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Report No: PAD1756

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL SECOND CREDIT AND RESTRUCTURING

IN THE AMOUNT OF SDR 2.9 MILLION  
(US\$4 MILLION EQUIVALENT)

TO THE

REPUBLIC OF DJIBOUTI

FOR A

SOCIAL SAFETY NET PROJECT

May 9, 2016

Social Protection and Labor Global Practice  
Middle East and North Africa

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective February 29, 2016)

Currency Unit = Djiboutian Franc  
SDR 0.72395045 = US\$1  
US\$1.38131 = SDR 1

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

ABIS	Automated Biometric Identification System
AF	Additional Financing
ADDS	<i>Agence Djiboutienne de Développement Social</i>
DA	Designated account
DRDIP	Development Response to Displacement Impacts Project in the Horn of Africa
ESSAF	Environmental and Social Screening Assessment Framework
FM	Financial management
FO	Finance officer
GRS	Grievance Redress Service
IDA	International Development Association
IFR	Un-audited financial report
MIS	Management Information System
NGO	Non-governmental organization
PDO	Project Development Objectives
PFS	Project Financial Statements
PRODERMO	Rural Development and Water Mobilization Project
SESN	<i>Secrétariat D'Etat chargé de la Solidarité Nationale</i>

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**REPUBLIC OF DJIBOUTI**

**SECOND ADDITIONAL FINANCING TO THE SOCIAL SAFETY NET PROJECT  
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**ADDITIONAL FINANCING DATA SHEET**

*Djibouti*

*Djibouti Social Safety Net Second Additional Financing ( P158696 )*

*MIDDLE EAST AND NORTH AFRICA*

*GSP05*

<b>Basic Information – Parent</b>							
Parent Project ID:	P130328	Original EA Category: B - Partial Assessment					
Current Closing Date:	30-Sep-2018						
<b>Basic Information – Additional Financing (AF)</b>							
Project ID:	P158696	Additional Financing Type (from AUS):	Scale Up				
Regional Vice President:	Hafez M. H. Ghanem	Proposed EA Category:					
Country Director:	Asad Alam	Expected Effectiveness Date:	15-Dec-2016				
Senior Global Practice Director:	Omar S. Arias Diaz	Expected Closing Date:	30-Jun-2019				
Practice Manager/Manager:	Hana Polackova Brixi	Report No:	PAD1756				
Team Leader(s):	Stefanie Koettl – Brodmann						
<b>Borrower</b>							
Organization Name	Contact	Title	Telephone	Email			
Ministry of Finance	H. E. Mr. Ilyas Moussa Dawaleh	Minister of Economy and Finance, in Charge of Industry	253-2135650				
<b>Project Financing Data - Parent ( DJ Crisis Response - Social Safety Net Project-P130328 ) (in USD Million)</b>							
Key Dates							
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P130328	IDA-55440	Effective	28-Oct-2014	08-Dec-2014	08-May-2015	30-Sep-2018	30-Sep-2018
P130328	IDA-H7790	Effective	12-Jun-2012	21-Aug-2012	10-Jan-2013	30-Sep-2016	30-Sep-2018

Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P130328	IDA-55440	Effective	XDR	3.30	3.30	0.00	0.57	2.73	17.40
P130328	IDA-H7790	Effective	XDR	3.30	3.30	0.00	3.11	0.19	94.09
<b>Project Financing Data - Additional Financing Djibouti Social Safety Net Second Additional Financing ( P158696 )(in USD Million)</b>									
<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:		4.00			Total Bank Financing:		4.00		
Financing Gap:		0.00							
<b>Financing Source – Additional Financing (AF)</b>								<b>Amount</b>	
BORROWER/RECIPIENT								0.00	
International Development Association (IDA)								4.00	
Total								4.00	
<b>Policy Waivers</b>									
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									
<b>Team Composition</b>									
<b>Bank Staff</b>									
<b>Name</b>		<b>Role</b>		<b>Title</b>		<b>Specialization</b>		<b>Unit</b>	
Stefanie Koettl - Brodmann		Team Leader (ADM Responsible)		Senior Economist				GSP05	
Moussa Djama Kayad		Procurement Specialist (ADM Responsible)		Procurement Specialist				GGO05	

Rock Jabbour	Financial Management Specialist	Financial Management Analyst		GGO23	
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Andrianirina Michel Eric Ranjeva	Team Member	Finance Officer	finance officer	WFALA	
Astania Kamau	Team Member	Temporary		GSP05	
Emre Ozaltin	Team Member	Senior Economist		GHN05	
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Ishanlosen Odiaua	Safeguards Specialist	Consultant		GEN05	
Ruxandra Costache	Counsel	Senior Counsel		LEGAM	
<b>Extended Team</b>					
<b>Name</b>		<b>Title</b>		<b>Location</b>	
Joseph Atick		ICT Specialist			
Valencia Ranarivelo		Nutrition expert			
<b>Locations</b>					
<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
Djibouti	Tadjourah	Tadjourah	X	X	
Djibouti	Obock	Obock	X	X	
Djibouti	Dikhil	Dikhil	X	X	
Djibouti	Ali Sabieh	Ali Sabieh Region	X	X	
Djibouti	Arta	Arta Region	X	X	
Djibouti	Djibouti	Balbala	X	X	
<b>Institutional Data</b>					
Parent ( DJ Crisis Response - Social Safety Net Project-P130328 )					
<b>Practice Area (Lead)</b>					
Social Protection & Labor					
<b>Contributing Practice Areas</b>					
<b>Cross Cutting Topics</b>					
[ ] 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/Social Assistance & Social Care Services	70
Human development	Nutrition and food security	30
Total		100

**Additional Financing Djibouti Social Safety Net Second Additional Financing ( P158696 )**

**Practice Area (Lead)**

Social Protection & Labor

**Contributing Practice Areas**

**Cross Cutting Topics**

- 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	Mitigation Co-
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			Co-benefits %	benefits %
Health and other social services	Other social services	100		
<b>Themes</b>				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Social protection and risk management	Social Safety Nets/Social Assistance & Social Care Services	40		
Social protection and risk management	Social Protection and Labor Policy & Systems	30		
Human development	Nutrition and food security	20		
Human development	Child health	10		
Total		100		



## **I. Introduction**

1. This Project Paper seeks the approval of the Executive Directors of a second Additional Financing Credit in the amount of SDR 2.9 million (US\$4 million equivalent) and a Level 1 restructuring to support the ongoing Djibouti Crisis Response Social Safety Net Project (P130328, IDA H779-DJ) and its first Additional Financing (P149621, Cr. 5544).

2. In addition, the original Project and its first Additional Financing (AF1) will be restructured as follows: (i) the Project Development Objective (PDO) will be simplified and revised to include a core objective of the ongoing Project that was not captured in the current PDO; (ii) the component structure will be modified and activities will be added; (iii) the intervention areas will be expanded; (iv) the closing date will be extended from September 30, 2018 to June 30, 2019; (v) the results framework will be modified to be in line with the modified PDO; and (vi) the disbursement and implementation schedules will be revised to reflect the expanded scope and amended implementation period.

3. The proposed second Additional Financing (AF2) would help finance the costs associated with: (i) a scale-up of the nutrition and workfare activities to increase the number of beneficiaries and widen geographic coverage (extension of locations); and (ii) support implementation of the social registry and associated new activities to strengthen the social safety net system in Djibouti. The project management component will receive additional funds in line with the expanded activities.

## **II. Background and Rationale for Additional Financing in the amount of US\$4 million equivalent**

### **Background**

4. The Djibouti Crisis Response Social Safety Net Project (P130328), financed by a Crisis Response Window IDA Grant, was approved by the Board of Executive Directors on May 23, 2012 in the 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 AF1 (US\$5 million equivalent) was approved on October 28, 2014 and became effective on May 8, 2015. The current closing date is September 30, 2018. The original project is a scale-up of the Employment and Human Capital Safety Nets Project (P120588), which was financed by the Japan Social Development Fund (JSDF) grant in the amount of US\$3.64 million that became effective on December 23, 2010 and closed on December 30, 2014.

5. The project has been under implementation for three years and has been consistently rated satisfactory for both the achievement of the PDO and Implementation Progress (IP). The project currently consists of: (i) an integrated nutrition and workfare program targeting households with pregnant women and children 0-2 years of age (0-5 in certain areas); a monitoring information system for the nutrition and workfare activities; and a rigorous impact evaluation of the workfare and nutrition activities; and (ii) a social registry for identification and targeting of poor and vulnerable households.

6. The World Bank's engagement in the social protection sector in Djibouti over the past years has contributed in important ways to the establishment of a national social safety net system through the development of the social registry and the implementation of the nutrition and workfare activities. Given the high rates of malnutrition and unemployment in the country, such an integrated approach is seen as both innovative and strategic and has produced measurable results in terms of maternal and child nutrition. The social and health sectors have formalized their collaboration over the past months by facilitating subcontracting between health facilities and community-based associations that deliver the nutrition activities. This formal link is to be scaled-up through the AF2. The ultimate objective is for community-based prevention activities to become sustainable beyond World Bank financing through direct contracting with health facilities. To date, over 10,000 beneficiaries have attended the nutrition sessions and over 4,500 households have benefited from temporary employment opportunities (over 300,000 person-days).

7. Through the original project and AF1, the World Bank is investing in the foundation of a social safety net through the development of a social registry, which will allow for identification of individuals and efficient and transparent targeting. The development of such a social registry that includes all vulnerable households in the country is critical to enable social programs to effectively reach potential beneficiaries. The social registry represents a public good, which all ministries, donors, and agencies can use, thereby reducing the overall cost of targeting intended beneficiaries. In addition, a registry with a clear methodology and rules promotes transparency in the selection of beneficiaries. To date, over 28,000 households have been surveyed (through government resources), a proxy-means formula for identifying poor households has been developed, and the social registry will be delivered and installed in August 2016.

8. Overall, these elements have provided the foundation in order to move forward by integrating and harmonizing safety nets programs. A national cash transfer program was launched in January 2016 with funding from the national investment fund. Funds are available to provide a transfer of US\$400 per household per year to approximately 16,000 households for one year. The social registry will be used to identify and target beneficiary households. The nutrition and workfare program will be adapted to complement the cash transfer program.

9. The current PDO is 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 revised PDO is the same as the current PDO, but with the addition of a third objective to capture the strategic investment in the social registry to date and the continued support for a social safety net system under the AF2. The revised PDO is: to support a social safety net system for (i) improved targeting, (ii) improved nutrition practices, and (iii) access to short-term employment for the poor and vulnerable. New indicators to capture the revised objectives have been added to the Results Framework.

### **Rationale for the second additional financing**

10. Continued engagement is of strategic importance to accompany the country towards a sustainable safety net with a strong human capital focus. The project has established effective and efficient operational procedures and is being managed in a satisfactory manner. The project

has successfully established the basis for the prevention of malnutrition in the country and the implementation of the social registry is ongoing. The provision of a second additional financing to the original project and AF1 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. The proposed AF2 would help finance the costs associated with: (i) a scale-up of the nutrition and workfare activities to increase the number of beneficiaries and widen geographic coverage (extension of locations); and (ii) support implementation of the social registry and associated new activities to strengthen the social safety net system in Djibouti. By the end of September 2015, 4,017 short-term employment opportunities were provided to eligible households (80 percent of PDO target), which is equivalent to 300,000 person/days of labor-intensive community work (67 percent of PDO target).

11. The modified and scaled-up activities to be supported through the AF2 are fully consistent with the current PDO which remains highly relevant but which will be simplified and revised to capture a core objective of the current project that was previously not captured in the PDO. They are consistent with Djibouti's Vision 2035, which includes the consolidation of human capital as one of its four pillars and which aims to reduce extreme poverty and build the foundations for shared growth by harnessing the country's human and economic potential, and the World Bank Group's Country Partnership Strategy for Djibouti FY2014-2017, discussed by the Executive Board of Directors on March 13, 2014 (Report 83874-DJ) and its Performance and Learning Review, directly supporting the first pillar of the strategy: reducing vulnerability. The activities are also fully aligned with the World Bank Group's Strategy for the Middle East and North Africa, supporting implementation of: (i) a renewed social contract and (ii) resilience to refugee/IDP shocks. The proposed additional financing supports the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity in a sustainable manner as it helps the Government of Djibouti move towards a more effective social protection system, targeted at the poorest in society; continue building a registry of the poor to improve coordination and efficiency of services to the poor; and contribute to the human development outcomes of the poor.

12. Cross-sectoral collaboration increased during the implementation of the original project/AF1. Cross-sector collaboration exists between Health, Nutrition and Population and Social Protection and Labor, through the performance-based financing (PBF) Health Project and the ongoing Project to incentivize the appropriate use of maternal and child health services offered at health facilities, and to ensure sustainability of community-based prevention activities. The Social Protection and Labor and Agriculture teams are collaborating through the ongoing project and the Rural Community Development and Water Mobilization Project (PRODERMO) to ensure that community-based prevention activities addressing maternal and child health and nutrition will be further extended in rural areas. Under this collaboration, the strong community structures established through PRODERMO, will be leveraged to train community leaders and to put in place prevention activities through the ongoing Project. In addition, there will be collaboration with the Development Response to Displacement Impacts Project in the Horn of Africa (DRDIP). Under the DRDIP, target communities in Ali Addeh and Holl Holl will be supported with service delivery subprojects, including the construction of infrastructure that will provide wage labor opportunities for youth and women. While willingness to participate will be an important criteria, the DRDIP can usefully benefit from the ongoing project's social registry

in reaching the poorest members, and the DRDIP will contribute to collect socio-economic data on households that will be enrolled in the social registry where there is overlap in implementation areas. In addition, the beneficiaries of the ongoing project could be prioritized for support to take up traditional and non-traditional livelihood activities under DRDIP, provided they meet the eligibility criteria. They will be sensitized to productively invest their income from the workfare for livelihood activities supported by the regional project.

## **Activities to be financed through the proposed AF2**

13. The original project/AF1 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. It is proposed to consolidate the components as follows: (1) nutrition and workfare activities; (2) foundation of the social safety net system; and (3) project management and administration.

**Component 1 (nutrition and workfare activities):** continued implementation, expansion, and adaptation of the nutrition and workfare activities<sup>1</sup>, targeted towards poor and vulnerable households with pregnant women and pre-school aged children in selected areas. The design of the activities will be adapted to complement the cash transfer program as well as lessons learned during implementation. The nutrition activities would be scaled up both inside and outside of Djibouti-ville. While the new national cash transfer program constitutes the very basic safety net (covering the entire country), the workfare program would be a more targeted top-up in certain areas outside of Djibouti-ville (it will no longer be offered in Djibouti-ville). One explicit aim of the AF2 is to promote the institutionalization of the community-based approach to preventing malnutrition in collaboration with the Ministry of Health and other stakeholders, including the Ministry of Agriculture, and development partners such as the World Food Programme and the United Nations Children's Fund.

**Component 2 (foundation of the social safety net system):** (a) continued support to the creation and implementation of the social registry to improve beneficiary identification, targeting, delivery, and coordination of programs at reduced costs; (b) support the Government in formulating a national vision for social protection, and development of a social protection strategy beyond 2017; (c) strengthen design features of social interventions, in particular the national cash transfer program; and (d) support further institutional strengthening, capacity building, and enhanced coordination across stakeholders.

**Component 3 (project management and administration):** continued support to project management and administration.

14. **Project results:** The results framework has been revised to reflect the modified PDO (see Annex 1).

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<sup>1</sup> For a detailed description of the nutrition and workfare activities please refer to the PAD of the original project (Report No: 67605-DJ), page 5.

15. **Implementation Arrangements:** The Project has established effective and efficient operational procedures with satisfactory management. The *Agence Djiboutienne de Développement Social* (ADDS) will remain the implementation agency in charge of project management, including procurement, financial management, social safeguards as well as implementation of the nutrition and workfare activities (Components 1 and 3). The *Direction de la solidarité* within the *Secrétariat d'Etat charge de la Solidarité National* (SESN) will continue to be in charge of the technical aspects of the social registry and the other activities of Component 2.

### Summary of Proposed Changes

The AF2 will include the following changes: (i) simplify and revise the Project Development Objective (PDO) to include a core objective of the current project that was not captured in the PDO; (ii) revise the component structure and add additional activities; (iii) extend the project's current closing date from September 30, 2018 to June 30, 2019; (iv) revise the Results Framework; and (v) revise the disbursement and implementation schedules to reflect the expanded scope, increased targets and amended implementation period. The current closing date of the original project and the AF1 will be extended from September 30, 2018 to June 30, 2019. The financing agreement of the original project and the AF1 will be revised to be in line with the AF2.

Change in Implementing Agency	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]
Change in Project's Development Objectives	Yes [ <input checked="" type="checkbox"/> ] No [ <input 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 Project's Development Objectives**

Explanation:

The proposed PDO is a simplified version of the original PDO, which was highly output-oriented. In addition, the revised PDO adds a third objective to capture the strategic investment in the social registry to date and the continued support for a social safety net system under the AF2.

Proposed New PDO - Additional Financing (AF)

The PDO is to support a social safety net system for (i) improved targeting, (ii) improved nutrition practices, and (iii) access to short term employment for the poor and vulnerable.

**Change in Results Framework**

Explanation:

The results framework will be revised to be aligned with the revised PDO and expanded scope.

**Compliance**

**Covenants - Additional Financing ( Djibouti Social Safety Net Second Additional Financing - P158696 )**

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-Feb-2017	<input type="checkbox"/>	Once	New

**Conditions**

Source Of Fund	Name	Type
IDA	Financing Agreement, Article V 5.02	Effectiveness

**Description of Condition**

The Subsidiary Agreement has been authorized or ratified by the Recipient and the Project Implementing Entity.

Source Of Fund	Name	Type
IDA	Financing Agreement, Article	Effectiveness

	V 5.01				
<b>Description of Condition</b>					
The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.					
<b>Risk</b>					
<b>Risk Category</b>	<b>Rating (H, S, M, L)</b>				
1. Political and Governance	High				
2. Macroeconomic	Substantial				
3. Sector Strategies and Policies	Moderate				
4. Technical Design of Project or Program	Moderate				
5. Institutional Capacity for Implementation and Sustainability	Substantial				
6. Fiduciary	Substantial				
7. Environment and Social	Low				
8. Stakeholders	Moderate				
9. Other					
OVERALL	Substantial				
<b>Finance</b>					
<b>Loan Closing Date - Additional Financing ( Djibouti Social Safety Net Second Additional Financing - P158696 )</b>					
<b>Source of Funds</b>	<b>Proposed Additional Financing Loan Closing Date</b>				
	30-Jun-2019				
<b>Loan Closing Date(s) - Parent ( DJ Crisis Response - Social Safety Net Project - P130328 )</b>					
Explanation:					
The closing date of the project would be extended by nine months, from September 30, 2018 to June 30, 2019 to allow sufficient time for the scale-up of project activities.					
<b>Ln/Cr/TF</b>	<b>Status</b>	<b>Original Closing Date</b>	<b>Current Closing Date</b>	<b>Proposed Closing Date</b>	<b>Previous Closing Date(s)</b>
IDA-55440	Effective	30-Sep-2018	30-Sep-2018	30-Jun-2019	30-Sep-2018
IDA-H7790	Effective	30-Sep-2016	30-Sep-2018	30-Jun-2019	30-Sep-2018
<b>Change in Disbursement Estimates (including all sources of Financing)</b>					
Explanation:					
Disbursement estimates require revision to take account of the additional IDA resources.					
<b>Expected Disbursements (in USD Million)(including all Sources of Financing)</b>					



Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual	0.00	0.50	0.55	2.01	3.50	4.05	3.19	0.20	0.00	0.00
Cumulative	0.00	0.50	1.05	3.06	6.56	10.61	13.80	14.00	0.00	0.00

**Allocations - Additional Financing ( Djibouti Social Safety Net Second Additional Financing - P158696 )**

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement % (Type Total)
			Proposed	Proposed
IDA	XDR	(1) Goods, works, non-consulting services, consultants' services, including audit, Operational Costs and Training for the Project	2,900,000	100.00
		<b>Total:</b>	2,900,000	

**Components**

**Change to Components and Cost**

**Explanation:**

The original project and AF1 have 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. It is proposed to consolidate the components as follows: (1) nutrition and workfare activities; (2) foundation of the social safety net system; and (3) project management and administration.

Component 1 (nutrition and workfare activities): continued implementation, expansion, and adaptation of the nutrition and workfare activities, targeted towards poor and vulnerable households with pregnant women and pre-school aged children in selected areas. The design of the activities will be adapted to complement the cash transfer program as well as lessons learned during implementation. The component combines the previous components 1 and 2 and 3 (excluding the social registry) with an initial allocation of US\$3.92 million, which was increased to US\$7.2 million under the AF1 and which will be further increased to US\$10.14 million under the AF2 to expand the scale of the nutrition and workfare activities and to reach more beneficiaries.

Component 2 (foundation of the social safety net system): a) continued support to the creation and implementation of the social registry to improve beneficiary targeting, delivery, and coordination of programs at reduced costs; and b) analytical activities and related capacity building activities to support the development of a national social protection strategy and strengthening the design of social interventions, in particular the new national cash transfer program. The component includes the social registry (previously component 3) as well as new activities for a total cost of US\$2.73 million.

Component 3 (project management and administration): continued oversight of project implementation, financial management, and procurement. The component, which had an initial allocation of US\$0.5 million and was increased to US\$0.68 million under AF1 will be further increased to US\$1.13 million under AF2

to support essential management as well as operating costs at the implementing agency and the SESN.

<b>Current Component Name</b>	<b>Proposed Component Name</b>	<b>Current Cost (US\$M)</b>	<b>Proposed Cost (US\$M)</b>	<b>Action</b>
Community-Based Labor-Intensive Works and Services	Community-Based Labor-Intensive Works and Services	4.87	0	Marked for Deletion
Nutrition-Based Social Assistance to Support Investments in Human Capital	Nutrition-Based Social Assistance to Support Investments in Human Capital	1.52	0	Marked for Deletion
Targeting, Monitoring and Evaluation	Targeting, Monitoring and Evaluation	2.93	0	Marked for Deletion
Project Management and Administration	Project Management and Administration	0.68	1.13	Revised
	Nutrition and workfare activities	0.00	10.14	New
	Foundation of a social safety net system	0.00	2.73	New
	<b>Total:</b>	10.00	14.00	

#### **Other Change(s)**

<b>Implementing Agency Name</b>	<b>Type</b>	<b>Action</b>

#### **Change in Implementation Schedule**

Explanation:

In order to allow sufficient time to implement the scale-up of project activities, the closing date of the project will be extended from September 30, 2018 to June 30, 2019.

#### **Appraisal Summary**

##### **Economic and Financial Analysis**

Explanation:

The economic and financial analysis prepared for the original Project and AF1 is applicable for the workfare and nutrition activities as well as for the social registry. Social safety nets can help reduce poverty in the country when they efficiently reach the poor, and focusing specifically on the first 1,000 days to prevent undernutrition is crucial as the effects of undernutrition during this critical window can have detrimental effects on health, brain development, educational attainment, and productivity in the long-run. Preliminary results from an ongoing rigorous impact evaluation confirm the additional impact of providing access to income through the workfare program compared to participation in nutrition activities alone. Preliminary results show that participation in the workfare program is very high: 96 percent of

households in the evaluation sample (i.e., who participated in the nutrition sessions) had at least one member participating in the workfare program. In almost 80 percent of these households, the targeted women performed the work. The workfare program had a significant effect on the employment of women and labor force participation and there was no substitution effect of labor supply observed within the household. Also, results show a significant net increase in household income in the short-term and the income gain translates into shifts in household expenditures and food diversity. As a result of the workfare offer, children are more likely to be eating food rich in vitamins: an increase of six percent (from 85.9 to 91.1 percent) for children below five years of age, and an increase of 8.5 percent (from 85.2 to 92.5 percent) for the youngest child (below two years of age). Results also show that the youngest child is more likely to have a diversified diet (an increase of 10 percent, from 69.4 to 76.3 percent). Ongoing data collection and analysis will test the medium-term effect of the value added of the workfare program on the nutritional status of children and female labor supply, as well as intra-household decision making, nine months after the short-term safety net intervention has ended. Results will be available by June 2016.

Under the AF2, the nutrition and workfare activities will be adapted to reflect lessons learned and to complement the new cash transfer program (see below). The economic and financial analysis of the workfare component continues to show that the level of transfer is: (i) in line with good international experience; (ii) with a significant impact on the level and quality of food consumption and thereby leading to a diversified diet of children (see impact evaluation results); and (iii) efficient compared to other safety nets, in particular direct food aid (the cost of implementing the workfare program, i.e. coordination, supervision, material, and logistics for payment of benefits represents about 23 percent of total transfers).

In terms of design, the changes under the AF2 are the following:

- a) Expansion of intervention sites: The extension sites have been chosen based on the severity of extreme poverty and in order to complement the national cash transfer program, which targets the number of beneficiaries based on the incidence of extreme poverty. The extension sites are also characterized by high food insecurity and/or high levels of malnutrition.
- b) Scale-up of number of beneficiaries: Over the course of the AF2, approximately 3,000 additional temporary employment opportunities will become available from January 2017 to September 2018.
- c) Change in benefit level: A reduction of the benefit level from a maximum 75 days/year per beneficiary to 50 days/year per beneficiary and a uniform daily transfer of 800 DJF (equivalent to US\$4.50). The benefit level is reduced to allow for better self-targeting of beneficiaries in the workfare program. Given that extremely poor households receive a cash transfer through the national cash transfer program, they would be eligible to work for 30 days in the workfare program, which can be seen as a “top-off” for nutritionally vulnerable households (with pregnant women and pre-school children).

Activities supported by the new Component 2 (development and implementation of social registry including coordination of safety net programs, development of social protection strategy, strengthening of national cash-transfer program, and building government capacity) are expected to result in:

- a) Increased precision in targeting of current and future social programs, by using the registry as a database of potential beneficiaries. This will improve targeting efficiency, while allowing for savings in targeting costs.
- b) Increased access to services, as households registered in the social registry will receive a unique social identity number, which allows isolated or excluded groups to gain access to other services and increase their participation in society.
- c) Increased coordination, which can help reduce undesirable duplication of benefits (e.g., people receiving benefits from more than one donor or program when they should not) and identify gaps in coverage.
- d) Improved design of the national cash transfer program (*Programme nationale de solidarite familiale, PNSF*) to increase poverty-reducing impact.

- e) Definition of a long-term vision and a coherent policy for social protection, to move from an individual program approach to a national safety net system, including a sound implementation and financing plan.
- f) Increased capacity of the Government for the establishment and coordination of the national social protection system.

Public sector intervention in social protection in Djibouti is justified for equity reasons as inequalities in social outcomes are highly pronounced, with negative outcomes concentrated on rural areas and among poor people. In 2013, a government study estimated the Gini index at 0.44, a slight increase from 0.40 in 2002. Inequality is therefore higher in Djibouti than in Senegal (0.403), Mauritania (0.405), or lower-middle-income countries more broadly (0.414 on average for 2005–12).

### **Technical Analysis**

#### **Explanation:**

The Social 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 AF2 will also take into account lessons learned from the implementation of the original project and AF1, as well as recent developments, e.g., introduction of a national cash transfer program.

Sustainability of community based prevention activities: The essential changes in technical design have been elaborated upon in the section above (economic and financial analysis). The biggest technical change relates to the implementation of the nutrition activities at the community level. Under the original project and AF1, different approaches to implementing the nutrition activities were tested [Non Governmental Organizations (NGOs), community-based associations, or individual agents]. All approaches contained the hiring of these actors through the implementing agency. These approaches are not sustainable in the long-run without government or donor financing. Under the original project and AF1, a pilot project has started in collaboration with the health sector (through the performance-based financing project to promote sustainability of community-based prevention activities and incentivize appropriate utilization of maternal and child health services offered at health centers and posts. During the pilot, community-based associations in two neighborhoods of Djibouti-ville have signed a performance agreement with the local health centers; they will be remunerated for each case referred to the health center. Under the AF2, phase 2 will be launched and consists of further geographical scale-up and addition of further performance indicators so that the activities at community level eventually will become self-sustaining without external financing. For this scale-up to take place, a different approach to working with community associations will be adopted under the proposed AF2. The implementing agency (ADDS) will not directly hire NGOs or community-based associations to organize the nutrition activities. ADDS will work directly with community agents (or mères conseillères as they are called in the Social Safety Net Project) who are oftentimes organized in small associations. ADDS will provide training, technical assistance, and the necessary material and equipment for these associations to perform the nutrition activities and to sign a performance agreement with the local health centers and posts for remuneration. The World Food Programme will support the associations with food rations. ADDS will continue to directly hire facilitators who support the community agents in implementing the nutrition sessions and who conduct data entry, and ADDS will hire regional focal points to guarantee continuity of activities in the transition period. ADDS will continue to hire NGOs or community-based associations if this new approach turns out not to be viable.

### **Social Analysis**

#### **Explanation:**

The AF2 is expected to have a positive social impact by providing economic support to the poorest households and communities, as described in the economic analysis above.

The social objective of the AF2 is to reduce vulnerability and risks among the poorest households through temporary employment opportunities to poor and vulnerable households who attend the nutrition sessions. The additional income provided through the project would help targeted households improve access to food, invest in human capital and in productive assets. The trainings on the essential practices have shown to lead to the adoption of new practices which can positively impact poverty for the beneficiaries. Under AF2, 3,000 additional employment opportunities will be added. Under AF2, the synergies will be developed with other operations in the country, e.g., PRODERMO, to ensure that community-based prevention activities addressing maternal and child health and nutrition will be further extended in rural areas and that beneficiaries will be linked with income generating opportunities. Under the collaboration, the strong community structures put in place through PRODERMO will be leveraged to train community leaders and to put in place prevention activities. A similar collaboration has been agreed to with the World Food Programme.

There will be no change under the AF2 in the participatory and inclusive approach that is being adopted. 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. Under the AF2, the target group will be expanded to also include households with children three to five years old, as they are to receive accompanying measures under the new national cash transfer program.

There will be no change under the AF2 in terms of the gender approach adopted: the project is gender-focused, as women are the prime beneficiaries of the project. Women are not only empowered through increased income, but also through increased knowledge on how to care for their children, and how to better use resources available. Over 80 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 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. Under the original Project and the AF1, the workfare program has evolved towards more specifically targeting women (services, street cleaning, and artisanal activities) and adapting working hours to their needs. Under the AF2 the workfare program will be discontinued in Djibouti-ville and expanded outside Djibouti-ville, particularly in rural areas where there are more possibilities to create useful community assets through the workfare program.

The AF2 will explore ways to allow beneficiaries of the nutrition and workfare activities to have access to the grievance and complaint system that has been set up for the national cash transfer program. In urban areas, beneficiaries and non-beneficiaries can register their complaint at a welfare office. In rural areas, a welfare officer will visit each site at least once a month and register complaints.

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; or (2) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.

As with the original project and AF1, any land mobilization (thus far all public domain) for the purpose of

project-related activities will continue to be documented with the relevant authorities adequately and in a timely manner by the executing agency.

Each subproject will be screened by the implementing agency designated staff using the screening sheet in the Environmental and Social Screening Assessment Framework (ESSAF) and mitigation measures will be taken accordingly based on the impacts noted.

### **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 2 (previously Component 1). The AF2 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 OP 8.00 (Rapid Response to Crises and Emergencies), and an ESSAF was prepared. The ESSAF has been updated to include the new geographical areas and to take into consideration any new sub-project types not included in the original ESSAF, prior to being submitted for consultation. The updated ESSAF was published in-country and disclosed on InfoShop on March 8, 2016.

### **Risk**

Explanation:

The overall risk rating for implementation is Substantial. Risk is rated high for Political and Governance. Risk is rated substantial for (i) Macroeconomic, (ii) Institutional Capacity for Implementation and Sustainability, and (iii) Fiduciary. In terms of political and governance, the risk is high due to a government reshuffle following the recent elections that could bring change both at the SESN and ADDS, which could impact implementation of project activities, in particular the social registry. There is risk in the sustainability of the results beyond World Bank support in case of deteriorating macroeconomic conditions and possibly changed political circumstances. If the fiscal/debt situation deteriorates, the Government may not be able to invest in the social safety net system, such as for example to continue implementation of the national cash transfer program, the nutrition and workfare program, or necessary follow-on investments in the social registry. To mitigate these risks, the World Bank and IMF jointly undertake a debt sustainability analysis each year and support tax reforms identified during a recent national tax conference. Also, the team is engaging with other development partners to leverage funding for the continued implementation of key social protection programs and instruments. Linked to a government reshuffle is the substantial risk in terms of institutional capacity for implementation and sustainability. Risks to low institutional capacity for implementation will continue to be mitigated through frequent supervision missions, regular audio and video conferences to follow up on progress, adequately staffed project implementation unit, and regular workshops on World Bank procedures for procurement, disbursement, and financial management. To date, implementation capacity has increased considerably due to intense capacity building activities and implementation support. Fiduciary risk is substantial. Although ADDS has extensive experience in implementing World Bank-financed projects with a dedicated team and clear procedures and guidelines, there are delays in financial reporting, system customization, and procurement as well as lack on contract management and issues in record keeping. Fiduciary risks will be mitigated through continued intense capacity building for financial management and procurement.

A Climate and Disaster Risk Screening has been completed. The anticipated risks due to climate change are low and the project increases adaptive capacity to respond to shocks through cash transfers, improvements in diet diversity, and quick identification and better targeting of the poor.

#### **V. World Bank Grievance Redress**

Communities and individuals who believe that they are adversely affected by a World Bank-supported project may submit complaints to existing project-level grievance redress mechanisms or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate GRS, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

**Annex 1: Revised Results Framework and Monitoring Indicators**

Project Name:	Djibouti Social Safety Net Second Additional Financing (P158696)	Project Stage:	Additional Financing	Status:	DRAFT
Team Leader(s):	Stefanie Koettl - Brodmann	Requesting Unit:	MNCA3	Created by:	Stefanie Koettl - Brodmann on 04-Jan-2016
Product Line:	IBRD/IDA	Responsible Unit:	GSP05	Modified by:	Stefanie Koettl - Brodmann on 24-Feb-2016
Country:	Djibouti	Approval FY:	2016		
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):**

The proposed new PDO is to: support a social safety net system for (i) improved targeting, (ii) improved nutrition practices, and (iii) access to short-term employment for the poor and vulnerable.

**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	<input checked="" type="checkbox"/>	Number	Value	0.00	4505.00	8000.00



(changed end-target date and target from 5000 to 8000)	programs (number)			Date	08-Jan-2012	31-Jan-2016	30-Jun-2019
				Comment			
Revised (changed end-target date and target from 2500 to 5000)	Beneficiaries of Safety Nets programs - Female (number)	<input checked="" type="checkbox"/>	Number Sub Type Breakdown	Value	0.00	4044.00	5000.00
				Date	01-Aug-2012	31-Jan-2016	30-Jun-2019
				Comment			
New (moved from intermediate to PDO indicator and changed end-target date and target from 7000 to 15000)	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	9800.00	15000.00
				Date	08-Jan-2012	30-Sep-2015	30-Jun-2019
				Comment			
New (see comment above; this is a mandatory sub-indicator of core indicator above)	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	9800.00	15000.00
				Date	01-Aug-2012	30-Sep-2015	30-Jun-2019
				Comment			
Revised (changed definition of indicator and changed end-target date)	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	14.70	40.80	40.00
				Date	30-Sep-2011	01-Mar-2014	01-Sep-2016
				Comment	Definition: Proportion of children 6-59 months old at the time of the survey who were only breastfed	Source: Estimate based on the baseline survey conducted in Feb/Mar 2014 among nutrition session participants in the neighborhood of Hayableh.	Estimate based on survey among nutrition session participants in the neighborhood of Hayableh.

					during their first 6 months	neighborhood of Hayableh.	
					Source: Estimate based on the baseline survey conducted in Sep 2011 in the neighborhood of Hayableh.		
Revised (changed end-target date and target from 450,000 to 600,000)	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	300000.00	600000.00
				Date	01-Aug-2012	30-Sep-2015	30-Jun-2019
				Comment			
New	Percentage of workfare beneficiaries who are poor	<input type="checkbox"/>	Percentage	Value			65
				Date	01-Jan-2016	01-Jan-2016	30-Jun-2019
				Comment			Definition: under the poverty line of 40.8%
Revised (changed end-target date and target from 7000 to 100,000)	Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	Value	0.00	9800.00	100000.0
				Date	01-Aug-2012	31-Jan-2016	30-Jun-2019
				Comment			Definition: includes all individuals who receive a social identity number

Revised (changed end- target date)	Female beneficiaries	<input checked="" type="checkbox"/>	Percentage Sub Type Supplemental	Value	0.00	100.00	50.00
Intermediate Results Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Marked for Deletion	Number of labor intensive community works and services approved.	<input type="checkbox"/>	Number	Value	0.00	61.00	50.00
				Date	01-Aug-2012	30-Apr-2015	30-Sep-2018
				Comment			
Revised (changed end- target date and target from 90 to 85)	Percentage of mothers who had at least three prenatal consultations during last pregnancy, among those who participated in the nutrition sessions.	<input type="checkbox"/>	Percentage	Value	78.00	88.20	85.00
				Date	30-Sep-2011	01-Mar-2014	01-Sep-2016
				Comment	Source: Estimate based on the baseline survey conducted in Sep 2011 in the neighborhood of Hayableh.	Definition: Percentage of mothers who had at least 3 prenatal consultations or more during last pregnancy (we exclude women pregnant at the time of the survey)	Source: Estimate based on survey among nutrition session participants in the neighborhood of Hayableh.
					Source: Estimate based on the baseline survey conducted in Feb/Mar 2014 among nutrition session participants in the neighborhood of		

						Hayableh.	
Marked for Deletion	Percentage of beneficiaries trained in work related skills (basic construction techniques, crafts), entrepreneurship (savings groups, microfinance)	<input type="checkbox"/>	Percentage	Value	0.00	19.00	50.00
				Date	01-Aug-2012	30-Sep-2015	30-Sep-2018
				Comment			
Marked for deletion	Percentage of mothers who had four prenatal consultations during last pregnancy, among those who attended the nutrition sessions	<input type="checkbox"/>	Percentage	Value	5.50	18.60	20
				Date	30-Sep-2011	01-Mar-2014	30-Sep-2018
				Comment	Source: Estimate based on the baseline survey conducted in Sep 2011 in the neighborhood of Hayableh.	Definition: Percentage of mothers who had at least four prenatal consultations during last pregnancy (we exclude women pregnant at the time of the survey)  Source: Estimate based on the baseline survey conducted in Feb/Mar 2014 among nutrition session participants in the neighborhood of Hayableh.	Source: Estimate based on survey among nutrition session participants in the neighborhood of Hayableh.
Revised (changed end-	Proportion of children aged 6-24 months who have a	<input type="checkbox"/>	Percentage	Value	32.10	63.7	55.00
				Date	30-Sep-2011	01-Mar-2014	01-Sep-2016

target date)	diversified diet, among those who participated in the nutrition sessions.			Comment	<p>Definition: Diversified diet: a food regimen with at least 3 food categories and maternal milk or at least 4 food categories out of 10, during the last 24 hours</p> <p>Source: Estimate based on the baseline survey conducted in Sep 2011 in the neighborhood of Hayableh.</p>	<p>Definition: Diversified diet: a food regimen with at least 3 food categories and maternal milk or at least 4 food categories out of 10, during the last 24 hours</p> <p>Source: Estimate based on the baseline survey conducted in Feb/Mar 2014 among nutrition session participants in the neighborhood of Hayableh.</p>	<p>Source: Estimate based on survey among nutrition session participants in the neighborhood of Hayableh.</p>
Revised (changed end-target date)	Pregnant/nursing women who have a diversified diet, among those who participated in the nutrition sessions	<input type="checkbox"/>	Percentage	Value	23.30	70.10	60.00
				Date	30-Sep-2011	01-Mar-2014	01-Sep-2016
				Comment	<p>Definition: Diversified diet: a food regimen with at least 4 food categories out of 10, during the last 24 hours.</p> <p>Source:</p>	<p>Definition: Diversified diet: a food regimen with at least 4 food categories out of 10, during the last 24 hours.</p> <p>Source: Estimate based on the baseline survey</p>	<p>Source: Estimate based on survey among nutrition session participants in the neighborhood of Hayableh.</p>

					Estimate based on the baseline survey conducted in Sep 2011 in the neighborhood of Hayableh.	conducted in Feb/Mar 2014 among nutrition session participants in the neighborhood of Hayableh.	
Revised (changed end-target date and target from 452000000 to 570000000)	Total amount of compensation paid to beneficiaries.	<input type="checkbox"/>	Number	Value	0.00	260000.00	570000000.00
				Date	01-Aug-2012	30-Sep-2015	30-Sep-2019
				Comment			
Marked for Deletion	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	6752.00	7000.00
				Date	01-Aug-2012	30-Apr-2015	30-Sep-2018
				Comment			
Marked for Deletion	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	6752.00	7000.00
				Date	01-Aug-2012	30-Apr-2015	30-Sep-2018
				Comment			
New	Percentage of nutrition sessions entered into the MIS	<input type="checkbox"/>	Percentage	Value			80.00
				Date	31-Jan-2016	31-Jan-2016	30-Jun-2019
				Comment	Not recorded systematically to date	Not recorded systematically to date	
New	Number of beneficiaries trained in work related skills (basic construction techniques, crafts), entrepreneurship (savings groups, microfinance)	<input type="checkbox"/>	Number	Value	0.00	759.00	2000
				Date	08-Jan-2012	30-Sep-2015	30-Jun-2019
				Comment			

Marked for Deletion	Data on poor and vulnerable households collected and updating mechanism available.	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	01-Aug-2012	30-Apr-2015	31-Jul-2018
				Comment			
Marked for Deletion	Beneficiary cards from the social registry issued and delivered.	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	01-Aug-2012	30-Apr-2015	31-Jul-2018
				Comment			
New	Number of households registered in the social registry with a unique household identity number	<input type="checkbox"/>	Number	Value	0.00	0.00	20000.0
				Date	31-Jan-2016	31-Jan-2016	30-Jun-2019
				Comment			
New	Number of programs that use the information from the social registry	<input type="checkbox"/>	Number	Value	0.00	0.00	6.00
				Date	31-Jan-2016	31-Jan-2016	30-Jun-2019
				Comment			

## **Annex 2: Detailed Description of Modified or New Project Activities**

1. The first three components of the original Project will be consolidated and re-arranged into two components under the AF2. Component 4 of the original project will be renamed Component 3.

### **Component 1: nutrition and workfare activities**

Sub-component 1A: Community-based labor-intensive works and services (previously component 1)

Sub-component 1B: Nutrition-based social assistance to support investments in human capital (previously component 2)

Sub-component 1C: Monitoring and Evaluation (previously component 3)

2. This component includes the provision of works, goods and consultant services, including training for:

- a) Developing a workfare program providing short-term employment to able-bodied members of vulnerable/poor households through small civil works and services at the community level and provision of training for skills development of beneficiaries;
- b) Conducting sensitization sessions on nutrition and community-based growth monitoring through, inter alia: (a) sessions on the importance of good nutrition practices, the appropriate utilization of key micronutrients, the importance of education, improved care practices for children; (b) cooking demonstrations using available nutritious foods; (c) home visits by a community worker; and (d) provision of food supplements to beneficiary households during the lean season; and
- c) Developing monitoring and evaluation tools and mechanisms for regular monitoring of progress and outputs, including lists of beneficiaries and management information system, and for evaluation of impacts, including baseline and follow-up surveys.

3. A number of changes are to be made under the AF2 to reflect (i) lessons learned during implementation; (ii) adapting the program to the new cash transfer program; and (iii) promote the institutionalization of the community based preventative approach to malnutrition. Changes include:

- i. As under the original project, eligible beneficiaries of the workfare program are households who participate in the nutrition sessions (sub-component 1B), i.e., households with pregnant/lactating women and/or pre-school-aged children. Under the AF2, the age of pre-school children will be up to 5 years of age (under the original project, it was 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. Each workfare beneficiary receives a beneficiary card that provides access to a bank account at the local microfinance institution.
- ii. The nutrition activities will be expanded significantly, also in areas where there is no accompanying workfare program. Just as with the workfare program, the nutrition program will be linked closely with the new cash transfer program so that it provides accompanying measures for beneficiaries of the cash transfer program. The nutrition



program will be scaled up both within and outside of Djibouti-ville. Outside Djibouti-ville, the implementing agency will search for close collaboration with other agencies and projects (e.g., World Food Programme, PRODERMO) in order to reduce costs related to logistics. With a view to make the community based prevention activities sustainable, the social and health sectors have started a close collaboration that is to be scaled up under the AF2. As explained in the technical analysis section, a different approach to working with community associations will be adopted. The implementing agency (ADDS) will not directly hire NGOs or community-based associations directly unless this new approach turns out not to be viable.

- iii. Given the severity of poverty in rural areas, it has been decided to discontinue the workfare program in Djibouti-ville (where the new cash transfer program will cover the extremely poor households) and to expand the workfare program outside Djibouti-ville, in particular in rural areas where the severity of extreme poverty is high, and where both food insecurity and levels of malnutrition are high. One lesson learned during implementation of the original project is that community assets are much higher outside of the capital. Under the original Project and AF1, the majority of activities in the capital (street cleaning and handicraft activities) had little lasting impact on the communities themselves. In rural areas, however, there are more opportunities to implement projects that contribute to strengthening the resilience of the communities, for example, soil conservation, water retention, or gardening. Table 1 shows the intervention areas.
- iv. The benefit level of the workfare program will be reduced to reflect the complementarity between the national cash transfer program and the workfare program. Changes include a reduction of the benefit levels from a maximum 75 days/year per beneficiary to 50 days/year for households who are not extremely poor and 30 days/year for households who are extremely poor (and receive a transfer from the national cash transfer program) and a uniform daily transfer of 800 DJF (equivalent to US\$4.50) to allow for better self-targeting of beneficiaries in the workfare program. Under the original project, the daily transfer has been 800 DJF from the beginning but it was 1,000 DJF in the chef lieu (equivalent to regional capitals). Under the AF2 the daily transfer will be set to 800 DJF.
- v. Under the original project it was foreseen that beneficiaries of the workfare program should be trained in work related skills (basic construction techniques, crafts) or entrepreneurship training (savings groups, microfinance). Lessons from implementation show that this has been very costly to implement and due to the delay in starting the training, the target indicator is unlikely to be met (as it is formulated as a percentage). Under the AF2, basic training will be continued but the focus will be on linking beneficiaries to other projects with ongoing activities related to income generation (e.g. the World Bank financed Enhancing Income Opportunities Project or PRODERMO).

Table 1: Intervention areas of the workfare program under the AF2

<b>Region</b>	<b>Sector or neighborhood</b>	<b>Workfare program under AF2</b>
Djibouti-Ville/Balbala	Hayableh	Discontinue
	Moustiquaire	Discontinue

	Arhiba	Discontinue
	Bache à Eau	Discontinue
Tadjoura	Adaillou	
	Dorra	
Obock	Obock chef lieu	
	Alailli –dada	New
Dikhil	Dikhil chef lieu	
	Yoboki	New
	Asse-ela	New
	Mouloud	New
Arta	Douda	
Ali Sabieh	Daasbio	
	Holl-Holl	
	Goubetto	

## Component 2: Foundation of a social safety net system

Sub-component 2A: Implement social registry as a platform for the targeting of social interventions (previously component 3)

Sup-component 2B: Increase Government’s capacity to establish and coordinate a social protection system (new activity)

4. This component includes the provision of goods and consultant services, including training for the following activities:

- a) implementing a social registry as a platform for the targeting of social interventions for poor and vulnerable households; and
- b) analytical activities and related capacity building activities to support the development of a national social protection strategy and strengthening the design of social interventions, in particular the new national cash transfer program.

5. The *Direction de la solidarité* within the SESN will be the technical leader of this component in close collaboration with ADDS, which is the implementing agency of the Social Safety Net Project. Selected activities will also involve other actors who are central to the implementation of social interventions and the social protection strategy, including the Ministry of Health, the Ministry of Education, the Ministry of Agriculture, the National Statistical Office, the Office of the Prime Minister, and development partners.

6. Djibouti adopted a social protection strategy in 2012 (to cover 2012-2017) in order to address the problem of poverty systematically. As part of that strategy, a social registry was identified as a necessity to identify and classify households that would be considered poor or vulnerable in order to improve targeting and the delivery of assistance to them. The overall system consists of two major elements: a social identity register consisting of front-end enrollment systems and a back-end Automated Biometric Identification Solution (ABIS) that performs all the tasks associated with providing a unique social identity number. The second element is the management information system which will contain the information system

required to build a social registry and manage data (i.e., group individuals into households and attribute a poverty score). A vendor has been selected and the contract was signed in February 2016. The contract stipulates that the system will go live at the end of July 2016, at which point the enrollment/registration can start.

7. The social registry combines proxy-means test targeting in urban areas with universal enrollment in rural areas. To this end, a short questionnaire (social survey) has been developed based on which a poverty score will be calculated. The social surveys to collect household socio-economic information have been underway since the summer of 2014. To date, 21,500 households have been surveyed through door-to-door surveys in urban Djibouti and 7,100 in rural areas, funded by the Government and development partners. Enrollment equipment subject to international standards has been acquired and will be installed at enrollment centers. Households (and each individual household member) are invited to enroll in the social registry after the door-to-door data collection (social survey) is conducted and PMT scoring is used to establish a list of priority individuals (the targeted poor). This will constitute the list of individuals invited to enroll in the social registry.

8. The targeted identity enrollment of this segment of the population will be carried out by the SESN which has population touch-points where invited individuals could be enrolled. The deduplication will be done by an ABIS that would, for the time being, be housed in a secure back office of the SESN. It is conceivable that in the future this ABIS system may be moved to another organization, such as the Population Directorate of the Ministry of Interior, when the interest and capacity are there to enlarge the scope of this identity registration to the whole population.

9. Under the ongoing Project, the World Bank has been financing the acquisition of key equipment (hardware and software) and expertise required. The Government and other donors (notably the World Food Programme) have been financing the implementation of the questionnaires (social survey) and their processing, the organization of the community committees, and management of grievances. To support implementation of the social registry, the World Bank will start contributing to the financing of (i) the social survey, (ii) the enrollment of individuals in the social registry, and (iii) communication materials and campaigns to inform them of the benefits and procedures to enroll in the social registry. Evaluation activities to assess the implementation of the social registry, evaluate its targeting efficiency, and potentially propose adjustments or reforms as needed will be financed as well.

10. Sup-component 2B is a new activity added under the AF2. It will contribute to strengthen the capacity of government actors responsible for leading the social protection system. It will support activities aiming at defining a new social protection strategy (beyond 2017) and informing the design of interventions, in particular the national cash-transfer program.

11. The sub-component will support a series of analytical services to help review the previous social safety net strategy and to draft a comprehensive social protection strategy beyond 2017. It aims to support the various actors involved in implementing social interventions (including the Ministries of Finances and Budget) to budget and plan investments and design programs in the most effective way. This could include the analysis of options for targeting of

potential beneficiaries for selected programs, the analysis of gaps in the supply of basic services on the basis of the social registry and maps of services, the analysis of patterns of vulnerability to better design responses, etc. It would also include an analysis of the national cash-transfer program and support for cross-sectoral collaboration in providing accompanying measures (education, health). Finally, the sub-component will support capacity building and trainings of other actors who are central to the implementation of social interventions and the social protection strategy.

### **Component 3: Project management and administration**

12. This component includes the provision of goods, consultant services, including audit and training, and operational costs<sup>2</sup> for purposes of project management and implementation.

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<sup>2</sup> “Operational Costs” means the reasonable expenses incurred by the PIE for the operational expenses on account of Project implementation, management, monitoring, including staff salaries and staff cost, utilities, supplies, communications, maintenance costs, advertising expenses, bank charges, travel expenses, fuel.

## **Annex 3: Financial Management and Disbursement Arrangements**

### **Financial Management Assessment**

The financial management arrangements at ADDS were reviewed by the Bank and based on the result of the assessment, the FM risk, as a component of the fiduciary risk, is rated as Moderate. The proposed project will be implemented according to World Bank guidelines, using the current implementation framework of the initial Social Safety Net Project at ADDS. This includes financial management, procurement, and disbursement arrangements.

### **Financial Management and Disbursement Arrangements**

*Staffing:* ADDS has a dedicated financial team responsible for handling FM aspects of all Bank financed projects. For the purpose of this project, an additional accountant will be hired to assist with project implementation.

*Internal control:* ADDS will need to update the Project Operations Manual to include the new activities envisaged under this project in addition to the financial management and accounting implications. The internal audit department will be responsible for the ongoing monitoring and supervision of the internal controls and to ensure that a sound control environment is constantly maintained. The internal auditor will produce quarterly reports and ADDS will need to ensure that a comprehensive list of fixed assets is maintained and included in the quarterly certified IFRs and the yearly audited project financial statements.

*Budgeting:* ADDS will prepare a budget plan and disbursements plan for each fiscal year under the project and will submit these for Bank approval by November 15 of each fiscal year.

*Project accounting system:* The transactions will be registered in the accounting system “Tompro” by the accountant under the control of the Financial Officer. ADDS will follow the same accounting principles adopted for the initial Social Safety Net.

*Project reporting:* The project financial reporting includes quarterly IFRs and yearly Project Financial Statements (PFS). PFS will include the same information as the IFRs and will be produced annually.

*Flow of funds:* The funds will be channeled from the World Bank to the project through the project DA. ADDS will open a DA at a bank acceptable to the World Bank. The funds will then be used to fund various activities under the project.

*Audit of the project financial statements:* ADDS will recruit an external auditor with ToRs acceptable to the Bank. Annual audit reports will be submitted within six months from the close of each fiscal year and the limited review opinion will be submitted to the World Bank with the IFRs. The ongoing initial financing and the first additional financing have both been in compliance with the audit requirements and all audits have been received and found acceptable.

### ***Disbursement Arrangements***

The proceeds of the project will be disbursed in accordance with the traditional disbursement procedures (not through IFRs and PFS) and based on the provisions of the disbursement letter. The Minimum Value of Applications for Direct Payment, Reimbursement and Special Commitment Issuance is 20 percent of the Designated Account Advance.

Allocation of the Credit's Proceeds:

<b>Category</b>	<b>Amount Allocated (SDR)</b>	<b>Percentage of Expenditures to be Financed (Inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultants' services, including audit, Operational Costs and Training for the Project	2,900,000	100%
<b>Total</b>	<b>2,900,000</b>	

### **Designated Account**

A Designated Account (DA) will be opened for the project. The Ceiling of the DA will be US\$500,000 of the credit's amount.

### **Statement of Expenditures (SOEs):**

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

- Statement of Expenditures in the form (Annex 4 attached to the Disbursement Letter)
- Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for (a) works against contracts valued at US\$400,000; (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 etc.) for all other expenditures, namely those against contracts exceeding the above indicated amounts.