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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 7.4 MILLION
(US\$10 MILLION EQUIVALENT)

TO THE

REPUBLIC OF DJIBOUTI

FOR THE

DEVELOPMENT RESPONSE TO DISPLACEMENT IMPACTS PROJECT IN THE HORN OF
AFRICA

May 6, 2020

Social Development Global Practice
Middle East And North Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective March 31, 2020)

Currency Unit = Djibouti Francs (DJF)

US \$1 = 178 Djiboutian Franc

US \$1 = SDR 0.73270809

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

ADDS	Djiboutian Social Development Agency (<i>Agence Djiboutienne de Développement Social</i>)
AF	Additional Financing
ARULOS	Agency for Slum Upgrading and Social Housing (<i>Agence de Réhabilitation Urbaine et du Logement Social</i>)
CDD	Community Driven Development
CERC	Contingent Emergency Response Component
CPF	Country Partnership Framework
DA	Designated Account
DHR	Rural Hydraulics Department (<i>Direction de l'Hydraulique Rurale</i>)
DRDIP	Development Response to Displacement Impacts Project
ESMF	Environmental and Social Management Framework
FCV	Fragility, Conflict and Violence
FM	Financial Management
FO	Finance Officer
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HIV	Human Immunodeficiency Virus
HOA	Horn of Africa
IDA	International Development Association
IFC	International Finance Corporation
IFR	Interim Financial Report
IGAD	Intergovernmental Authority on Development
IOM	International Organization for Migration
IR	Intermediate Result
LED	Local Economic Development
M&E	Monitoring and Evaluation
OAU	Organization of African Unity
ONARS	National Office for Assistance to Refugees and Disasters (<i>Office National d'Assistance aux Réfugiés et Sinistrés</i>)
PDO	Project Development Objective
PFS	Project Financial Statement
PIM	Project Implementation Manual
PIU	Project Implementation Unit
RF	Results Framework
SEA	Sexual Exploitation and Abuse
SH	Sexual Harassment
SOE	Statements of Expenditure
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
WBG	World Bank Group

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**BASIC INFORMATION – PARENT (Development Response to Displacement Impacts Project in the HoA - P152822)**

Country Africa	Product Line IBRD/IDA	Team Leader(s) Varalakshmi Vemuru		
Project ID P152822	Financing Instrument Investment Project Financing	Resp CC SAFS2 (9363)	Req CC AFCRI (7960)	Practice Area (Lead) Social

Implementing Agency: IGAD, Agence Djiboutienne de Développement Social, Ministry of Agriculture and Natural Resources, Office of the Prime Minister

Is this a regionally tagged project? No				
Bank/IFC Collaboration No				
Approval Date 31-May-2016	Closing Date 31-Dec-2023	Expected Guarantee Expiration Date	Original Environmental Assessment Category Partial Assessment (B)	Current EA Category Partial Assessment (B)

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach [MPA]	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input checked="" type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-Linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	



Development Objective(s)

The Project Development Objective (PDO) is to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the target areas of Djibouti, Ethiopia and Uganda.

The proposed regional project will embed the essential features of ensuring citizen participation and engagement in identifying and prioritizing developmental needs, including socio-economic infrastructure and livelihood opportunities to improve self-reliance of refugee hosting communities; improving social cohesion between refugees and refugee hosting communities; increasing citizen voice and role in development decision making; and eliciting greater demand for social accountability. The operational approach will be Community Driven Development (CDD) and will involve: (i) building and capacitating grassroots institutions; (ii) ensuring the voice of all communities is heard in decision making; (iii) strengthening decentralized government administrative functions; and (iv) investing in public service delivery and social mobilization to enhance social cohesion among beneficiary communities.

Ratings (from Parent ISR)

	Implementation					Latest ISR
	28-Nov-2016	07-Jun-2017	04-Dec-2017	27-Jun-2018	09-Jan-2019	28-Nov-2019
Progress towards achievement of PDO	S	S	S	S	S	S
Overall Implementation Progress (IP)	S	S	S	S	MS	MS
Overall Safeguards Rating	S	S	S	S	S	S
Overall Risk	S	S	S	S	S	S

BASIC INFORMATION – ADDITIONAL FINANCING (Development Response to Displacement Impacts Project in the Horn of Africa - P171409)

Project ID	Project Name	Additional Financing Type	Urgent Need or Capacity Constraints
P171409	Development Response to Displacement Impacts	Scale Up	No



	Project in the Horn of Africa		
Financing instrument	Product line	Approval Date	
Investment Project Financing	IBRD/IDA	28-May-2020	
Projected Date of Full Disbursement	Bank/IFC Collaboration		
25-Dec-2023	No		
Is this a regionally tagged project?		Country (ies)	
Yes		Djibouti, Ethiopia, Uganda	

Financing & Implementation Modalities

<input checked="" type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-Linked Indicators (DLIs)	<input checked="" type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	
<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)	

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
IBRD				%
IDA	325.00	118.54	202.59	37 %
Grants				%

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Development Response to Displacement Impacts Project in the Horn of Africa - P171409)

FINANCING DATA (US\$, Millions)



SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Total Project Cost	325.00	10.00	335.00
Total Financing	325.00	10.00	335.00
of which IBRD/IDA	325.00	10.00	335.00
Financing Gap	0.00	0.00	0.00

DETAILS - Additional Financing

World Bank Group Financing

International Development Association (IDA)	10.00
IDA Credit	10.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Djibouti	10.00	0.00	0.00	10.00
National PBA	3.30	0.00	0.00	3.30
Regional	6.70	0.00	0.00	6.70
Total	10.00	0.00	0.00	10.00

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

[] Yes [] No

Does the project require any other Policy waiver(s)?

[] Yes [] No



INSTITUTIONAL DATA

Practice Area (Lead)

Social

Contributing Practice Areas

Agriculture and Food

Energy & Extractives

Environment, Natural Resources & the Blue Economy

Water

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Varalakshmi Vemuru	Team Leader (ADM Responsible)	Forced Displacement and Operations	SAFS3
Benjamin Burckhart	Team Leader	Conflict and social development	SAFS4
Johanna Damboeck	Team Leader	conflict and operations	SAFS4
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Rock Jabbour	Financial Management Specialist (ADM Responsible)	Financial Management	EMNGU
Eloise Sophie Fluet	Social Specialist (ADM Responsible)	Social Safeguards	SMNSO
Mohamed Adnene Bezzaouia	Environmental Specialist (ADM Responsible)	Environmental safeguards	SMNEN
Aleix Serrat Capdevila	Team Member	Water resources	SAFW2
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Ashutosh Raina	Team Member	Skills Development Specialist	SSOGL
Heba Yaken Aref Ahmed	Team Member	water	SMNWA
Joseph-Antoine Ellong	Team Member	Program Support	SAFS4



Moussa Djama Kayad	Team Member	Operational Support	EMNRU
Nagad Khairah Allaleh	Team Member	Program Assistant	MNCDJ
Tesfahiwot Dillnessa Zewdie	Team Member	Program Assistant	SAFS3
Extended Team			
Name	Title	Organization	Location



I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Introduction

1. **This Project Paper seeks the approval of the Executive Directors to provide an Additional Financing (AF) in an amount of US\$10 million equivalent to Djibouti for the Development Response to Displacement Impacts Project in the Horn of Africa (DRDIP - P152822).** The proposed AF (P171409) is a credit in the amount of US\$10 million to Djibouti. The original project, referred to as the DRDIP¹ or ‘the parent project’ with an IDA Credit of US\$20 million for Djibouti (Credit Number 5833-DJ), was approved by the World Bank Board on May 31, 2016, and became effective on September 29, 2016. The Djibouti DRDIP is being implemented by the Djiboutian Social Development Agency (*Agence Djiboutienne de Développement Social – ADDS*).

2. **The proposed AF is a development response to the protracted and new refugee flows to Djibouti, to mitigate increased competition for scarce social services, economic opportunities, and natural resources.** The Project Development Objective (PDO) of the parent project is “to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the target areas of Djibouti, Ethiopia and Uganda.” The proposed AF provides an opportunity to build on the gains made in the parent project to date in Djibouti and to further strengthen the design to adapt to the changing refugee and host community context in country. The parent project as well as AF address the impact of the protracted presence of refugees in the Horn of Africa (HOA) region, thus continuing to safeguard the asylum space for refugees in Djibouti. The project is closely aligned with both the World Bank Group Strategy for Fragility, Conflict and Violence 2020–2025 and the World Bank’s new Horn of Africa Initiative in their emphasis on social inclusion and building communities’ resilience as a key to mitigating the drivers of conflict. The AF also contributes to the implementation of the World Bank Group’s enlarged Middle East and North Africa Strategy (March 2019), particularly its pillars on renewing the social contract (by improving the quality of service delivery for poor and marginalized groups, and hence building trust between citizens and local/national authorities) and resilience to IDP/refugee shocks.

3. **The Additional Financing (AF) will have six components – the five components of the parent project and an additional component for Contingent Emergency Response.** The five components of the regional operation implemented by the DRDIP countries and the Intergovernmental Authority on Development (IGAD) are focused on: (i) improving social and economic services and infrastructure; (ii) ensuring sustainable environmental management; (iii) livelihoods support program; (iv) project management and monitoring and evaluation; and (v) regional support for coordination, capacity and knowledge on forced displacement (implemented by IGAD and supported by the DRDIP countries). The proposed AF will support an additional sixth component on Contingent Emergency Response to support Djibouti’s emergency preparedness and response capacity. The closing date for the AF will be December 31, 2023.

¹ DRDIP is a regional project and designed as a Series of Projects. Phase I included Uganda, Ethiopia and Djibouti. Kenya was included under Phase II of the regional program and approved by the World Bank’s Board on April 26, 2017. The Intergovernmental Authority of Development (IGAD) supports the regional knowledge sharing and learning component under a separate IDA Grant under the Parent Project.



B. Country and Sectoral Context

4. **Djibouti is a small, strategically located lower-middle-income country in the HOA with nearly one million inhabitants.** Located at the southern entrance to the Red Sea, the country is adjacent to the Straits of Mandeb and the Suez-Aden waterway, through which 20 percent of global commerce transits. Its economy has been expanding at a remarkable pace, with per capita gross domestic product (GDP) growing at more than three percent a year on average and real GDP at six percent.

5. **Despite significant investments and remarkable economic growth, Djibouti ranks very low on human development,** registering at 171 out of 189 countries and territories on the human development index in 2019.² In 2018, an estimated 20.8 percent of Djiboutians were affected by extreme poverty. The country's Gini index in 2017 was at 42 due largely to weak governance and lack of inclusive social and economic development. The most impoverished Djiboutian population is concentrated in the 13 most precarious urban areas of the capital city, with least access to basic services and highest exposure to natural hazards (mainly floods, fires and water scarcity). Climate change is also expected to exacerbate the already critical water situation and place even more stress on the limited freshwater resources. Both the quantity and quality of freshwater resources in cities could be in danger.

6. **Women face particular disadvantages in accessing socio-economic services and economic opportunities, and additional burdens associated with low literacy and school enrollment, as well as high economic inactivity.** Only 23 percent of women receive four or more antenatal care visits, and only 54 percent receive any form of postnatal care. Maternal mortality, although decreasing (from 517 per 100,000 live births in 1990 to 229 in 2016), is still markedly higher than the Millennium Development Goals target of 129 that was set for 2015. These indicators show the challenges that remain in improving access to and quality of obstetric and neonatal care. Girls are much less likely than boys to continue beyond primary school and rural girls' enrollment and primary school completion rates are even lower. Female literacy stands at about 39.5 percent (compared to 60.1 percent for men) and drops to 22 percent outside the capital city. Children from poor households and rural areas are significantly less likely than better-off and urban children to be enrolled at any level of school. Unemployment remains widespread, and reached 47 percent in 2017. Djibouti employs just about a quarter of its working age population (15 and older); this low employment rate is due to low labor force participation, especially by women. Notably, as of 2018, the female to male labor force participation ratio was 53 percent, indicating labor force participation for men to be twice as high as for women. All of which renders women very vulnerable with higher unemployment, limited access to services and participation in decision-making, compared to men.

7. **Women also face difficulties in launching formal enterprises.** While women represent 39 percent of the active population in Djibouti,³ they typically run small and informal firms in lower value-added sectors, which offer smaller returns to creditors, thus impeding their access to finance. Some small-scale support programs, life skills training and entrepreneurship skills seem to be paying off, but these women entrepreneurs then face difficulties accessing finance and in launching formal enterprises.

8. **Djibouti's location in an arid desert climate zone poses high risks to its environmental sustainability, and has driven important human migration towards Djibouti cities, in particular**

² United Nations Development Program (UNDP), 2019.

³ Global Partnership for Financial Inclusion and the International Finance Corporation (IFC).



Djibouti Ville. The country ranks 159th out of 181 with respect to its vulnerability to climate change and its lack of readiness to address these vulnerabilities. Year-round high temperatures limit arable land, and low rainfall, together with extended multi-year droughts and a scarcity of ground water have adverse effects on livelihoods and agriculture production. Natural hazard risks also include intense flash floods, which cause damages and losses;⁴ fires fueled by droughts and exacerbated by precarious construction materials; frequent earthquakes in magnitude from four to five on the Richter scale; volcanic activity along the Afar Rift area; and sea level rise, with most of the population living in the coastal capital city. The recent prolonged drought in Djibouti and its neighboring countries has further spurred desertification and exposed at least 20 percent of the population in Djibouti Ville and 75 percent of rural households to food insecurity.

9. **Djibouti's natural hazard vulnerability is aggravated by limited water resource management, insufficient land-use planning, and limited capacity to prevent and respond effectively to natural disasters.** High population growth rates (2 percent per annum) and the high rate of per capita consumption of fresh water – due to temperature increases – could lead to chronic water scarcity. Today, it is estimated that about a quarter of a million people residing in Djibouti require direct assistance; these include not only Djiboutian nationals⁵ living in extreme poverty, but also those that have been forcibly displaced internally and from neighboring countries. Women and children are disproportionately affected by climate change, especially as they possess fewer financial assets to recover from a shock (e.g., to rebuild their home) and tend to face fewer opportunities for employment. Children, on the other hand, are affected disproportionately through, for example, a possible disruption of their education and as they are more susceptible to heat-related illnesses.

10. **Most recently, COVID-19, one of several emerging infectious diseases outbreaks in recent decades, has resulted in major outbreaks with significant public health and economic impacts.** After WHO declared COVID-19 as a Public Health Emergency of International Concern (PHEIC), the government immediately prepared the first draft of the Djibouti COVID-19 Preparedness and Response Plan. The plan was recently updated and costed with support from WHO and close involvement of development partners. Despite the government's efforts, the country is still prone to the COVID-19 threat. Djibouti is not only vulnerable to imported cases of diseases but also has the potential to spread diseases further in the region and beyond if they are not managed and contained first within its borders. It has borders and close economic ties with Ethiopia as well as strong business ties with China, heightening the risk of contamination. As the regional gateway and logistics base, Djibouti's various economic and humanitarian corridors have remained open to maintain its economic lifeline but also to respond to demand from neighboring countries. While international travel in and out of Djibouti has been suspended, cargo flights, merchandise trains, and the ports are still operating. The closing of the port or cessation of cargo coming into Djibouti could have devastating impacts for Djiboutian economy as well as other countries in the region that depend on Djibouti given its geostrategic location in the Horn of Africa. Under the most recent World Bank baseline, growth will fall to 1.3 percent in 2020 from

⁴ Djibouti experienced two disastrous flooding events in 1994 and 2004, with losses estimated at US\$11.3 million in 2004 and more recently a major flooding event in late 2019. The latter has caused significant damage of housing (\$16 million of estimated damage particularly in low-income neighborhoods); damage to health infrastructure and increase in waterborne and vector borne illnesses (estimated US\$5 million for infrastructure reconstruction, restoration of services and emergency preparedness and risk reduction); and locust infestation.

⁵ The definition of "nationals" includes communities that host refugees and also other nationals within the target areas that can also benefit from project activities.



7.5 percent in 2019 before a rapid rebound to 9 percent in 2021 as global trade catches up to the pre-crisis pattern. Under a downside scenario, GDP could decline by 1 percent in 2020. Scenarios are strongly dependent on outcomes in Ethiopia and the speed of resumption of activities in sectors of the Ethiopian economy which are closely linked to Djibouti, such as construction, light manufacturing, and agricultural commodities.

11. **Against this background, protracted and new displacement has further exacerbated the situation of communities that host refugees with increased competition for scarce social services, economic opportunities, and natural resources.** The forcibly displaced - both refugees and internally displaced persons (IDPs) - are growing at a steady pace due to the prolonged drought in the region and conflicts in neighboring countries. As of January 2020, Djibouti hosted 30,794 registered refugees and asylum-seekers, mostly from Ethiopia, Eritrea, Somalia and Yemen.⁶ Most of the refugees are hosted in Ali-Addeh, and Holl Holl refugee camps in the Ali Sabieh region (an estimated 15,000 and 6,000, respectively), and Markazi refugee camp in the Obock region (more than 2,000). The influx of refugees puts even greater pressure on host communities, especially in rural areas that are already struggling with weak service delivery and few socio-economic opportunities. Across all the sites, the surrounding host population faces greater food insecurity and has limited access to basic social services and livelihood opportunities. The situation for displaced women and girls is particularly difficult. Women and girls are disproportionately exposed to economic and social vulnerabilities and face multiple challenges associated with poorer health, lower education and labor market outcomes compared to refugee men. For example, men are roughly two-thirds more likely to be working than women and are paid 24 percent more. Refugee women, on the other hand, are more likely to be employed in the informal economy.

12. **The departure points around the Obock areas of Djibouti have become the locus for mixed migration flows of individuals attempting to reach Yemen.** While the crisis in Yemen had initially caused the return of foreign nationals from there to Djibouti, the onward flows have resumed in the recent months, with migrants from the HOA passing through Djibouti with the hope of reaching Saudi Arabia. Along with the internally displaced and unregistered refugees, migrants have largely settled in Djibouti's towns and cities, especially Djibouti Ville and the surrounding Balbala settlements.

Policy and Institutional Environment for Refugees

13. **Djibouti has traditionally been a host country for populations from neighboring countries.** As of January 2020, Djibouti hosts 30,794 registered refugees and asylum-seekers, mostly from Somalia (12 827), Ethiopia (10 519), Yemen (4 916), Eritrea (884), and others (68).⁷ Djibouti is a signatory to: (i) the 1951 United Nations Convention relating to the Status of Refugees (1951 Convention) and the 1967 Protocol; and (ii) the 1969 Organization of African Unity (OAU) Convention Governing Specific Aspects of Refugee Problems in Africa (1969 OAU Convention). Djibouti's National Refugee Law (January 2017) ensures a favorable protection environment and paves the way for the socio-economic integration of refugees and asylum-seekers.⁸

⁶ United Nations High Commissioner for Refugees (UNHCR)/National Office for Assistance to Refugees and Disasters (ONARS), 2020.

⁷ UNHCR/ONARS, January 2020.

⁸ In December 2019, the Government of Djibouti issued five pledges during the Global Refugee Forum: 1) Integrating refugees into the national development plan as part of Vision 2035; 2) Strengthen the value of teachers through a certification training scheme and national budget support; 3) Provide refugees with technical and vocational training for better socio-economic



14. **The Government of Djibouti has maintained an open-door policy for refugees and has shown a commitment to providing adequate protection to refugees over the past four decades.** The Djibouti government has been providing refugee protection through legislative reforms and has embraced the CRRF - a United Nations initiative that aims to safeguard the wellbeing of host communities and refugees. In 2017, a new National Refugee Law came into force and decrees were enacted that ensure the integration of refugees into national systems such as health, education and the labor market. The law ensures the protective environment for refugees and enables them to enjoy fundamental rights, including access to health and education services, and socio-economic inclusion through employment and naturalization. The Ministry of Interior, through the National Office for Assistance to Refugees and Disasters (ONARS), with support from the United Nations High Commissioner for Refugees (UNHCR), is responsible for the implementation of the National Action Plan, in collaboration with all relevant ministries and national agencies. The Government is keen to ensure that international support is not limited to refugees registered by UNHCR, but also helps to manage broader migration issues, including those issues facing undocumented economic migrants.

15. **The DRDIP demonstrates a practical application of the Comprehensive Refugee Response Framework.** The project is directly implementing the first two of CRRF's four objectives by focusing on host communities and easing pressures on Djibouti's service delivery systems, as well as by enhancing host communities' self-reliance. As a government-led project with a whole of society-approach, the proposed AF is implementing the CRRF as it aligns with existing structures, utilizes existing local systems, and builds the capacity of local governments and communities. The World Bank has determined, in consultation with UNHCR, that Djibouti adheres to a framework for the protection of refugees and that the Government of Djibouti has articulated a strategic approach to move towards long-term solutions that benefit refugees and host communities. Against this background, the proposed AF also contributes to further strengthening the Government of Djibouti's protection framework and strategic approach to long-term solutions that benefit refugees and host communities, through its focus on integrated investments in social and economic infrastructure and improved natural resource management in refugee hosting areas, and regional learning and knowledge sharing on forced displacement.

16. **The proposed AF is also fully aligned with the objectives and expected results of the National Action Plan (2017-2022) which was prepared by the Government of Djibouti, with the support from the United Nations, to ensure the effective implementation of the law.** Through multi-sector investments in refugee hosting areas, the AF will contribute to the Plan's objectives 1 (Support and protect asylum), 2 (Autonomy and access to services for refugees and host communities), and 4 (Support host country through international development and shared responsibilities).

Relationship with Country Partnership Framework and other strategies

17. **The proposed AF, like the parent project, is in strong alignment with Djibouti's development strategies and plans.** The project is fully aligned with the Systematic Country Diagnostic (SCD) – report no. 134321-DJ (2018-2023). It will contribute to setting Djibouti's economic transformation into motion by contributing to: (i) the enabling environment for business and investment; and (ii) human capital and workforce skills. It is also aligned with: (i) the Country Partnership Strategy (CPS) for FY14-17 (extended to FY18 through the Performance and Learning Review, report no. 83874-DJ), in particular its first pillar

inclusion; 4) Investing more health in technical platforms to strengthen health facilities in refugee-hosting areas for better service at all levels (1, 2 and 3); 5) Gradually include 12,500 refugees in the universal health insurance program by 2021.



on “reducing vulnerability”, including through enhancing basic infrastructure services, strengthening institutions and promoting social development in disadvantaged areas; and (ii) the forthcoming Country Partnership Framework (CPF) for FY20-25. The AF also contributes to the implementation of the World Bank Group’s enlarged Middle East and North Africa Strategy (March 2019), particularly its pillars on renewing the social contract (by improving the quality of service delivery for poor and marginalized groups, and hence building trust between citizens and local/national authorities) and resilience to IDP/refugee shocks. In addition, the project remains relevant to contributing towards the World Bank Group’s Strategy of reducing extreme poverty and boosting shared prosperity in a sustainable manner through its investments in basic services related to education, health and water that will enable access and benefits, especially for women and girls, and support for livelihoods and income opportunities for women and youth.

18. The project will continue to create synergies with other World Bank projects and build strategic partnerships. There are other IDA projects providing support to some sectors in refugee-hosting regions. In particular, the proposed AF will create synergies, where possible, with the Sustainable Electrification Program, the Integrated Slum Upgrading Project, the Cash Transfer and Human Capital Project, the Expanding Opportunities for Learning Project, the Improving Health Sector Performance Project and the Towards Zero Stunting in Djibouti Project. In addition, the project will continue to build strategic partnerships with key actors, such as the International Organization for Migration (IOM), UNHCR and UNDP. To date, partnership activities have included data sharing, joint missions and a joint study with UNHCR and IOM. The partnership with UNDP has focused on climate resilient livelihood opportunities and urban agriculture.

19. The project is also aligned with the World Bank Group Strategy for Fragility, Conflict and Violence 2020–2025 (WBG FCV Strategy) and the World Bank’s new Horn of Africa Initiative, among others. The WBG FCV Strategy emphasizes inclusion as a key value to mitigate the drivers of conflict. The proposed AF and the parent project contribute to the social, economic and infrastructural inclusion of hitherto underserved host communities in the developmental process by mitigating the impacts of the protracted presence and new inflows of refugees. In also supporting the refugee community with access to basic health and education services under the parent project, and energy and water services under the proposed AF, the project as a whole is an example of operationalizing the FCV strategy on the ground. It contributes to preventing conflict among refugees and hosts, supporting fragile refugee-hosting regions in Djibouti transition out of fragility, and mitigating the spillover effects of conflict at the regional HOA level. In particular, the area-based spatial approach adopted by the DRDIP, not only in Djibouti but across the HOA, is consistent with the WBG’s FCV strategy in taking a spatial approach to addressing fragility at the community, subnational, and regional levels and in tackling regional forced displacement challenges. The proposed AF and the parent project are both consistent with the World Bank’s new Horn of Africa Initiative and its two pillars on addressing resilience and climate change, including building resilience to climatic shocks, and the fourth pillar on the development of human capital.

20. The project is also aligned with the government’s Vision 2035. The government-driven long-term strategy to build the country’s future is based on five core pillars: (i) Peace and national unity: Strengthening unity, peace and solidarity; (ii) Good governance: Reinforcing good governance and democracy; (iii) A diversified economy: Promoting competitive and healthy economic growth; (iv) Investing in human capital: Building a hardworking, healthy and educated workforce; and (v) Regional



integration: Increasing trade and commerce with regional partners. The project will contribute to all five pillars, and in particular to pillars 1, 3 and 4.

C. Current Project Status and Results

21. **Notable implementation progress has been made under the parent project, including:** (i) setting up of the implementation structures at the national, regional and community levels; (ii) strengthening capacities for procurement and financial management, and social and environmental safeguards management; (iii) raising awareness of the project’s design and community driven development implementation modality; and (iv) supporting the communities in identifying and prioritizing basic service infrastructure and livelihood investments. The disbursement as of February 29, 2020 is 42 percent (US\$8.45 million). Despite initial delays, significant progress has been made in subproject implementation and disbursement over the last fourteen months. Most activities have been successfully initiated and many successfully completed with satisfactory technical quality.

22. **Remaining funds of the parent project have already been fully committed for priority activities.** These activities include: (i) under Component 1: completion of the construction of a college in Ali Addeh (including the delivery of equipment), the extension of the high school in Obock, paving a road in Obock, drilling works as well as delivery of fishery equipment in Obock, and delivery of additional medical equipment for health centers in all locations; (ii) under Component 2: rehabilitation of the remaining agricultural perimeters as well as the creation of new agricultural perimeters in the Ali Sabieh and Obock region, the acquisition of improved and more efficient cook stoves, and part of the extension work of the solar power plant;⁹ and (iii) under Component 3: disbursement of livelihood grants to participating livelihood groups and continuous training of the groups.

23. **Implementation Status.** To date¹⁰, project interventions have improved access to social and economic services and infrastructure¹¹ for 97,000 beneficiaries (both nationals and refugees in the Ali Sabieh and Obock Regions); of the 33,000 host community beneficiaries, 65 percent are women. More than 1,300 beneficiaries of economic development activities under Component 3 have reported an increase in income. Table 1 provides details of component-wise progress in Djibouti.

Table 1: Investments under project components

Component	Key investments and progress
Component 1: Social and Economic Infrastructure and Services.	<ul style="list-style-type: none"> • 11 sub-projects in the sectors health, education, community structures and energy have been successfully completed and are operational. • Investments include extension of main grid lines of the national electricity network to Holl Holl town to benefit more than 10,000 beneficiaries. • Individual electricity connections to an estimated 1000 beneficiaries in five poor

⁹ Part of the extension works of the solar power plant in Ali Addeh will be covered by the parent project and part of it by the AF. The AF will cover the additional costs that are needed for reaching a wider geographical area as planned under the parent project.

¹⁰ As of January 31, 2020.

¹¹ The quality of the infrastructure work financed by this project has been confirmed through an independent technical audit that was carried out in April 2019. It showed very positive results: The main conclusion of the audit was that 89 percent of the infrastructure works met the technical specifications, 8 percent of the works were slightly below the specifications and only 3 percent were below the specifications. Based on recommendations of the audit, corrective actions have been undertaken where needed.



	<p>neighborhoods in Obock.</p> <ul style="list-style-type: none"> • Rehabilitation and renovation of health centers in Ali Addeh and Obock; and schools in Obock and the Ali Sabieh Region and delivery of health equipment.
Component 2: Environmental and Natural Resource Management	<ul style="list-style-type: none"> • Successful delivery of agricultural kits to 155 cooperatives in Obock and Ali Sabieh. • Finalization of the technical study to inform the design and implementation of the solar power plant extension in Ali Addeh. • Financing of technical study for the construction of a water pipeline in Ali Sabieh (the implementation will be financed under the proposed AF).
Component 3: Livelihoods Program	<ul style="list-style-type: none"> • 667 beneficiaries are currently benefiting from the livelihood program activities and includes 328 women and 339 youth. Beneficiaries have received extensive training and livelihood support including livelihoods grants.
Component 4: Project Management, Monitoring and Evaluation (M&E)	<ul style="list-style-type: none"> • Project Implementation Unit (PIU) in ADDS with qualified and trained staff is functional. • Implementation structures at the regional and community level are functional. • Effective project monitoring using tablets for data collection in the field is set up. • ONARS strengthened through the delivery of equipment training centers and updating of procedural manual and revisiting its legal status.

24. **The regional component of DRDIP implemented by IGAD has promoted a paradigm shift through the generation of evidence on innovative development approaches.** IGAD has facilitated coordinated learning and knowledge sharing on the advancement of the development approach to displacement at the regional level. It has used knowledge and insights generated from the implementation of DRDIP to showcase good practices from integrated service delivery in refugee hosting areas and the benefits of economic inclusion and sustainably managing the environment. This regional component of DRDIP has been a key contributor to the Nairobi Process spearheading the Global Compact on Refugees (GCR) in the region. Djibouti has benefitted significantly from the regional learning and knowledge sharing activities: Djibouti’s progressive laws on refugee protection and policies on education and health are examples. Djibouti is an active participant in the Regional Project Steering Committee that has been established in IGAD in learning and sharing of experiences and lessons at the HOA regional level.

25. **Relevant Legal, Fiduciary and Audit Aspects.** There are no unresolved fiduciary or procurement issues. Financial management and procurement have been carried out in accordance with the Bank’s Financial Management and Procurement Guidelines. The project has met audit and financial management reporting requirements and there are no outstanding audit reports or unaddressed audit observations.

26. **Relevant Safeguards Aspects.** Overall, environmental and social risk management has been carried out in accordance with the World Bank’s Operational Policies. ADDS has recruited a full-time qualified safeguards specialist who is supported by regional focal points who remain on site. Safeguards implementation is also conducted by two supervision consultants, who undertake environmental and social monitoring of civil works and issue monthly reports to ADDS. ADDS representatives confirmed that the project has not led to any major accidents/incidents to date. ADDS prepared a due diligence report on the involuntary resettlement impacts of the 11 subprojects that have been completed or are ongoing, which indicates that no adverse impact has been identified or reported to date. ADDS initially faced challenges in documenting the implementation of safeguard activities but has recently improved



through the revision of formats and checklists and the submission of semi-annual safeguard reports to the World Bank. Further efforts need to be made in documenting the operation of the grievance redress system and consultations with the residents and beneficiaries during project implementation, as these activities have been conducted to date in an informal manner and without proper documentation. The revised environmental and social framework (ESMF) includes a revised grievance redress mechanism. Moreover, ADDS has been working with the Bank team on a reporting format that should improve the documentation of these key activities.

D. Rationale for Additional Financing

27. **The proposed AF responds to the Government's request to the World Bank to support the scale-up of the project's activities to meet additional needs and enhance development impact.** This US\$10 million proposed AF will: (i) scale-up and expand ongoing project activities to support the underserved communities in the project target regions of Ali Sabieh and Obock, which face significant development challenges that have been exacerbated by the protracted presence of refugees, including service delivery deficits, a degraded environment, and an eroding livelihood base and opportunities (in particular through improved access to water and energy and targeted LED interventions); and (ii) support an additional Contingent Emergency Response Component (CERC) to improve Djibouti's emergency preparedness and response capacity. Project interventions will continue to focus on women, female-headed households and youth, who are disproportionately affected by displacement impacts.

28. **The water activity that will be added through the proposed AF will bring significant development benefits to the host communities and refugees in the Ali Sabieh Region.** Subcomponent 1.1 will finance a water supply project to serve the communities of Ali Addeh and Holl Holl, which have been hosting refugees for nearly four decades. There is a long history of past efforts with water supply projects in these communities that have failed or partially failed, mainly due to scarce groundwater resources and poor water quality that does not meet drinking water quality standards among others on salinity and nitrates. Previous donors have had to lock some of the wells they themselves drilled. Attempts to capture rainfall-runoff in shallow alluvial aquifers in streambeds have provided only a fragile solution, which is highly vulnerable to seasonal and annual rainfall variability.

II. DESCRIPTION OF ADDITIONAL FINANCING

A. Changes in Original Objectives, Design, and Components/Activities

29. **The key proposed changes from the parent project are a scale-up of existing components and activities, and the inclusion of a CERC.** The proposed PDO of the AF is consistent with the original PDO. The proposed AF will continue to support the parent project activities and deepen investments in target areas, in particular through improved access to water and energy and targeted LED interventions. It will build on the gains made in the parent project to date and to further strengthen the design. The project will also continue to address impacts of climate change on host communities and refugees in the target areas. The components are the following:

Component 1: Social and Economic Services and Infrastructure (US\$6.0 million equivalent)

30. This component comprises two subcomponents:



1.1 Community Investment Fund (US\$5.9 million) - Scaling up Community Sub-Projects designed to help expand and improve service delivery and build infrastructure for local development in education, water supply, human health, rural roads, market structures, fire station construction and storage facilities.

1.2 Capacity Support for Local Planning and Decentralized Service Delivery (US\$0.1 million) - Scaling up capacity support interventions in the areas of community driven planning process, management of local development, enhancement of service delivery capacities, mainstreaming of Project interventions with the Recipient's development planning and budgeting process, and coordination of potential development stakeholders at local level and community level.

31. This component will support the development of infrastructure for economic development and social services in areas that are subject to climate variability. It will ensure that the design and construction of community infrastructure integrate climate change considerations. The design of schools and health centers will ensure options for greater natural light and therefore be energy efficient. The water pipeline to be constructed will use gravity flow, and where required will use solar panels and hybrid systems to reduce dependence on diesel. Measures to mitigate impact of seasonal floods and landslides will be incorporated in the design.

Component 2: Sustainable Environmental Management (US\$2 million equivalent)

32. This component supports: (i) a comprehensive package of the demand-driven soil and water conservation and management practices and interventions to rehabilitate degraded lands, and (ii) alternate energy sources. It has two subcomponents:

2.1 Integrated Natural Resources Management (US\$0 million)¹² - Scaling up planting of multipurpose trees and carrying out of select studies so as to enhance the productivity of environmental and natural resources and prevent the degradation of fragile ecosystems, such as forest, mangrove swamp, range and agricultural lands.

2.2 Access to Energy (US\$2 million) - Scaling up access to alternative sources of energy through extension of the solar power plant in Ali Addeh.

33. This component will support environmental management, including soil and water conservation, and afforestation activities. The choice of interventions and the location of soil and water conservation activities and greening activities will be informed by local knowledge on climate change risks, based on community consultations. The design of the specific physical interventions as well as the species selection for the biological interventions, will take into consideration climate change risks and necessary adaptations. These considerations are critical, especially in project areas which are highly degraded. The rehabilitation of these areas would greatly reduce soil and water erosion, as well as increased infiltration of water. It will potentially improve soil moisture, and support biomass production including fruits and vegetables for local consumption.

¹² The activities that will be added under Subcomponent 2.1 through this AF will be financed with the remaining funds of the parent project. For this reason, the financing amount that will be allocated to Subcomponent 2.1 through this AF is US\$0 million.



Component 3: Livelihoods Program (US\$1.0 million equivalent)

34. This component will support the development and expansion of traditional and non-traditional livelihoods of the beneficiary households to increase income-earning opportunities and adaptation capacities to the increased impacts of climate change. Through the AF, this component will support the government's aim to promote LED by supporting women and youth groups to pursue higher level livelihoods through value chains, territorial planning based on natural assets, and linking with economic infrastructure. It will build on and deepen higher order economic activities in both farm and non-farm sectors, including climate-smart agriculture and value chain development, and enterprise and skills development. It will also support the development of cluster level local economic development plans to engage collectives to leverage the value chain in select sub-sectors in the target regions. Component 3 will continue to have two subcomponents:

3.1 Support to Traditional and Non-Traditional Livelihoods (US\$0.6 million) - Increase the production and productivity of agriculture (crops and livestock), pastoralism (livestock), agro-pastoralism (crop and livestock) and fisheries; and commercialize livelihood activities for improved incomes, employment, and self-reliance through scaling up improved production practices, access to technology and equipment, access to storage and processing infrastructure, access to finance, and access to input and output markets as well as enhanced skills for increased employability, enterprise development, promotion of other income generating activities such as technological, institutional and process innovations, programs for youth and women in technological innovations, information-technology-enabled services. The activities under Sub-Component 3.1 focus on women and youth livelihood groups. Given that handicrafts, fisheries, and agriculture have been identified as growth sectors that are socially inclusive, can contribute to regional development and afford many job opportunities for women and youth, the project has a particular focus on these sectors. In addition, targeted LED interventions will support women and youth groups to improved livelihoods through value chains, territorial planning, and linking with economic infrastructure.

3.2 Capacity Support of Community-Based Organizations for Livelihoods (US\$0.4 million) - Scaling up the capacity building activities for community-based organizations including farmer, pastoral, agro-pastoral/fisheries organizations, associations and cooperatives, savings and credit cooperatives, and common interest groups.

35. Agriculture, livestock and fishery livelihoods that will be supported through this component are likely to be affected by climate trends. Support for resilient crops and cultivation practices will therefore be promoted and the choice of livestock will also be based on climate change considerations. Fish processing related livelihood activities will include the promotion of healthier seascape and be supported with energy-efficient methods including solar energy for refrigeration and drying. A particular focus will be given to women-led community-based organizations as was the case under the parent project.¹³ For example, tailored training will be provided to women focused on their specific expressed needs and in the sub-sectors that they

¹³ The adult livelihood groups have been set up and supported by this project through extension training and livelihood grants for women. This will be continued through this AF.



are active in, and in a socially and culturally appropriate manner. This will enhance their economic participation rates and lead to income improvements. Through this AF, additional capacity-building activities for producer groups with particular attention to the sectors of fishery, handicraft, and agriculture in the Ali Sabieh and Obock Region will be added to this sub-component.

Component 4: Project Management, M&E (US\$1 million equivalent)

36. This component will scale up support for project management, coordination, implementation, communications, monitoring and evaluation, and environmental and social safeguards monitoring; and studies as needed related to the project.

37. This will support the establishment and/or strengthening of institutions at multiple levels with different roles and responsibilities, including oversight, coordination, and technical bodies. It will also finance studies as needed, such as: (i) a study on the socio-economic infrastructure, sustainable environmental management and livelihood needs of the displaced in the Damerdjog area; and (ii) a detailed study on possible mangrove development interventions in the Obock region for coastal resilience management.

Component 5: Regional Support for Coordination, Capacity and Knowledge¹⁴

38. This component will provide support for the establishment of the Regional Secretariat within IGAD, through provision of goods, services, training and Operating Costs, to enable the regional Secretariat and IGAD to: (i) carry out policy engagement on development approach to displacement with academic and research institutions; (ii) generate evidence through research for innovative management of forced displacement and mixed migration; (iii) build capacities of Participating Countries and institutions to innovatively respond to displacement-migration nexus; (iv) undertake knowledge management and monitoring and evaluation; (v) forge partnerships between humanitarian and development actors; and (vi) consolidate the capacity of IGAD to respond to forced displacement and mixed migration regionally and internationally.

Component 6: Contingent Emergency Response Component (CERC) (US\$0.0)

39. This will provide immediate response to an Eligible Crisis or Emergency, as needed. It establishes a disaster contingency fund that could be triggered in the event of a natural or man-made disaster (including health emergencies) through the formal declaration of a national emergency, or upon a formal request from the government. In the event of such a disaster, funds from other project components could be re-allocated to finance emergency response expenditures. In order to ensure the proper implementation of this component, the borrower shall prepare and furnish to IDA a CERC operations manual that describes in detail the implementation arrangements for the Emergency Response Mechanism.

40. **Climate co-benefits.** The proposed activities under the AF have also be screened for short- and long-term climate change. Climate change considerations are taken into consideration by the different components of this project as follows:

¹⁴ Though no additional financing will be provided to this component through the proposed AF, Component 5 is part of the parent project and will continue to play an important role both in the parent project as well as this AF.



- Under Component 1, the project will support the development of infrastructure for economic development and social services. This infrastructure would be in areas that are subject to climate variability. The project will, therefore, ensure that the design and construction of these community infrastructure will integrate climate change considerations. The design of schools and health will ensure options for greater natural light and therefore be energy efficient. The water pipeline to be constructed will use gravity flow and where required will use solar panels and hybrid systems; to reduce dependence on diesel. Seasonal floods and landslides are witnessed in the project areas and measures to mitigate impact of these in the construction of the infrastructure will be ensured incorporating critical design elements.
- Under Component 2, the project will support environmental management including soil and water conservation, and afforestation activities. The choice of interventions and the location of soil and water conservation activities and greening activities will be informed by local knowledge on climate change risks based on community consultations. The design of the specific physical interventions as well as the species selection for the biological interventions, will be take into consideration climate change risks and necessary adaptations. These intervention considerations are critical especially in project areas which are highly degraded. The rehabilitation of these areas would greatly reduce soil and water erosion as well as increased infiltration of water, potentially improving soil moisture supporting biomass production including fruits and vegetables for local consumption.
- Investments under Component 3, which will support agriculture, livestock and fisheries related livelihoods, are likely to be affected by climate trends. Support for resilient crops and cultivation practices will be promoted. Choice of livestock will integrate climate change considerations. Fish processing related livelihood activities will be supported with energy-efficient methods including solar energy for refrigeration and drying.
- The proposed CERC will enable the project to respond to natural and climate related disasters, with due consideration to climate change considerations in the design and construction of infrastructure rehabilitated or constructed in response.

41. **Results Framework.** PDO indicators as well as Intermediate Result (IR) Indicators remain unchanged, however, sub-indicators for sex-disaggregation, including target values have been added. Furthermore, the target values for some of the PDO and IR indicators have been updated to reflect the increase in scale. As the project is a regional project, it uses a regional results framework. The regional results framework is shown in *Section VIII. Results Framework and Monitoring*. The complete revised results framework for Djibouti with the additional sub-indicators (with gender disaggregation) and the revised target values are in Annex 1.

B. Finance

42. **The proposed AF will be an investment project financing (IPF) operation for an IDA Credit US\$10 million equivalent for Djibouti, of which US\$3.30 million equivalent is from national PBA and US\$6.7 million equivalent from Regional IDA.** Djibouti is among the countries in the HOA hosting refugees and migrants; and displacement has been protracted in the HOA with refugee arrivals recorded in 1991 in Djibouti. Migration within and outside the HOA is driven by natural events and human actions; with climate change and environmental degradation acting as threat multipliers, compounding displacement. The regional nature of forced displacement in the HOA is reflected in the fact that



violence and insecurity in countries like Somalia, South Sudan, Sudan and Eritrea has resulted in refugees being hosted by Uganda, Ethiopia, Sudan, Kenya and Djibouti – which represents the “regional spill-over effect”. Protracted conflict in Somalia and recent events in Yemen have contributed to the refugee case load in Djibouti, which is bearing the consequences of violence and insecurity in the region.

43. **The proposed AF is consistent with the World Bank’s ongoing response to addressing forced displacement by addressing the regional spill-over effect of conflict and violence.** This “public bad” is being addressed through a development response that seeks to support the host communities in overcoming the shocks and impacts of refugees and thus safeguarding the asylum space for refugees which is a “public good”. Like the parent project, the proposed AF has been prepared in close collaboration with UN agencies that are responsible for the welfare of refugees. Close collaboration will also continue with other World Bank and UN agencies supported operations to strengthen complementarity in displacement responses through more effective and efficient developmental interventions that are better aligned with the government priorities and plans.

44. **The proposed AF contributes to durable solutions for refugees in Djibouti and the HOA.** Djibouti is affected by forced displacement and mixed migration and the proposed interventions under the AF will mitigate the negative effects that forced displacement has on host communities and potentially prevent local conflicts from arising between refugees and hosts. Improved social services and livelihoods for refugees with collaboration between DRDIP and UNHCR, will secure their human capital and self-reliance, allowing them to contribute to the local development of their host communities and countries, and of their countries of origin upon their return. These two aspects have clear positive spillover effects beyond country boundaries and generate positive externalities across countries that are hosting or generating refugees. The proposed AF further strengthens and demonstrates the strong regional and national commitment to the implementation of the DRDIP. The proposed AF will also contribute to supporting the implementation of the New Refugee law in Djibouti that allows refugees with freedom of movement, the right to work, and property ownership rights, which define the options for durable solutions.

45. **Loan Closing Date.** To permit the full implementation of the scaled-up activities under the AF, the closing date for the AF credits is proposed to be December 31, 2023.¹⁵ The closing date for the original credit will remain December 31, 2021.

46. **Financing Plan.** Table 2 summarizes the proposed revised financing plan.

Table 2: Revised Financing Plan for Djibouti including the Additional Financing¹⁶

Project Components	Current Project (IDA US\$ m)	Additional Financing (IDA US\$ m)	Total for Djibouti
1. Social and Economic Infrastructure and Services			
1(a) Community Investment Fund	10.4	5.9	16.3
1(b) Capacity Support for Local Planning and Decentralized Service Delivery	0.1	0.1	0.2
Subtotal	10.5	6	16.5
2. Environmental and Natural Resource Management			

¹⁵ Disbursements will close by April 2024.

¹⁶ The amounts by component for the components 1-4 and 6 refer to Djibouti only (and not the entire regional project). See VII Detailed Changes for the amounts by component on the entire regional operation.



2(a) Integrated Natural Resources Management	2.3	0	2.3
2(b) Access to Energy	1.8	2	3.8
Subtotal	4.1	2	6.1
3. Livelihoods Program			
3(a) Support to Traditional and Non-Traditional Livelihoods	0.6	0.6	1.2
3(b) Capacity Building for Community-Based Organizations for Livelihoods	1.5	0.4	1.9
Subtotal	2.1	1	3.1
4. Project Management and M&E			
4. Project Management and M&E	3.3	1	4.3
5. Regional Support for Coordination, Capacity and Knowledge			
5. Regional Support for Coordination, Capacity and Knowledge ¹⁷	5.0	0	0
6. Contingency Emergency Response			
6. Contingency Emergency Response	-	0	0
TOTAL FOR DJIBOUTI¹⁸	20	10	30

47. **Disbursement Arrangements.** Disbursement arrangements for the proposed AF will remain the same as in the parent project.

48. **Change in Disbursement Estimates.** The expected disbursements include all sources of financing and have been updated to reflect the AF (see VII Detailed Changes for details on the entire regional operation). Table 3 summarizes the disbursement estimates for Djibouti only including the original and AF.

Table 3. Disbursement Estimates for Djibouti

Expected disbursements (US\$ millions)						
	Fiscal Year					Total
	2017-2020	2020-2021	2021-2022	2022-2023	2023-2024	
Original ¹⁹	12	8	-			20
AF	-	2	4	3	1	10
Subtotal	12	10	4	3	1	
Cumulative	12	22	26	29	30	

C. Institutional and Implementation arrangements

49. **Lead ministries.** The lead ministries for Djibouti will remain the same, i.e., the Ministry of Economy and Finance (coordination) and the Ministry of Social Affairs and Solidarity (technical).

¹⁷ The amount of this component refers to the entire regional project, not only Djibouti.

¹⁸ The total amounts in this row of the table reflect only the financing for Djibouti. The total amount of the parent project (US\$ 20 million) does not include the US\$ 5 million under Component 5 (executed by IGAD).

¹⁹ It is expected that the original loan will have disbursed 50 percent or US\$ 10 million equivalent by June 30, 2020.



50. **Project implementation entity.** The PIU entity ADDS, which is under the Ministry of Social Affairs and Solidarity, will continue to be the project implementation agency. The Project Implementation Team that has been established within ADDS to run the day-to-day management of the project will also continue to be responsible for the overall management and coordination of the project. In addition, the regional and local-level project implementation teams will continue to operate.

51. **Steering Committees.** Steering and technical committees that have been established at the national and regional levels will continue their respective roles and activities (oversight, guidance, coordination, etc.) under this AF.

52. **Other implementation arrangements.** The institutional, financial management, disbursement, procurement, safeguards, and monitoring and evaluation arrangements will also remain the same.

D. Other changes

53. **Procurement management.** Procurements for the AF will be governed as per the World Bank Procurement Regulations for IPF Borrowers of July 2016, revised in November 2017 and August 2018. A Project Procurement Strategy for Development (PPSD), acceptable to the World Bank, and has been finalized.

54. **Safeguards.** The project continues to be classified as Environmental Category B. The following five safeguard policies are applicable to Djibouti under the parent project and to the proposed AF: Environmental Assessment (OP/BP 4.01); Natural Habitat (OP/BP 4.04); Pest Management (OP/BP 4.09); Physical Cultural Resources (OP/BP 4.11); and Involuntary Resettlement (OP/BP 4.12). The project has updated the existing Environment and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF), consulted with stakeholders and disclosed these documents in-country in French and on the World Bank external website on April 1, 2020.

55. **Legal Covenant.** CERC Operations Manual for Component 6: Contingent Emergency Response Component (CERC) is a legal covenant for this AF. For more details on this, please refer to the Legal Covenant part in the Section VII of this document.

III. KEY RISKS

56. **Risks.** The Systematic Operations Risk-Rating Tool (SORT) has been used to screen this AF. The overall combined risk for the parent project continues to be Substantial. The overall risk rating of the parent project is shown in the SORT that is included in the *Section VII Detailed Changes*. However, the overall risk rating for Djibouti is *Moderate*. The risks for Djibouti that are rated Substantial and the risks for which ratings have been changed are detailed below. All risks are rated after mitigation (i.e. they are residual post-mitigation risks). Risks will continue to be monitored during implementation.

57. **Political and governance risks continues to be rated Substantial.** The political commitment for the project is strong. However, in the project target areas, refugee movements and their attendant impacts on host communities remain fluid. The uncertainty around the cessation of conflict and restoration of peace, especially in South Sudan, Somalia and Yemen, contribute to the protracted nature of the instability and to the frequently changing case load of refugees around whom to plan interventions under the proposed AF.



58. **Technical design of project continues to be rated Substantial.** At the operational level, the project will continue to use the CDD approach, which has proven very successful so far, with communities being integral to the planning and implementation process, with the support of the local administration and implementing agencies. The parent project has built community and local government experience and capacity in the project target areas in Djibouti. In order to ensure the sustainability of capacity building investments, the AF will continue to support mobilization, capacity development, the strengthening of community institutions, and capacity enhancement for existing government structures. Furthermore, the water activity which will be financed under this AF poses a greater level of technical complexity. A detailed assessment on this activity will provide guidance on the setting up of an adequate risk mitigation system with the aim to efficiently mitigate the technical design risks related to this activity.

59. **Fiduciary risk continues to be rated Substantial.** Most of the institutions established to ensure oversight of governance functions, such as the State Inspector General (*Inspection Générale d'État*), the Supreme Audit Institution (*Cour des Comptes*), the Anti-Corruption Commission (*Commission de Prévention et de Lutte contre la Corruption*), and the judiciary are not sufficiently funded. The project will continue to support necessary financial management capacities to ensure strong internal controls and adherence to proper financial procedures. Capacity enhancement, regular oversight, and yearly audits will continue to be carried out, enhancing the efficiency and transparency of implementation and mitigating the weak procurement and financial management capacities that could result in noncompliance with agreed-on processes and procedures. From the procurement perspective, the risk in procurement processing is moderate, given almost 50 percent of the financing would be under direct selection with the public institution for water supply in rural area (the Rural Hydraulics Directorate; *Direction de l'Hydraulique Rurale - DHR*), based on technical study and works supervision to be carried out by an independent and internationally selected firm of consultants. The two major risks in implementation of this AF remain with the works contract management by DHR and limited exposure of the implementing unit to the new procurement regulations. The World Bank's close monitoring and support will be needed. Apart from the project related risks, the current world-wide context of COVID-19 pandemic could impact competition due to restrictions or limitations in movement including of goods and consultants.

60. **Institutional Capacity for Implementation and Sustainability is now rated Moderate.** The implementation of the parent project built significantly the capacities of the PIU and the results achieved to date demonstrates an improved institutional capacity for project implementation, and robust coordination arrangements with various Ministries for project supported subprojects to ensure functionality, service delivery and operations and maintenance. Some of major activities will however require technical support and close supervision of the World Bank team, to avoid implementation delays, as previously done with the parent project.

IV. APPRAISAL SUMMARY

A. Economic and Financial Analysis

61. The economic and financial analysis of the project is the same as that undertaken for the parent project. All general statements on rationale, impact, and efficiency made at that point are still valid. Component 6: Contingent Emergency Response Component (CERC), which has been added in this AF, will support Djibouti's emergency preparedness and response capacity to address the impact of any



natural hazards such as drought or floods, including financing of post-disaster critical emergency goods or emergency recovery and associated services, as well as targeted provision of post-disaster support to affected households and individuals. The value added of the World Bank in this area is strongly confirmed. The World Bank has unique experience in designing, appraising, implementing, and evaluating projects that use a CDD approach and the positive results of the implementation of the parent project in Djibouti have shown that there is a potential for scaling up these activities to maximize possible development benefits. As for working with host communities and refugees, the international donor community has called for a gradual shift of humanitarian to development financing to integrate long-term refugees and has entrusted a significant role to the World Bank. Moreover, the World Bank, through its Fragility, Conflict and Violence program, has developed global experience in implementing CDD projects in contexts of forced displacement. This international experience will inform the delivery and supervision of the AF.

B. Technical

62. The project's design follows proven best practices and leverages: (i) continuous lessons learned from implementing the regional DRDIP in Djibouti, Ethiopia, Kenya and Uganda; and (ii) international good practices in implementing CDD projects in conditions of displacement. The DRDIP implementation experience has shown that a development approach must invest in local institutions and promote jobs, livelihood opportunities, and wealth creation for both the host communities and refugees to address the underlying poverty and vulnerability of host communities, which is further exacerbated by the presence of refugees. The proposed AF therefore includes investments in economic assets and infrastructure, community organizations and skills for productive self-employment to enhance economic opportunities for host communities and refugees, improve incomes, increase self-reliance, and potentially mitigate conflict.

63. The added basic service infrastructure subprojects²⁰ and livelihood investments have been identified and prioritized together with the communities in the project areas, with a specific focus on women, female-headed households and youth, who are disproportionately affected by displacement. For the added activity "construction of a water pipeline from Ali Sabieh to Ali Addeh and Holl Holl", the pre-feasibility has been confirmed by a World Bank Water Expert. A detailed study will be conducted by an international consultant/firm that will be mobilized in December 2020. This activity will bring water from the Ethiopia-to-Djibouti system, which is uncommitted for other purposes, to these communities, with all relevant institutions in Djibouti in-line with this goal. The Ministry has agreed that for these rural communities with little capacity to pay, water will be free and the government will be responsible for supply costs, with the DHR being responsible for system maintenance (as it currently is for all other existing rural water supply systems in Djibouti).

64. The feasibility and necessity of other proposed activities have been confirmed through technical studies (e.g., a technical study on the extension of the solar power plant in Ali Addeh). Increased livelihood support under Component 3, in particular the proposed deepening of LED interventions to pursue larger level livelihoods through value chains, territorial planning, and linking with economic infrastructure, builds on the success of activities under this component to date. Existing women's groups

²⁰ An infrastructure activity that has a focus on women is, for example, the construction or rehabilitation of community buildings for women groups.



and youth livelihood groups will continue to be supported through the development of cluster level local economic development plans to engage collectives in larger livelihood activities, focusing on one or two commodities/value chains in various economic clusters in target regions. The sustainability of project investments is supported by the establishment of strong linkages with other components of the project to leverage infrastructure and services for LED.

C. Financial Management

65. The proposed credits will be implemented in line with World Bank policies that are standard for project implementation, including “Procurement Guidelines” and “Disbursements Guidelines”. The AF will use the current ADDS implementation framework for Bank financed projects, including financial management, procurement, and disbursement arrangements. The ADDS is an autonomous administrative public institution under the tutelage of the Ministry of Social Affairs and Solidarity, and will be responsible for project management, including financial management and accounting.

66. A single segregated Designated Account (DA) in US Dollars will be opened at a commercial bank in Djibouti acceptable to the World Bank. Payments and withdrawal of eligible expenditures will be accompanied by supporting documents or statements of expenditure for sums less than predefined thresholds for each expenditure category, following the applicable procedures and the World Bank’s Disbursement Handbook. ADDS will be responsible for submitting replenishment requests on a monthly basis. All requests for withdrawals should be fully documented, maintained and made available for review by the Bank and project auditors. All disbursements will be subject to the terms of the Financing Agreement and to the procedures defined in the Disbursement Letter.

67. The general accounting principles for the project will be as follows: (i) project accounting will cover all sources and uses of project funds, including payments made and expenses incurred; (ii) project accounting will be based on accrual accounting; and (iii) project transactions and activities will be separated from other activities undertaken by ADDS.

68. Project financial reporting will include unaudited Interim Financial Reports (IFRs) and yearly Project Financial Statements (PFS), to be prepared and furnished to the Bank as under the parent project.

D. Procurement

69. The project will be implemented based on the current arrangement with ADDS as PIU. Procurement under this AF will be carried out in accordance with the “World Bank Procurement Regulations for IPF Borrowers” (dated July 2016, revised November 2017 and October 2018); “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants” (dated October 15, 2006 and revised as of July 1, 2016); and provisions stipulated in the Financing Agreement. The two Procurement staff have benefited from initial training on the new procurement framework and will be additional training and guidance during implementation.

70. The main relatively critical contracts envisioned in the proposed AF comprise the construction of infrastructure for water supply in remote areas in Ali Sabieh (\$5 million), solar energy supply in Ali



Addeh (\$3.5 million)²¹ and the construction of water rescue stations in Obock (\$0.5 million). The PPSD's market analysis and the country context revealed that the public institution for water supply in rural areas is the better fit-for-purpose strategy for the first contract above, based on its past experience with similar works under financing from other donors and at reasonable costs. The other two contracts would follow an open procurement process approaching the international market for the second contract and the national market for the third contract. To ensure quality and for better contract management, an independent and internationally selected firm of consultants will be responsible for the technical study/design and works supervision of the water supply contract.

71. A detailed procurement plan for the first 18 months has been agreed with the Bank. The Bank will provide regular implementation support with formal supervision every six months and will conduct an annual post procurement review.

E. Environmental and Social Safeguards

72. The proposed AF in Djibouti has been classified as Category B and triggers five Bank safeguard policies: Environmental Assessment (OP/BP 4.01); Natural Habitat (OP/BP 4.04); Pest Management (OP/BP 4.09); Physical Cultural Resources (OP/BP 4.11); and Involuntary Resettlement (OP/BP 4.12).

73. The proposed AF will scale-up ongoing project activities to support the underserved communities in the project target regions of Ali Sabieh and Obock. Some of the local-level investment activities under Component 1 "Social and Economic Services and Infrastructure", Component 2 "Sustainable Environmental Management", and Component 3 "Livelihood Improvement Program" may have adverse environmental and social risks and impacts. These activities could potentially include: (i) expansion and improvement of service delivery, which will include the construction, upgrading, rehabilitation, and/or expansion of basic social services, such as water supply, health, and economic infrastructure such as market and community structures and access to energy; (ii) construction or rehabilitation of physical structures for the rehabilitation of degraded areas, using both natural and assisted regeneration and agroforestry systems; and (iii) land-based livelihood activities, which could have limited adverse environmental impacts. The AF also includes a Contingent Emergency Response Component (Component 6) that establishes a disaster contingency fund that could be triggered in the event of a natural or man-made disaster. Activities to be financed under this category have not been defined at this time.

74. The ESMF prepared for the parent project has been updated to take account of the scale up of ongoing activities in the target regions of Ali Sabieh and Obock and to provide additional funding for meeting the enhanced needs, especially under Component 1 and 2 and the component related to CERC activities. The ESMF would be used to develop a site-specific Environmental Management Plan prior to the commencement of activities under these components. Consultations on the updated ESMF and RPF have been conducted in all regions concerned by the activities of the additional financing between February 27 and March 3, 2020. Both documents have been disclosed in-country in French and on the WB external website on April 1, 2020.

75. Only minor economic resettlement impacts and impacts on structures and auxiliary assets (sheds, fence, garden) are expected. Activities under the AF are unlikely to lead to physical relocation

²¹ Studies of these infrastructures are supported by the parent project.



from residences. Resettlement impacts are expected to mostly relate to the construction of the new water pipeline, for which an abbreviated resettlement plan will be prepared once the detailed design is finalized. The RPF was updated to take into account the new activities of the project. The updated RPF summarizes the activities undertaken since the approval of the project and provides a new due diligence checklist to facilitate the screening and documentation of involuntary resettlement impacts of the new and original activities, which will be filled for each subproject. It also includes an entitlement matrix to ensure that impacts on assets and income of all affected persons, regardless whether they are legal titleholders, are fairly compensated.

76. The implementing agency will continue to use the environmental and social safeguard specialist for environmental and social safeguard matters. This specialist is supported by regional environmental and social focal points. The environmental and social experts will be part of the supervision consultants' teams, in particular for the water pipeline.

77. **Gender.** Project interventions will continue to address the social, economic, infrastructure, and protection needs of women. Women's labor force participation is half that of men in Djibouti, and women are vulnerable to higher unemployment, limited access to economic opportunities, services, and decision-making compared to men. Male to female income ratio is 1.72.²² Project interventions particularly in Component 3, focus on supporting livelihoods for women and youth groups through value chains, territorial planning, and linking with economic infrastructure. Sub-component 3.1 has a focus on the socially inclusive sectors which can contribute to afford many job opportunities for women and youth. As was the case under the parent project, a particular focus will be given to women-led community-based organizations (CBOs) under sub-component 3.2 to provide capacity support for improved livelihoods. These activities will be monitored via the results framework indicator on "*Beneficiaries of livelihood support activities*" and other indicators including "*Beneficiaries of economic development activities that report an increase in income*" (please see Annex 1 for gender disaggregated indicators). Under the AF, fifty percent of the beneficiaries of the livelihood program will continue to be women and the other fifty percent youth (females and males). Of note also, the number of female beneficiaries of the parent project has always surpassed 50 percent, and Djibouti's target is to continue having at least 50 percent of women benefitting from Component 3 activities.²³ In addition, there is widespread recognition that increasing access to energy, such as electricity in households, could yield significant benefits in improving the health of women and children, reducing environmental and climate impacts, and improving gender equality.²⁴ A particular emphasis will be on prioritizing access to energy for women-headed households and it is expected that women will constitute 50 percent of the total beneficiaries under this activity in Component 2.2. Socio-economic investments under the AF could also increase women's available time for economic activities.

²² Based on 2011 PPP US\$ (female US\$2,491 and male US\$4,286), Gender Development Index, Human Development Reports 2019, United Nations Development Programme.

²³ While the project indicators in the results framework for this regional project do not include a target of female beneficiaries of livelihood support activities, the number of this has been measured on a regular basis in the parent project and will continue to be measured in the AF for Djibouti. So far, the number of female beneficiaries has always surpassed 50 percent and the Djibouti's target is to continue having at least 50 percent of women benefitting from Component 3 activities.

²⁴ In fact, more than 50% of beneficiaries under these activities are expected to be women.



78. **GBV.** Preventing, mitigating, and responding to cases of violence against women and girls will continue to be mainstreamed under the proposed AF. This would include incorporating clauses in this regard in the bid documents or a Code of Conduct for management and workers, and where possible trainings on Human Immunodeficiency Virus (HIV), GBV and child abuse and exploitation. A GBV and Sexual Exploitation and Abuse (SEA)/Sexual Harassment (SH) risk assessment (using the World Bank's tool developed for projects that include civil works) has been undertaken for the parent project as well as for activities planned under the AF. As a result of this risk assessment, the GBV and SEA/SH risk is considered as Substantial. The key risks are the pre-existing high prevalence of intimate partner violence and sexual violence as well as of harmful social and cultural norms across the country, a weak legal context and the distant project areas that might make the supervision of activities difficult.

79. **Greenhouse gas emissions.** The proposed AF will contribute to reducing greenhouse gas emissions through Component 2: Sustainable Environmental Management by: (i) supporting measures on improved energy efficiency in cooking and lighting, and increasing the use of renewable energy sources; and (ii) supporting soil and water conservation measures, afforestation, and greening efforts that will contribute to reducing the impacts of climate trends by improving water conservation and increased biomass.

80. **Greenhouse gas accounting.** The proposed AF investments do not have any infrastructure investments related to solid waste management. Efforts for the development of a plan for solid waste management and strategic clean-ups may be pursued. Per corporate guidance, it was determined that there is no need for reporting the impact of the planned solid waste activities on greenhouse gas emissions.

V. WORLD BANK GRIEVANCE REDRESS

81. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB'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 WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB 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 Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VI SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Legal Covenants		✓
Implementing Agency		✓
Project's Development Objectives		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Safeguard Policies Triggered		✓
EA category		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓

VII DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Social and Economic Services and Infrastructure	170.00	Revised	Social and Economic Services and Infrastructure	176.00
Sustainable Environmental and Natural Management	63.60	Revised	Sustainable Environmental Management	65.60



Livelihoods Support Program	56.85	Revised	Livelihoods Program	57.85
Project Policy and Accountability systems support and Administration	29.55	Revised	Project Management, Monitoring and Evaluation	30.55
Regional Support for Coordination, Capacity and Knowledge	5.00	No Change	Regional Support for Coordination, Capacity and Knowledge	5.00
	0.00	New	Contingent Emergency Response Component (CERC)	0.00
TOTAL	325.00			335.00

Expected Disbursements (in US\$)

Fiscal Year	Annual	Cumulative
0000	0.00	0.00
2016	0.00	0.00
2017	20,781,625.00	20,781,625.00
2018	41,998,300.00	62,779,925.00
2019	22,206,075.00	84,986,000.00
2020	75,410,775.00	160,396,775.00
2021	55,229,350.00	215,626,125.00
2022	64,078,175.00	279,704,300.00
2023	42,371,250.00	322,075,550.00
2024	12,924,450.00	335,000,000.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Substantial	● Substantial
Macroeconomic	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Substantial	● Substantial



Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial
Fiduciary	● Substantial	● Substantial
Environment and Social	● Moderate	● Moderate
Stakeholders	● Moderate	● Moderate
Other		
Overall	● Substantial	● Substantial

LEGAL COVENANTS – Development Response to Displacement Impacts Project in the HoA (P152822)

Loan/Credit/TF	Description	Status	Action
IDA-58320	Finance Agreement :Independent Procurement Auditor. Schedule II Section V 2, Uganda and Ethiopia Description :Recipients shall recruit a qualified and experienced Independent auditors to carry out annual procurement audit. Due Date :	Complied with	No Change
IDA-D1200	Finance Agreement :Adoption of the Project Regional Strategy. Schedule 2, Section V. 2, IGAD Description :IGAD will prepare and adopt the Project Regional Strategy, in form and substance satisfactory to the Association Due Date :	Complied with	No Change
IDA-D1200	Finance Agreement :Establishment of the Project Regional Steering Committee. Schedule 2, Section I, Description :IGAD to establish and thereafter maintain the Project Regional Steering Committee to provide overall guidance and oversight for the Project at the regional level Due Date :	Complied with	No Change
IDA-D1200	Finance Agreement :Establishment of the Regional Secretariat. Schedule I, A 1 (C), IGAD Description :IGAD to establish and thereafter maintain the Regional Secretariat to run the day-to-day management of the Project at the regional level, and provide secretariat services to the Project Regional Steering	Complied with	No Change



Committee Due Date :			
IDA-58320	Finance Agreement :Project Steering Committees. Schedule II Section1 b, Ethiopia Description :Ethiopia to establish and thereafter maintain the Project Steering Committees at federal, regional and Woreda levels to provide overall guidance and oversight for the Project at the federal, regional and Woreda levels. Due Date :	Complied with	No Change
IDA-58320	Finance Agreement :Project Technical Committees Schedule II Section1 c, Ethiopia Description :Ethiopia to establish and thereafter maintain the Project Technical Committees at federal, regional and Woreda levels to provide technical support for the Project at the federal, regional and Woreda levels. Due Date :	Complied with	No Change
IDA-58210	Finance Agreement :National Steering Committee. Schedule II Section 1 b, Uganda Description :Uganda to establish and thereafter maintain the national Steering Committee to provide overall guidance and oversight for the Project at the national level. Due Date :	Complied with	No Change
IDA-58210	Finance Agreement :Technical Working Committee. Schedule II Section 1 c, Uganda Description :Uganda to establish and thereafter maintain the Technical Working Committee to provide operational and technical oversight for the Project at the national level. Due Date :	Complied with	No Change
IDA-58210	Finance Agreement: Procurement Audit. Schedule 2 Section IV. Description: Uganda to hire and thereafter maintain independent auditors to carry out every two years, procurement audits on the Project. Due Date: Six months after effectiveness	Partially Complied with	No Change



LEGAL COVENANTS – Development Response to Displacement Impacts Project in the Horn of Africa (P171409)

Sections and Description

Finance Agreement: CERC. Schedule 2, Section I, H.
 Description: Djibouti to adopt Operations Manual for the CERC part.
 Due date: Six months after effectiveness.

Conditions

Type

Disbursement

Description

No withdrawal shall be made for payments made prior to the Signature Date or under Category (2) (the CERC category), unless and until the Association is satisfied, and has notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities: (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the CERC Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; (ii) the Recipient has prepared and disclosed all Environmental and Social Standards instruments required for said activities, and the Recipient has implemented any actions which are required to be taken under said instruments, all in accordance with the provisions of Section I.I of Schedule 2 to the Financing Agreement; (iii) the Recipient’s Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.I of Schedule 2 to the Financing Agreement, for the purposes of said activities; and (iv) the Recipient has adopted a CERC Operations Manual in form, substance and manner acceptable to the Association and the provisions of the CERC Operations Manual remain or have been updated in accordance with the provisions of Section I.I of Schedule 2 to the Financing Agreement so as to be appropriate for the inclusion and implementation of said activities under the CERC Part.

Type

Effectiveness

Description

The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Djibouti

Development Response to Displacement Impacts Project in the Horn of Africa

Project Development Objective(s)

The Project Development Objective (PDO) is to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the target areas of Djibouti, Ethiopia and Uganda.

The proposed regional project will embed the essential features of ensuring citizen participation and engagement in identifying and prioritizing developmental needs, including socio-economic infrastructure and livelihood opportunities to improve self-reliance of refugee hosting communities; improving social cohesion between refugees and refugee hosting communities; increasing citizen voice and role in development decision making; and eliciting greater demand for social accountability. The operational approach will be Community Driven Development (CDD) and will involve: (i) building and capacitating grassroots institutions; (ii) ensuring the voice of all communities is heard in decision making; (iii) strengthening decentralized government administrative functions; and (iv) investing in public service delivery and social mobilization to enhance social cohesion among beneficiary communities.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
PDO								
Beneficiaries with access to social and economic services and infrastructure (Number)	0.00	0.00	0.00	293,047.00	897,141.00	1,758,282.00	2,930,470.00	2,930,470.00
Direct project beneficiaries (Number)	0.00	0.00	0.00	48,246.70	144,740.10	289,480.20	487,467.00	1,683,794.00



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Action: This indicator has been Revised								
Female beneficiaries (Percentage)		0.00	0.00	10.00	20.00	20.00	50.00	50.00
Beneficiaries of economic development activities that report an increase in income (Number)		0.00		2,625.10	7,875.30	15,750.60	26,251.00	274,311.00
Land area where sustainable land management practices have been adopted as a result of the project (Hectare(Ha))		0.00	0.00	516.90	1,550.70	3,101.40	5,169.00	42,806.50
Strategy for the Regional Secretariat and annual progress reports endorsed by participating countries (Number)		0.00	1.00	2.00	3.00	4.00	5.00	5.00
Beneficiaries who engaged in economic activities. (refugees/ host community), (employed/self-employed)(number) (female) (Number)		0.00	0.00	5,135.70	15,407.10	30,814.20	51,357.00	51,357.00
Direct beneficiaries of the project (refugees) (Number)		0.00						420,067.00
Female refugee beneficiaries (Number)		0.00						198,066.00
Number of Households benefiting from displacement crisis		0.00						31,469.00



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
response mechanism activities (Number)								
Beneficiaries of DRDIP reporting increase in household assets (Percentage)		0.00						60.00

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Intermediate indicators								
Community organizations formed or reinforced and still operational one year after receiving funding (Number)		0.00		454.00	1,047.00	1,743.00	2,163.00	6,802.00
Beneficiaries that feel project investments reflected their needs (Percentage)		0.00	0.00	10.00	30.00	40.00	80.00	80.00
Total beneficiaries - female (Number)		0.00	24,124.30	146,524.00	439,571.00	879,141.00	1,465,235.00	1,470,885.00
Action: This indicator has been Revised								
Total Beneficiaries - Male (Number)		0.00	24,123.30	146,524.00	439,571.00	879,141.00	1,465,235.00	1,470,885.00



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Action: This indicator has been Revised								
Beneficiaries that feel project investments reflected their needs (Number)	0.00	11,452.00	122,614.00	299,388.00	506,246.00	638,000.00	756,214.00	
Infrastructure investments for which Local Government adopt recurrent budget allocations and/or operations/maintenance plans (Percentage)	0.00	0.00	10.00	30.00	40.00	80.00	80.00	
Beneficiaries with access to improved energy sources (Number)	0.00	0.00	13,665.00	30,260.00	58,385.00	64,350.00	120,014.00	
Action: This indicator has been Revised								
Area provided with irrigation and drainage services (ha) (CRI, Hectare(Ha))	0.00	0.00	707.50	2,417.50	7,627.50	15,875.00	2,000.00	
Area provided with irrigation and drainage services - New (ha) (CRI, Hectare(Ha))	0.00	0.00	352.00	1,354.00	5,056.00	11,758.00	0.00	
Area provided with irrigation and drainage services - Improved (ha) (CRI, Hectare(Ha))	0.00	0.00	355.50	1,063.50	2,571.50	4,079.50	2,000.00	
Financed sub-projects that are functioning or delivering	0.00	0.00	85.00	242.00	433.00	509.00	575.00	



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
services to communities six months after completion (Number)								
Action: This indicator has been Revised								
Beneficiaries of livelihood support activities (Number)	0.00	0.00	0.00	17,894.00	63,275.00	106,656.00	150,336.00	72,933.00
Action: This indicator has been Revised								
Work days created for short term employment in the sub-projects (Number)	0.00	0.00	0.00	103,720.00	472,440.00	851,160.00	967,880.00	10,998,360.00
Meeting of the project's regional steering committee, knowledge sharing, and learning workshop organized annually by the Regional Secretariat (Number)	0.00	1.00	2.00	3.00	4.00	5.00	5.00	5.00
Land area in the refugee-hosting areas under soil and water conservation practices (Hectare(Ha))	0.00							5,169.00
Percentage of participating parishes with functional community monitoring groups (Percentage)	0.00							80.00
Percentage of participating parishes in which social accountability is implemented using a community score card (CSC)	0.00							80.00



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
(Percentage)								
Percentage of grievances registered about DRDIP that are resolved in a timely manner (Percentage)		0.00						80.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Beneficiaries with access to social and economic services and infrastructure		PIUs	H/H survey - beneficiaries assessment; progress report		MTR EOP
Direct project beneficiaries	Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value:	PIUS	HH surveys - evaluations - beneficiaries assessment; progress reports		MTR/EOP



	Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.				
Female beneficiaries	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.	PIUs	HH surveys; evaluations; beneficiary assessments; progress reports		MTR/EOP
Beneficiaries of economic development activities that report an increase in income	This will assess how the beneficiaries are economically faring after the support provided by the Project	PIUs	HH surveys; evaluation; beneficiary assessments; progress reports		MTR EOP
Land area where sustainable land management practices have been adopted as a result of the project	This will assess the increased hectares developed for sustainable land management practices	PIUs	HH - evaluation		MTR EOP
Strategy for the Regional Secretariat and annual progress reports endorsed by participating countries	The strategy and the progress reports will provide detailed information on the activities of the Secretariat, including learning activities	IGAD	Strategy and progress reports		Annually



	(research, studies and annual regional learning and exchange workshop), technical assistance provided to the countries, and monitoring activities.				
Beneficiaries who engaged in economic activities. (refugees/ host community), (employed/self-employed)(number) (female)		PIUs	HH surveys, evaluations, beneficiary assessments, progress reports.		MTR EOP
Direct beneficiaries of the project (refugees)					
Female refugee beneficiaries					
Number of Households benefiting from displacement crisis response mechanism activities					
Beneficiaries of DRDIP reporting increase in household assets					

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Community organizations formed or reinforced and still operational one year after receiving funding		PIUS	Pogress Reports		Annually after second year



Beneficiaries that feel project investments reflected their needs		PIUs	Progress reports; beneficiary assessments		Annually, after second year
Total beneficiaries - female	This will measure the extent to which decisions about the project consistently reflected community preferences (number of females	PIUs	Progress reports; beneficiary assessments		Annually, after second year
Total Beneficiaries - Male	This will measure the extent to which decisions about the project consistently reflected community preferences (number of males).	PIUs	Progress reports; beneficiary assessments		Annually, after second year
Beneficiaries that feel project investments reflected their needs		PIUs	Progress reports; beneficiary assessments		Progress reports; beneficiary assessments Annually, after second year
Infrastructure investments for which Local Government adopt recurrent budget allocations and/or operations/maintenance plans	This will assess the appropriation of the new infrastructure investment made by the Local Government	PIUs	Progress Report Evaluation		Annually beginning second year
Beneficiaries with access to improved energy sources	TThis will assess the number of beneficiaries accessing an improved source of energy, such as cooking devices and renewable energy.	PIUs	HH Evaluation Beneficiaries assessment		Annually after second year



Area provided with irrigation and drainage services (ha)	This indicator measures the total area of land provided with irrigation and drainage services under the project, including in (i) the area provided with new irrigation and drainage services, and (ii) the area provided with improved irrigation and drainage services, expressed in hectare (ha).	PIUs	Progress Report Evaluation		Annually after second year
Area provided with irrigation and drainage services - New (ha)		PIUs	Progress Report - evaluations		Annually after second year
Area provided with irrigation and drainage services - Improved (ha)		PIUs	Progress Report - evaluation		Annually after second year
Financed sub-projects that are functioning or delivering services to communities six months after completion	This will assess the performance of the sub-project financed by the Project	PIUs	HH Evaluation Beneficiaries assessment Beneficiaries assessment		Annually after second year
Beneficiaries of livelihood support activities	This will assess the number of beneficiaries that benefited from the project's livelihood activities.	PIUs	HH Evaluation Beneficiaries assessment		Annually after second year
Work days created for short term employment in the sub-projects	This will assess the total number of work days created in all sub-projects	PIUs	HH Evaluation of progress report		Annually after second year



			Progress Report		
Meeting of the project’s regional steering committee, knowledge sharing, and learning workshop organized annually by the Regional Secretariat	This will assess whether or not the regional activities proposed in the Regional Secretariat’s strategy have been endorsed and validated by IGAD’s member states.	IGAD	Evaluation of Progress Reports		At the end of the second year
Land area in the refugee-hosting areas under soil and water conservation practices					
Percentage of participating parishes with functional community monitoring groups					
Percentage of participating parishes in which social accountability is implemented using a community score card (CSC)					
Percentage of grievances registered about DRDIP that are resolved in a timely manner					



ANNEX 1: Results Framework for Djibouti (including revised indicators and targets)

Status of Indicator	Indicator Name	Original Target (Djibouti)	AF Target Increase (Djibouti)	New Project End Target (Parent Project and AF; Djibouti)	Comment/Explanation
PDO Indicators					
No change	Beneficiaries with access to social and economic services and infrastructure (number)	110,001	-	110,001	This indicator counts the direct and indirect beneficiaries of project activities under Component 1, 2 and/or 3. The AF will increase benefits to already existing beneficiaries (e.g. beneficiaries with improved access to electricity will additionally benefit from water through this AF). Also, to note is that the refugee population in the three camps in the project target regions was already included in the calculation of indirect beneficiaries. The refugee population will continue to benefit from DRDIP project activities, also under this AF.
Revised	Direct project beneficiaries (number)	35,734	14,266	50,000	This indicator counts people who directly derive benefits from an intervention under Component 1, 2 and/or 3 (i.e. a patient being treated at a renovated and upgraded health center). The AF will benefit additional beneficiaries and also increase the benefits of already included direct beneficiaries.
No change	Female beneficiaries (percentage)	50	-	50	-
No change	Beneficiaries of economic development activities that report an increase in income (number)	7,000	-	7,000	-
Added	Female beneficiaries of economic development activities that report an increase in income (number)	-	-	4,500	This sub-indicator/gender disaggregation will be added through this AF.
No change	Land area where sustainable land management practices have been adopted as a result of the project	37.5	-	37.5	-



Status of Indicator	Indicator Name	Original Target (Djibouti)	AF Target Increase (Djibouti)	New Project End Target (Parent Project and AF; Djibouti)	Comment/Explanation
	(hectare)				
No change	Strategy for the Regional Secretariat and annual progress reports endorsed by participating countries (number)	-	-	-	IGAD related
Intermediate Results Indicators					
No change	Community organizations formed or strengthened and still operational one year after receiving funding (number)	144	-	144	-
No change	Beneficiaries that feel project investments reflected their needs (percentage)	80	-	80	-
Revised	Total beneficiaries - female (number)	19,350	5,650	25,000	The increase of this indicator reflects the increase in the number of beneficiaries with access to social and economic services and infrastructure (this related in particular to the activities under Component 1).
Revised	Total beneficiaries - male (number)	19,350	5,650	25,000	same as above
No change	Beneficiaries that feel project investments reflected their needs (number disaggregated by gender)	38,700	-	38,700	-
No change	Infrastructure investments for which Local Government adopt recurrent budget allocations and/or operations/maintenance plans (percentage)	80	-	80	-
Revised	Beneficiaries with access to improved energy sources (number)	3700	34,300	38,000	This indicator counts the beneficiaries accessing an improved source of energy, such as through the electricity network extension in Holl Holl and Obock. The latest project actual (Jan 2020) was 32,000 and the number is expected to increase through



Status of Indicator	Indicator Name	Original Target (Djibouti)	AF Target Increase (Djibouti)	New Project End Target (Parent Project and AF; Djibouti)	Comment/Explanation
					the solar power plant extension works in Ali Addeh that is planned under this AF. This indicator related to activities under Component 1 and 2. As explained under the first indicator, the refugee population is included in the target value estimations and will continue to benefit from DRDIP project activities, also under this AF.
Added	Female beneficiaries with access to improved energy sources (number)	1700	16,000	17,700	This indicator counts the female beneficiaries accessing an improved source of energy as detailed above.
No change	Area provided with new/improved irrigation or drainage services (hectare)	37.5	-	37.5	-
No change	Area provided with improved irrigation or drainage services (hectare)	8	-	8	-
No change	Area provided with new irrigation or drainage services (hectare)	29.5	-	29.5	-
Revised	Financed sub-projects that are functioning or delivering services to communities six months after completion (number)	20	5	25	The AF will finance additional sub-projects/activities across all components (at least 5).
Revised	Beneficiaries of livelihood support activities (number)	900	100	1000	The AF will deepen livelihood support activities through a LED approach. While already existing livelihood program beneficiaries are planned to be supported, a small increase of additional beneficiaries is also expected through this AF. This indicator related to activities under Component 3.
Added	Female beneficiaries of livelihood support activities	-	-	600	This sub-indicator/gender disaggregation will be added through this AF.
No change	Workdays created for short term employment in the	50,880	-	50,880	-



Status of Indicator	Indicator Name	Original Target (Djibouti)	AF Target Increase (Djibouti)	New Project End Target (Parent Project and AF; Djibouti)	Comment/Explanation
	sub-projects (number)				
No change	Meeting of the project regional steering committee, knowledge sharing, and learning workshop organized annually by the Regional Secretariat (number)	-	-	-	IGAD related