed by a broad set of stakeholder from the government, non-government sector, development partners and participation from all islands, and now awaits approval by Cabinet. This comprehensive SP policy calls for, inter alia, better coordination and monitoring of social protection initiatives, the development of a common beneficiary registry and effective safety net programs to protect the poorest and most vulnerable population, as well as better integration of social protection and disaster risk management (DRM) initiatives. The Social Protection and Nutrition policies are designed to feed into the country's new Accelerated Growth and Development Strategy (SCA2D) which is under preparation and is intended to orient public spending in the years 2015-2019.

The Bank has been supporting Comoros' Social Protection agenda since 1993 by promoting community development through basic infrastructure and, more recently, through cash for work activities for short term employment creation. The main implementing agency for Bank supported programs has been the FADC. This agency is attached to the Ministry of Finance and governed by a Board of Directors. The most recent Bank support to the country has been provided through the ongoing Comoros Emergency Crisis Response Project (P120631). This is financed by IDA and supports (i) community development through small infrastructure projects, and (ii) short term cash for work activities. The project has been rated 'satisfactory' and is expected to close on June 30, 2015. The proposed project would build on this experience and support the government in developing a "productive safety net approach" combined with community nutrition activities, thus

aiming at improving poor families' incomes and the nutrition status of their children.

The proposed project would support Comoros' efforts towards a more development focused approach as evidenced by its work on the SCA2D. The Project would support this effort by laying the foundations of a productive safety net approach paired with community nutrition, both of which would yield positive short and long term effects for the development of the poorest population. The proposed productive safety net approach would entail a combination of (i) cash for work activities (providing temporary income to selected poor families over a three year period), and (ii) productive public works (supporting terracing, water management, reforestation and other climate change activities, etc.). Through a disaster response window, the Project would enable the Government to quickly support families during the early recovery phase of disasters by providing access to temporary income support focused on the quick rehabilitation of essential small scale infrastructure. The nutrition component would provide much needed information, education and practical advice to families with young children in the same communities on how to use their scarce resources for mothers and their children's development. Finally, the proposed project would further develop the institutional capacity of the Government, through FADC and the Ministry of Health & Solidarity, to provide access to these services by further developing key operational elements such as targeting, payments, productive sub-projects (for the safety net), and nutrition behavior change communication and counselling, culinary presentations, nutrition supplement and other health related key messages and materials etc., to both benefit the communities, as well as the participating families.

II. Proposed Development Objectives

The Project Development Objective is to increase poor communities' access to safety net and nutrition services.

III. Project Description

Component Name

Component 1: Establishment of a Productive and Disaster Responsive Safety Net

Comments (optional)

This component would support the implementation of two key elements of an effective safety net. It would (i) build the institutional and operational foundations for a longer term safety net for the poorest households in selected communities through productive cash for work activities over a three year period. After this period, the households would be expected to continue to benefit from the productive activities; and (ii) make available a short-term safety net for disaster affected households and communities by providing quick recovery support to selected households and communities.

Component Name

Component 2: Improving the nutrition of young children and mothers from poor communities

Comments (optional)

This component would provide preventive nutrition services for the same poor communities to help households get out of the inter-generational cycle of poverty. The specific objective of this component is to promote, at the community level, the adoption of appropriate Infant and Young Children Feeding (IYCF) practices by households. It would focus on ensuring the delivery and demand creation of a minimum package of nutrition-specific interventions for children under five years of age, with particular focus on the "first thousand days" window of opportunity (from pregnancy to two years of age).

Component Name

Component 3: Strengthening Safety Net Management, Coordination, Monitoring and Evaluation

Comments (optional)

This component aims at supporting the development of key elements of a safety net system. It would support the establishment of an effective Management Information System (MIS) including a beneficiary registry based on geographical and community targeting to provide accurate data on beneficiaries and program implementation at all times. The component would also help establish payment systems to transfer cash to the safety net beneficiaries through micro-finance institutions, where possible. This would include the contracting of a payment agency to make the cash transfers to beneficiaries.

IV. Financing (in USD Million)

| | | | |
|---------------------------------|------|-----------------------|---------------|
| Total Project Cost: | 6.00 | Total Bank Financing: | 6.00 |
| Financing Gap: | 0.00 | | |
| For Loans/Credits/Others | | | Amount |
| BORROWER/RECIPIENT | | | 0.00 |
| IDA Grant | | | 6.00 |
| Total | | | 6.00 |

V. Implementation

Overall responsibility for project design and implementation is with the Government of the Union of Comoros, represented by the Ministry of Finance and Economic Development, as well as by the Ministry of Health and Solidarity as the technical department in charge of health, nutrition, and social protection. During project preparation, both Ministries have actively led the design of the project, also supported by the Commissariat du Plan who has an overall coordinating function in this context. Implementation will be closely monitored by the Ministry of Finance as part of its mandate to oversee Bank supported projects, as well as the Ministry of Health and Solidarity in charge of advancing the policies supported under this project.

The implementation of the Safety Net Components (1 and 3) of the Project would be delegated to the FADC (through a subsidiary agreement with the Ministry of Finance) given its long-term experience and its satisfactory implementation record as evidenced by previous project implementation ratings, technical and financial audits. This public service entity (organisme d'intérêt public) was created by a Presidential Ordinance in January 1993, thus benefiting from administrative and financial autonomy. FADC's mandate is to provide financial, technical and material support to communities. The central office is located in the capital of Comoros, Moroni, and headed by a national Executive Director. All three islands have an office headed by a regional Executive Director. The institution mostly works through contracting of services from NGOs and private firms. As the Government is implementing its fiscal reforms and stabilizing its budget, the Bank would encourage the Government to increasingly contribute to FADC's recurrent costs. Policy guidance and overall project oversight of FADC are provided by the Ministry of Finance, the Commissariat du Plan, and relevant sector ministries as the governing bodies of the country's overall development. The Central Coordination Committee (CCC) of FADC, which functions as a Board of Directors of FADC, will oversee the project implementation in accordance with its statute. To date, FADC has successfully implemented several IDA-financed projects and grants, including

the ongoing Emergency Crisis Response Project (P120631) which is almost fully disbursed and is in its final phase of implementation.

The Direction Générale de la Sécurité Civile (DGSC) is the government agency in charge of Disaster Risk Management and coordinates all activities related to national emergencies. The DGSC is in charge of identifying the disaster areas, the activities to be carried out for disaster relieve and early recovery, as well as the disaster affected households that would then be eligible to participate in project activities. It would lead the field work and provide FADC with the information to field its support in the early recovery stage. Roles and Responsibilities as well as procedures of collaboration are documented in a Memorandum of Understanding which governs the project's engagement in the aftermath of natural disasters.

The MoH & S, represented by Family Health Directorate (Direction de la Santé Familiale – DSF), would be in charge of the implementation of the Nutrition Component (2) of the Project. To this end, the Ministry has requested that UNICEF be contracted to carry out the operational and fiduciary management of the component given UNICEF's operational, technical and administrative capacity. UNICEF would therefore establish an Operational Management Unit under the Chief of Child Survival and Development Section. The operational unit would be responsible for (i) the day-to-day management of setting-up and implementing the proposed nutrition component project in close collaboration with the Safety Net component; and (ii) the production of quarterly implementation progress reports, including financial reports. The unit will be supported by UNICEF's existing fiduciary team (financial management specialist, the procurement specialist, an accountant, and an internal auditor). The training of Community Health Workers (CHWs) would be managed by the DSF at all levels of the health system. The DSF team would carry out training of trainers who will then conduct the training sessions at the local level with CHWs. The CHWs in turn would be responsible for organizing and delivering the sensitization sessions and home-visits. The CHWs would be provided with small, performance-based incentives to deliver the services to the households based on performance indicators established in the component's implementation manual.

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)

Safeguards: The project has triggered two Safeguards policies: OP/BP 4.01 (Environmental Assessment); and OP/BP 4.12 (Involuntary Resettlement). Since the exact physical locations of future civil works activities, namely repair and/or rehabilitation of small scale village sub-projects as well as their potential localized adverse environmental and social impacts could not be identified

prior to the appraisal of the proposed project, the Borrower has prepared: (i) an Environmental and Social Management Framework (ESMF); and (ii) a Resettlement Policy Framework (RPF). The RPF outlines the policies and procedures to be followed in the event that resettlement action/compensation plans will need to be prepared to mitigate potential adverse social impacts due to land acquisition. This framework sets forth the basic principles and procedures/directives to be followed by both the Borrower and the World Bank once the physical locations of the proposed activities are known. , the The SSN project supports less infrastructure subprojects than in the past, and more cash-for-work activities which tend to have little negative social and environmental impacts. To the contrary, the project is expected to foster positive social impacts on the beneficiary communities, especially women, youth, the poor and most vulnerable groups since the cash-for-work activities provide much needed income and safeguard both the natural and physical environment, thus also preventing or diminishing the effects of climate change on communities.

Since this project builds on the former social protection projects, it will also build on the ESMF prepared by the ongoing World Bank funded operations implemented by the FADC. The ESMF outlines an environmental and social screening process for future sub-projects to ensure that they are environmentally and socially sound and sustainable. The ESMF would provide an Environmental and Social Screening Form (ESSF) to be applied for each proposed subproject and likewise provide simple guidelines to adequately mitigate (avoid, minimize or reduce) any environmental and social impacts from financed subprojects. The ESMF also includes: (i) a basic description of the natural and physical environment of the targeted project intervention zones in the three Islands of Comoros; (ii) a clear and coherent process to assess environmental and social impacts of subprojects to be financed which were improved with the lesson learned and the best practices developed by the current IDA financing; (iii) guidelines to adequately mitigate (avoid, minimize or reduce) any environmental and social impacts from financed subprojects; (iv) an environmental and social management Plan (ESMP) with an estimated budget and timelines (v) a public consultation and participation that details ways stakeholders, including women, youth and vulnerable groups have been consulted upon and their concerns captured in the project design; (vi) a grievance redress mechanism that provides clearer guidance on how possible grievances will be handled throughout the project life cycle; (vii) a monitoring and evaluation mechanism; and (viii) a medical waste management plan for the health centers to be funded under the proposed project.

At project level, the FADC has a long outstanding experience in implementing IDA financing throughout the current ongoing Comoros Emergency Crisis Response Project. The FADC unit is composed an environmental and a social specialist operational to ensure the compliance on the safeguard environmental and social of all subprojects financed. This arrangement will continue under the proposed Social Safety Net Project.

Extensive public consultations have been conducted during the preparation of ESMF and RPF to take into account the local populations and communities preoccupation on the project design and impacts. The ESMF and RPF have been publicly disclosed in the country and at the Infoshop.

VII. Contact point

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