

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: PAD1786

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT IN THE AMOUNT OF SDR 3.6 MILLION

(US\$5.0 MILLION EQUIVALENT)

AND A

PROPOSED ADAPTIVE SAFETY NET MULTI-DONOR TRUST FUND GRANT

IN THE AMOUNT US\$5.0 MILLION

TO THE

REPUBLIC OF CHAD

FOR A

SAFETY NETS PROJECT

August 9, 2016

Social Protection and Labor Global Practice
Africa Region

This document is being made publicly available prior to Board consideration. This does not imply a presumed outcome. This document may be updated following Board consideration and the updated document will be made publicly available in accordance with the Bank's policy on Access to Information.

CURRENCY EQUIVALENTS
(Exchange Rate Effective May 31, 2016)

Currency Unit = C.F.A Francs BEAC (XAF)
XAF 591.43 = US\$1
SDR 0.71281934 = US\$1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ASP MDTF	Adaptive Social Protection Multi-Donor Trust Fund
BEG	Bahr el Gazel
CFS	<i>Cellule de Filets Sociaux</i> (Safety Net Unit)
CfW	Cash-for-Work
CPF	Country Partnership Framework
CT	Cash Transfer
CTI	<i>Comité Technique Interministériel</i> (Inter-ministerial Technical Committee)
DA	Designated Account
ECOSIT	<i>Enquête sur la consommation et le secteur informel au Tchad</i> (Survey on Consumption and the Informal Sector in Chad)
ESMF	Environmental and Social Management Framework
ESSP	Environmental and Social Safeguards Specialist
FA	Financing Agreement
FAO	Food and Agriculture Organization
FM	Financial Management
GA	Grant Agreement
GAM	Global Acute Malnutrition
GDP	Gross Domestic Product
GRS	Grievance Redress Service
HEA	Household Economy Approach
ICB	International Competitive Bidding
IDP	Internally Displaced Person
IFR	Interim Financial Report
M&E	Monitoring and Evaluation
MIS	Management Information System
NGO	Nongovernmental Organization
NSPS	National Social Protection Strategy
PAD	Project Appraisal Document
PDO	Project Development Objective
PMT	Proxy Means Test
POM	Project Operational Manual
SFB	Selection under a Fixed Budget
SISSAP	<i>Système d'Information sur la Sécurité Alimentaire et l'Alerte Précoce</i> (National Food Security Information and Early Warning System)

SOE	Statement of Expenses
SP	Social Protection
SSN	Social Safety Net
TA	Technical Assistance
TF	Trust Fund
UN	United Nations
UNDB	United Nations Development Business
UNICEF	United Nations Children's Emergency Fund
WFP	World Food Programme
WHO	World Health Organization

Regional Vice President:	Makhtar Diop
Country Director:	Paul Noumba Um
Senior Global Practice Director:	Michal Rutkowski
Practice Manager:	Stefano Paternostro
Task Team Leader:	Giuseppe Zampaglione

REPUBLIC OF CHAD
Safety Nets Project

TABLE OF CONTENTS

	Page
I. STRATEGIC CONTEXT	1
A. Country Context.....	1
B. Sectoral and Institutional Context.....	3
C. Higher Level of Objectives to which the Project Contributes	4
II. PROJECT DEVELOPMENT OBJECTIVES	5
A. PDO.....	5
Project Beneficiaries	5
PDO Level Results Indicators.....	5
III. PROJECT DESCRIPTION	6
A. Project Components	6
B. Project Financing	9
Project Cost and Financing (in US\$, millions)	10
IV. IMPLEMENTATION	10
A. Institutional and Implementation Arrangements	10
B. Results Monitoring and Evaluation	12
C. Sustainability.....	12
V. KEY RISKS	13
A. Overall Risk Rating and Explanation of Key Risks.....	13
VI. APPRAISAL SUMMARY	14
A. Economic and Financial Analysis.....	14
B. Technical.....	15
C. Financial Management.....	16
D. Procurement	17
E. Social (including Safeguards).....	17
F. Environment (including Safeguards)	18
G. Safeguards Implementation Arrangement	18

H. World Bank Grievance Redress mechanisms	18
Annex 1: Results Framework and Monitoring	20
Annex 2: Detailed Project Description.....	27
Annex 3: Implementation Arrangements	36
Annex 4: Implementation Support Plan	50
Annex 5: Economic Analysis.....	53
IBRD MAP No. 33385.....	59

PAD DATA SHEET
Chad
Chad Safety Nets Project (P156479)
PROJECT APPRAISAL DOCUMENT
AFRICA
Social Protection and Labor Global Practice

Report No.: PAD1786

Basic Information					
Project ID P156479		EA Category B - Partial Assessment	Team Leader(s) Giuseppe Zampaglione		
Lending Instrument Investment Project Financing		Fragile and/or Capacity Constraints [X]			
		- Fragile States - Post-Conflict			
		Financial Intermediaries []			
Series of Projects []					
Project Implementation Start Date 30-Aug-2016		Project Implementation End Date 30-Jul-2020			
Expected Effectiveness Date 30-Dec-2016		Expected Closing Date 31-Dec-2020			
Joint IFC No					
Practice Manager/Manager Stefano Paternostro	Senior Global Practice Director Michal J. Rutkowski	Country Director Paul Noumba Um	Regional Vice President Makhtar Diop		
Borrower: Ministry of Planning and International Cooperation					
Responsible Agency: Cellule de Filets Sociaux					
Contact: Keumaye Igne Gongba		Title: Secretaire General Adjoint			
Telephone No.: 23566294330		Email: keumayeignegongba@yahoo.fr			
Safeguards Deferral (from Decision Review Decision Note)					
Will the review of Safeguards be deferred? [] Yes [X] No					
Project Financing Data(in USD Million)					
[]	Loan	[X]	IDA Grant	[]	Guarantee
[]	Credit	[X]	Grant	[]	Other

Total Project Cost:	10.00	Total Bank Financing:	5.00		
Financing Gap:	0.00				
Financing Source		Amount			
BORROWER/RECIPIENT		0.00			
IDA Grant		5.00			
Free-standing TFs AFR Human Development (Adaptive Social Protection Multi-Donor Trust Fund)		5.00			
Total		10.00			
Expected Disbursements (in USD Million)					
Fiscal Year	2017	2018	2019	2020	2021
Annual	1.00	3.00	4.00	2.00	0.00
Cumulative	1.00	4.00	8.00	10.00	10.00
Institutional Data					
Practice Area (Lead)					
Social Protection & Labor					
Contributing Practice Areas					
Proposed Development Objective(s)					
The project development objective (PDO) is to pilot cash transfers and cash-for-work interventions to the poor and lay the foundations of an adaptive safety nets system.					
Components					
Component Name			Cost (USD Millions)		
Component 1: Safety Net Pilots			6.50		
Component 2: Development of Service Delivery Instruments			1.60		
Component 3: Project Management, Communication and Monitoring and Evaluation			1.90		
Systematic Operations Risk- Rating Tool (SORT)					
Risk Category				Rating	
1. Political and Governance				High	
2. Macroeconomic				High	
3. Sector Strategies and Policies				Moderate	
4. Technical Design of Project or Program				Moderate	
5. Institutional Capacity for Implementation and Sustainability				High	
6. Fiduciary				High	

7. Environment and Social	Low		
8. Stakeholders	Moderate		
9. Other			
OVERALL	Substantial		
Compliance			
Policy			
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]	
Does the project require any waivers of Bank policies?	Yes []	No [X]	
Have these been approved by Bank management?	Yes []	No []	
Is approval for any policy waiver sought from the Board?	Yes []	No [X]	
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []	
Safeguard Policies Triggered by the Project			
	Yes	No	
Environmental Assessment OP/BP 4.01	X		
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	
Legal Covenants			
Name	Recurrent	Due Date	Frequency
Institutional Arrangements, Schedule 2, Section I, A.1 of Financing Agreement (FA) and Grant Agreement (GA)		31-Mar-2017	
Description of Covenant			
The Recipient shall, not later than three (3) months after the effective date, establish, and thereafter maintain, throughout the Project implementation period, with composition, mandate and resources satisfactory to the Association, a steering committee to be responsible for providing technical supervision of the Project, including inter alia, endorsing the proposed Annual Work Plan and budget for the Project.			
Name	Recurrent	Due Date	Frequency

External Audit, Schedule 2, Section II, B.5 of FA and GA		31-May-2017	
Description of Covenant			
The Recipient shall, no later than five (5) months after the effective date, recruit and maintain throughout the implementation of the Project, an external auditor with the terms of reference and qualifications satisfactory to the Association.			
Name	Recurrent	Due Date	Frequency
Institutional Arrangements, Schedule 2, Section I, A.2 (a) of FA and GA	X		CONTINUOUS
Description of Covenant			
The Recipient shall recruit and thereafter maintain at all times during Project implementation, a national Project coordinator, financial management specialist and a procurement specialist.			
Name	Recurrent	Due Date	Frequency
Institutional Arrangements, Schedule 2, Section I, A.2 (b) of FA and GA	X		CONTINUOUS
Description of Covenant			
The Recipient shall by not later than six (6) months after the Effective Date, recruit and thereafter maintain at all times during Project implementation, a monitoring and evaluation specialist, an accountant, a focal point for the region of Bahr-el-Ghazel and a focal point for the region of Logone Occidentale, each of whose qualifications, experience, and terms of reference shall be acceptable to the Association.			
Name	Recurrent	Due Date	Frequency
Accounting Software, Schedule 2, Section II, B.4 of FA and GA		30-Jun-2017	
Description of Covenant			
The Recipient shall, not later than six (6) months after the Effective Date, acquire and thereafter maintain throughout the implementation of the Project, the accounting software in a manner acceptable to the Association, for the Project.			
Conditions			
Source Of Fund	Name	Type	
IDAT	Cellule de Filets Sociaux (CFS), Article V, 5.01 (b) of Financing Agreement	Effectiveness	
Description of Condition			
The Recipient has hired a Project coordinator, a financial management specialist and a procurement specialist in accordance with Section I, A.2 of Financing Agreement and Grant Agreement, each with qualifications and under terms of reference satisfactory to the Association.			
Source Of Fund	Name	Type	
IDAT	Execution of Co-financing Agreement, Article V, 5.01 (a) of Financing Agreement	Effectiveness	
Description of Condition			

The Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it have been fulfilled.

Source Of Fund	Name	Type
AFRH	Execution of Grant Agreement, Article IV, 4.01 (a) of Grant Agreement	Effectiveness

Description of Condition

The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

Source Of Fund	Name	Type
AFRH	Execution of Grant Agreement, Article IV, 4.01 (b) of Grant Agreement	Effectiveness

Description of Condition

The Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness have been fulfilled.

Source Of Fund	Name	Type
AFRH	Execution of Grant Agreement, Article IV, 4.01 (c) of Grant Agreement	Effectiveness

Description of Condition

The Recipient has hired a Project coordinator, a financial management specialist and a procurement specialist in accordance with Section I.A.2, each with qualifications and under terms of reference satisfactory to the World Bank.

Source Of Fund	Name	Type
AFRH	Execution of Grant Agreement, Article IV, 4.02 of Grant Agreement	Effectiveness

Description of Condition

This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished by the Recipient that the following conditions have been satisfied, namely the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness have been fulfilled.

Source Of Fund	Name	Type
IDAT	Operational Manual, Schedule 2, Section IV, B.1 (b) of Financing Agreement	Disbursement

Description of Condition

No withdrawal shall be made under subcomponent 1.1, unless and until the Project Operational Manual has been updated in accordance with Section I.B of Schedule 2 to the Financing Agreement to include the CfW Transfers specific procedures.

Source Of Fund	Name	Type
IDAT	Operational Manual, Schedule 2, Section IV, B.1 (c) of Financing Agreement	Disbursement

Description of Condition

No withdrawal shall be made under subcomponent 1.2.1, unless and until the Project Operational Manual has been updated in accordance with Section I.B of Schedule 2 to the Financing Agreement to include the Cash Transfers specific procedures.

Source Of Fund	Name	Type
AFRH	Operational Manual, Schedule 2, Section IV, B.1 (b) of Grant Agreement	Disbursement

Description of Condition

No withdrawal shall be made under subcomponent 1.2.2, unless and until the Project Operational Manual has been updated in accordance with Section I.B of Schedule 2 to the Grant Agreement to include the Cash Transfers specific procedures.

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Giuseppe Zampaglione	Team Leader (ADM Responsible)	Lead Social Protection Specialist	Social Protection and Labor	GSP07
Haoussia Tchaoussala	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	Procurement	GGO07
Josue Akre	Financial Management Specialist	Financial Management Specialist	Financial Management	GGO26
Asha M. Williams	Team Member	Social Protection Specialist	Social Protection and Labor	GSP04
Cheikh A. T. Sagna	Safeguards Specialist	Senior Social Development Specialist	Social Safeguards	GSU01
Christophe Ribes Ros	Team Member	Consultant	Social Protection and Labor	GSPDR
Elena Celada	Team Member	Consultant	Social Protection and Labor	GSP07
Erik Reed	Safeguards Specialist	Consultant	Environmental Safeguards	GEN07
Josiane M. S. Luchmun	Team Member		Team Assistant	GSPDR
Laura R. Ralston	Team Member	Economist	Social Protection and Labor	GSP07
Lydie J. Sankara	Team Member	Consultant	Social Development	GFA01
Mariam Denise Brain	Team Member	Temporary	Team Assistant	AFRVP
Paulette C.E. Aida Thioune Zoua	Team Member	Program Assistant	Team Assistant	AFMTD

Extended Team					
Name		Title	Office Phone		Location
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Chad	Logone Occidental	Logone Occidental Region	X		
Chad	Region de la Ville de N'Djamena	Region de la Ville de N'Djamena	X		
Chad	Barh el Gazel	Barh el Gazel	X		
Consultants (Will be disclosed in the Monthly Operational Summary)					
Consultants Required? Consultants will be required					

I. STRATEGIC CONTEXT

A. Country Context

1. **Chad is a large, sparsely populated, low-income country with among the worst human development indicators in the world.** Chad is a large landlocked Central African country with a current population of 13 million. The country is low income, with a gross domestic product (GDP) per capita of about US\$1,054 in 2013. Since its independence in 1960, Chad has faced significant economic, social, and security challenges.

2. **Chad's economy has historically been based on agriculture. After 2003 and for a decade, the oil sector has played a major role, but the recent drastic fall in oil prices poses a major fiscal challenge.** Chad's economy has long been based on agriculture and livestock with cotton as the main export product. After 2003, the Chadian economy became heavily dependent on oil. During the period 2005–2011, oil revenues accounted on average for 30 percent of the total GDP, compared to 25 percent for agriculture and livestock; 15 percent for trade; and 30 percent for all other sectors. Since mid-2014, the country has faced an unprecedented economic, fiscal, and social crisis, due to the drastic fall in oil prices, limited diversification of the national economy, and a limited ability to mobilize fiscal resources.

3. **Important security and social dynamics have shaped Chad during recent decades.** Chad is currently affected by a tenuous security situation resulting from ongoing or recent conflicts across its borders in Nigeria, the Central African Republic, Sudan, and Libya; as well as recent terrorist attacks within or near the country's borders by Boko Haram. Conflicts between herders and farmers have also challenged stability in many areas of Chad. Other social challenges include increasing urbanization and migration (urban populations are projected to almost triple between 2010 and 2030, from 2 to 6 million to reach 27 percent of the total population), due in part to a lack of income opportunities in rural areas, which have been affected by recurrent extreme climate events, including droughts. The country is highly vulnerable to climate variations, particularly rainfall modifications, increased desertification of arable land, droughts, and other phenomena related to extreme weather conditions. These have resulted in an increasingly difficult refugee and displacement crisis. More than 700,000 displaced people currently live in Chad, including 463,000 refugees; 230,000 returnees (from the Central African Republic and Libya); and 70,000 long-term internally displaced persons (IDPs). The number of refugees is equivalent to over 3.5 percent of the population, the third highest level in the world according to the Office of the United Nations High Commissioner for Refugees.

4. **Nearly half (47 percent) of Chad's population lives under the poverty line.** According to national household survey data, relative poverty decreased between 2003 and 2011. In particular, in 2011, 29 percent of the population lived below the food poverty line (it was 36 percent in 2003), 47 percent below the overall national poverty line (53 percent in 2003) and 68 percent on less than US\$2 per day (76 percent in 2003). Despite this reduction in the poverty rates, the absolute number of people living in various degrees of poverty has increased because of population growth. Between 2003 and 2011, the number of food poor has risen from 2.7 to 2.9 million; the number of poor from 4.1 to 4.7 million; and the number of people living on less than US\$2 per day from 5.7 to 6.8 million.

5. **Chad's high rate of monetary poverty is accompanied by very low human development indicators.** Chad ranked at 185 out of 188 countries in the 2015 Human Development Index. The adult literacy rate was 47 percent, the literacy rate for men being 53.8 percent and that for women, 44.0 percent. In 2013, the primary school completion rate stood at 38 percent, and 56 percent of 6- to 24-year olds were not enrolled in school. In the last decade, there have been noticeable improvements in health indicators, but challenges remain, including with child, infant, and maternal mortality ratios. The Multiple Indicator Cluster Survey 2014–2015 reports the child, infant, and maternal mortality ratios as 65 per 1,000, 72 per 1,000, and 860 per 100,000 respectively. Despite some recent improvements, the access to basic social services remains low and the number of poor and vulnerable will increase with the decline of Government spending because of the fall in oil prices and the fragile security environment. Moreover, these and other human development indicators confirm that women are more disadvantaged than men, especially when it comes to access to education and health services.

6. **Poverty is strongly correlated to malnutrition, which is affecting all regions of Chad.** There is a strict correlation between monetary poverty and malnutrition, and the prevalence of global acute malnutrition (GAM) in the nine Sahel regions, which regularly exceeds 15 percent during the lean season, while GAM rates among children ages 6–59 months exceeded the emergency-level threshold, with rates of 17.2 percent on a regional level. Pregnant and lactating women are also affected, with a relatively high malnutrition rate of 7 percent. While GAM is not considered to be a serious public health issue in the south, chronic malnutrition ranks far above the 20 percent warning threshold in seven southern regions, including Logone Occidental, where the malnutrition rate is 37.7 percent among children ages 6–59 months. As elsewhere, the causes of child malnutrition are diverse, linked, among other things, to the mother's nutritional condition, child feeding practices, and hygiene conditions that depend on the availability of water and sanitation.

7. **Poverty is predominantly a rural phenomenon, but urban poverty is on the rise.** In 2011, 74.3 percent of the rural population was poor and living on less than US\$2 per day, compared to 40.5 percent in urban areas. This equates to over 6 million persons in rural areas living on less than US\$2 per day and about 750,000 in urban areas. Low productivity in the agricultural sector, persistently high fertility ratios and population growth, and a fragile governance and human resource capacity context, have all contributed to the prevalence of poverty, while urbanization has led to a significant number of urban people living below the food poverty line. In the urban areas (N'Djamena), poverty is related to living conditions and urban livelihoods but also to rural poverty, because the rural exodus greatly increases the number of urban job seekers in an already fragile labor market and places an additional burden on limited service structures. As suggested by the vulnerability analysis supported by the Sahel Adaptive Social Protection Multi-Donor Trust Fund (ASP MDTF), typical resilience mechanisms, such as investments in human capital through education and health care or greater landholdings, do not correlate strongly with reduced poverty, particularly in rural areas. Together with other factors, these findings suggest a less than optimal use of public resources, very low quality of services (education in particular), as well as the complex and transient nature of poverty, whereby multiple and complementary resilience mechanisms are required.

8. **Across Chad, there is regional variation in sources of vulnerability and this translates into different patterns of poverty and food insecurity.** Despite the fact that it has

historically been a fertile part of the country, the southern part of Chad has a high concentration of chronic and food poor. Higher population density, demographic pressures, escalating numbers of IDPs and refugees, are some of the factors that have translated into higher levels of chronic and food poverty in the south. This region has also been hit by a prolonged crisis of the cotton sector, once a major source of jobs and incomes. The crisis was generated by increased international competition, the impact of climate change and overall weak governance in the industry. The arid and drought prone Sahel region (which includes the regions of Bahr el Gazel (BEG), Chair-Baguirmi, Batha, and Ouaddai) has historically shown a high degree of exposure to cyclical food insecurity, border conflicts, and inflows of refugees. N'Djamena and other cities are facing pressure from urbanization. Within cities, sources of vulnerability include lack of income opportunities, overcrowding and poor housing, crime, insecurity, weak governance, increases in food prices, and limited and expensive housing.

B. Sectoral and Institutional Context

9. **Access to critical social protection programs and services is extremely limited, and is often concentrated on emergency safety nets.** Social protection aims at reducing poverty and vulnerability by helping the poorest households to manage better social and economic risks, enabling them to build their resilience, and providing them opportunities through a wide range of programs. Under an expanded definition, social protection also includes humanitarian response. It contributes to development outcomes by building human capital through facilitation of access to education and health and boosting consumption through income support. However, most Chadian households do not have access to formal social protection and can only rely on limited public provision of basic services. Moreover, collective agricultural insurance instruments are almost nonexistent. According to recent estimates, in 2014, about US\$109.0 million was spent to finance different types of safety nets in Chad, that is, 0.8 percent of national GDP. This is below Sub-Saharan Africa's average but it still represents a significant amount of resources. These resources serve mainly as an emergency response tool, particularly to food crises. Much of the social safety net (SSN) system is funded by development partners (74 percent), while only 26 percent of total safety net spending in 2014 was funded by the Government. Safety nets, as provided by the Government, are limited to subsidies to children, either as in-kind support in education and nutrition, or as free access to health care services.

10. **A recent safety net assessment, did not identify any SSN with the specific objective of providing predictable support to household consumption nor to reduce poverty.** In fact, the typical beneficiaries of safety nets are vulnerable households who experience transient shocks (typically of a seasonal nature) and the assistance provided is often in-kind. Safety nets for the chronic poor constitute only about 20 percent of total safety net spending. Aspects of the current system that constrain a long-term and sustainable approach to fighting poverty and vulnerability include scarcity of resources; unpredictability of the interventions and their humanitarian nature which is short-term focused; the lack of long-term access to safety nets; and the limited ability to track beneficiary households and monitor changes in their consumption levels, human development achievements, and livelihoods.

11. **Chad is highly vulnerable to climate change; in particular, to the modifications in rainfall, progressive desertification of arable land, droughts, and other phenomena related to extreme weather conditions and their increased frequency.** The implications of these

changes can be seen both in the short term and medium to long term. In the short term, the implications can be of a catastrophic nature such as severe droughts or floods with immediate and devastating impact on human lives, livelihoods, and households assets. Emergency response has been particularly active in supporting local communities that are regularly affected by food insecurity and droughts, especially in the Sahel region. Other assistance has targeted refugees, IDPs, returnees, and their host communities. In the medium- to long-term, climate changes can cause progressive loss of soil fertility, productivity, and livelihood, and have a lasting impact on human development achievements, especially in health and education, including cognitive and non-cognitive achievements. In turn, these shortcomings can have an impact on overall productivity and perpetrate a cycle of poverty and vulnerability.

12. **It is precisely at the conjunction between short- and medium-term effects of shocks, that a new adaptive approach to social protection can generate important breakthroughs and transformative solutions.** A more systematic and structured approach to safety nets can help the Government and its partners transition from an emergency approach to vulnerabilities, to a longer-term approach aimed at building resilience and strengthening livelihoods proactively. The concept of adaptive safety nets also includes other dimensions of adaptation, such as scalability of the safety nets activities in case of an emergency or the adoption of accompanying measures to generate changes in behavior among the beneficiaries in key areas such as maternal health, basic education, community health, increased productivity, and water management.

13. **The Government's National Social Protection Strategy (NSPS) (approved July 2015) is an important window of opportunity.** The NSPS was prepared under the leadership of the Ministry of Planning and Prospective, and the Ministry of Women, Social Action, and National Solidarity. It was prepared with support from major partners, including United Nations Children's Fund (UNICEF), World Food Programme (WFP), the World Bank, and nongovernmental organizations (NGOs). With its introduction, the Government is seeking to establish a more permanent safety net system that in the long term may become the key platform to deliver support to chronic and transient poor in Chad.

C. Higher Level of Objectives to which the Project Contributes

14. **Chad's Country Partnership Framework, (CPF) (Report number 95277-TD, approved by the World Bank Board of Directors on November 3, 2015) embodies three engagement themes:**

- (a) Strengthening management of public resources, by addressing some of the root causes of weak macro-fiscal management
- (b) Improving returns to agriculture and building value chains
- (c) Building human capital and reducing vulnerability

15. The third engagement theme will seek to build resilience through increasing the access of poor households to good quality health care, improving the quality and relevance of education and training, strengthening women's empowerment, and social protection systems and programs. The proposed project will contribute to the third engagement theme of the CPF by helping the Government to pilot a set of social protection interventions and operational platform(s) that will

develop its capacity to provide a sustainable and well-structured social safety system; and to strengthen its coordination role in responding to the dynamic nature of vulnerability in Chad. The proposed project is also a major contribution to the implementation of the Government's NSPS and to operationalize some of its main recommendations, including the institutional and implementation arrangements as described in chapter 5 of the NSPS.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

16. **The Project Development Objective (PDO) is to pilot cash transfers and cash-for-work interventions to the poor and lay the foundations of an adaptive safety nets system.** Transfers to the poor will include instruments such as cash-for-work (CfW) opportunities and unconditional cash transfers (CTs), with related accompanying measures. The new institutional and implementation arrangements will lay the foundation for a coherent safety net system in Chad which, when fully established, will be able to adapt and scale up to respond to changing needs for safety nets over time.

Project Beneficiaries

17. **The proposed project is expected to target at least 15,000 poor and vulnerable households in both rural and urban Chad during the pilot,** and in particular, in three separate areas: in the Sahel region, in the southern region of Chad, and in N'Djamena urban and peri-urban neighborhoods. Most poor households will be selected on the basis of their consumption levels, and transfers will be made mostly to women. Moreover, the Government of Chad will benefit from the establishment of a new implementation platform, increased overall capacity in the sector and from a set of new instruments to identify, enroll, and support beneficiaries and to monitor project performance and outcomes. The proposed system is also being closely coordinated with development partners and humanitarian agencies to avoid duplication of efforts and response. In particular, there is close collaboration with the EU, UNICEF, Food and Agriculture Organization (FAO), Office of the United Nations High Commissioner for Refugees, European Commission Humanitarian Aid and Civil Protection Department, local and international NGOs, and with the Cash Learning Partnership, the National Food Security Information and Early Warning System, (*Système d'Information sur la Sécurité Alimentaire et l'Alerte Précoce*) and other coordination mechanisms. Areas of coordination include diagnostics on poverty and vulnerability, targeting and registration approaches, and payment systems.

PDO Level Results Indicators

18. The key PDO-level indicators measure the extent to which the project has achieved its objectives. The extent to which poor households are covered by the transfers being piloted will be measured by:

- Number of beneficiaries of safety net programs - Cash-for-Work and Unconditional Cash Transfers (percent female) (Core indicator).
- Share of beneficiary households who live below the poverty line.

19. The foundations of an adaptive safety nets system will be measured by:
- Establishment and functioning of a Safety Net Unit.
 - Design, testing and validation of a targeting system of Chad safety nets.
 - Design, development, utilization and assessment of a Management Information System (MIS).
 - Share of beneficiaries with information stored in the new social registry.

III. PROJECT DESCRIPTION

20. **The proposed project includes three components.** The first component of the proposed project will provide income opportunities to poor households in three different areas of Chad, with CTs and CfW activities; the second component will support the development and use of new service delivery instruments and new institutional arrangements in Chad, including identification, registration, and payment systems; and the third component will support the establishment of the CFS with strong implementation capacity.

21. **Four years of project duration is deemed necessary to start designing and implementing essential systems to support the safety nets, to deliver on the safety net pilots and achieve the PDO.** It is envisioned that Components 2 and 3 will be implemented immediately following effectiveness through project completion (years one – four), while Component 1 will likely begin implementation from year two onward (years two – four), although if conditions are met, some CfW activities will start during year one.

A. Project Components

Component 1: Safety Net Pilots (US\$6.5 million equivalent – IDA (US\$3.1 million equivalent) and Adaptive Social Protection Multi-Donor Trust Fund (ASP MDTF) (US\$3.4 million) Financed).

22. **This component will support the design and piloting of CT programs to serve as a cornerstone of Chad's future safety net.** As most cash and food transfers are currently implemented by NGO partners and United Nations (UN) agencies, this component will provide the Government an opportunity to deliver safety net interventions, draw lessons, and increase its capacity for the future expansion of these pilot programs. It is anticipated that this component will include two subcomponents:

- Subcomponent 1.1 is a pilot cash-for-work intervention for the poor in urban and semi-urban locations in N'Djamena
- Subcomponent 1.2 is a pilot cash transfer program to poor households with
 - Part 1.2.1: in the region of Bahr-el-Gazel in the Sahel
 - Part 1.2.2: in the Logone Occidental in the Sudanian region

23. Given the complexities of the task, and the logistics and security constraints, it is envisaged that the Government will start implementing Subcomponent 1.1, and then gradually move into implementation of Subcomponent 1.2. This move will happen when some experience has been gained, local offices have been established, and acceptable logistics and security conditions are in place.

24. **The pilot programs will operate in the most disadvantaged areas of the country where chronic poverty and malnutrition are the highest.** These regions include Logone Occidental in the south and BEG in the Sahel area. The focus will be on rural areas for the CT program and on urban and peri-urban areas of N'Djamena for the CfW program.

Subcomponent 1.1: Cash-for-work (CfW) Program (US\$2.0 million equivalent - IDA Financed)

25. **This subcomponent will provide income earning opportunities to approximately 9,000 beneficiaries from poor households in urban and peri-urban areas of N'Djamena.** These areas were selected because urbanization is increasing the size of vulnerable populations in urban and semi-urban settings, while at the same time there are concerns about the number of idle persons, given the increased volatility of the security situation in the capital. Finding opportunities to protect vulnerable and at-risk populations who may become involved in violence is seen as a high priority by the Government. Additionally, recent urban and semi-urban development has been very rapid and has involved large numbers of new dwellers. This has resulted in increasing pressure on social services delivery, including on road repairs, cleaning of road ditches, and waste removal. A CfW program will ease the overall conditions of poor neighborhoods, with improvements in sanitation, transportation, and public health. Moreover, the Government has limited experience implementing CfW, so it will be important to start in a location where travel times do not cause extra delays in addressing implementing obstacles and troubleshooting can be immediate. Finally, the current security situation poses a major obstacle to conduct World Bank supervision and implementation support missions outside of N'Djamena.

26. **Participants will initially be offered work for approximately 80 days and will earn roughly XAF 1,200 (US\$2.00) per day worked (5 hours per day).** This daily wage rate has been selected as it is slightly below the daily wage rate for unqualified labor in N'Djamena. It will therefore only attract those households that do not have any other economic opportunities, ensuring that only the poorest will participate in the program. Only one person per household will be able to work and participate in the program, and he/she will be selected through a combination of community-based targeting and the use of proxies to assess their poverty status.

27. **CfW activities will consist mostly of simple maintenance and cleaning interventions.** They will be implemented in the poorest areas of the city, where these kind of services have traditionally been scarce. The type of subprojects that will be implemented might include street cleaning, garbage collection, rehabilitation and gutter and culvert cleaning, sidewalk paving using locally produced materials, or the Logone River Bank restoration. The program will be implemented for a little more than three years, with six rounds of 80 days each. Each round will include 1,500 people and the same person will not be allowed to participate to more than one round. Participants will be organized in groups that will work at different times of the year so that the program will be easily manageable. Environmental and social safeguards of the above listed subprojects have been assessed during project preparation and the Environmental and

Social Management Framework (ESMF) requires that the CfW activities do not have negative environmental and social impacts.

28. **The subcomponent will also finance accompanying measures for the participating households.** They will consist of mostly financial literacy and savings trainings and awareness, and will take place preferably during payment days. The accompanying measures will be delivered through NGOs and other organizations that have experience in the field. Accompanying measures and related services will have a cost of approximately 10 percent of the subcomponent total, with the rest financing the transfers and materials.

Subcomponent 1.2: Cash Transfer (CT) Program (US\$4.5 million equivalent – IDA (US\$ 1.1 million equivalent) and ASP MDTF Financed (US\$3.4 million))

29. **This subcomponent will provide small, regular, and timely transfers to poor households with children.** The targeted groups will include poor households with children under the age of 12 years and/or pregnant women. The transfers, aimed at increasing households' consumption for a period of two years combined with accompanying measures to improve the hygiene practices of mothers and nutrition of the children, will also help households avoid negative coping mechanisms when shocks occur.

30. **The program will cover approximately 6,200 of these poor households in two areas of the country (in BEG, Sahel region and in the Logone Occidental, Sudanian Region).** Beneficiary households will receive a monthly benefit of XAF 15,000 (US\$25.00), payable every two months. Payments will be made to mothers in most cases. The transfer level is equivalent to around 50 percent of the food poverty gap. This level of benefit is expected to be sufficient to allow households to improve their consumption, yet is low enough not to create any work disincentives.

31. **The subcomponent will also finance accompanying measures to beneficiary households.** These activities will assist beneficiary households to improve practices related to human development and in particular nutrition, and to make good use of the CTs. The aim of these accompanying measures is to increase the probability of the households breaking the intergenerational cycle of poverty, reduce the incidence of malnutrition, and improve human development outcomes. The accompanying measures will be implemented through partner organizations such as NGOs. Delivery of accompanying measures will involve the provision of technical assistance, training and goods required for the purpose. Accompanying measures will be exclusively financed by IDA.

32. **On the basis of the lessons learned from the other transfer programs in Chad and elsewhere in Sahel countries, the proposed project will use a combination of targeting mechanisms.** Beneficiary households will be selected combining geographic poverty targeting with a census of households in selected villages, followed by categorical targeting (households with children under the age of 10 years) and a Proxy Means Test (PMT) screening which will then be discussed and validated by the community. Once the village is selected, data will be collected for all households, following a list of variables and based on the experience of other targeting techniques, namely the Household Economy Approach (HEA). This will allow the calculation of a PMT score to be used to select among those households that have passed the

categorical filter. The community will then discuss the list and validate it if in agreement. This approach will reduce potential inclusion errors, link with existing approaches such as the HEA, and lay the foundation of a methodological approach to support the establishment of a social registry.

33. This subcomponent will be structured into two parts: Part 1.2.1 will finance CT activities in BEG, reaching approximately 1,550 poor households, while Part 1.2.2 will finance CT activities in Logone-Occidental, reaching approximately 4,650 poor households. Part 1.2.1 will be exclusively financed by the IDA grant while Part 1.2.2 will be financed exclusively by the ASP MDTF.

Component 2: Development of Service Delivery Instruments (US\$1.6 million – ASP MDTF Financed)

34. **This component will assist the Government in designing and developing service delivery instruments and operational building blocks that can be used for implementing and coordinating safety net programs.** The objective is to contribute to the establishment of a long-term, effective, and sustainable safety net system, anchored in the NSPS. An important aspect of the system being designed will be the capacity to expand and adjust the safety net in response to shocks.

35. This component will therefore finance the design and development of the following systems: (a) an efficient and cost-effective targeting mechanism and harmonized data collection; (b) a social registry (which will initially have data for project beneficiaries only); (c) a payment system; (d) a grievance management system; and (e) an MIS for both pilots. This component will be exclusively financed by the ASP MDTF.

Component 3: Project Management, Communication, and Monitoring and Evaluation (US\$1.9 million equivalent - IDA Financed)

36. **This component will support the management and monitoring and evaluation (M&E) of the overall project.** It will finance project management and coordination activities related to the first two project components. In particular, the component will finance salaries, equipment, and operational costs for the key staff members of the CFS, an independent Government unit attached to the Ministry of Planning and Prospective that will directly contribute to the implementation of the pilot project. It will also finance relevant studies and analyses, operational manuals, and evaluation studies.

37. **This component will also finance a series of information and communication campaigns** to raise awareness among potential participants and population at large on the purposes and design of the interventions, on selection, registration, and payment mechanisms, on grievance options and on overall expectations of the program. This component will be exclusively financed by the IDA grant.

B. Project Financing

38. **The project will use Investment Project Financing for the project.** The total cost of the proposed project is US\$10.0 million and will be implemented for a period of four years

ending in December 31, 2020. The financing includes two sources: (a) an IDA grant of US\$5.0 million and (b) an ASP MDTF grant of US\$5.0 million, totaling US\$10.0 million. Given an earlier closing date (June 30, 2018), the ASP MDTF financing will need to be disbursed before the IDA resources. As such, the co-financing of project components between the two sources has been aligned accordingly and is detailed later in this document.

Project Cost and Financing (in US\$, millions)

Project Components	Project Cost	IDA Financing	ASP MDTF Financing	% Financing from IDA
1. Safety Net Pilots	6.5	3.1	3.4	48
a. Subcomponent 1.1	2.0*	2.0	0.0	100
b. Subcomponent 1.2	4.5	1.1	3.4	24
• Part 1.2.1	1.1**	1.1	0.0	100
• Part 1.2.2	3.4***	0.0	3.4	0
2. Development of Service Delivery Instruments	1.6	0.0	1.6	0
3. Project Management, Communication and M&E	1.9	1.9	0.0	100
Total Costs	10.0	5.0	5.0	50
Total Project Costs	10.00	5.0	5.0	
Total IDA Financing Required	5.00			50

Note: *Subcomponent 1.1 costs include CfW grants in the amount of US\$1.4 million.

**Subcomponent 1.2.1 costs include CT grants in the amount of in the amount of US\$1.0 million.

***Subcomponent 1.2.2 costs include CT grants in the amount of US\$2.9 million.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

39. **The implementing agency of the proposed Safety Nets Project will be the newly established CFS created under the Ministry of Planning and Prospective.** The core members of the CFS will consist of (a) a project coordinator; (b) a financial and administrative specialist; (c) a procurement specialist; (d) an accountant; and (e) an M&E specialist. Those positions will be filled through a competitive recruitment process and will be entirely financed by the proposed project under Component 3. Additional full-time or part-time members of the CFS could be recruited at a later stage as needed. These positions include, among others, two regional focal points; a CfW focal point; and a systems focal point for Component 2.

40. **New institutional arrangements will support project implementation.** The Government has decided that the CFS, established on March 10, 2016, would become the national institution in charge of coordinating and managing safety nets programs in the country under the stewardship of the Ministry of Planning and Prospective and under a Safety Nets Steering Committee, to be established by the Government within 3 months of effectiveness. This committee will ensure that the activities prepared by the CFS are aligned with the national social protection priorities and harmonized with other major development strategies and with sectoral interventions. The Steering Committee will also be responsible for validating the annual work plan and budget for the proposed project. In particular, the Safety Nets Steering Committee will be chaired by the general secretary of the Ministry of Planning and Prospective and co-chaired by the Ministry of Women, Social Action and National Solidarity. Other members will include, among others, the Ministries of Economy, of Agriculture, Health, Education, Finances and Budget and the Prime Minister's Office and civil society organizations. The project coordinator of the CFS will serve as secretary of the Safety Nets Steering Committee, which will meet at least once a year.

41. **Capacity building for the CFS will be required.** The CFS is a newly created institution. To strengthen the capacity of the CFS staff and, in particular, to support robust project management and compliance with World Bank fiduciary procedures, the proposed project will finance significant capacity-building activities (budgeted under Component 3). These activities started in 2015 with intense capacity building in support of key technical interlocutors, potential partners, and specific individuals. Such capacity building has taken the form of three field visits abroad; participation in an online World Bank safety nets course; and at least six workshops in N'Djamena on technical aspects of safety net design and implementation, including issues of identification and registration of beneficiaries, environmental and social safeguards, and on analytical work on poverty and vulnerability in Chad. A well-attended high-level national forum was held in N'Djamena in early June 2015. As a result, the environment is now more conducive to recruitment of high-level professionals. Moreover, the recruitment process for the staff of the CFS will be highly competitive and people with previous experience in managing large-scale donor-funded projects will be prioritized, thus minimizing the capacity constraints.

42. **Conditions of effectiveness and disbursement.** Some conditions for effectiveness and disbursement, as well as complementary legal covenants have been included to support implementation and institutional arrangements during the project's duration. Specifically, a legal covenant requires that not later than three (3) months after the effective date, the recipient shall establish, and thereafter maintain, throughout the Project implementation period, with composition, mandate and resources satisfactory to the Association, a steering committee to be responsible for providing technical supervision of the Project, including inter alia endorsing the proposed Annual Work Plan and budget for the Project. Before effectiveness, the recipient shall hire a project coordinator, an FM specialist, and a procurement specialist. Before disbursing under Subcomponents 1.1, 1.2.1 and 1.2.2, the POM will be updated to include the CfW and CT specific procedures respectively. Other legal covenants and conditions are detailed in the datasheet of this PAD.

43. A description of implementation arrangements at the local level is in Annex 3. A more detailed description will be contained in the POM.

B. Results Monitoring and Evaluation

44. **The project will test and pilot CTs and CfW interventions supporting the poor and will also lay the foundations of an adaptive safety nets system.** In this context, M&E of development and process indicators will be key to assess the success of the proposed project and to lay the foundations of a national safety net system, capable of attracting increased institutional, technical, and financial support by Government authorities, civil society, and technical and financial development partners. Hence, the results framework (see Annex 1) has been designed with this objective in mind, and adequate resources allocated accordingly. In addition, World Bank-executed resources under the ASP MDTF have been secured to support World Bank supervision, implementation process assessment, and technical assistance (TA) in project implementation.

45. **Citizen engagement will also be facilitated and monitored throughout the project.** Firstly, the project will support the development of a complaint system for beneficiary and non-beneficiary households to be able to express their grievances and obtain redress in an open, fast, and transparent manner. In accordance with information and communication procedures to be developed by the project, CFS field operators in collaboration with local authorities will hold regular meetings to inform communities about the project's objectives, activities, and progress. Community information and awareness campaigns will be conducted throughout the life of the project. This will be an important step in ensuring that communities understand the project and that program management at the local and central level can investigate and take appropriate actions to address complaints. The grievance management system will enhance the transparency of the project management and its accountability to beneficiaries and stakeholders. Additionally, participation in accompanying measures will facilitate regular interaction with beneficiaries and will be directly monitored throughout the project.

C. Sustainability

46. **On average, every year, the Government of Chad and development partners invest more than US\$100.0 million in emergency and non-emergency safety nets,** largely, but not exclusively in response to food shortages, and extreme climate-related events. Some of these activities are carried out in the framework of existing coordinating mechanisms. However, extensive analytical work carried out under the ASP MDTF financing has shown that many of these activities are using fragmented approaches. Enhanced technical coordination and convergence toward similar approaches for identification, registration, support, and tracking of beneficiary households would improve safety nets' efficiency and effectiveness. Common approaches to noncontributory safety nets and a shared platform for storing data and information on beneficiaries will reduce transaction costs for the Government and development partners. It will also help improve targeting efficiency and in doing so, reduce inclusion and exclusion errors. The proposed project will build and expand on existing coordination mechanisms, including those established by the Government and major humanitarian agencies organized around the National Food Security Information and Early Warning System, *Système d'Information sur la Sécurité Alimentaire et l'Alerte Précoce*) and those recommended by the NSPS. Sustainability of measures in support of households will be limited by the temporary nature of some of the proposed activities, in particular of the CfW program. However, such activities will support an increase of consumption, activate social dynamics at the local level, and

provide participants with improved non-technical skills which will help them in finding new income opportunities.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

47. **The overall risk for this project is rated Substantial.**

48. **At the macro level, the institutional, governance, and security situation remains inadequate.** In particular, with regard to good governance, Chad has a limited record, and the related risks are rated High. Close monitoring of project implementation and strong implementation arrangements with clear manuals and reporting arrangements will help reduce the risk. Moreover, Chad is vulnerable to terrorist attacks as recent events have demonstrated. These events, have led the Government and development partners to issue strict security measures that may limit the effective implementation of the components. The proposed project will address these issues by complying with required security procedures and will rely on third party monitoring arrangements and on other solutions that can enjoy significant implementation flexibility while delivering on monitoring, supervision, reporting, and accountability requirements.

49. **The World Bank, particularly the Social Protection and Labor Global Practice is re-engaging in operational activities in Chad after several years of limited engagement in the country.** Thus, institutional capacity and FM and procurement capacity is being tested and experience with World Bank protocols is expected to be limited. Therefore, the risk is assessed as High. To mitigate this risk, the proposed project will build on lessons from other World Bank operations in Chad, rely on the World Bank's fiduciary teams, and provide TA to support project implementation and investing in capacity-building activities. Moreover, the creation of the *Cellule Filets Sociaux*, which will include qualified staff and rely on acceptable procedures, will help minimizing fiduciary and overall governance risks. Where possible, knowledge transfer and training to key Government staff would also be facilitated. Additionally, to prepare for implementation in light of the institutional capacity context, A POM, with administrative, financial and accounting procedures was prepared before the project's submission to the Board of Executive Directors of the World Bank.

50. **The environmental and social risks are deemed to be low and very site-specific, typical of Category B projects.** The CfW activities will focus primarily on street cleaning and maintenance. No heavy civil works, new infrastructure or agricultural activities are anticipated, and the risk of generating negative social and environmental impacts is assessed as low; rather the positive benefits are expected to be much higher and targeting the poorest of the recipient population. The CfW activities will be confined to urban and peri-urban areas in the town of N'Djamena. The environmental assessment policy (OP/BP 4.01) was triggered and the Government has prepared an ESMF providing both an environmental and social screening form and social and environmental clauses to be complied with to minimize or mitigate potential risks and impacts during project implementation, once detailed footprints are known. The ESMF was disclosed on May 13, 2016 and announcements were published in the national press on May 19, 2016.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

51. **This economic analysis provides an ex ante estimate of the program's potential impact on poverty and consumption for different benefit scenarios.** The main source of data for this analysis is the Survey on Consumption and the Informal Sector in Chad (*Enquête sur la consommation et le secteur informel au Tchad*, ECOSIT) that was carried out by the National Statistical Office in 2011. As it is five years old, it is likely that the country has experienced changes in consumption at the household level, the average household composition, and the distribution of the population across the country. These are key variables in computing estimated potential impacts on poverty and consumption. For estimates of the costs in U.S. dollars of different benefit scenarios, the exchange rate of XAF 585 per U.S. dollar is used.

52. The benchmark benefit scenarios considered in this analysis are the following:

- (a) **CfW pilot.** XAF 1,200 per day wage for 80 days of work implemented in N'Djamena
- (b) **CTs pilot:** XAF 15,000 per month per household for a period of 24 months implemented in regions of BEG and Logone Occidental.

53. Based on the ECOSIT data, these benefit packages will cover at least 40 percent of the food poverty gap in the regions in which the pilots will be implemented.

54. **The benchmark scenario for the CfW pilot is of 80 days at XAF 1,200 per day, with 9,000 beneficiaries, and covering 40 percent of the food poverty gap.** Table 5.1 in the Economic Analysis (detailed in Annex 5) summarizes the estimated impact on poverty and consumption of the benefits provided through the CfW pilot. This shows that the benchmark scenario of 80 days at XAF 1,200 per day could cover 40 percent of the food poverty gap. Given an expected budget of US\$2.0 million for the implementation of this subcomponent, it is estimated that up to 9,000 individuals could participate in the pilot. This could provide coverage to at least one household member in each food-poor household in N'Djamena and up to 71 percent of households below the overall poverty line could have a member participating. Varying the number of days worked and the daily wage shows that the degree of coverage that the pilot can afford, and the impact on poverty and consumption changes accordingly. For example, at XAF 1,200 per day for 60 days, coverage increases to 12,000 individuals but only 30 percent of the food poverty gap is covered, while at XAF 1,500 per day for 80 days, 50 percent of the food poverty gap can be covered but only 7,200 individuals can participate.

55. **For the CT pilot, analysis shows that the benchmark scenario of XAF 15,000 per month per household for 24 months could cover around 55 percent of the food poverty gap.** Table 5.2 in the Economic Analysis annex summarizes the estimated impact on poverty and consumption of the benefits provided through the CTs pilot, assuming this is carried out in one Sahel region and one Sudanian region. Given an expected budget of US\$4.5 million for the implementation of this subcomponent, it is estimated that up to 6,200 households could be covered in the pilot. To provide an example of the level of coverage in each of the Sahel and Sudanian regions, BEG and Logone Occidental are considered. BEG ranks highly for food

insecurity and Logone Occidental has a high incidence of food poverty (see Table 5.3). Logone Occidental is approximately six times as populous as BEG and has a higher food poverty rate. Given this, the simulations assume that three households will be covered in Logone Occidental to every one household covered in BEG. Under the benchmark scenario of XAF 15,000 per month per household for 24 months, 35 percent of the food-poor households could be covered in BEG (1,550 households) and 10 percent in Logone Occidental (4,650 households). The relatively low level of coverage in Logone Occidental reflects the high number of food-poor households in the region: 46,573. However, the transfers could lead to a sizeable increase in consumption among beneficiary households if effectively targeted to the poorest households. For example, if targeting effectively reaches the poorest five percent in each region, of which there are 1,055 in BEG and 4,973 in Logone Occidental, households would see an increase in consumption levels up to 58 percent and 60 percent respectively.

56. **Varying the size of monthly transfer amount shows that the degree of coverage that the pilot can afford, and the impact on poverty and consumption changes accordingly.** For example, at XAF 10,000 per month, coverage increases to 9,400 households but coverage of the food poverty gap decreases to 35 percent in the Sahel region and 40 percent in the Sudanian region. At XAF 20,000 per month, coverage decreases to 4,600 households but coverage of the food poverty gap increases to 71 percent in the Sahel region and 73 percent in the Sudanian region.

57. **The project design has retained the CTs benchmark scenarios.** Given the objectives of the pilots to design and pilot transfers to test institutional and implementation arrangements while delivering benefits to the poorest households, it is recommended that the proposed project implement the benchmark scenarios: XAF 1,200 per day wage for 80 days of work for CfW and XAF 15,000 per month per household for a period of 24 months for CTs. However, in the spirit of learning lessons, these could change if implementation experience shows different needs.

B. Technical

58. **SSN programs work well in supporting the poor.** Experience in many developing countries, show that if well designed and implemented, SSNs are successful in helping poor households mitigate risk, managing the impacts of shocks, enabling smooth consumption in the short term, and overall, supporting improvements in human capital and reducing extreme poverty. Chad is in need of well-targeted SSNs and a well-designed SSN system to respond to high levels of chronic poverty, pressures from urbanization, effects from climate change and shocks, and limited Government capacity to deliver and monitor transfers to poor and vulnerable households.

59. **The proposed project design responds to Chad's needs and is based on successful deployment of safety nets in other countries.** The proposed project design is piloting specific responses to addressing the main poverty and vulnerability challenges, with a systemic and long-term perspective. In particular, the proposed project will be focusing on piloting cash and CfW transfers in locations that demonstrate high levels of poverty and/or urbanization, while allowing for ease of implementation, given current security and implementation capacity challenges. This would help the Government respond quickly to bottlenecks and challenges identified in the pilot stage. Benefit amounts have been set to balance budgetary constraints, coverage targets, and

reductions in the food poverty gap among beneficiary households. Building on experience from other CT programs particularly in Niger, Burkina-Faso, Benin and Guinea, benefit amounts would be set to encourage participation of the poorest. This, combined with the introduction of transparent targeting mechanisms, would help Chad establish a beneficiary identification system that focuses on those most in need and could be scaled up to other areas in the country, once the pilots have been completed and associated service delivery instruments established. Accompanying measures will help facilitate improvements in human capital among beneficiaries, as evidenced by similar SSN programs.

60. **Effective delivery of SSNs requires well-designed service delivery instruments to support systemic functioning and to ensure that adaptiveness can be supported.** The proposed project will help Chad develop these critical tools, including targeting, payments mechanism, grievance management, social registry, and MIS. These instruments will not only support effective delivery of programs, but are also essential to responding to shocks, facilitating effective beneficiary monitoring, improving inter-institutional coordination and referrals, and ensuring transparency. The designed systems will then support any scale-up of CTs piloted and can also be utilized by other SSNs if further integration of systems is planned.

C. Financial Management

61. **The FM arrangements for the proposed Safety Nets Project will be implemented by the newly created CFS,** which will be responsible for project implementation, financial recording, the preparation of quarterly interim financial reports (IFRs), the management of the designated account (DA) and the withdrawal applications. The CFS, through the MIS and in close collaboration with payment agents, will ensure that there are no duplicate payments to beneficiaries.

62. **Benefit payments will be made by well-established payment agencies (microfinance institutions and/or the network of mobile phones operators) after an assessment of their capacity and needs.** Once the arrangements are assessed as satisfactory by IDA, contracts will be signed between the CFS and such institutions to channel funds to beneficiaries. Funds will be transmitted from the project's DA to the payment agents who will in turn proceed to make transfers to approved beneficiary households through their branches and points of sale. The control processes for cash benefit payments to beneficiaries will be described in the POM and will be developed further during the first year of implementation of the project, under Component 2 (development of safety net systems).

63. **The quarterly unaudited IFRs will be submitted to the World Bank within 45 days after the end of each quarter.** The Financing Agreements will require the submission of annual audited project financial statements within six months after year-end. Project financial statements will be audited in accordance with international audit standards by an independent, experienced, and internationally recognized audit firm acceptable to the World Bank and recruited on a competitive basis based on terms of reference acceptable to the World Bank. The audited annual project financial statements will be publicly disclosed according to the World Bank's disclosure policy.

64. **Other FM and disbursement arrangements.** To ensure that acceptable financial arrangements have been adopted, a number of conditions have to be met before effectiveness, and before Subcomponents 1.1, 1.2.1 and 1.2.2 can start disbursing: (a) before effectiveness, the recipient shall hire key staff, including an FM specialist; and (b) before disbursing under Subcomponents 1.1, 2.1.1 and 1.2.2, the POM will be updated to include the CfW and CT specific procedures respectively. Additionally, legal covenants related to FM arrangements have been established, including (a) acquire and thereafter maintain throughout the implementation of the project, the accounting software in a manner acceptable to the Association, no later than six (6) months after the effective date; and (b) no later than five (5) months after the effective date, recruit and maintain throughout the implementation of the project, an external auditor with the terms of reference and qualifications satisfactory to the Association.

D. Procurement

65. **Procurement would be carried out in accordance with the World Bank's Guidelines:** Selection and Employment of Consultants Under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, published by the World Bank in January 2011 and revised in July 2014; Procurement of Goods, Works and Non-consulting Services Under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, published by the World Bank in January 2011 and revised in July 2014; and the Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006, and updated in January 2011.

66. During the project's implementation, the Procurement Plan will be updated by agreement between the project team and the World Bank as required and at least annually to reflect the project's actual implementation needs and any increases in institutional capacity.

E. Social (including Safeguards)

67. On the social side, the project will need to monitor the potential impacts of CTs on local social dynamics, including on their ethnic, gender, and age-related characteristics. In such tasks, the project will be facilitated by the extensive analytical work done during project preparation, including on the social dynamics of poverty and vulnerability in Chad, which focuses on three specific geographical areas that are also those of the pilot, that is, the town of N'Djamena, rural Sahel area (BEG) and the southern area of Chad (Logone Occidental). The project design will include a complaint and redress mechanism, which should facilitate peaceful negotiation and resolution of inclusion and exclusion errors or other type of errors (that is, pressure, harassment, and so on).

68. The World Bank's resettlement policy (OP/BP 4.12) is not triggered as proposed activities will involve no land acquisition that leads to the economic or physical resettlement of project-affected persons. A field mission led by the social scientists confirmed the low-scale nature of proposed activities, and concurred to the non-triggering of the resettlement policy. Communities' activities or proposals that would require triggering of OP/BP 4.12 will not be fundable under this operation, and the CFS with support from the World Bank will closely monitor this aspect of project implementation.

69. Both CfW and CT activities will be accompanied by training and awareness raising sessions to beneficiaries, and will address topics such as civic engagement and participation and respect for minorities, in an effort to strengthen the social texture and support positive behavioral change. Qualifying technical skills training, with some aspects of businesses and entrepreneurial promotion may be part of a study that will be conducted during the first phases of project implementation and eventually be included in training modules to beneficiaries. The communication aspects of the project will be strengthened to deepen the level of communities' ownership of project activities to build more social accountability and consolidate the sustainability of project investments in the medium to long term.

F. Environment (including Safeguards)

70. Small-scale civil works to clean and rehabilitate the environment in urban and semi-urban areas will require screening and support in managing any negative impacts associated with the handling, removal, transport, and safe disposal of waste among others. CT activities are not expected to lead to any significant impacts on both the natural and physical environment and any potential negative impacts will be site-specific, low in scale and thus reversible, and can be easily mitigated with the implementation of the Environmental and Social Management Plan embedded in the ESMF prepared by the Government under the leadership of the CTI. In both CfW and CT programming, accompanying measures in the form of training and awareness raising sessions will be delivered to beneficiaries, inclusive of women, youth, elderly, and disabled. Such sessions will address topics such as protecting the environment and improving village sanitation and waste management.

G. Safeguards Implementation Arrangement

71. Though the negative impacts of this project are expected to be low in scale, minimal to negligible, and mostly site specific because of the small footprint of project interventions, typical of category B operations; the project will however ensure practical measures are taken to adequately avoid and mitigate any of such negative impacts while scaling up the positive ones. To that extent, the CFS officer with responsibility for M&E, will be also the Environmental and Social Safeguards Specialist (ESSP) of CFS and will be trained and supported by the World Bank Safeguards specialists. The ESSP's main tasks will be to (a) screen the suitability of all proposed sub-projects using the Environmental and Social Screening Form embedded in the ESMF; (b) ensure that the social and environmental clauses also embedded in the ESMF are properly being complied with; and (c) ensure overall project performance on safeguards and gender dimensions. The ESSP will work closely with World Bank safeguards specialists to ensure the proposed project is environmentally and socially sound.

H. World Bank Grievance Redress mechanisms

72. 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/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

Chad

Safety Nets Project: (P156479)

Results Framework

Project Development Objectives						
PDO Statement						
The project development objective (PDO) is to pilot cash transfers and cash-for-work interventions to the poor and lay the foundations of an adaptive safety nets system.						
These results are at	Project Level					
Project Development Objective Indicators						
Indicator Name	Baseline	Cumulative Target Values				
		YR1	YR2	YR3	YR4	End Target
Establishment and functioning of a Safety Net Unit (Text)	Prime Minister decree to establish the CFS approved but CFS not operational	Core staff of the CFS recruited. Preparatory activities for the CT and CfW and for SSN system development implemented by the CFS	CFS staff fully managing and implementing the CT and CfW pilots	—	—	CFS staff fully managing and implementing the CT and CfW pilots
Design, testing and validation of a targeting system of Chad safety nets (Text)	No targeting system in place for Government-led safety nets	PMT formula and data collection tools developed	A targeting mechanism based on PMT and community targeting is rolled out for	System is revised taking into account the results of cycle 1 and it is rolled out for cycle 2 of	System finalized and ready for further use by national cash transfer programs	System finalized and ready for further use by national cash transfer programs

			cycle 1 of cash transfer	cash transfer		
Design, development, utilization and assessment of a Management Information system (MIS) (Text)	MIS system is not yet developed	MIS modules developed for Cash Transfer and Cash for Work pilot including the Social Registry modules for the two programs	MIS in use for the registry of beneficiaries, the management of the benefits and monitoring of activities for the two pilots under cycle 1	MIS revised taking into account the results of cycle 1 and in use for the registry of beneficiaries, the management of the benefits and monitoring of activities for the two pilots under cycle 2	MIS finalized and ready for further use by national safety nets programs.	MIS finalized and ready for further use by national safety nets programs.
Share of beneficiaries with information stored in the new social registry (%) (Percentage)	0.00	—	30.00	50.00	70.00	70.00
Beneficiaries of Safety Nets programs (number) (Number) - (Core)	0.00	—	9,200.00	12,200.00	15,200.00	15,200.00
Beneficiaries of Safety Nets programs - Female (number) (Number - Sub-Type: Breakdown) - (Core)	0.00	—	7,700.00	9,200.00	10,700.00	10,700.00
Beneficiaries of Safety Nets programs - Unconditional cash transfers (number) (Number - Sub-Type: Breakdown) - (Core)	0.00	—	6,200.00	6,200.00	6,200.00	6,200.00

Beneficiaries of Safety Nets programs - Cash-for-work, food-for-work and public works (number) (Number - Sub-Type: Breakdown) - (Core)	0.00	—	3,000.00	6,000.00	9,000.00	9,000.00
Share of beneficiaries who live below the poverty line (Percentage)	—	—	70.00	75.00	80.00	80.00

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values				
		YR1	YR2	YR3	YR4	End Target
Number of days worked (Days)	0.00	—	240,000.00	480,000.00	720,000.00	720,000.00
Direct beneficiaries of cash for work participating in accompanying measures (Percentage)	0.00	—	70.00	80.00	80.00	80.00
Direct beneficiaries of cash transfer participating in accompanying measures (Percentage)	0.00	—	70.00	80.00	80.00	80.00
MIS generates regular (quarterly) report of adequate quality (Number)	0.00	—	4.00	8.00	12.00	12.00
Beneficiaries of cash	0.00	—	50.00	70.00	80.00	80.00

transfer and cash-for-work receiving payments on time (Percentage)						
Grievance mechanism functional (Text)	No	No	Yes	Yes	Yes	Yes
Management expenditures as share of total program expenditures (Percentage)	—	35.00	20.00	20.00	20.00	20.00

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Establishment and functioning of a Safety Net Unit	A national safety nets unit is created by decree with permanent staff and budget line and is functioning with core staff hired and executing relevant duties.	Yearly	Administrative and Budget Reports	CFS - Ministry of Planning and Prospective
Design, testing and validation of a targeting system of Chad safety nets	This indicator refers to the development and use of an effective targeting mechanism for the beneficiaries of cash transfer pilot.	Once	Targeting assessment	CFS
Design, development, utilization and assessment of a Management Information system (MIS)	This refers to the development of i) a computerized system for the registry and for the management of the various benefits of the two safety nets pilots and ii) of a Social Registry, that could be used by different programs, capable of collecting, analyzing and storing key beneficiary information and on their economic status.	Yearly	Project administrative data and MIS reports	CFS
Share of beneficiaries with information stored in the new social registry (%)	Personally identifying data and socio-economic data are registered in the social registry for beneficiaries of the two programs (in percentage of beneficiaries)	Yearly	MIS and Social Registry	CFS
Beneficiaries of Safety Nets programs (number)	This indicator measures the number of individual beneficiaries covered by safety nets programs supported by the Bank. Safety nets programs intend to provide social assistance (kind or cash) to poor and	Yearly	MIS reports	CFS

	vulnerable individuals or families, including those to help cope with consequences of economic or other shock.			
Beneficiaries of Safety Nets programs - Female (number)	This indicator measures female participation in SSN programs. It has the same definition as the "Beneficiaries of Safety Nets programs" but applies only to female. This indicator will yield a measure of coverage of SSN projects disaggregated by gender (in absolute numbers)	Yearly	MIS Reports	CFS
Beneficiaries of Safety Nets programs - Unconditional cash transfers (number)	Follows the safety nets programs' classification used in SP Atlas.	Yearly	MIS reports	CFS
Beneficiaries of Safety Nets programs - Cash-for-work, food-for-work and public works (number)	Follows the safety nets programs' classification used in SP Atlas.	Yearly	MIS reports	CFS
Share of beneficiaries who live below the poverty line	% of beneficiaries with an annual consumption below the poverty line	Once	Targeting assessment	CFS

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Number of days worked	This is an aggregate figure for all beneficiaries. Cumulative	Every 6 months	MIS	CFS
Direct beneficiaries of cash for work participating in accompanying measures	As a percentage of total beneficiaries	Every 6 months	MIS	CFS
Direct beneficiaries of cash transfer participating in accompanying measures	As a percentage of total beneficiary households	Every 6 months	MIS	CFS

MIS generates regular (quarterly) report of adequate quality	Reports generated using MIS data	Quarterly	MIS	CFS
Beneficiaries of cash transfer and cash-for-work receiving payments on time	% of beneficiaries of the two programs that receive the transfer in accordance with the timeline established in the project manual	Every 6 months	MIS and qualitative beneficiary assessment	CFS
Grievance mechanism functional	A grievance mechanisms is in place and functioning. It accepts and record grievances and designs and implement mitigation measures.	Yearly	Reports prepared by the CFS	CFS
Management expenditures as share of total program expenditures	Management expenditures expected to remain below the 20 percent of total project expenditures for most of the project duration	Yearly	Administrative reports	CFS

Annex 2: Detailed Project Description

Chad: Safety Nets Project

1. **The PDO** is to pilot cash transfers and cash-for-work interventions to the poor and lay the foundations of an adaptive safety nets system.
2. **The project proposes to focus on the development of a SSN delivery system that will initially include two interventions:** a CfW program in urban and peri-urban areas of the capital city, N'Djamena, and a CT program in rural areas. Both programs will strive to reach the poorest households (at least 40 percent of the food poverty gap in the respective regions). These two programs would also offer accompanying measures to the beneficiary households, concentrating on behavior change communication and nutrition and hygiene education for mothers in the CT program; and basic financial literacy and savings for the CfW program.
3. **The project will also support the incremental development of key administrative systems** such as a targeting and data collection system, a social registry, a payment system, a grievance system, and a computerized MIS. These systems will be developed and tested in the two pilot programs and will allow effective management and coordination of safety net programs as they are scaled up in the future.
4. **The intention is to build an ‘adaptive’ safety net system.** The project will support development and use of critical service delivery instruments and institutional arrangements essential to building a safety net system that will ultimately be capable of expanding program coverage in response to shocks, especially for households vulnerable to climatic and seasonal shocks and temporary food-insecurity. The expansion can be achieved by: (a) increasing the level of transfer given to current beneficiaries; (b) expanding the number of beneficiaries of the CT or the CfW programs only for specified period of time; and, in a later phase; (c) expanding coverage to other areas of the country if required, and under a coherent approach. All of these forms of expansion would need to be financed by additional resources, as they are currently not included in this proposal. The proposed pilot will support development of basic systems and capacity and test core programs, which will allow a more flexible use of programs and benefits in response to shocks in the future, as programs are scaled up.
5. The proposed project will have three components:

Component 1: Safety Net Pilots (US\$6.5 million equivalent - IDA (US\$3.1 million equivalent) and ASP MDTF (US\$3.4 million) Financed)

6. **The objective of this component is to provide CTs to poor and vulnerable households.** As most cash and food transfers are currently implemented by NGO partners and UN agencies, this component will provide a hands-on implementing opportunity to the Government to deliver safety net interventions, draw lessons, and increase its capacity for the future expansion of safety nets in the country. It is anticipated that this component will include two pilot activities: (a) a cash-for-work intervention in urban and semi-urban locations in N'Djamena (Subcomponent 1.1); (b) a CT program to vulnerable households both in the Sahel (BEG region) and in the Sudanian region (Logone Occidental) (Subcomponent 1.2) Given the

complexities of the task, and the logistics and security constraints, it is envisaged that this component will start implementing the first subcomponent, and then gradually move into implementation of the second subcomponent.

Subcomponent 1.1: Cash-for-Work (CfW) Program (US\$2.0 million equivalent - IDA Financed).

7. **The objective of the CfW program is to provide income-earning opportunities to poor households in urban and peri-urban areas of N'Djamena.** Participating households with labor capacity will be selected and enrolled in the program for two years. They will be offered to work up to 80 days per year on simple urban maintenance and cleaning activities that do not require any prior specific qualifications.

8. **The program will reach an estimated 9,000 beneficiaries from poor households over a period of three years.** These households will be poor households residing in urban and semi-urban settings, concentrating on the poorer municipalities composing the city of N'Djamena. There are several reasons for choosing urban and peri-urban areas for the CfW program. First, urbanization is increasing the size of vulnerable populations in urban and semi-urban settings, while at the same time there are concerns about the number of idle persons, given the increasing security tensions in the capital. Finding opportunities to protect vulnerable and at-risk populations, who may become involved in violence, is seen as a high priority by the Government. Second, recent urban and semi-urban development has been very rapid and has involved large numbers of new dwellers. This has put increasing pressure on social services delivery, including on road repairs, cleaning of road ditches and waste removal. A CfW program would ease the overall conditions of poor neighborhoods, with improvements in sanitation, transportation, and public health. Moreover, the Government has limited experience implementing CfW, so it will be important to start in a location where travel times do not cause extra delays in addressing implementing obstacles and troubleshooting can be immediate. Finally, the current security situation poses a major obstacle to conduct World Bank supervision and implementation support missions outside of N'Djamena.

9. **The pilot will utilize a wage rate to ensure participation of the poorest.** The daily wage rate to be paid to participating households will be set at XAF 1,200 (US\$2.00) for 5 hours of work. This daily wage rate is calculated as slightly lower than the market rate for unqualified labor prevailing in the informal sector in N'Djamena. Based on the results of the economic analysis (Annex 5) and on the experience of programs in similar contexts in Sahel countries (Niger, Burkina Faso and Mali), this total amount of benefits provided will be set at around XAF 96,000 (US\$161.00) per household per year, corresponding to 80 days of work per year. This represents approximately 40 percent of the food poverty gap. The program will run for little more than three years in 2 rounds per year (about 3,000 participants per year), and participants in one round will not be eligible to apply for other subsequent rounds. This will bring the total number of beneficiaries to over 9,000 in three years. Within each household, only one adult person will be allowed to work.

10. **Only poor households will be offered the opportunity to participate in the CfW program.** The selection will mostly rely on self-targeting: only those households who are poor and do not have find better paid income opportunities will be willing to join the cash for program for a daily wage rate slightly lower than the market rate. Data will be collected in each household

and entered into the social registry, and a single identification number will be given to the household. In case of oversubscription to the program, a simple formula will be used to select the poorest households.

11. **Activities of the CfW program will be limited to simple maintenance and cleaning interventions adapted to the urban context of the program.** The type of sub projects that will be implemented might include street cleaning, garbage collection, rehabilitation, and cleaning of gutters, paving sidewalks using locally produced materials, or restoring the Logone river banks. To facilitate women's participation in the program, childcare services will be provided and paid at the same rate as daily CfW activities. Participants will be organized in groups that will work at different times of the year, so that program will be easily manageable. The interventions will take place in the poorest neighborhoods of N'Djamena, where cleaning and maintenance of public spaces has traditionally been underfunded and neglected by other programs.

12. **The program will offer simple awareness sessions to participating households on financial literacy and savings.** These sessions will concentrate on payment days, as participants are gathered and awaiting payments. Payments will be done either once or twice a month, depending on the capabilities and costs of the payment agencies.

13. **An ESMF has been produced by the government during the project preparation phase.** It allows a simple check list to be used during design and approval of the CfW activities, and ensures that mitigation measures are adopted wherever appropriate.

14. **Coordination with other stakeholders and agencies will be employed to ensure effective implementation and to avoid duplication of efforts.** For planning purposes, the program will work in close coordination with the Municipality of N'Djamena. To avoid duplication of efforts and ensure efficiency in operations, the program will also work in coordination with other programs of the same kind supported by the City Council or by external agencies and donors.

15. **At least 50 percent of participants to the program will be women.** To facilitate the participation of mothers with young children, it is envisaged that complementary services will be provided by the program with the organization of child care activities. Such activities will be supported under arrangements similar to the core program, with the same number of days and salary level.

Subcomponent 1.2: CT Program (US\$4.5 million equivalent – IDA (US\$1.1 million equivalent) and ASP MDTF (US\$3.4 million) Financed)

16. **The objective of this program is to provide small regular and timely CTs to poor households with children.** The transfers, aimed at increasing households' consumption for a period of two years combined with accompanying measures to improve the hygiene practices of mothers and nutrition of children will also help households avoid negative coping mechanisms when shocks occur. Providing regular payments over an extended period is also expected to help other essential expenditures, such as school-related and health care fees and may help households to retain and acquire productive household and agricultural assets. International evidence indicates that the first 1,000 days of a child's life (from conception) are the most important in

terms of nutrition as any deficiencies not resolved by the end of this period is very likely to be irreversible. To also encourage older children to receive adequate nutrition and benefit from routine health check-ups, the targeting range includes all households with children under the age of 12 years old including pregnant women. In rural Chad, almost all poor households have children under the age of 12 years old.

17. **The program will reach an estimated 6,200 poor households, in both the southern Sudanian and Sahel regions.** The analytical work preceding the preparation of the project indicates that chronic poverty and vulnerability is present in the southern Sudanian region. For example, comparisons between 2003 and 2011 household surveys (ECOSIT 2 and 3) the food poverty rate increased substantially in the three southern regions (Guera and Salamat from 35 percent to 42 percent and Logone Occidental from 38.6 percent to 46.4 percent). However, the southern Sudanian region has few existing SP programs and interventions by donor partners are very limited, while the Government has virtually no assistance programs. In the Sahel area, there is a noticeable presence of development partners, responding to cyclical food insecurity. However, many of these programs are in need of further harmonization and of a shared platform on which to build common databases to register potential and current beneficiaries, coordinate on targeting or enrollment into social assistance programs, and then monitor the implementation and effectiveness of these programs. In the Sahel, this subcomponent would pilot project approaches that can support such harmonization and the building of a common platform. For the purpose of the pilot under this component, the following two regions have been retained: BEG in the Sahel area, and Logone Occidental in the Sudanian region. Besides being affected by deep poverty (households in food poverty represents 23 percent in BEG and 38 percent Logone Occidental), both present the abovementioned challenges of limited donor coordination (BEG) or donor absence (Logone Occidental). Moreover, from a security and logistic perspective, both areas are more accessible than others are.

18. **The benefit level, amount, and duration have been informed by economic analysis to find an appropriate balance between desired coverage levels, benefit adequacy and to support targeting objectives.** Based on the results of the economic analysis (annex 5) and on the experience of CT programs run by NGO partners in Chad and other CT programs in Sahel countries, the average total amount of benefits provided will be set around XAF 15,000 per household per month or XAF 360,000 per household over a period of 24 months (about US\$25 per month, which is equal to approximately 50 percent of the food poverty gap). Each selected household will be given one transfer payment per pay period, every two months. The small, regular payments will enable beneficiaries to stabilize their general household consumption over the period and will also provide them with the opportunity to save some money over the period and invest it in productive activities.

19. **This subcomponent will be structured into two parts:** Part 1.2.1 will finance CT activities in BEG, reaching approximately 1,550 poor households, while Part 1.2.2 will finance CT activities in Logone-Occidental, reaching approximately 4,650 poor households. Part 1.2.1 will be exclusively financed by the IDA grant while Part 1.2.2 will be financed exclusively by the ASP MDTF.

20. **Transfers will be delivered to mothers, as representatives of their households where applicable.** Experience in Africa and in other regions shows that delivering benefits to women

most likely increases the possibility that all members of the household (and particularly the most vulnerable, such as children and the elderly) will benefit from the transfer. In addition, since women are the ones responsible for feeding the children, providing the funds directly to women increases the chance that they will be used to improve the nutritional intake of children.

21. On the basis of the lessons learned from other transfer programs in Chad and elsewhere in Sahel countries, the project will use a combination of targeting mechanisms. Beneficiary households will be selected combining community-based targeting and categorical targeting (households with children under the age of 15 and/or with pregnant women). Data will also be collected for all pre-selected households, following a list of variables and based on the experience of other targeting techniques, namely the HEA. This will allow the calculation of a PMT score to be used to confirm preselected households, reduce potential inclusion errors and make the final selection which will then be validated by the community.

22. A structured registration process will also support enrollment and identification of beneficiaries. The registration process will take place after the proposed beneficiaries have all been selected in a given village. The objective of registration will be to: (a) identify the specific individuals (in most cases women) who will collect the payments; (b) ensure that their identity, picture, fingerprints, contacts and other basic information is entered in the system; (c) provide them with program identification cards and unique identification number; and (d) provide them with information on the program, its objectives and the accompanying measures and sessions that the household should attend during the program period. Registration will take place in the presence of the village and commune representatives and CFS field operators. The names of people to be registered will be read out during a community meeting and posted in the commune office and in community spaces if available.

23. This subcomponent will also support improved identification of beneficiaries, critical to long-term objectives for an adaptive and responsive safety net. Personal identification cards are necessary for the recipient to verify identity and thus receive their transfer payments but they also help to ensure transparency and protect the program against fraud. The goal of this activity is to issue to the designated recipients from each household an electronic beneficiary identification card on which will be stored the beneficiary recipient's essential biographic information. The identified recipient will be required to produce that card when she collects the cash. The recipient identification cards will be produced by the project and will include the picture of the woman (most likely the older mother who will receive the transfer), personal data, her fingerprints, and an identification number. Information will be collected and photos and fingerprints will be taken during the registration process. The CFS will ensure the confidentiality of the information gathered through this process. The process of entering information and biometric data will be carried out through tablets available for Android and iOS platforms with an integrated or attached fingerprint reader. These allow the capture of all the required identifiers described above through the following interfaces: (a) Touch so that all biographic data are inputted on the touch screen keyboard in French; (b) Camera for taking snap face photo and scanning ID documents, and (c) Fingerprint scanners to capture the necessary fingerprints.

24. The registration process will be conducted by the CFS with support by an independent entity. During the registration process, beneficiaries' information will be recorded

on electronic devices (such as tablets or laptops with card readers). This information will then be transmitted confidentially to the CFS beneficiary database for the project and will be included in the registry. This database will contain all of the information related to the registration of beneficiaries and their updates as well as their payment information. It will also retain information on the other households that were surveyed during the PMT survey, but who were not eligible for the CT program. The development of unique identifier numbers for each household included in the registry is crucial for coordinating different safety net and other social programs using the database.

25. Accompanying measures will help improve awareness and behaviors at household level in support of human development, especially child growth and nutrition. These accompanying measures will be limited to demand-side measures and include information on the project's objectives and social and behavior change communication for improved welfare and human capital of the household. The component will support training for and delivery of social and behavior change communication services, including advocacy, group education, and interpersonal communication on nutrition, basic health care and sanitation to all participating households. It is expected that most sessions will take place during payment days, every two months. A study will be undertaken during project preparation to explore and define possible themes and delivery mechanisms. This study could also assess the desirability and feasibility of technical training for beneficiaries of the program. Accompanying measures will account for 10 percent of the subcomponent costs. Delivery of accompanying measures will involve the provision of technical assistance, training and goods required for the purpose. Accompanying measures will be exclusively financed by IDA.

Component 2: Development of Service Delivery Instruments (US\$1.6 million – ASP MDTF Financed)

26. This component will support the design and development of systems to support the safety nets and establish the foundations of a coherent and responsive safety net system. These systems include: (a) an efficient and cost-effective targeting mechanism and harmonized data collection; (b) a registration system and social registry; (c) a payment system; (d) a grievance management system and; (e) an MIS.

27. Design and implementation of an efficient and cost-effective targeting mechanism and harmonized data collection. The data collection and targeting of beneficiary households will be designed based on the experience of other safety nets in the region (particularly safety nets in the Sahel) and the experience of the HEA developed and used by humanitarian agencies in Chad. HEA is mostly used for humanitarian and food-security related shocks in the Sahel regions of Chad. The HEA is a framework for analyzing how people obtain food, non-food goods, and services, and how they might respond to changes in their external environment, like a drought or a rise in food prices. Rather than directly measure or attempt to proxy for current levels of income and consumption, it projects out from a baseline model of livelihood zoning, a wealth breakdown and an analysis of livelihood strategies for each wealth group. Evidence from studies recently carried out in Niger and Burkina Faso show that HEA may be more accurate to identify households vulnerable to food insecurity, while the PMT is more accurate in areas with chronic poverty. As a result, a harmonized data collection tool will be developed during the first phases of project implementation. This tool will enable the implementation of a simplified PMT

to identify extremely poor households in areas known to be facing chronic poverty, yet also support the data requirements to build the HEA baseline model to cover areas where transient food security is the more pressing concern. Data collection will therefore be harmonized with a single questionnaire, but different formulas or methodological approaches will then be applied depending on whether beneficiary households are in areas of chronic poverty (in the south) or food insecurity (Sahel).

28. **The proposed project will use a combination of targeting mechanisms.** Beneficiary households will be selected combining geographic poverty targeting with a census of households in selected villages, followed by categorical targeting (households with children under the age of 10) and a PMT screening which will then be discussed and validated by the community. Once the village is selected, data will be collected for all households, following a list of variables and based on the experience of other targeting techniques, namely the HEA. This will allow the calculation of a PMT score to be used to select among those households that have passed the categorical filter. The community will then discuss the list and validate it if in agreement. This approach will, reduce potential inclusion errors, link with existing approaches such as the HEA, and lay the foundation of a methodological approach to support the establishment of a social registry.

29. **Registration system and social registry.** Based on the harmonized data collection procedures and survey instruments, the project will support the Government in developing a social registry, which will eventually function as a single registry. A social registry is a database that is capable of collecting, analyzing and storing the following information: personally identifying data (either at an individual level or grouped into family or households); socio-economic data which would be used to classify individual identities into poverty or vulnerability categories through the application of PMT. Hence, the social registry supports targeting, scoring, selection, on-boarding, identification, and, verification processes all linked to identity. Moreover, the registry eventually would allow: (a) different actors and programs to target households according to their own program objectives; (b) better coordinate interventions, avoid duplication and save significant costs in data collection activities; and (c) improve capacity to quickly scale up safety net programs in face of shocks. By having a database with larger geographical coverage, when crises/shocks happen, humanitarian organizations and government agencies will be able to respond faster and in a more coordinated way. The social registry and business functions for the two safety net pilots will be supported by the MIS developed under this Component 2 during the project. As the social registry's use is expanded in the future, it can potentially de-linked from this MIS and have its own information system to facilitate flow of information between the social registry and other programs.

30. **Payment system.** The project will support the development of a payment system for Government safety nets. The payment system would enable Government to distribute the correct amount of benefits to the right people, at the right time, and with the right frequency, while minimizing transaction costs for both the program and the beneficiaries and allowing increased transparency and accountability of financial transactions. The project will use a small number of payment agencies to provide payments to beneficiaries and the selection of payment agencies will be supported by existing (or new) information outlining the various agencies and resources available, their pros and cons in the project areas and humanitarian and UN agencies experience for paying cash benefits in Chad. Payment agencies may be selected in each region based on the

number and capacity of agencies in the region, their proposals, as well as the needs of the project in that region. The selection of the payment system will also take into account effective mechanisms to support scalability objectives, including geographic coverage, fast delivery of payments to households, and potential for alternating payment delivery mechanisms in times of crisis. The selected agencies will sign a performance-based contract with the CFS that defines the objectives of the collaboration and their roles and responsibilities. They will ensure the delivery of the transfers to the beneficiaries and assume any risk associated with transporting and handling the cash. The payment system will be computerized, and compatible and integrated with the MIS and other operational processes such as the selection and registration of beneficiaries, the preparation of the list of beneficiaries to be paid, and the reconciliation of accounts through the MIS.

31. **Grievance Management System.** The project will support the development of a complaint system for beneficiary and non-beneficiary households to be able to express their grievances and obtain redress in an open, fast, and transparent manner. The grievance system will be operational from the targeting stage and will enable the public to report any problems related to the implementation of the programs to the CFS. The objectives of this system are to address exclusion and inclusion errors in targeting; identify late, incomplete, or missing payments; and raise any issues regarding program operations, staff and authorities' behavior, and training activities. In accordance with information and communication procedures to be developed by the project, CFS field operators in collaboration with local authorities will hold regular meetings to inform communities about the project's objectives, activities, and progress. Community information and awareness campaigns will be conducted throughout the life of the project. This will be an important step in ensuring that communities understand the project and that program management at the local and central level can investigate and take appropriate actions to address complaints. The grievance management system will enhance the transparency of the project management and its accountability to beneficiaries and stakeholders.

32. **Management Information Systems.** The MIS will be developed to provide a computerized system for the targeting instrument and registry, and for the management of the various benefits of the two safety nets piloted under the project. Modules will include (a) beneficiary data and registration; (b) monitoring of beneficiaries' participation in trainings and accompanying measures, and/or co-responsibilities (for example attendance at work for the CfW); (c) payment of benefits to the beneficiaries; (d) complaints and their resolution.

Component 3: Project Management, Communication, and Monitoring and Evaluation (US\$1.9 million equivalent – IDA Financed)

33. **The objective of this component is to develop the institutional capacity within the Government of Chad to deliver the activities outlined under components 1 and 2, and ultimately improve its ability to effectively respond to the needs of vulnerable households.** The project will therefore support the establishment and capacity development of the newly established CFS, which will effectively be managing the project.

34. **The component will finance the salaries of the CFS key staff members deemed essential to the implementation of the proposed pilot.** This includes a project coordinator, a procurement officer, a FM officer, an accountant, and an M&E expert (who will also serve as a

ESSP to the extent possible). This key staff will be identified during project preparation. Other staff may be recruited during project implementation and paid under this component if they are essential to the successful implementation of the project. The project will also finance key equipment and transport means essential to the implementation of the project. It will also finance operational costs of the CFS in relation to the implementation of Components 1 and 2.

35. **Given the limited implementing experience in Chad, this component will fund some of the necessary inputs to launch the pilots and set up the required project management capacity.** This will include training of staff of the CFS, procurement of information technologies (IT) infrastructure for the development of safety net systems and development of logistical capacity for delivery of Safety nets: vehicles, project manuals, field materials, data collection. The project will also facilitate knowledge-transfer from project-financed staff to local civil servants to ensure sustainability after the project's completion.

36. **This component will also finance a series of information and awareness raising campaigns.** Such campaigns will be aimed at raising awareness among potential participants on the purposes and design of the interventions, on selection, registration, and payment mechanisms, on grievance options and on overall expectations of the pilots. Moreover, this component will also finance information campaigns to policy makers, stakeholders and the public at large, through TV, radio, the press and other media, with the objective of making the concepts of social protection and safety nets more widely known and understood.

37. **This component will also help promote improved donor coordination on issues related to Social Protection and safety nets through financing and technical support.** The CFS will also promote the strengthening of existing coordination tools, and if needed, will promote new ones including round tables, newsletters, forum, and study tours. The objective is to strengthen technical collaboration, with a longer-term objective of convergence between humanitarian and social protection approaches.

38. **Collaboration with other Ministries, Departments, and Agencies (MDAs) will be critical to project management and implementation.** During project implementation, and especially in supervising activities in the field, the CFS may need to rely on technical support of other MDAs, including the Ministry of Women, Social Action and National Solidarity or local government authorities. The CFS will have the latitude to enter in specific agreements (most likely Memorandum of Understandings- MOUs) to support limited and reasonable variable costs of these administrations, which will be financed by this component.

39. **This component will also finance evaluation studies of the pilots,** in particular process evaluations that will inform and improve implementation and delivery of the safety nets.

Annex 3: Implementation Arrangements

Chad: Safety Nets Project

Project Institutional and Implementation Arrangements

1. **The proposed institutional arrangement constitutes the first step to lay the foundation for a sustainable safety nets system in Chad.** The majority of the safety net programs in Chad in the past have been implemented and financed by donors and NGOs essentially as emergency programs to address food insecurity. The involvement of the Government in the design and implementation of safety nets was limited. The Government has however recently taken steps to establish a national institutional framework to coordinate social protection and safety nets programs. Those steps include the adoption of a national Social Protection Policy (July 2015), the creation of a CTI to coordinate the preparation of the Safety Nets Project (January 12, 2016) and the creation of a CFS (March 10, 2016). While the mandate of the CTI expires as soon as the project is made effective, the CFS is aimed at becoming over the years the national institution in charge of coordinating and managing safety nets programs in the country under the stewardship of the Ministry of Planning and Prospective and under a newly created Safety Nets Steering Committee. The proposed pilot project has been designed to be fully anchored, to support and reinforce the national social protection framework recently established by the Government.

Implementation Arrangements at Central Level

2. **The implementing agency of the proposed Safety Nets Project will be the CFS created under the Ministry of Planning and Prospective.** The CFS has been established by a ministerial decree signed on March 10, 2016 (*Arrêté* 0011/PR/PM/MPCI/SG/DGPE/2016) and will be responsible for the management of the project in accordance with all standard requirements to manage World Bank projects, including those related to procurement and FM. The core members of the CFS will consist of (a) a project coordinator; (b) a financial and administrative officer; (c) a procurement officer; (d) an accountant; and (e) an M&E officer. To the extent possible, the M&E officer will also serve as the ESSP. Those positions will be filled through a competitive recruitment process and will be entirely financed by the project under Component 3. Those specialists will be working full time on the project. It is expected that the recruitment process will be finalized by July 2016 and the specialists will be effectively appointed in late 2016 when the project enters into effectiveness. As agreed with the Government, the recruitment process will be conducted by an international firm financed by the World Bank-executed Trust Fund 0A0449 - Chad Adaptive Social Protection. The project coordinator of the CFS will report directly to the Ministry of Planning and Prospective. Additional full-time members of the CFS, including two regional focal points; a CfW focal point; and a systems focal point for Component 2. Additional operational staff at regional level could be added according to needs.

3. **The Safety Nets Project will be a major instrument to operationalize the NSPS.** The Government will set up a Safety Nets Steering Committee comprising representatives of key institutions directly involved in safety nets issues. In particular, the Safety Nets Steering Committee will be chaired by the general secretary of the Ministry of Planning and co-chaired by

the Ministry of Women, Social Action and National Solidarity. Other members will include, among others, the Ministry of Economy, Agriculture, Health, Education, the Office of the Prime Minister and civil society organizations. The Safety Nets Steering Committee will meet at least once every year and will be responsible for approving the annual work plan and budget for the proposed project and for insuring that the activities are aligned with the national social protection priorities and harmonized with other sectoral interventions. The project coordinator of the CFS will serve as secretary of the Safety Nets Steering Committee.

Implementation Arrangements at Local Level

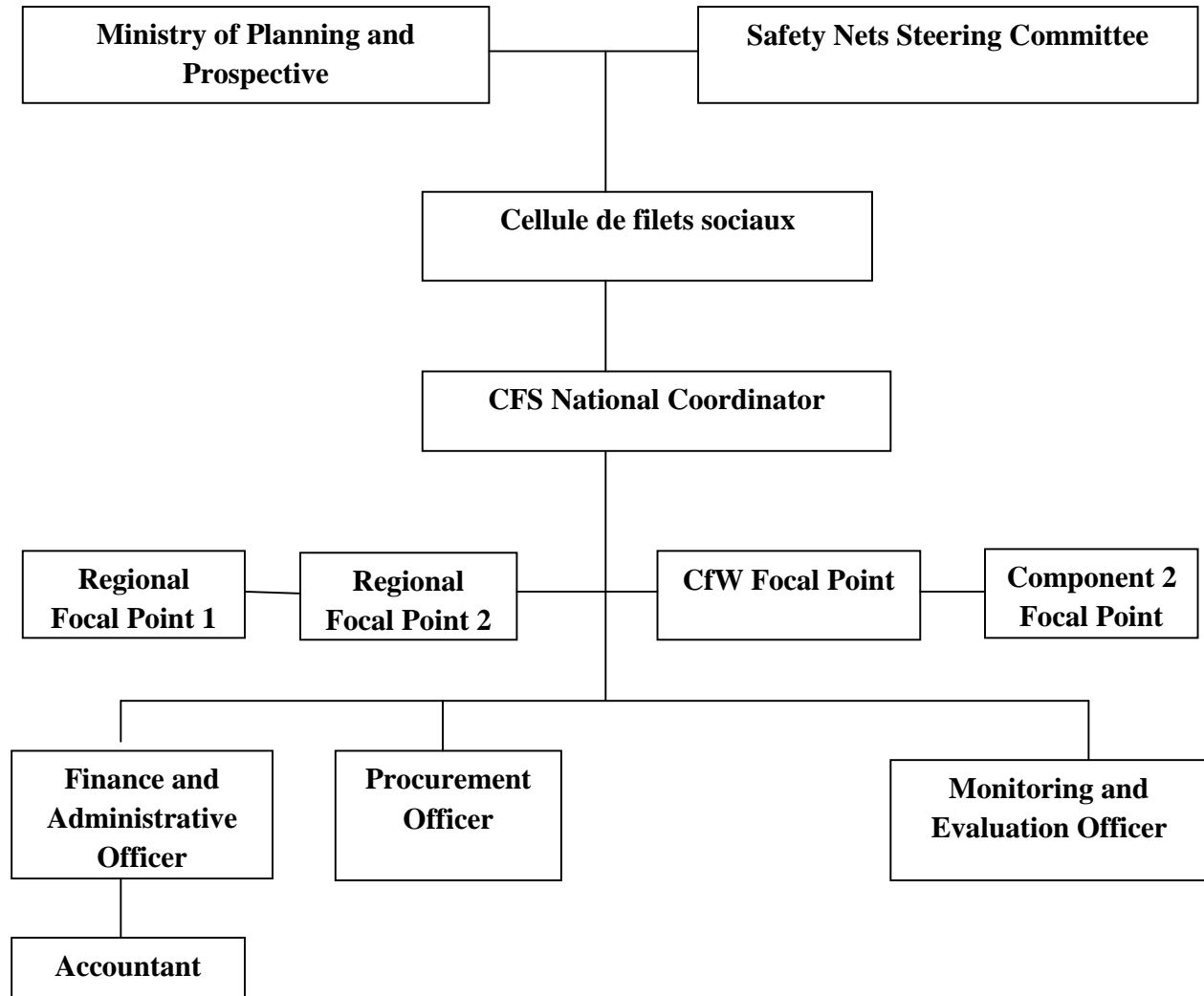
4. **CT.** At the regional level, the project will set up two local offices (*Antennes Regionale de la CFS*), in the Logone Occidental and BEG regions for the implementation of the CT pilot interventions. A regional focal point will be appointed in each region and additional operational and/or support staff will be hired if necessary. The CFS will outsource most of the activities to implementing partners such as NGOs, community-based organizations and/or private firms. Those partners will be hired directly by the CFS at central level. The main responsibility of the *Antennes Regionales* will be to coordinate and supervise the work of the various implementing partners and report it to the central level. Contractual arrangements for the implementation of the various project activities will include the following:

- An independent entity (private firm or NGOs) will be recruited for the targeting and registration processes of beneficiaries. If necessary, the National Institute of Statistics, Economic Studies and Demography (*Institut National de la Statistique et des Etudes Economiques et Démographiques*) will be involved in developing the PMT tools and conducting household-level surveys for the targeting process
- Transfer of payment will be done by a payment agency (micro finance and/or mobile phone company) hired by the project. The CFS will transfer the funds directly to the payment agency based on the information provided in the MIS (such as personal identifying data and amount of transfer). Payments will then be made by the agencies to the beneficiaries in selected locations. Detailed procedures for the payment process will be defined at later stage of project preparation and described in the POM.
- NGOs or other entities with the required technical expertise, qualifications, and experience will be in charge of the implementation of the accompanying measures. The implementation modalities for the accompanying measures will be defined in a view to maximize coordination with existing structures and programs.

5. **Cash-for-Work.** In N'Djamena, the CFS will hire a specialist to serve as focal point for the activities of the CfW component. The registration process, payment, and accompanying measures under the CfW program will follow similar contractual arrangements as described above for the CT program. In addition to those contractual arrangements, the CFS will also partner local NGOs and/or the local municipalities of N'Djamena for the implementation of the CfW activities, particularly to organize, manage, and supervise the teams of workers on the field.

6. Detailed implementation mechanisms at local for both components will be described in the POM. A chart of the implementation mechanism is summarized below.

Figure 3.1. Implementation Mechanism



Financial Management, Disbursements and Procurement

Financial Management

7. Overall, the residual FM risk of the project was rated as medium during the pre-appraisal mission. The CFS and its local offices will oversee FM of the project. The arrangements will be set up to ensure that minimum fiduciary requirements under OP/BP10.00 are in place for the proposed project. An FM specialist will be recruited competitively and based in the CFS. If needed, s/he will be supported by accountants based in the local offices. All operational procedures will be documented in the POM, including the administrative, financial, and accounting procedures.

8. The project's financial arrangements will operate as given in the following paragraphs:

9. **Designated Account (DA).** Two DAs¹ will be opened in a commercial bank in Chad that is acceptable to the World Bank and managed by the CFS according to the disbursement procedures described in the *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006 and the disbursement letter. Detailed supporting documentation for all transactions shall be retained by the CFS and shall be made available for audit, and to the World Bank and its representatives, if requested. Detailed disbursement procedures will also be stipulated in the administrative, financial, and accounting procedures of the POM.

10. **Budgeting and funds flow.** The budget process will be clearly stipulated in the administrative, financial, and accounting procedures of the POM. Annual budgets and work plans (*Plan de travail et budgets annuels*, PTBA) will be coordinated and prepared by the CFS. They will be approved by the Steering Committee with the World Bank's no objection at the beginning of the year and any changes in the budget and work plans will also be approved by the committee with the World Bank's no objection. In addition, the Steering Committee will discuss and review implementation strategies and monitor and assess the implementation and results of the project.

11. **Accounting.** Project accounting, policies, and procedures will be documented in the administrative, financial, and accounting procedures of the POM. An accounting software under a multi-project, and multi-site version will be used to process financial information, and prepare IFRs as well as annual financial statements. Detailed FM documentation will be maintained in the project files.

12. **Internal controls.** The CFS coordinator will ensure that staffing arrangements in the FM department of the CFS are in place and sufficient to ensure adequate internal controls, preparation, approval, and recording of transactions as well as segregation of duties. The FM and administrative procedures will be outlined in the administrative, financial, and accounting procedures of the POM to be updated when required, and with Bank no objection. A part-time or full-time internal audit function will be set up at the central office.

13. **Financial reporting.** The CFS coordinator will be responsible for the overall reporting on the entity. Through the FM specialist in the project, s/he will ensure that the quarterly IFRs are prepared and transmitted to the World Bank on time. The reporting format will be documented in the administrative, financial, and accounting procedures of the POM. The quarterly IFRs will be furnished to IDA no later than 45 days after the end of the quarter. Annual financial statements will be prepared by the CFS and will be subject to annual external audits. The statements will also be reviewed by the Steering Committee.

14. **External audits.** The annual financial statements of the project as well as the system of internal controls will be subject to an annual audit by a reputable, competent, and independent auditing firm, based on terms of reference satisfactory to the World Bank. The auditor will

¹ For the reason set forth in subsection 5.2 of the Disbursement Guidelines, the advancing of financing proceeds into a DA is not a disbursement method currently available under this financing.

provide an opinion on the financial statements of the project prepared by the CFS according to auditing standards acceptable to the World Bank. The audit report will be submitted to the World Bank not later than six months after the end of each financial year. In addition to the audit report, the auditor will also provide a management letter detailing the status of the internal control systems in the regional offices and in the CFS.

15. **Other FM and disbursement arrangements.** To ensure that acceptable financial arrangements have been adopted, a number of conditions have to be met before effectiveness, and before Subcomponents 1.1, 1.2.1 and 1.2.2 can start disbursing: (a) before effectiveness, the recipient shall hire key staff including an FM specialist; and (b) before disbursing under Subcomponents 1.1, 2.1.1 and 1.2.2, the POM will be updated to include the CfW and CT specific procedures respectively. . Additionally, legal covenants related to FM arrangements have been established, including (a) acquire and thereafter maintain throughout the implementation of the project, the accounting software in a manner acceptable to the Association, no later than six (6) months after the effective date; and (b) no later than five (5) months after the effective date, recruit and maintain throughout the implementation of the project, an external auditor with the terms of reference and qualifications satisfactory to the Association.

16. **IDA supervision missions.** In addition to the regular internal and external audits, the World Bank task team will conduct regular supervision missions on a biannual basis. During these supervision missions, the World Bank FM Staff will evaluate the FM arrangements to ensure that they remain adequate for the implementation of the World Bank-funded project. The frequency of such FM supervision will be revised based on the FM risk.

17. **Payments to beneficiaries.** This project involves a large number of relatively small payments to beneficiaries at regular intervals. The Subcomponent 1.1 (CfW) will provide income earning opportunities to approximately 9,000 beneficiaries from poor households in urban and peri-urban areas of N'Djamena. Participants will be offered to work 80 days, and will earn XAF 1,200 per day worked (5 hours per day). Under Subcomponent 1.2 (CTs) a total of 6,200 beneficiaries in two areas of the country will receive monthly payments of XAF 15,000, payable every two months. The payments will be made by microfinance institutions and/or mobile telephony funds transfer companies. Detailed arrangements for the cash payments will be provided in the project manuals and developed further during the first year of the project. These institutions will be recruited using World Bank procedures. They will be required to open a bank account through which project funds will be wired. Upon receiving a list of beneficiaries from the CFS, the micro-finance institutions will dispatch field agents from their regional offices to make the payments to the beneficiaries who will collect their payments upon producing their beneficiary ID cards. The mobile companies on the other end will make the funds available to field agents in point of sales, from where beneficiaries will collect their payments.

Disbursements

18. Disbursements from the IDA Grant and the MDTF Grant will follow the transaction-based disbursements whereby applications are supported with Statements of Expenditures.

Subject to the availability of the advancing of financing proceeds to a Designated Account (DA),² a segregated account will be opened for each financing source. The ceiling of each DA will be based on a four-month forecast prepared by the CFS. Upon effectiveness and if the advance method is available, an initial advance up to the ceiling amount will be disbursed to each DA. Subsequent disbursements into the DAs will be based on Statements of Expenditures, and accompanied by withdrawal applications. The proceeds may be disbursed using the direct payment, reimbursement, and special commitment methods. The supporting documentation for requests for direct payment should include records, which provide evidence of eligible expenditures (copies of receipt, supplier's invoices).

19. The project will be financed by an IDA Grant of US\$5.0 million under standard IDA terms, and an ASP MDTF of US\$5.0 million, totalling US\$10.0 million. Given an earlier closing date (June 30, 2018),³ the ASP MDTF financing will need to be disbursed before the IDA resources. As such, the project will adopt a parallel co-financing of project components whereby each financing source will finance separate project parts. Disbursements from the IDA and ASP MDTF Grants will be executed under the following rules: Subcomponent 1.1 will be exclusively financed by the IDA grant; Subcomponent 1.2.1 will be exclusively financed by the IDA grant while Subcomponent 1.2.2 will be financed exclusively by the ASP MDTF. Delivery of accompanying measures under Component 1 (Subcomponents 1.1, 1.2.1 and 1.2.2), will involve the provision of technical assistance, training, and goods, and will be exclusively financed by IDA. Component 2 will be exclusively financed by the ASP MDTF while Component 3 will be financed by the IDA grant only. Four years of project duration is deemed necessary to start designing and implementing essential systems to support the safety nets, to deliver on the safety net pilots and achieve the project's development objective. It is envisioned that Components 2 and 3 will be implemented immediately following effectiveness through project completion (years one–two), while Component 1 is likely to begin implementation from year 2 onwards (years two–four), although if conditions are met, some CfW activities will start at the end of year one.

² For the reason set forth in subsection 5.2 of the Disbursement Guidelines, the advancing of financing proceeds into a DA is not a disbursement method currently available under this financing.

³ ASP MDTF Grant's parent TF is expected to be extended, to facilitate a September 30, 2019 closing of Grant-financed activities under this project. However processing of the extension is incomplete at the time of writing this PAD. The closing date of the Grant Agreement will be extended once the parent TF program's end disbursement date is extended.

Table 3.1. Table of Eligible Expenditures

Categories	Amount Allocated to the IDA Grant (US\$, millions)	Amount Allocated to the MDTF Grant (US\$)	% Expenditures to be Financed (inclusive of taxes)
1. Goods, consultant services, non-consultant services, training and operating costs (Category 1 of FA and GA)	2.6 ⁴	2.1 ⁵	100
2. Grants under Subcomponent 1.1 (CfW) (Category 2 of FA)	1.4	—	100
3. Grants under Subcomponent 1.2 (CTs) (Category 3 of FA and Category 2 of GA)	1.0	2.9	100
Total	5.0	5.0	100

Procurement

20. **Procurement for this project will be carried out in accordance with several sets of World Bank Guidelines.** (a) Procurement Guidelines for [Goods, Works, and Non-Consulting Services](#), July 2014; (b) Procurement Guidelines for Selection and Employment of Consultants by World Bank Borrowers, July 2014; and (c) the provisions stipulated in the Legal Agreement. The Procurement Plan will set out the methods governing the procurement of works, goods, and non-consulting services and the selection of consultants as well as the necessary prequalification, estimated costs, prior review requirements, and time frames. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation. The World Bank's Standard Bidding Documents will be used. To the extent practicable, the World Bank's Standard Bidding Documents for goods and Standard Requests for Proposals for proposals as well as all standard evaluation forms should be used throughout the project's implementation.

21. **Advertising.** A comprehensive general procurement notice will be prepared by the borrower and published on the United Nations Development Business online website (UNDB online) following Board approval to announce the major consulting assignments open to any international competitive bidding (ICB). The general procurement notice should include all ICB for works, goods, and non-consulting services contracts and all large consulting contracts (those

⁴ For IDA, this category excludes Grants under Subcomponent 1.1 (set out in category 2); Grants under Subcomponent 1.2 (1.2.1 and 1.2.2) (set out in Category 3); and Component 2 of the Project financed by the MDTF.

⁵ For the MDTF, this category excludes Grants under Subcomponent 1.1 (set out in Category 2); Grants under Subcomponent 1.2 (1.2.1 and 1.2.2) (set out in Category 3); Accompanying Measures under Component 1; and Component 3 of the Project financed by IDA.

estimated to cost US\$200,000 or more). A specific procurement notice is also required on UNDB online for all works and goods to be procured using ICB. Requests for expression of interest for consulting services expected to cost more than US\$200,000 must also be advertised in UNDB online. IDA requires that an expression of interest must be published in the national gazette, a national newspaper, or an electronic portal with free access for all consulting firm services regardless of the contract amount. In the case of national competitive bidding, a specific procurement notice must be published in the national gazette, a national newspaper, or an electronic portal with free access. Contract awards must also be published on UNDB online in accordance with the World Bank's Procurement Guidelines (paragraph 2.60) and Consultants Guidelines (paragraph 2.28).

22. **Procurement of Goods, Works and Non-Consulting Services.** No major good, works or non-consulting services through ICB are expected to be acquired under this project. The works and goods likely to be procured under this project include the rehabilitation of the building for use as the CFS offices, vehicles, computers, software and office equipment, and furniture necessary for the functioning of the project as well as equipment and materials for the implementation of the public works subprojects under Subcomponent 1.1 of the project. Considering the level of value added and the manufacturing or production capacity in the country, goods and works of a similar nature that are needed during the same time period will be procured in bulk where feasible in bid packages of at least US\$5 million equivalent for works contracts and at least US\$500,000 equivalent for the procurement of goods, so that they can be procured at competitive prices. Goods estimated to cost US\$500,000 equivalent and above per contract will be procured using ICB, by means of the World Bank's standard bidding documents. For other goods contracts costing less than US\$500,000 equivalent, National Competitive Bidding procurement methods will be used.

23. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting.

24. **Selection of Consultants.** Consulting services will be used for the following activities: (a) baseline data collection and analysis for impact assessment studies; (b) the development and implementation of the MIS; (c) the financial audit; (d) data collection for the selection and registration of beneficiaries; and (e) the implementation of the accompanying measures. These consulting services will be procured using the most appropriate method among those that are allowed by the World Bank's guidelines and that are included in the approved Procurement Plan including: Quality-and Cost-Based Selection, Quality-Based Selection, Selection under a Fixed Budget, Least-Cost Selection:

- Selection based on Consultants' Qualification will be used for assignments that do not exceed US\$200,000. Single source selection will be used in accordance with the provisions of paragraphs 3.9 to 3.13 of the Consultant Guidelines, with IDA's prior agreement. All terms of reference will be subject to prior review by IDA.
- Assignments of engineering designs and contract supervision in excess of US\$200,000 and all other TA assignments above US\$200,000 must be procured on

the basis of international shortlists and in accordance with the provisions of paragraph 2.6 of the Consultants Guidelines.

- Consultants for services meeting the requirements of section V of the consultants' guidelines will be selected under the same provisions as for the selection of individual consultants by comparing the qualifications of the candidates who either expressed an interest in the assignment or were approached directly by the CFS.
- Government-owned enterprises or institutions, such as the INSEE, which do not comply with the eligibility clause 1.13 (b) of the consultant guidelines, can be selected in the area where they have a comparative advantage through a single source contract based on a signed agreement ("convention") subject to the World Bank's prior review. No consultant fees will be paid to any civil servants or Government officials working on this assignment.

25. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) selection Based on Consultant's Qualifications; (e) single source selection; and (f) selection of individual consultants.

26. **Operational costs.** The operational costs financed by the project include, among others, utilities, office supplies, vehicle operation, maintenance and insurance, and equipment maintenance costs. They will be procured using the project's financial and administrative procedures included in the POM and based on the annual work plan and budget. For services (such as car maintenance and computer maintenance) to be financed through operational costs, the project will procure service contracts for a defined period.

27. **Training, workshops, seminars, conference attendance, and study tours.** These will be carried out on the basis of the approved annual work plan and budget, which will set out the general framework of training and similar activities for the year, including the nature of training, study tours, workshops, the number of participants, and cost estimates.

Risks Identified and Proposed Mitigation Measures.

28. **Procurement Plan.** The Procurement Plan for the first year of the project was prepared, and discussed and agreed upon by the Government and IDA at negotiations. It will be available in the project's database, and a summary will be disclosed on the Bank's external website once the project is approved by the IDA Board of Executive Directors. The Procurement Plan will be updated by agreement between the project team and the Bank at least annually or as required to reflect the project's actual implementation needs and any increases in institutional capacity.

29. **Publication of results and debriefing.** The results of the bidding process for all ICBs, limited international biddings (LIBs), and direct contracting must be published. Publication should take place as soon as the no-objection is received, except in the case of direct contracting, which may be done quarterly and in a simplified format.

30. **The disclosure of results is also required for selection of consultants.** All consultants competing for the assignment should be informed of the result of the technical evaluation (the number of points that each firm received) before the opening of the financial proposals, and at the end of the selection process, the results should be published. The publication of results in selection of consultants applies to all methods. For Selection based on Consultants' Qualification and SSS, however, the publication may be done quarterly and in a simplified format. The publication of results may be done through Client Connection. Losing bidders/consultants should be told the reasons why they were not awarded the contract if they ask for an explanation.

31. **Fraud and corruption.** The procuring entity as well as all bidders, suppliers, contractors, and service providers should observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.14 and 1.15 of the procurement guidelines and paragraphs 1.22 and 1.23 of the consultants' guidelines. The 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 in January 2011, will apply to this project.

32. **Frequency of follow-up on procurement.** In addition to the prior review to be carried out to mitigate risks related to procurement (including non-compliance with procurement procedures), the Beneficiary and World Bank team agreed to perform at least three (3) implementation support missions per year for two (2) years of the project implementation and two (2) supervisory visits on the ground a year to perform an ex post review of procurement activities. The ex-post review will be conducted by the steps of procurement specialist of the Bank or by an independent consultant.

Conditions of Effectiveness, and Disbursement

33. **Conditions of effectiveness and disbursement.** Some conditions for effectiveness and disbursement, as well as complementary legal covenants have been included to support implementation and institutional arrangements during the project's duration. Specifically, a legal covenant requires that not later than three (3) months after the effective date, the recipient shall establish, and thereafter maintain, throughout the Project implementation period, with composition, mandate and resources satisfactory to the Association, a steering committee to be responsible for providing technical supervision of the Project, including inter alia, endorsing the proposed Annual Work Plan and budget for the Project. Before effectiveness, the recipient shall hire a project coordinator, an FM specialist, and a procurement specialist. Before disbursing under Subcomponents 1.1, 1.2.1 and 1.2.2, the POM will be updated to include the CfW and CT specific procedures respectively. Other legal covenants and conditions are detailed in the datasheet of this PAD.

Environmental and Social (including safeguards)

34. **The environmental and social risks are deemed to be Low.** The CfW activities will focus primarily on cleaning and maintenance. No civil works, new infrastructure, or agricultural activities are anticipated, and the risk of generating negative social and environmental impacts is assessed as low. The CfW activities will be confined to urban and peri-urban areas and the Government will prepare the necessary instruments in a way that is acceptable to the World

Bank to ensure that appropriate measures are taken to mitigate eventual risks. These include an ESMF, which was prepared and disclosed prior to Appraisal.

Table 3.2. Safeguard Policies Triggered by the Project

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

Monitoring and Evaluation

35. **The results monitoring framework presented in Annex 1 will monitor progresses toward achieving the PDO.** The key PDO-level indicators measure the extent to which the project has achieved its objectives including the creation of an effective safety net system and the extent to which poor and vulnerable households are covered by the safety net programs (CTs and CfW) that are being created by the project. Particularly the project will monitor the PDO-level indicators as outlined in Annex 1. The same Annex outlines the intermediate indicators, which will monitor the progress of each component over the life of the proposed project.

36. **The CFS will have a full time M&E specialist responsible for the overall M&E system development and implementation.** The operational manuals will describe in details the M&E procedures that will be followed during the life of the project. In particular as part of the regular monitoring process: (a) the MIS will provide accurate and timely data on project beneficiaries, targeting, enrolment and amount of transfer received, (b) the CFS team will conduct regular supervision mission to identify possible bottlenecks in implementation and provide solutions, (c) technical internal audits will be conducted according to project needs to verify that activities are implemented in compliance with operational manual procedures, (d) the World Bank team will conduct field visits to project activities during supervision missions depending on the security situation.

37. **In addition to regular monitoring of project activities, the project will conduct: (a) a process evaluation and (b) a targeting evaluation.** Those evaluations will be conducted before Mid Term Review, expected to take place tentatively during the first term of calendar year 2018 when the first cycle of CT and CfW activities will be completed and before the beginning of the

second cycle of activities. The Mid Term Review will take into account the results of the evaluations and readjust the project activities accordingly.

38. **The process evaluation will use several sources of data.** The MIS and regular monitoring reports will produce information on whether the key elements of the safety nets system (targeting mechanism, payment, MIS) have been adequately developed. The process evaluation will include interviews with local implementing partners, such as payment agencies and NGOs in charge of the accompanying measures, to identify bottlenecks and recommend solutions. A small qualitative beneficiary assessment might be carried out to complete the process evaluation to assess the satisfaction of direct beneficiaries with payment procedures, accompanying measures and with the benefits they will have received.

39. **Targeting assessment.** The project targeting approach will be refined as the project starts implementation and on the basis of specific studies supported by the ASP MDTF. The result of the targeting assessment will support the preparation of the manuals. The proposed approach is as follows: Beneficiary households will be selected combining community, geographical, and poverty approaches; and will include a census of all village households in select areas, categorical targeting (households with children under the age of 12 or with pregnant women) and a simple PMT exercise. Data will be collected for all pre-selected households, following a list of variables and based on the experience of other targeting techniques, namely the HE A. This will allow the calculation of a PMT score to be used to confirm preselected households, reduce potential inclusion errors and make the final selection. The community will then discuss the list and validate it if in agreement. Comparison of the poverty ranking of the actual beneficiaries with the national survey poverty criteria at different levels will provide the basis for estimating the extent of any inclusion and exclusion errors (ECOSIT 2011 is the most recent national household survey, but a new one is expected to be conducted in 2016).

40. **M&E capacity building.** An important objective of the project is to strengthen the national M&E capacity for SSNs and other social programs and develop harmonized tools for identifying and registering beneficiaries of SSNs covered by different programs. The project will provide significant support and TA to the Government to develop a robust MIS and to reinforce the capacity of the CFS in the management of such system even after the Project closure. In addition, under Component 2, the project, by developing harmonized data collection procedures and targeting instruments, will support the government in developing a social registry, which would provide a platform for effective monitoring of beneficiaries; effectiveness of safety net interventions, and serve as a repository of data to support program evaluations and other assessments as a single beneficiary registry.

Role of Partners

41. **The ASP MDTF is co-financing the project.** The ASP MDTF is a U.K. Department for International Development-World Bank initiative and financing platform that is supporting a broader Sahel Adaptive Social Protection Program (ASPP), whose objectives are to increase access to effective adaptive social protection systems for poor and vulnerable populations in the Sahel (Burkina Faso, Chad, Mali, Mauritania, Niger and Senegal). The ASPP contributes to building long-term resilience and to the World Bank's global strategy of reducing absolute poverty and promoting shared prosperity by supporting the development of sustainable systems

that will enable these countries to provide cost-effective adaptive social protection in the long term and by directly expanding access to social assistance for the most vulnerable, enabling households to better withstand current and future shocks and invest in human capital development. The ASP MDTF is managed by the World Bank, and U.K. Department for International Development has committed to provide funding of about US\$75.0 million over four years (2014–2018).

42. During project preparation, and in early analytical and policy work, the World Bank has had extensive coordination meetings with key technical and financial partners including UNICEF, the European Union, the French cooperation, WFP, and FAO. While at project appraisal, the only resources available are from IDA and the ASP MDTF, the Government of Chad has confirmed its support to promote the Safety Nets Project and its institutional arrangements as a common platform for future donor financing and eventually direct contributions from the national budget.

Annex 4: Implementation Support Plan

Chad: Safety Nets Project

Strategy and Approach for Implementation Support

1. The proposed implementation support plan is designed to assist the Government in achieving the project objective to successfully establish the core elements of the national safety nets system and pilot the CfW and CT programs. The capacity of the Government to implement safety nets programs is particularly low and intensive implementation support and TA will be needed.

2. During the first year of project implementation, the activities will focus on establishing the essential elements of the safety nets system: developing the tools for targeting, identifying and registering the beneficiaries, identifying the most efficient payment delivery system and developing the MIS for the project. Pilot CfW and CT programs can be commenced when the procedures for these two subcomponents in the POM have been finalized and the CFS staff has been trained in its use, likely before the end year 1.

3. Because of the World Bank Budget and a Bank-executed Trust Fund financed by the ASP MDTF, the World Bank team will provide support by the following activities:

- (a) Conducting regular implementation support missions, at least one per semester to assess the progress in project implementation and support the Government in overcoming operational and strategic challenges and readjusting the project design if needed
- (b) Organizing specific technical support missions by technical staff and/or specialized consultants that can provide support to the Government in particular areas such as
 - (i) targeting;
 - (ii) identification and registration procedures;
 - (iii) IT/MIS issues;
 - (iv) accompanying measures;
 - (v) payment systems;
 - (vi) M&E; and
 - (vii) fiduciary issues.

Implementation Support Plan

4. Table 4.1 summarizes the key support areas, resource needs, and partner roles, for project implementation at different stages of the project's duration.

Table 4.1. Key Support Areas, Resource Needs, and Partner Roles

Time	Focus	Skills Needed	Resource Estimate (US\$)	Partner Role
First twelve months	<ul style="list-style-type: none"> Procurement of goods and services and other fiduciary issues 	<ul style="list-style-type: none"> Procurement and FM 	300,000	ASP MDTF
	<ul style="list-style-type: none"> Targeting, identification and registration 	<ul style="list-style-type: none"> Targeting and ID specialists 		
	<ul style="list-style-type: none"> Developing the MIS system 	<ul style="list-style-type: none"> IT and M&E 		
	<ul style="list-style-type: none"> Design the accompanying measures 	<ul style="list-style-type: none"> Expertise in accompanying measures (nutrition, early child development, and so on) 		
12–24 months	<ul style="list-style-type: none"> Implementation of the first cycle of the two pilots 	<ul style="list-style-type: none"> Intensive technical implementation support for the new programs 	300,000	ASP MDTF
	<ul style="list-style-type: none"> Continue the development of the MIS and social registry and test it on the pilots 	<ul style="list-style-type: none"> IT, targeting and ID expertise 		
24–48 months	<ul style="list-style-type: none"> Conduct the midterm review and readjust the project design accordingly 	<ul style="list-style-type: none"> Evaluation skills 	300,000	ASP MDTF
	<ul style="list-style-type: none"> Adjust the targeting, payment, MIS tools 	<ul style="list-style-type: none"> IT, targeting and ID expertise 		
	<ul style="list-style-type: none"> Implementation of the second cycle of the project 	<ul style="list-style-type: none"> Technical implementation support for the second cycle 		

Table 4.2. Skills Mix Required

Skills Needed	Number of Staff	Number of	Comments
----------------------	------------------------	------------------	-----------------

	Weeks	Trips	
Task team leader	50	10	Based in headquarters
FM	10	4	Based in the region
Procurement	10	4	Based in the country
Technical specialists for targeting, payment, MIS, registry, accompanying measures	8	3	Consultants/technical staff based in headquarters or in the region
Operations specialist	8	3	Consultants/technical staff based in headquarters or in the region
Environmental safeguard specialist	8	3	Consultants/technical staff based in headquarters or in the region

Table 4.3. Partners

Name	Institution/Country	Role
Hamat Hamid	UNICEF/Chad	Social Policy and Planning
Martin Wiese	European Union	Social Protection and Rural Development
Thomas Dehermann-Roy	European Commission Humanitarian Aid and Civil Protection Department	Chief of Bureau
Mass Bwikanye Cihyoka	CARE	Coordinator, Resilience, Food Security, and Nutrition
Nicole Poirier	Catholic Relief Services	Chief of Mission

Annex 5: Economic Analysis

Chad: Safety Nets Project

1. This economic analysis provides an ex ante estimate of the program's potential impact on poverty and consumption for different benefit scenarios.
2. The main source of data for this analysis is the ECOSIT national household survey that was carried out by the National Statistical Office in 2011. This survey included all 20 regions of the country. In total, 9,259 households were surveyed, covering 49,985 individuals. The sample was stratified into 20 clusters per region, of which 12 were urban and 8 were rural, apart from the capital, N'Djamena, where 100 clusters were surveyed and all were classified as urban. Using the weighting methodology provided by the National Statistics Office, this survey corresponds to representing a population of 10,015,591. The survey data was collected between June and July 2011. For estimates of the costs in the United States of different benefit scenarios, the exchange rate of XAF 585 per U.S. dollar is used.
3. The ECOSIT 2011 data is the most recent nationally representative consumption data. However, it is five years old and it is likely that the country has experienced changes in consumption at the household level, the average household composition and the distribution of the population across the country. These are key variables in computing estimated potential impacts on poverty and consumption. Therefore, if updated, nationally representative consumption data becomes available, it should be considered.
4. The benchmark benefit scenarios considered in this analysis are the following:
 - (a) **CfW pilot.** XAF 1,200 per day wage for 80 days of work implemented in N'Djamena
 - (b) **CT pilot.** XAF 15,000 per month per household for a period of 24 months (paid every two months) implemented in one Sahel region and one Sudanian region
5. Based on the ECOSIT data, these benefit packages will cover at least 40 percent of the food poverty gap in the respective regions in which the pilots will be implemented.
6. Table 5.1 summarizes the estimated impact on poverty and consumption of the benefits provided through the CfW pilot. This shows that the benchmark scenario of 80 days at XAF 1,200 per day could cover 40 percent of the food poverty gap. Given an expected budget of US\$2.0 million for the implementation of this subcomponent, it is estimated that up to 9,000 individuals could participate in the pilot. Since very few households in N'Djamena fall below the food poverty line, about only 3 percent or approximately 4,200 households, the pilot could provide coverage to at least one member in each food-poor household. Similarly, as the poverty rate is 8 percent in N'Djamena or approximately 12,800 households, up to 74 percent of these households could have a participating member. Varying the number of days worked and the daily wages shows that the degree of coverage that the pilot can afford, and the impact on poverty and consumption changes accordingly. For example, at XAF 1,200 per day for 60 days, coverage increases to 12,000 individuals but only 30 percent of the food poverty gap is covered, while at XAF 1,500 per day for 80 days, 50 percent of the food poverty gap can be covered but

only 7,200 individuals can participate.

Table 5.1. Simulated Impacts of CfW Pilot in N'Djamena

Benefit Size XAF per day Worked				
XAF	1,500	1,200	1,200	1,500
Number of days	60	60	80	80
Cost of transfers per household	90,000	72,000	96,000	120,000
Overhead costs per household (35%)	31,500	25,200	33,600	42,000
Number of households covered	9,000	12,000	9,000	7,200
Total cost (XAF)	1,093,500,000	1,166,400,000	1,166,400,000	1,166,400,000
Total cost (US\$)	1,869,231	1,993,846	1,993,846	1,993,846
Impact on Consumption of Beneficiaries				
Increase in consumption of P5 (%)	9	7	9	11
Increase in consumption of P10 (%)	6	5	7	9
Size relative to food poverty gap (%)	38	30	40	50
Coverage of Beneficiaries				
% of poor households in N'Djamena	74	94	71	56
% of food-poor households in N'Djamena	227	289	217	174

7. Table 5.2 summarizes the estimated impact on poverty and consumption of the benefits provided through the CT pilot, assuming this is carried out in one Sahel region and one Sudanian region. This shows that the benchmark scenario of XAF 15,000 per month per household for 24 months could cover between 53 percent and 55 percent of the food poverty gap in each region. Given an expected budget of US\$4.5 million for the implementation of this subcomponent, it is estimated that up to 6,200 households could be covered in the pilot. To provide an example of the level of coverage in a region in each of the Sahel and Sudanian regions, BEG and Logone Occidental are considered. BEG ranks highly for food insecurity and Logone Occidental has a high incidence of food poverty (see Table 3). Logone Occidental is approximately six times as populous as BEG and has a higher food poverty rate. Given this, the simulations assume that 3 households will be covered in Logone Occidental to every 1 household covered in BEG. Under the benchmark scenario of XAF 15,000 per month per household for 24 months, 35 percent of the food-poor households could be covered in BEG (1,550 households) and 10 percent in Logone Occidental (4,650 households). The relatively low level of coverage in Logone Occidental reflects the high number of food-poor households in the region: 46,573. However, the transfers could lead to a sizeable increase in consumption among beneficiary households if effectively targeted to the poorest households. For example, if targeting effectively reaches the poorest 5

percent in each region, of which there are 1,055 in BEG and 4,973 in Logone Occidental, households would see an increase in consumption levels up to 58 percent and 60 percent respectively.

8. To help visualize these impacts, figures 1 and 2 demonstrate how consumption is increased under the different scenarios, assuming targeting is effective in covering the poorest households in each region first.

9. Varying the size of monthly transfer amount shows that the degree of coverage that the pilot can afford, and the impact on poverty and consumption changes accordingly. For example, at XAF 10,000 per month coverage increases to 9,400 households but coverage of the food poverty gap decreases to 35 percent in the Sahel region and 40 percent in the Sudanian region. At XAF 20,000 per month coverage decreases to 4,600 households but coverage of the food poverty gap increases to 71 percent in the Sahel region and 73 percent in the Sudanian region.

10. Given the objectives of the pilots to design and pilot transfers to test institutional and implementation arrangements while delivering benefits to the poorest households, it is recommended that the proposed project implement the benchmark scenarios: XAF 1,200 per day wage for 80 days of work for CfW and XAF 15,000 per month per household for a period of 24 months for CTs.

Table 5.2. Simulated Impacts of CTs Pilot in Sahel and Sudanian Region

Benefit Size XAF per month					
XAF	10,000	12,000	15,000	18,000	20,000
Number of months	24	24	24	24	24
Cost of transfers per household	240,000	288,000	360,000	432,000	480,000
Overhead costs per household (15%)	36,000	43,200	54,000	64,800	72,000
Number of households covered	9,400	7,800	6,200	5,200	4,600
Total cost (XAF)	2,594,400,000	2,583,360,000	2,566,800,000	2,583,360,000	2,539,200,000
Total cost (US\$)	4,434,872	4,416,000	4,387,692	4,416,000	4,340,513
Impact on Consumption of Beneficiaries					
Sahel Region					
Increase in consumption of P5 (%)	39	47	58	70	78
Increase in consumption of P10 (%)	24	29	n.a.	n.a.	n.a.
Size relative to food poverty gap (%)	35	43	53	64	71
Sudanian region					
Increase in consumption of P5 (%)	40	48	60	72	80
Increase in consumption of P10 (%)	31	37	n.a.	n.a.	n.a.
Size relative to food poverty gap (%)	37	44	55	66	73
Coverage of Beneficiaries					
% of food-poor households in BEG	52	43	35	29	26
% of food-poor households in Logone Occidental	15	13	10	8	7

Figure 5.1. Total Consumption by 5 percentiles in Sahel Region

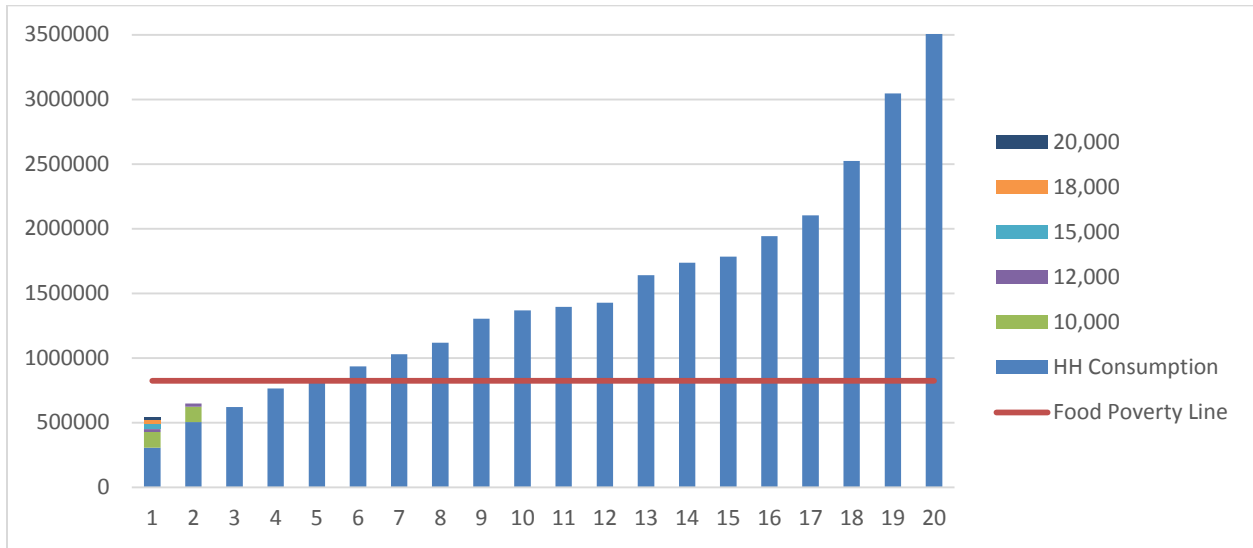


Figure 5.2. Total Consumption by 5 percentiles in Sudanian Region

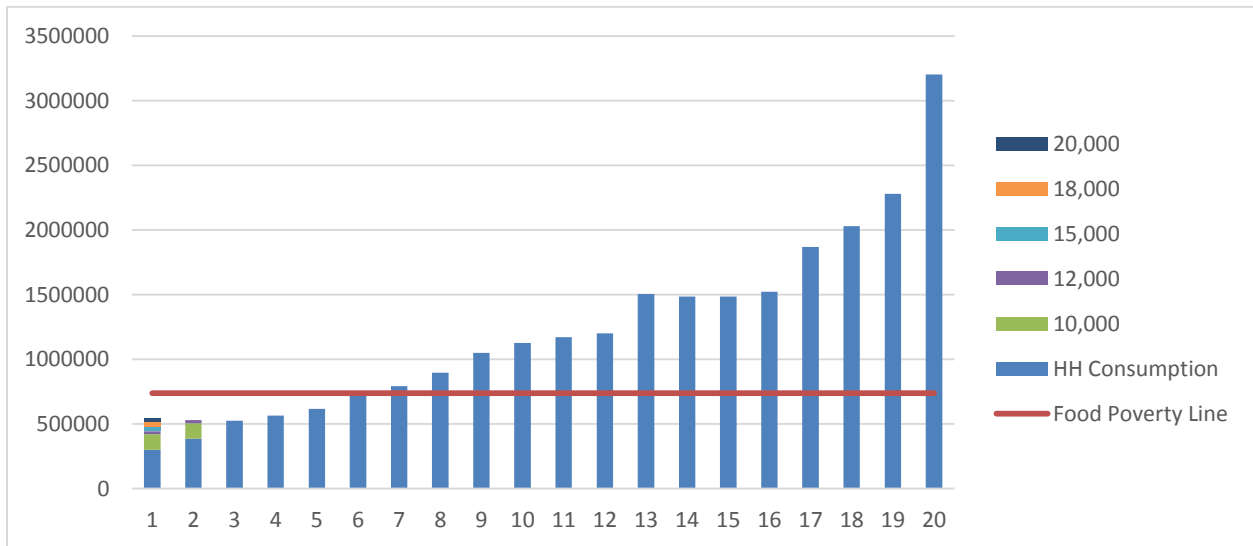


Table 5.3. Food Insecurity and Food Poverty per Region

Region	Population in Moderate to Severe Food Insecurity						ECOSIT 2011			
	December 11, 2015		November 13, 2015		March 14, 2015		No. of Food-poor households	% Food Poor	Food Poor Rank	Average Food Insecurity Rank
	Number	%	Number	%	Number	%				
Batha	252,000	51	151,629	30	131,229	23	10,453	15	17	6
BEG	124,100	50	98,509	37	149,605	49	4,483	23	9	2
Chari Baguirmi	140,900	23	27,903	4	68,787	10	20,875	21	11	18
Guéra	302,100	58	226,429	43	171,468	30	35,709	42	2	1
Hadjer Lamis	102,000	19	25,419	4	114,237	17	27,065	25	7	17
Kanem	156,000	45	132,407	39	201,318	50	11,547	15	16	4
Lac	116,700	24	104,098	23	124,573	24	13,259	19	13	11
Logone Occidental	281,100	50	140,630	23	124,856	15	46,573	38	3	9
Logone Oriental	365,400	49	173,215	23	216,185	23	37,962	27	6	8
Mandoul	161,400	25	73,942	11	181,375	24	57,889	50	1	12
Mayo K. E	215,300	29	54,883	7	92,691	10	20,997	18	14	16
Mayo K.O	186,500	35	41,043	7	67,921	10	19,935	21	10	15
Moyen Chari	215,400	44	23,761	4	149,026	21	28,424	36	5	13
N'Djamena	—	—	—	—	—	—	4,148	3	19	19
Ouaddai	347,700	61	220,759	36	251,473	29	18,357	14	18	4
Salamat	100,300	38	75,787	28	76,484	21	11,478	24	8	10
Sila	150,600	65	64,755	25	87,491	19	7,416	16	15	7
Tandjilé	230,400	35	114,574	17	120,146	15	31,703	37	4	14
Wadi Fira	174,300	45	269,080	61	298,635	49	14,801	20	12	2
Total	3,622,200	40	2,018,823	21	2,627,499	23	423,073	29	—	—

Sources: ECOSIT 2011 and March 14, 2015 data from *Système d'Information sur la Sécurité Alimentaire et l'Alerte Précoce* (SISAAP); November 13, 2015 data from FAO, WFP, Ministère de l'Agriculture et de l'Irrigation; December 11, 2015 data from UNDP.

Additional information on the regions of BEG and Logone Occidental

11. BEG is a large region located in the Sahel region with a population of 257,267 inhabitants and is among the poorest regions in Chad. The northern part of the region (BEG North) is very dry with limited livelihoods. Climate change is a major problem of the region, reducing rainfall affecting seriously grazing surfaces and water access for livestock. Many international organizations and NGOs are present in the capital city of the region Moussoro with different programs such as food distribution, (Action Against Hunger (*Action Contre la Faim*), Oxfam International, WFP), school canteens (WFP, UNICEF and sometimes World Health Organization (WHO) through partners for severe malnutrition), and CTs (Oxfam International). The region is accessible by air (WFP flight once a week) and road (the road is not paved so the travel time is six hours from N'Djamena for about 400 km). The level of security in the region is high and there is a main military camp in Moussoro. In the region, the Government is represented by the Ministry of Environment and Fisheries and the Ministry of Women, Social Action and National Solidarity. The delegate of the Ministry of Planning based in Mao, the capital city of another region Kanem.

12. Logone Occidental is in the southern part of the country, the Sudanian region, and has 688,044 inhabitants (high density per square kilometer). The lack of opportunities puts the region among the poorest in Chad, the poverty rate increased between 2003 and 2011. Some international organizations are present with limited distribution of food (WFP) and assets (World Vision International). The region has a great potential for the development of economic activities and is accessible both by road (the road is paved and the travel time is 8 hours from N'Djamena) and air (WFP flight). The security level in the region is high. The three main Government ministries (Planning, Social Action and Environment) for the project are present in the region.

Table 5.4. Key Characteristics of BEG and Logone Occidental

	BEG	Logone Occidental
Size of population	257,267	688,044
Accessibility	Accessible	Accessible
Travel time from N'Djamena (road)	6 hours	8 hours
Security	High	High
Food Security	ACF, Oxfam International, WFP	WFP
School canteens	WFP, UNICEF, and WHO through partners	
CT	Oxfam International	
Government presence	Ministry of Environment, Ministry of Social Action, Ministry of Planning (based in Kanem)	Ministry of Environment, Ministry of Social Action, Ministry of Planning (based in Logone Oriental)
Road	Not tarmac	Bitumen
WFP Flight	Yes	Yes

IBRD MAP NO. 33385

IBRD 33385

