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Report No: PAD710

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 1.4 MILLION
(US\$2 MILLION EQUIVALENT)

TO THE

REPUBLIC OF CONGO

FOR A

LISUNGI – SAFETY NETS PROJECT

December 26, 2013

AFTSW
Country Department AFCC2
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective October 31st 2013)

Currency Unit	=	CFA Francs (FCFA)
FCFA 483.10	=	US\$1
US\$1.53804	=	SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AWPB	Annual Work Plans and Budgets
CAS	Circonscription d'Action Social (Local Social Assistance Offices)
COS	Comité d'Orientation Stratégique (Steering Committee)
CPIP	Country Procurement Issue Paper
CPS	Country Partnership Strategy
CS	Circonscription Scolaire
CSS	Circonscription Socio-Sanitaire
CQ	Consultant Qualification
CT	Cash Transfer
DA	Designated Account
DB	Disbursement Letter
DHS	Demographic and Health Survey (Enquête Démographique et de Santé)
DL	Disbursement Letter
ECOM	Enquête Consommation Ménage (Household Consumption Survey)
FB	Fixed Budget
FM	Financial Management
FMA	Financial Management Assessment
GAC	Governance, Audit, and Control
GDP	Gross Domestic Product
GIS	Geographic Information System
GPN	General Procurement Notice
HIPC	Heavily Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
ICR	Implementation Completion and Result Report
ICT	Information and Communications Technology
IDA	International Development Association
IEC	Information Education and Communication
IEC	Information Education and Communication Campaign
IFR	Interim Unaudited Financial Report

INS	Institut National de la Statistique (National Institute of Statistics)
IPF	Investment Project Financing
IPP	Indigenous Peoples Planning
IS	Implementation Support
ISAs	International Standards on Auditing
ISR	Socially Responsible Investment
LCS	Least-Cost Selection
LPED	Laboratory Population Development Environment
M&E	Monitoring and Evaluation
MASAHS	Ministère des Affaires Sociales de l'Action Humanitaire et de la Solidarité (Ministry of Social Affairs, Humanitarian Action, and Solidarity)
MDGs	Millennium Development Goals
MFI	Microfinance Institutions
MIS	Management Information System
MTR	Mid-term Review
NCB	National Competitive Bidding
OHADA	Organisation pour l'harmonisation en Afrique du Droit des Affaires
ORAF	Operational Risk Assessment Framework
PARSEGD	Project d'Appui à la réinsertion Socio-économique des Groupes Défavorisés
RBF	Results-based Finance
PDA	Personal Digital Assistants
PDO	Project Development Objectives
PIM	Project Implementation Manual
PMU	Project Management Unit
PNAS	Politique Nationale d'Action Sociale
PPF	Project Preparation Facility
PPR	Post Procurement Review
PRSP	Poverty Reduction, Growth, and Employment Strategy Paper
QBS	Quality-based Selection
QCBS	Quality and Cost-based Selection
REI	Request for Expression of Interest
RFPs	Requests for Proposal
RoC	Republic of Congo
SADD	Departmental Directorate of Social Affairs
SBDs	Standard Bidding Documents
SDR	Special Drawing Right
SMIG	Salaire Minimum d'Insertion Garanti (Minimum Guaranteed Wage)
SNIAS	National System of Social Information
SOE	Statements of Expenditures
SPN	Specific Procurement Notices
SR	Single Register
SRPs	Standard Request for Proposal
SSS	Single Source Selection
TFP	Technical and Financial Partners
TGCBP	Transparency and Governance Capacity Building Project
UNDB	United Nation Development Business

UR Unique Registry
WA Withdrawal Application
WFP World Food Programme

Vice President	:	Makhtar Diop
Country Director	:	Eustache Ouayoro
Sector Director	:	Tawhid Nawaz
Sector Manager	:	Stefano Paternostro
Task Team Leaders	:	Phillippe George Pereira Guimaraes Leite/ Victoria Monchuk

Congo, Republic of
LISUNGI - Safety Nets Project (P145263)

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PAD DATA SHEET*Congo, Republic of**LISUNGI - Safety Nets Project (P145263)***PROJECT APPRAISAL DOCUMENT***AFRICA**AFTSW*

Report No.: PAD710

Basic Information			
Project ID P145263	EA Category C - Not Required	Team Leader Phillippe George Pereira Guimaraes Leite	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 29-Jan-2014	Project Implementation End Date 29-Jan-2018		
Expected Effectiveness Date 05-May-2014	Expected Closing Date 28-Feb-2018		
Joint IFC No			
Sector Manager Stefano Paternostro	Sector Director Tawhid Nawaz	Country Director Eustache Ouayoro	Regional Vice President Makhtar Diop
Borrower: The Government of Republic of Congo			
Responsible Agency: Ministry of Social Affairs			
Contact: Emilliene Raoul	Title: Ministry of Social Affairs, Humanitarian Action, and Solidar		
Telephone (242) 814-0266	Email: emiraoul@hotmail.com		
No.:			
Project Financing Data(in USD Million)			
<input type="checkbox"/> Loan	<input type="checkbox"/> Grant	<input type="checkbox"/> Guarantee	
<input checked="" type="checkbox"/> Credit	<input type="checkbox"/> IDA Grant	<input type="checkbox"/> Other	
Total Project Cost:	17.00	Total Bank Financing:	2.00

Financing Gap:	0.00								
Financing Source									
									Amount
BORROWER/RECIPIENT									15.00
International Development Association (IDA)									2.00
Total									17.00
Expected Disbursements (in USD Million)									
Fiscal Year	2014	2015	2016	2017	2018	0000	0000	0000	0000
Annual	0.18	0.54	0.52	0.52	0.24	0.00	0.00	0.00	0.00
Cumulative	0.18	0.72	1.24	1.76	2.00	0.00	0.00	0.00	0.00
Proposed Development Objective(s)									
"Establish the key building blocks of a national safety net program and pilot a cash transfer program to improve access to health and education services of poorest households in participating areas."									
Components									
Component Name						Cost (USD Millions)			
Establishment of key building blocks of a national safety net program and enhancement of local capacities						1.20			
Strengthening the demand-side of services through cash transfer program						12.20			
Project management, Monitoring and Evaluation (M&E)						3.60			
Institutional Data									
Sector Board									
Social Protection									
Sectors / Climate Change									
Sector (Maximum 5 and total % must equal 100)									
Major Sector			Sector		%	Adaptation Co-benefits %		Mitigation Co-benefits %	
Health and other social services			Other social services		100				
Total					100				
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.									
Themes									
Theme (Maximum 5 and total % must equal 100)									

Major theme	Theme	%	
Social protection and risk management	Social safety nets	100	
Total		100	
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
Financial management/accounting software		05-May-2014	
Description of Covenant			
To facilitate the proper maintenance of its financial management system as referred to in Part B.1 of Section II to the Financing Agreement, the Recipient shall, not later than three (3) months after the Effective Date: (a) acquire and install appropriate financial management/accounting software, in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.			
Name	Recurrent	Due Date	Frequency
Financial Management training		05-May-2014	
Description of Covenant			
To facilitate the proper maintenance of its financial management system as referred to in Part B.1 of			

Section II to the Financing Agreement, the Recipient shall, not later than three (3) months after the Effective Date provide financial management Training for staff involved in financial management of the Project, under terms of reference acceptable to the Association.

Name	Recurrent	Due Date	Frequency
Project's procurement staff training		05-Feb-2015	

Description of Covenant

The Recipient shall, not later than twelve (12) months after the Effective Date, provide Training for the Project's procurement staff, under terms of reference acceptable to the Association.

Name	Recurrent	Due Date	Frequency
Update its procurement filing and record keeping system		05-August-2014	

Description of Covenant

The Recipient shall, not later than six (6) months after the Effective Date, update its procurement filing and record keeping system, in form and substance acceptable to the Association.

Name	Recurrent	Due Date	Frequency
Appoint External Audit		05-Aug-2014	

Description of Covenant

To facilitate the carrying out of independent audits under Part B.3 of Section II of the Financing Agreement, the Recipient shall, not later than six (6) months after the Effective Date, appoint an external auditor.

Name	Recurrent	Due Date	Frequency
Counterpart funding 2015		05-Apr-2015	

Description of Covenant

The Recipient has deposited 3,200,000,000 CFA Francs into the Project Counterpart Funds Account in accordance with the provisions of Section I.E of Schedule 2 to the Financing Agreement.

Name	Recurrent	Due Date	Frequency
Counterpart funding 2016		01-Jun-2016	

Description of Covenant

The Recipient has deposited 2,000,000,000 CFA Francs into the Project Counterpart Funds Account in accordance with the provisions of Section I.E of Schedule 2 to the Financing Agreement.

Conditions

Name	Type
Counterpart Funding	Effectiveness

Description of Condition

The Recipient has deposited 2,300,000,000 CFA Francs into the Project Counterpart Funds Account in accordance with the provisions of Section I.E of Schedule 2 to the Financing Agreement.

Name	Type
Project Implementation Manual	Effectiveness

Description of Condition

The Recipient has adopted the Project Implementation Manual in accordance with the provisions of Section I.B.1 of Schedule 2 to the Financing Agreement.

Team Composition**Bank Staff**

Name	Title	Specialization	Unit
Hocine Chalal	Lead Environmental Specialist	Lead Environmental Specialist	AFTN1
Bella Lelouma Diallo	Sr Financial Management Specialist	Sr Financial Management Specialist	AFTMW
Phillippe George Pereira Guimaraes Leite	Senior Social Protection Economist	Team Lead	AFTSW
Mahamat Goadi Louani	Senior Human Development Specialist	Senior Human Development Specialist	AFTHW
Nadege J. X. Marthe Bicoumou	Executive Assistant	Executive Assistant	AFMCG
Louise Victoria Monchuk	Economist	co-team lead	AFTSW
Aissatou Diallo	Senior Finance Officer	Senior Finance Officer	CTRLA
Thembi Malena Kumapley	Program Assistant	Program Assistant	AFTSW
Juliana C. Victor-Ahuchogu	Senior Monitoring & Evaluation Specialist	Senior Monitoring and Evaluation Specialist	AFTDE
Christine Makori	Senior Counsel	Legal	LEGAM
Clement Tukeba Lessa Kimpuni	Senior Procurement Specialist	Senior Procurement Specialist	AFTPW
Luc Laviolette	Sector Leader	Sector Leader	AFTHD
Paivi Koskinen-Lewis	Social Development Specialist	Social Development Specialist	AFTCS
Virginie Reboul	Consultant	Consultant	AFTSW
Etaki Wa Dzon	Consultant	Country economist	AFTP5
Abdoulaye Gadiere	E T Consultant	Environmental specialist	AFTN1
Henri Joel Nkuepo	E T Consultant	Legal	LEGAM

Non Bank Staff

Name	Title	Office Phone	City

Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments

I. STRATEGIC CONTEXT

A. COUNTRY CONTEXT

1. **The Republic of Congo (RoC) is a lower-middle-income country in Central Africa that is dependent on oil but is rich in natural resources.**¹ Congo achieved lower-middle-income status in 2006, and over the last five years it has experienced high economic growth rates. In the medium term, the economic prospects for RoC are broadly positive, with economic growth expected to rise to 5.8 percent in 2013. Gross official reserves are estimated to reach US\$7.4 billion, covering nearly 22 months of imports, thereby providing a buffer against current account shocks. Therefore, the country's fiscal situation remains strong following the Heavily Indebted Poor Countries (HIPC) debt cancellation in 2010 and large oil windfalls.

2. **However, the high levels of poverty, unemployment, and inequality remain significant threats to the country's nascent peace.** RoC's principal challenges are: (a) how to use its large oil revenues to stimulate broad-based non-oil growth and (b) how to share oil prosperity to generate employment and reduce both poverty and inequality.

3. **To address those challenges, the government recently produced a new Poverty Reduction, Growth, and Employment Strategy Paper (PRSP).** The main objective of the PRSP 2012-2016 is to stimulate inclusive economic growth to diversify the economy away from its dependence on oil. Other objectives of the PRSP are to improve governance (political and economic), develop basic infrastructure, promote social inclusion and equity, and to reduce poverty from 46.5 percent in 2011 to 35 percent by 2015.

4. **In addition to the PRSP, the new safety net strategy brings social safety nets to the forefront of the poverty reduction agenda.** RoC reformed its social protection strategy to better protect the poor and vulnerable population, focusing on the development of a safety net system. The National Social Action Policy (*Politique Nationale d'Action Sociale* or PNAS) developed in 2012 links social safety nets to the government's short-, medium- and long-term poverty reduction strategy. Its overall objective is to move from short-term palliative policies to a set of coordinated policies under an effective system. Therefore, the PNAS has brought social safety nets onto the poverty reduction agenda of the country to ensure that social policies have a greater impact on the livelihoods of poor and vulnerable populations.

B. SECTORAL AND INSTITUTIONAL CONTEXT

5. **The Congolese population is highly urbanized** and has grown at an average annual rate of 2.7 percent over the last five years. Along with this strong growth, the population has become more heavily concentrated in urban areas, while the demographic composition of the country has remained the same. In 2011 the urbanization rate was 67.1 percent. Migration to urban areas has also accelerated over the last five years, especially to the major cities of Pointe-Noire and Brazzaville receiving 38.5 percent and 28.1 percent of migrants respectively.

¹ The estimates presented in this section come from the World Bank 2012 report.

6. **There has been too little reduction in poverty over the past few years despite the country's strong economic growth.** In 2011 the poverty rate was estimated to be 46.5 percent. The observed reduction in poverty (4.2 percent down from 50.7 percent in 2005) was much slower than expected given the pace of economic growth. Moreover, inequality remains high since the top quintile of the population retains more than 52 percent of the overall household income. The highest prevalence of poverty is found in rural areas, but it is also high in urban and peri-urban areas where a large share of the population resides. In general, estimates from the 2011 Household Consumption Survey (*Enquête Consommation Ménage* or ECOM) show that food poverty affects one-quarter of the Congolese population. About 181,000 households find it difficult to cover the basic required expenditures on food (in other words, they have adult equivalent household consumption below FCFA 16,972.50 or US\$33.9 per month). Brazzaville and Pointe-Noire have food poverty rates of 10.8 percent and 7.6 percent respectively, which are the lowest rates across the country, but due to the large populations living in those areas, more than 20 percent of the poorest households live in those departments (Table 1).

Table 1: Food Poverty Rates in Congo, 2010-11

	FGT(0) - Households	Households	% of households	Food Poor households	% of food poor households	FGT(0) - Population	Population	% of population	Food Poor population	% of food poor population
Kouilou	19.7%	28,901	3.0	5,689	3.1	30.2%	101,500	2.5	30,691	3.0
Niari	32.6%	55,514	5.8	18,104	10.0	43.9%	255,432	6.3	112,108	10.8
Lékoumou	42.1%	24,307	2.6	10,228	5.6	52.4%	106,228	2.6	55,660	5.4
Bouenza	33.3%	81,676	8.6	27,209	15.0	41.6%	342,356	8.4	142,540	13.8
Pool	35.8%	66,954	7.0	23,964	13.2	47.7%	260,096	6.4	124,007	12.0
Plateaux	34.0%	46,777	4.9	15,924	8.8	47.1%	193,055	4.7	90,880	8.8
Cuvette	37.9%	39,483	4.1	14,964	8.2	49.2%	172,096	4.2	84,665	8.2
Cuvette-	49.2%	21,129	2.2	10,391	5.7	59.9%	80,130	2.0	48,003	4.6
Sangha	31.3%	21,705	2.3	6,785	3.7	41.1%	93,752	2.3	38,497	3.7
Likouala	40.0%	32,511	3.4	13,016	7.2	50.5%	169,620	4.2	85,636	8.3
Brazzavi	7.4%	351,210	36.8	26,153	14.4	10.8%	1,516,397	37.2	163,554	15.8
Pointe-Noire	5.1%	184,158	19.3	9,462	5.2	7.6%	790,501	19.4	60,104	5.8
Total	19.1%	954,323	100.0	181,889	100.0	25.4%	4,081,163	100.0	1,036,345	100.0

Note: Author's calculations

7. **Low human capital outcomes among youth are another cause for concern in Congo.** The high proportion of young people in the Congolese population means that the government and society have to make considerable efforts to increase health, education, and skills training in order to provide opportunities and jobs for young people in response to their needs.

8. **The government has taken important steps to increase access and improve the quality and productivity of the education system.** These include: (i) introducing free tuition in the public primary and secondary systems; (ii) providing free schoolbooks; (iii) recruiting a significant number of new teachers; and (iv) increasing service capacity by rehabilitating and constructing schools. Despite improvements in a few outcome indicators such as the enrollment rate, there are still major shortcomings in the internal efficiency of the Congolese education system, such as:²

- (a) More than one-third of the population (38.4 percent) has not completed primary school, and only 3 percent has gone on to higher education.

² Statistics from 2011 ECOM

- (b) The average number of years of schooling achieved by boys aged 6 to 14 years old is 2.5, while that of girls of the same age is 2.6.
- (c) The primary school completion rate is low (83 percent) and the dropout rate is significant (5.7 percent).
- (d) Regional disparities persist, with much lower access in rural areas.
- (e) Poor children are more likely to drop out of school before the end of the school year and to have irregular attendance due to a lack of income to pay for transport, school materials, and extra fees.³

9. **On health, the government has redoubled its efforts to achieve its defined goals**, but performance levels are still inadequate. Throughout the country, health outcomes are poor and there are large inequalities between urban and rural areas and between different socioeconomic groups. The main shortcomings in the health outcome indicators are:⁴

- (a) *Infant mortality rate*. In rural areas, the rate is estimated at 51 per 1,000 births compared to 45 in urban areas, while the same rate is 52 among the poorest 20 percent population of the country and 36 among the richest 20 percent.
- (b) *Full vaccination of children aged 12-23 months*. Only 49.3 percent of urban children aged 12- 23 months old have received all required vaccinations, while even fewer rural children in that age group have been fully vaccinated (39.7 percent). Heterogeneity across departments is high: despite being the capital, Brazzaville has one of the lowest rates of children fully vaccinated, only 37.7 percent, while the Pointe-Noire rate is 60.2 percent. Higher rates are linked to higher education level (household income) of mothers.
- (c) *Prenatal exams*. Around 93 percent of women had consulted a health professional during their last pregnancy, and this proportion has increased by about 5 percentage points since 2005. However, prenatal consultations with a health worker are strongly influenced by the educational level of the mother and, consequently, by the income levels of the household. Only 73 percent of women with no education, that is the poor, benefitted from antenatal care during their last pregnancy.

10. **This situation has persisted for a number of reasons, such as constraints to accessing high-quality health care**. For example, the infant mortality rate may be correlated with low immunization coverage, and one out of three children has no access to measles immunization.

11. **In addition, the social protection system is not effectively set up to reduce poverty and vulnerability, to increase household productivity, or to build and protect children’s human development (human capital)**. Current social safety nets programs in Congo are small and fragmented, which means that they are unable to be effective in reducing poverty, helping the poor to access services, and increasing their productivity. Most safety net programs are targeted to the indigent and to specific vulnerable groups such as the elderly, the disabled, or orphans and are managed by the Ministry of Social Affairs, Humanitarian Action, and Solidarity (*Ministère*

³ Some estimates show that in the lowest income quintile of the country, 15 percent of 5 to 14 year olds are not attending any school (2011/12 DHS), while few others are not attending regularly.

⁴ Statistics from the 2011/12 DHS

des Affaires Sociales de l'Action Humanitaire et de la Solidarité or MASAHS) with a very small budget (only 0.51 percent of the 2012 revised national budget, which represents 0.15 to 0.2 percent of GDP). As in many west and central African countries, Congo's social protection system, which should be protecting families from poverty and promoting their productivity, is focused only on solidarity and emergency aid. As a result, these programs are inadequate and insufficiently developed to respond to the needs of the poor and vulnerable population. To reverse this situation, more relevant policies and programs are needed to protect the Congolese population from poverty and to promote human capital and share economic prosperity.

The New Strategy on Safety Nets

12. A new strategy is being developed to bring safety nets into the country's short- and long-term poverty reduction strategy. The government plans to develop a National Safety Nets System that will take a more systematic approach to targeting vulnerable populations. This kind of systematic approach targeted to specific groups of the populations (the poorest and most vulnerable) has yielded results in terms of poverty reduction and human development across the globe. Evidence shows that social safety net (SSN) programs play an important role in speeding up the momentum of poverty reduction, improving the uneven distribution of the benefits of growth across the population, and improving social indicators. Studies such as the Independent Evaluation Group's Safety Nets Review of 2011⁵ have shown that safety nets increase the quantity and improve the quality of household consumption, improve children's nutritional intake, improve children's education and health status, and increase expenditures on the productive activities and assets needed to build the resilience of the most disadvantaged population. Hence, SSNs protect household consumption while helping to reduce poverty and increase productivity in a permanent way. The new National Social Action Policy (PNAS) developed by MASAHS in partnership with UNICEF over the past two years advocates for such a reform of safety net programs in RoC and for bringing social protection and safety nets onto the national poverty reduction agenda.

13. MASAHS aims to focus the development of a SSN system on the consolidation and coordination of cash transfer programs for the poor and vulnerable population. As a first step towards this objective, MASAHS is developing the LISUNGI program, which is a cash transfer program, and is establishing the key building blocks of the SSN system. Both of which are supported by this project.

C. HIGHER-LEVEL OBJECTIVES TO WHICH THE PROJECT CONTRIBUTES

14. In view of the above, the proposed operation is fully in line with the government's objectives and policies (in the PNAS and the PRSP) and with the World Bank's partnership goals for FY13-FY16. The proposed operation can help Congo to achieve the opportunity – as underscored by the Bank's Country Partnership Strategy (CPS) – of using its oil wealth to build a more diversified and competitive economy while reducing poverty and improving social outcomes, thus supporting the World Bank's new dual goals for accelerating poverty reduction and shared prosperity.

⁵ IEG (Independent Evaluation Group). 2011. Evidence and Lessons Learned from Impact Evaluations on Social Safety Nets. Washington, DC: World Bank.

15. **The proposed operation will help to strengthen social protection in the country** by laying the foundation for an effective safety net system, for the devising of effective targeting mechanisms, for strengthening the human capital of poor families, and for strengthening governance and the government's capacity to manage and design safety net programs.

II. PROJECT DEVELOPMENT OBJECTIVE(S)

A. PDO

16. **The main objective of the LISUNGI project is twofold:** "Establish the key building blocks of a national safety net program and pilot a cash transfer program to improve access to health and education services of poorest households in participating areas"

17. **The key building blocks of the future SSN system are** a unique registry of potential beneficiaries and a modular management information system (MIS). The MIS will include modules to enroll potential beneficiaries in the program(s), track payments, track compliance with conditions; support monitoring and evaluation (M&E), and produce administrative reports.

B. PROJECT BENEFICIARIES

18. **The main beneficiaries of the project are the poorest population**, in other words, those with adult equivalent household consumption below the food poverty line⁶ who live in the districts of (a) Makélékélé, Bacongo, Mougali, and Talangai in the department of Brazzaville; (b) Mvoumvou in the department of Pointe Noire; and (c) Makoua and Oyo in the department of Cuvette. These districts have recently benefitted from an effort by MASAHS to rehabilitate its local social assistance offices (*Circonscriptions d'Actions Sociale* or CAS). Specifically the program will support (i) 5,000 households that include pregnant women and/or children aged 0 to 14 years old⁷ and (ii) 1,000 people aged 60 years or older.

C. PDO LEVEL RESULTS INDICATORS

19. **The LISUNGI project's performance in achieving its development objective will be measured on three levels.**

(a) To measure the effectiveness of the cash transfer program, the key outcome indicators will be:

- The percentage of beneficiary households who live below the food poverty line
- The percentage of beneficiary children aged between 6 and 14 years old who are regularly attending primary schools (at least 80 percent of the time every month)
- The percentage of infant beneficiaries aged between 0 and 11 months old who had regular monthly visits to health centers

⁶ The National Institute of Statistics (*Institut National de la Statistique*, INS) estimated the food poverty line at 16,972.50 FCFA per month in 2011.

⁷ In the definition of the household benefit amount, a pregnant women counts as a child and is eligible for the variable transfer.

- The percentage of beneficiaries aged between 12 and 23 months old who had regular bi-monthly visits to health centers.
- (b) To measure the institutional benchmarks for the establishment of a national safety net program, the key indicators will be:
- The number of potential beneficiary households enrolled in the unique registry for safety net programs
 - The number of (direct and indirect) recipient of the cash transfer program and the percentage of these that is female.
- (c) To measure the functionality and performance of the key building blocks of the program, the key indicator will be:
- The percentage of cash transfer beneficiary households who receive payments in a timely manner as defined in the project implementation manual (PIM).

III. PROJECT DESCRIPTION

20. The project aims to improve safety nets in Congo by putting in place the first phase of a cash transfer program targeted to the poorest and most vulnerable groups in selected areas of the country and by building and strengthening the administrative building blocks of a national safety net program. The overarching and long-term objective to which the project contributes is to mitigate poverty and help the poorest families to invest in their children's human capital, and to reduce the intergenerational transmission of poverty.⁸ Therefore, this project will support the ongoing reform of the existing social safety net programs in the country by moving from sporadic and fragmented social assistance towards a more systematic approach to delivering safety nets targeted to the poorest and most vulnerable and facilitating their access to and use of social services such as education and health care.

21. The government's long-term plan is to support all of the poorest individuals and households in the country through a national safety net system. However, given the limited experience of MASAHS with long-term cash transfer projects, the government has decided to start with a pilot phase of a cash transfer program in which the main elements for implementing a large-scale program will be developed. Moreover, piloting the project in areas where basic infrastructure is adequate will provide MASAHS with experience in managing this type of program and will allow the approach to be tested before it is scaled up to the national level.⁹

22. This project will support the first phase of the government's long-term plan. It will do so by financing a small cash transfer intervention for 5,000 households and 1,000 elderly people and the main building blocks of the national cash transfer program. Also, in line with the phased approach, the project will start by operating only in areas with sufficient capacity, while building capacity in other areas to enable a subsequent nationwide scale up.

⁸ Improving the health and education status of poor children today gives those children a higher probability of overcoming poverty when they become adults.

⁹ A similar approach was taken by Mexico where the Progresa program was launched in 1997 as a four-year pilot, before it was scaled up nationwide 2000 when it was renamed Oportunidades.

A. PROJECT COMPONENTS

23. The project's design has three components:

Component 1: Establishment of key building blocks of a national safety net program and enhancement of local capacities (Total US\$ 1.2 million of which US\$0.2 million from IDA and US\$1.0 million from government funds.)

24. This component will cover the setting up of the basic elements of long-term sustainable and effective national safety net system. This component will include activities to strengthen the institutions needed for coordinating, implementing, and monitoring the government's safety net system. To this end, the following activities will be financed: (i) the development of a MIS; (ii) the setting up of a unique registry of potential beneficiaries of safety net programs; (iii) the setting up of an information, education, and communication campaign (IEC); (iv) the setting up of monitoring and evaluation (M&E) procedures; (v) technical assistance to evaluate and finance studies to address the needs of specific populations such as the disabled and the indigenous population; (vi) the necessary equipment and software to make the system functional; and (vii) training of LISUNGI personnel.

25. The unique registry of beneficiaries will be developed for the cash transfer program but with the longer-term objective of becoming the only entry point for all social safety net programs implemented by the government or those financed by development partners. After the registry has been developed for the program, the databases of other programs run by MASAHS and development partners will be gradually integrated into and consolidated with the registry database. The main eligibility criterion for households to be entered into the registry will be their level of poverty.

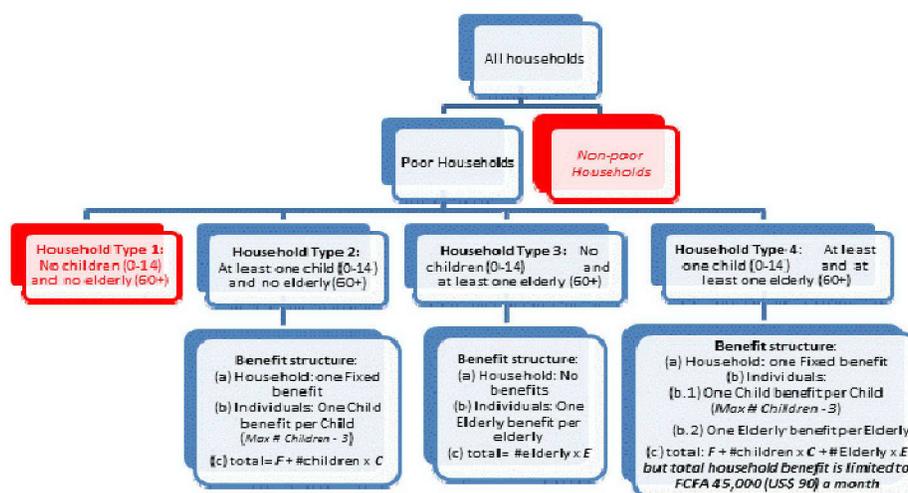
26. Specifically regarding the MIS, the project's goal is to develop and implement a modular information system. The modular MIS will be capable of producing lists of potential and actual beneficiaries, program activities, transfer payments; supporting the financial management of SSNs; and of producing the necessary data for monitoring and evaluation.

27. This component will also ensure that the LISUNGI team invests in training and undertakes relevant studies to increase the local knowledge base and capacity to implement the project and use registry and MIS. This component will finance the training of LISUNGI personnel (at both the central and the CAS levels) on the data entry, data manipulation, verification of conditionalities and other system (IT) related training to support program implementation as well as any studies necessary to the project such as the demand and supply of social services or evaluations of payment agencies.

Component 2: Strengthening the demand-side of services through cash transfer program. (Total US\$12.2 million, of which US\$1.4 million from IDA and US\$10.8 million from government funds.)

28. This component will support the development and implementation of a cash transfer program, which is expected to become the cornerstone of the social safety net system in the country. The aim of the cash transfer program will be to increase the consumption of the poorest

households with children and/or elderly members by providing them with direct transfers. Households with no children or elderly members will not be eligible for this program, but other MASAHS interventions such as micro-credit may be available to them. The structure of the household determines the structure of the benefit and the maximum benefit amount.¹⁰ The criteria for participating in the cash transfer program are summarized below:



29. Transfers to households with children are subjected to conditions related to health and education. The households with children (household types 2 and 4) receive a fixed transfer amount per month, plus a variable transfer per child (up to a maximum of three children per household) conditional on the household investing in the human capital of its children. The variable transfer is, hence, conditional and intends to give families an incentive to keep their children longer in school, to increase completion rates, and to increase the use of preventative health care.¹¹

30. The conditions related to health and education, which follow the official sector protocols, are:

- (a) Regular health center visits including prenatal and post-natal exams and age-relevant check-ups and vaccination, specifically:
- A maternal health package that includes four prenatal care exams and two post-natal exams within 40 days of delivery
 - A full vaccination card for children between 0 and 9 months old
 - Monthly check-ups for children aged between 0 and 11 months old for growth monitoring

¹⁰ For this definition, a pregnant women count as a child aged 0 and it is eligible for the variable transfer.

¹¹ The idea is to combine the results-based financing supply-side incentives for improving health service delivery with demand incentives (the cash transfer) for boosting the health indicators of children and pregnant women in the most disadvantaged households.

- Bi-monthly check-ups for children aged between 12 and 23 months old for growth monitoring.
- (b) A minimum of 80 percent regular school attendance per child a month.
- (c) Participation in specific activities organized by the LISUNGI team.

31. Beneficiary children aged 14 years or under who complete the primary cycle will continue to receive the benefit until they reach the age cut-off of 14 years-old. Social workers will closely follow these cases to provide these children with information and any necessary support to help them to continue on to secondary education.

32. Beneficiary children aged between 24 and 59 months old will continue to receive the benefit, but an information campaign will be launched by the LISUNGI team to encourage their families to continue to take them to their bi-annual routine check-ups at health facilities. CAS social workers will closely follow these cases to provide information to the families about the importance of such routine check-ups.

33. The transfer provided to the elderly people (in type 3 or type 4 households) is individual and unconditional. However, these elderly beneficiaries will benefit from a social workers' information campaign aimed at encouraging them to use preventive health care services.

34. The first phase of the cash transfer program will provide a minimum of 5,000 households with a quarterly cash transfer for two years for a total of eight quarterly payments. After the household receives its last payment, it will have its situation re-evaluated by the community committee which will decide either to continue to provide the benefits until December 2017 or to be referred to other interventions provided by MASAHS.

35. The program will use a combination of three different methods to select beneficiaries: (i) community-based targeting; (ii) a proxy means test to identify the poorest households in the locality; and (iii) community validation. For the pilot phase, the program will also use a random draw process for the final selection of beneficiary households.¹² Therefore, in the pilot phase, the beneficiary selection process will have five stages:

- (a) *Stage 1: Identification of potential beneficiaries by the community committee.* The Community Committee ("secteur social" level) will prepare a pre-list of potential beneficiaries for the program.
- (b) *Stage 2: Data collection and proxy means testing.* The LISUNGI team will launch the data collection process, after which the MIS will attribute a welfare score to each household based on the proxy means test formula.

¹² When the program is expanded, the random draw process will not be used to identify beneficiaries. Instead, the expanded program will combine community-based targeting, the proxy means test for verifying the households' economic status, and the recertification by the community.

- (c) *Stage 3: Identification of the households eligible for the cash transfer program.* Only households with a welfare score below the food poverty threshold and that have the specified program characteristics¹³ will be selected.
- (d) *Stage 4 (pilot program only): Preparation of the final list for validation.* The households selected in stage 3 will participate in a random draw selection process (lottery) from which the LISUNGI team will prepare the list of potential beneficiaries for the validation of the Local Project Monitoring Committee (district level). Those not selected will compose the control group needed for the impact evaluation of the program.
- (e) *Stage 5: Dissemination of the final list of beneficiaries.* The Local Project Monitoring Committee will validate the list, make the list public, and ask the community committees to inform the selected households that they are invited to enroll in the program.¹⁴

36. The community committee is formed by the Local Project Monitoring Committee for each *secteur social* (neighborhood or village). MASAHS social workers in each CAS, who have experience in identifying potential beneficiaries of safety net programs at that level, are in charge of the community committees in one or more *secteur social*. Therefore, the Local Project Monitoring Committee will appoint at least one MASAHS social worker and representatives of each *secteur social* and of civil society to the community committee. In other words, several different Community Committees will be created in each CAS. The community committees will also have representatives from the health and education sectors at the commune level to ensure adequate coordination in pursuing the human development objectives of the program.

37. The Community Committees, based on their experience and their current activities within the communities, will prepare a pre-list of potential beneficiaries to be entered into the unified registry (to a total of 15,000 households). Then, the proxy means test will be applied to each household and those classified as the poorest will then be entered into the random draw process, then validated, and finally become beneficiaries of the cash transfer pilot.

38. The number of beneficiaries of the cash transfer program will be 5,000 households with children (type 2 and type 4) and 1,000 elderly people from either type 3 or type 4 households. Therefore, the total number of households in the program is estimated to be a minimum of 5,000, constituting more than 20,000 individuals.

39. The LISUNGI project will provide three types of benefits. The fixed benefit (F) per household is set at FCFA 10,000 (US\$20) per month, the child benefit (C) is set at FCFA 5,000 (US\$10) per child per month, and the elderly individual benefit (E) is set at FCFA 10,000 (US\$20) per elderly per month. Due to the combination of benefits in Type 4 households, the cash transfer program will limit the total transfer to be received by these households at FCFA

¹³ The specific program characteristics are families that include children under the age of 14 years old, pregnant women, or elderly members and they exclude any households in which at least one adult is a public servant or receives a formal pension from the social security system.

¹⁴ Special attention will be given to conducting an information campaign to ensure that households are well-informed about the random draw selection process and to minimize any tensions between households and the community committee members.

45,000 (US\$90) per month. The total transfer for the average household will represent about 25 percent of the food poverty line and 15 percent of the poverty line in the country.

40. **The cash transfers are expected to be paid quarterly during the project's lifecycle.** An in-depth study is being carried out to evaluate the transaction costs associated with payment agencies from the beneficiaries' perspective. It is expected that the payment agents will operate as locally as possible to minimize these transaction costs.

41. **The first phase of the cash transfer will be implemented in the districts of: (a) Makélékélé, Bacongo, Mougali, and Talangai in the department of Brazzaville; (b) Mvoumvou in the department of Pointe Noire; and (c) Makoua and Oyo in the department of Cuvette.** The CAS in these districts have recently been rehabilitated, and this will help them to implement and supervise the implementation of the cash transfer program.

42. **In parallel to the implementation of the cash transfers in the seven districts, MASAHS will continue its CAS rehabilitation program (2014-2016),** which will be helpful when the program is expanded nationwide. However, these activities are not financed by this project.

Component 3: Project management, Monitoring and Evaluation (M&E) (Total US\$ 3.6 million, US\$ 0.4 million IDA and US\$ 3.2 million government funds)

43. **This component will ensure that the LISUNGI team is operational and implements the project in conformity with the Financing Agreement, the project document, and the project implementation manual (PIM).** This component will finance: (i) the hiring of staff (non-civil servant) including operational costs at the central and CAS levels; (ii) equipment and operating costs for LISUNGI directly linked to the daily management of the project (office space, utilities and supplies, communications, vehicle operation, maintenance and insurance, rehabilitation and equipment maintenance costs, and travel and supervision costs) at the central and CAS levels; (iii) regular internal audits and annual external audits (in accordance with the Bank's legal requirements for audits of financial and procurement aspects); (iv) the training of LISUNGI personnel at the central and CAS levels in general aspects of social safety net programs such as financial and procurement matters and other capacity-building activities such as participation in South-South forums; and (v) the development of project manuals and procedures.

44. **The public servants nominated by MASAHS for the LISUNGI team will receive a bonus on top of their salaries to perform the required activities of LISUNGI.** The government will be responsible for paying both the salaries and the bonuses of the public servants nominated for the LISUNGI team. The bonuses will be financed by a complementary budget line to be set up by the government for the project's implementation.

45. **Monitoring and evaluation (M&E) is a key subcomponent of the project because the project's performance must be assessed regularly to inform the government, the World Bank, and other development partners about its results.** By transforming the collection, processing, and management of information, the MIS will facilitate the operation of the project components throughout the entire implementation period (four years) at both the CAS and central levels and will make it possible to track the program's progress and measure its results. The key M&E activities the project will finance include: (i) annual process evaluations between

2014 and 2018 starting six months after the first payment is made and one mid-term review to evaluate the first two years of program implementation; (ii) regular audits to assess the program’s operations and to verify if its operational guidelines as described in the PIM are being applied in practice; (iii) regular spot checks (such as beneficiary surveys and qualitative evaluations) at the CAS, CSS, and CS levels; (iv) one targeting assessment; (v) one full impact evaluation with two rounds of data collection, which is likely to benefit or be in full synchronized with the impact evaluation of the Bank-supported Results-based Financing Health Project (P143849); and (vi) annual independent audits of the safety nets system.

B. PROJECT FINANCING

46. The proposed LISUNGI - Safety Net System Project is an Investment Project Financing (IPF) project of US\$17 million with a contribution of US\$15 million from the Government of Congo. The duration of the project will be four years.

47. MASAHS will contribute to the project’s development. MASAHS will continue to finance its own social protection activities, which will help with the setting up of the safety net program, including covering the costs of the public servants to serve on the LISUNGI team. The government will allocate a complementary budget line for the LISUNGI project to pay for the bonuses for the public servants on the LISUNGI team and for the per diems of the public servants who participate in the meetings of the inter-sectoral steering committee that will oversee the implementation of the project at the national level (*Comité d’Orientation Stratégique* or COS) and of the Local Project Monitoring Committees. The complementary budget will be managed by the LISUNGI team coordinator through one (1) bank account to be opened and maintained by the Project Coordinating Unit in a commercial bank acceptable to IDA and will be subjected to the regular project audits.

C. PROJECT COST AND FINANCING

48. The modus operandi for projects under the current Country Partnership Strategy is to leverage the Bank’s resources to increase government investments in productive sectors and the impact of these counterpart funds. This design recognizes the Bank’s limited country allocation and the government’s growing revenues. In accordance herewith, the government will finance US\$15 million (88.2 percent) of the proposed project cost of US\$17 million, while the IDA contribution is set at US\$2 million (11.8 percent).

Project Cost By Component and/or Activity	US \$ million			% Financing
	IDA	Borrower	TOTAL	
Component 1: Establishment of key building blocks of a national safety net program and enhancement of local capacities	0.14	1.06	1.2	11.8
Component 2: Strengthening the demand-side of services through cash transfer	1.44	10.76	12.2	11.8
Component 3: Project management, Monitoring and Evaluation (M&E)	0.42	3.18	3.6	11.8
TOTAL	2.00	15.00	17.00	11.8

D. LESSONS LEARNED AND REFLECTED IN THE PROJECT DESIGN

49. **Lessons learned from the implementation of past projects led by MASAHS and development partners are being taken into consideration in this project, as well as experiences in other countries of implementing similar projects.** In addition, the evaluation of the implementation of the Country Partnership Strategy for FY10-12 identified a number of lessons relevant to the design of this proposed project that are being taken into consideration and highlighted in the Operational Risk Assessment Framework (ORAF).

50. **The following are the most important lessons and recommendations incorporated in the current project:**

(a) *Improve the institutional framework for social protection policy.* The development of an effective safety net system must begin with the definition of a long-term vision and a coherent policy. A strategic and institutional framework has to be carefully established and defined. This should consist of: (i) an inter-ministerial steering committee to provide direction and make policy decisions as well as to play a coordinating role, and (ii) a technical unit in charge of the day-to-day management and implementation of safety net programs.

(b) *Develop a management information system (MIS) that informs strategic decision-making.* An MIS would inform the design and implementation of programs, make it possible to demonstrate their impact to political decision-makers, development partners, and civil society, and enhance global knowledge of the safety nets.

(c) *Build the capacity of public administration.* The project supports the strengthening of the government's capacity for planning, implementing, monitoring and evaluating safety nets.

(d) *Find a lasting solution to counterpart funding.* Project should use the standard cost-sharing arrangements used by all Bank projects in RoC where each disbursement category is shared between the Bank and the government using the ratio of IDA and government total project financing.

(e) *Set up an additional financing line to contribute to the project implementation.* The government must allocate a complementary budget line for the LISUNGI project to cover the payment of bonuses for the public servants on the LISUNGI team and the per diems of public servants who participate in meetings of the COS and of the Local Project Monitoring Committees.

(f) *Build synergies within the World Bank interventions in the country.* During both the design and implementation phases, the proposed project will develop synergies with the other operations in the country, such as the Results-based Financing Health Project (P143849).

IV. IMPLEMENTATION

A. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

51. **An inter-sectoral steering committee (*Comité d'Orientation Stratégique* or COS) will be established to oversee the project's implementation.** It is expected that the steering committee will be established by Decree as the program becomes effective. The COS will include

representatives of the Ministries in charge of Finance, Social Affairs, Education, and Health and other agencies as needed. The COS will be responsible for overseeing and ensuring the implementation of the LISUNGI project and the National Social Action Policy (PNAS).

52. The Ministry of Social Affairs (MASAHS) will have the overall responsibility for the implementation of the project. The MASAHS has experience in managing development projects and coordinating various government and non-government stakeholders. It has also had successful partnerships with institutions such as the World Food Programme (voucher program for poor families) and the African Development Bank (*Projet d'Appui à la Réinsertion Socio-économique des Groupes Défavorisés*).

53. MASAHS will host a technical team - named the LISUNGI team - to oversee implementation. The LISUNGI team will be placed under the Minister of Social Affairs, with technical support provided by other MASAHS directorates. The LISUNGI team will be set up by a ministerial order and will be staffed by a multidisciplinary team consisting of one coordinator, one expert in transfer programs, one expert in communications, one expert in monitoring and evaluation, one expert in finance/administration, one expert in social information systems, and one IT expert. For the implementation of the project, the LISUNGI team will be strengthened by the inclusion of other specialists such as procurement specialists to be hired no later than three months after project effectiveness.

54. The LISUNGI team will carry out all project management activities. The LISUNGI team will also be responsible for all disbursements and any procurement related to the project in accordance with the World Bank's procedures. It will serve as the fund holder, managing the operational accounts and transferring money to beneficiary households. The project coordinator will supervise all activities related to the implementation of the LISUNGI project.

55. The project will be implemented through existing MASAHS structures at the decentralized level (district and community level). The MASAHS decentralized structure includes the local social assistance offices named the *Circonscriptions d'Actions Sociale* (CAS).

B. RESULTS MONITORING AND EVALUATION

56. Rigorous monitoring based on the monitoring and evaluation (M&E) plan will enable the government (and all partners) to monitor the progress of the project regularly and estimate its impact. Monitoring and process evaluation will occur at each stage of implementation, in order to verify that the operational guidelines are being applied in practice as described in the PIM, identify any problems and issues, and promptly consider and adopt corrective measures. To assess the impact of the program on the beneficiaries, the project aims to have an impact evaluation with a baseline and a follow-up survey during the project lifecycle. In addition, the mid-term review (MTR) will assess the project's performance, intermediate results, and outcomes. The MTR is anticipated to take place sometime in 2016.

C. SUSTAINABILITY

57. The sustainability of the project interventions rests mainly on the strong commitment of the government. The RoC government has shown strong commitment in investing in the social

policies necessary to: (i) implement the PNAS; (ii) provide support to the poorest and most vulnerable children and elderly population; (iii) support the improvement of health and outcome indicators to meet the MDGs; and (iv) strengthen the capacity of government staff at MASAHS so that they can play a significant role in developing and implementing social protection programs in the future.

58. The fact that the government is directly financing more than 85 percent of this project is also an indicator of its commitment. In addition, the way in which the project will be implemented will also contribute to the project’s sustainability. The government has decided to begin by implementing the project in only three departments to test its effectiveness and impact before scaling it up nationwide to cover up to 25 percent of the population.

59. Three aspects of implementation are important in regard to sustainability. First, having MASAHS directly in charge of implementation through the LISUNGI team will build capacity within the ministry. Second, training activities will be provided through the existing central and local government structure throughout the project’s lifecycle. Moreover, the inclusion of continuous M&E will help to inform the definition of a clear strategy for developing and sustaining the program. Third, as the project ends, the estimated cost to cover about one-quarter of the Congolese population with an adequate cash transfer program will represent less than 1 percent of GDP, which is affordable for a country such as Congo.

V. KEY RISKS AND MITIGATION MEASURES

A. RISK RATINGS SUMMARY TABLE

Risk Category	Rating
Stakeholder Risk	Substantial
Implementing Agency Risk	
- Capacity	Substantial
- Governance	Substantial
Project Risk	
- Design	Moderate
- Social and Environmental	Low
- Program and Donor	Low
- Delivery Monitoring and Sustainability	Moderate
- Overall Implementation Risk	Substantial

B. OVERALL RISK RATING EXPLANATION

60. The overall risk rating is substantial. Given the above discussion of the key risks and issues, the team is cautious about the overall risk but is optimistic that the various mitigations measures explained in the ORAF coupled with the government’s commitment will help to avert such risks during the implementation phases.

61. Since the first technical assistance mission (P143260) and continuously over the project preparation, the government has demonstrated a high commitment to the project. The Ministry of Social Affairs (MASAHS) had appointed a team to work on the project’s preparation and has named the project LISUNGI (“Support” in the national language). The LISUNGI team will then be responsible for project implementation.

62. The LISUNGI team and the World Bank team acknowledged some challenges for the implementation of the project due to a number of risk factors (see details of the ORAF in Annex 4). The Operational Risk Assessment Framework (ORAF) identifies and rates a set of risks that could prevent the achievement of the PDO. The key project risks identified are: (a) the technical complexity of the project, which requires a multi-sectoral approach; and (b) the low coverage of *Circonscriptions d'Actions Sociale* (CAS), which are still being rehabilitated or built. These risks relate to the necessary institutional and implementation arrangements (at both the central and CAS levels), cross-ministerial coordination, and capacity-building a safety net system is a new undertaking in the country.

63. The project will implement mitigation measures related to financial management risks by designing an effective and secure payment and verification mechanism (see Annex 4). The Bank will pursue a dialogue with the government on ways to fully institutionalize the skills development mechanism based on lessons learned from other countries.

VI. APPRAISAL SUMMARY

A. ECONOMIC AND FINANCIAL ANALYSIS

64. The RoC has experienced strong economic growth in recent years. This growth has had a positive impact on the country's economic and social indicators but is still not enough to significantly reduce poverty or to improve some other indicators in the areas of education and health. Between 2005 and 2011, the poverty rate in Congo dropped by 4.2 percentage points but this is still 11.5 percentage points below the country's Millennium Development Goal.

65. In the presence of a safety net such as LISUNGI, Congo could achieve much stronger results in terms of poverty reduction and human capital development with a low cost. Using simulation methods, it is estimated that a cash transfer program operating at national scale could reduce the Congolese poverty rate to 38.9 percent, which is only 3.9 percentage points away from the MDG 1 goal (35 percent by 2015). At a cost of around 1 percent of GDP the program could afford to pay around FCFA 20,000-25,000 on average per month to all of the poorest households with children and/or elderly in the country.

66. Focusing on the extreme poor population at the national level, this program is likely to have a large impact on poverty and inequality. By transferring around 20-30 percent of the household consumption of poor households, poverty rates would decline between 20 and 40 percent depending on the quality of the targeting. The impact on poverty rates in the pilot areas (around 308,000 households) would range between 2.5 and 5 percent by reaching about 5,000 households (or 1.6 percent of households below the food poverty line), suggesting a very good impact provided the size of the pilot. In sum, a cash transfer program in the Congo could reduce poverty significantly as witnessed in countries such as Brazil and Mexico (For full reference, please see *Annex 7: Economic and Financial Analysis*).

B. TECHNICAL

67. The project's design follows proven good practices for cash transfer programs. Community-based targeting will be used to select the beneficiaries of cash transfers from among

the poorest households in each community. Based on existing experience in the country, this approach is expected to maximize targeting accuracy and, therefore, effectively channel limited resources to the poorest people.

68. The cash transfer payments will be made by qualified payment agencies, which may include the Post Office, private or public banks, microfinance institutions, or mobile telephone companies. Based on the ongoing review of potential payment providers in the three departments of the pilot, the government will identify the most suitable agencies for each district based on their availability as well as providers of accompanying measures. Once IDA has assessed the proposals submitted by these agencies as satisfactory, contracts will be signed between the government and the agencies to allow them to distribute funds to beneficiaries. Funds will be transmitted from the project's designated account to the payment agencies, and then the payment agencies will make the transfers to the approved beneficiary households under the cash transfer program through their agents at the local level. The process involved in delivering cash benefit payments to beneficiaries will be presented in more detail in the PIM.

69. The LISUNGI team will ensure that the payment mechanism that is adopted is appropriate for the Congolese context. The payment system for the cash transfers will be designed to distribute the correct amount of benefits to the targeted beneficiaries in a timely and regular manner while minimizing transaction costs for both the program and the beneficiaries.

C. FINANCIAL MANAGEMENT

70. A financial management assessment of the implementing unit within MASAHS has been carried out. The objective of the assessment was to determine: (a) whether this unit has adequate financial management arrangements to ensure that the project funds will be used for the intended purposes in an efficient and economical way; (b) whether project financial reports will be prepared in an accurate, reliable, and timely manner; and (c) whether the project's assets will be safeguarded. The financial management assessment (FMA) was carried out in accordance with the Financial Management Practices Manual issued by the World Bank's Financial Management Sector Board on November 3, 2005 and revised in 2011. In this regard, a review of the existing FM system (budgeting, staffing, financial accounting, financial reporting, funds flow and disbursements, and internal and external audit arrangements) in the MASAHS Project Coordination Unit has been conducted.

71. This unit is currently implementing the *Project d'Appui à la réinsertion Socio économique des Groupes Défavorisés (PARSEGD)* financed by the African Development Bank (AfDB) since January 2007, with a financial management staff that consists of a Financial and Administrative Officer, an accountant, and an administrative assistant. They have been trained in the use of the AfDB's procedures as well as the accounting software (namely TOMPRO) over the years of the project's implementation. The project staff maintains proper books of accounts that include a cash book, ledgers, journal vouchers, and a contract register. They prepare the necessary records and books of accounts that adequately identify, in accordance with accepted international accounting standards and practices, the goods and services financed out of the proceeds of the credit. It is expected that this financial management system will be used for the implementation of the LISUNGI project. The assessment concluded

that the overall residual FM risk is Substantial due to the country's weak capacity context as well as the project specificity.

72. The project funding will consist of US\$17 (US\$2 million from IDA and US\$15 million counterpart funds provided by RoC). In addition, the project will benefit from complementary funds to be provided by the government to cover the bonuses for the civil servants who will be working on the project. The project's funds will be managed through two (2) bank accounts to be opened and maintained by the Project Coordinating Unit in a commercial bank acceptable to IDA. These will consist of: (i) a Designated Account (in **FCFA**) to receive IDA advances and to pay for those project expenditures that are eligible for IDA financing and (ii) a Project Counterpart Funds Account (also in **FCFA**) to receive counterpart deposits and replenishments and to record payments eligible for RoC resources. It is expected that a third bank account will be opened for the complementary funds at the same commercial bank.

73. The financial arrangements for the operation follow the government and World Bank agreement stated in the Country Partnership Strategy, in which it is specified that the World Bank will play a leveraging role by contributing limited financing to largely government-funded programs. The project implementation unit will ensure that the recommendations of the internal and external auditors are implemented and that the fiduciary procedures and processes of the Bank are strictly followed. The fiduciary implications for the project are that the Bank ensures accountability for the total project amount where disbursement of each US\$1 is linked to the exact share of the Bank/government contribution.

D. PROCUREMENT

74. Procurement for the proposed project will be carried out in accordance with the World Bank's rules and procedures. These consist of "Guidelines: Procurement of Goods, Works, and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011, "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011, the provisions stipulated in the Legal Agreement and the "Guidelines: Preventing and combating fraud and corruption in projects financed by IBRD loans and IDA credits and grants". All procurement of goods under this project will be carried out using the Bank's Standard Bidding Documents (SBD) or Standard Request for Proposals respectively for all international competitive bidding (ICB) for goods and all recruitment of international consultants. For national competitive bidding (NCB), while the Bank is assessing the implementation of the government's new procurement system (under the procurement code adopted December 2009) outside the context of this project, the Borrower will use the World Bank's SBD for ICB for goods and the World Bank's Standard Request for Proposals for the recruitment of consultants. Annual procurement audits will be carried out throughout the duration of the project.

E. SOCIAL (INCLUDING SAFEGUARDS)

75. No civil works will be undertaken nor is any adverse social impact expected. The project is expected to have a positive impact on all direct and indirect beneficiaries, including vulnerable groups such as children, pregnant women, and elderly people who constitute the target beneficiaries of the project. During the implementation of the project, steps will be taken to

establish a grievance system to respond to beneficiary complaints and to ensure a high level of social accountability. In addition to ensuring social accountability and protecting the rights of the beneficiaries, the grievance system will be part of the program's M&E system, which will track problems in order to provide solutions.

76. The households with children that will be receiving cash transfers will have to comply with conditions to be monitored by the LISUNGI team at the CAS level. If a household fails to comply, a case management unit will seek to understand the reason why the household is not complying before suspending the payment of the variable transfer for that household.

77. The project has been screened for the presence of indigenous peoples in the Cuvette rural area in accordance with OP 4.10 on Indigenous Peoples. Analysis by the Bank's safeguards specialist of the most recent project reports, discussions, and research suggests that OP 4.10 will not be triggered in the proposed project areas.

F. ENVIRONMENT (INCLUDING SAFEGUARDS)

78. No adverse environmental impact is expected, for these reasons the project is expected to be classified as Category C. The project does not require any land acquisition leading to involuntary resettlement and/or restrictions of access to resources or livelihoods.

G. GOVERNANCE

79. Benefitting from the ongoing Transparency and Governance Capacity Building Project, financed by the World Bank, and the LISUNGI M&E plan (see details in Annex 3), the program administrators will ensure that GAC measures, which will be detailed in the PIM, are enforced for dealing with the main areas of risk, which are:

- (a) Ensuring efficiency and good governance in project management
- (b) Avoiding fraud and corruption in the targeting and selection of beneficiaries
- (c) Creating a timely and transparent payment system
- (d) Ensuring that implementation arrangements are geared towards achieving a high level of transparency in project implementation.

ANNEX 1: RESULTS FRAMEWORK AND MONITORING

Congo, Republic of LISUNGI - Safety Nets Project (P145263)

Results Framework

Project Development Objectives

PDO Statement

"Establish the key building blocks of a national safety net program and pilot a cash transfer program to improve access to health and education services of poorest households in participating areas."

These results are at | Project Level

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
The number of potential beneficiary households enrolled in the unique registry	<input type="checkbox"/>	Number	0.00	15000.00	15000.00	15000.00	15000.00	15000.00	Every 6 Months	MIS and System Assessment	LISUNGI team

for safety net programs											
The number of (direct and indirect) recipient of the cash transfer program	<input type="checkbox"/>	Number	0.00	20000.00	20000.00	20000.00	20000.00	20000.00	Every payment cycle	MIS	LISUNGI team
and the percentage of these that is female.	<input type="checkbox"/>	Percentage Sub-Type Supplemental	0.00	50.00	50.00	50.00	50.00	50.00	Every payment cycle	MIS	LISUNGI team
The percentage of cash transfer beneficiary households who receive payments in a timely manner as defined in the project implementation manual (PIM).	<input type="checkbox"/>	Percentage	0.00	70.00	80.00	90.00	90.00	90.00	Every payment cycle and every IE cycle	MIS and M&E surveys	LISUNGI team and IE surveys
The percentage of beneficiary households who live below the food poverty line	<input type="checkbox"/>	Percentage	0.00	60.00	60.00	75.00	75.00	75.00	Evaluation cycle	M&E surveys	LISUNGI team and Evaluation Firms
The percentage of beneficiary	<input type="checkbox"/>	Percentage	0.00	80.00	90.00	95.00	95.00	95.00	Every payment	MIS and M&E	LISUNGI team and Evaluation

children aged between 6 and 14 years old who are regularly attending primary schools (at least 80 percent of the time every month)									cycle & Evaluation cycle	surveys	firms
The percentage of infant beneficiaries aged between 0 and 11 months old who had regular monthly visits to health centers	<input type="checkbox"/>	Percentage	0.00	50.00	60.00	70.00	70.00	70.00	Every payment cycle	MIS and M&E surveys	LISUNGI team and Evaluation firms
The percentage of beneficiaries aged between 12 and 23 months old who had regular bi-monthly visits to health centers	<input type="checkbox"/>	Percentage	0.00	50.00	60.00	70.00	70.00	70.00	Every payment cycle	LISUNGI team and Evaluation firms	MIS and M&E surveys

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Percentage of beneficiaries households with 15% consumption increase in participating areas	<input type="checkbox"/>	Percentage	0.00	50.00	60.00	75.00	75.00	75.00	Evaluation cycle	M&E surveys	LISUNGI team and Evaluation firms
Number of Elderly Benefiting from the Cash Transfer Program	<input type="checkbox"/>	Number	0.00	1000.00	1000.00	1000.00	1000.00	1000.00	Every payment cycle	MIS	LISUNGI team
and percentage of these that are female	<input type="checkbox"/>	Percentage Sub-Type Supplemental	50.00	50.00	50.00	50.00	50.00	50.00	Every payment cycle	MIS	LISUNGI team
Percentage points increase in Enrolment rates in primary schools by grades and gender in participating areas	<input type="checkbox"/>	Percentage	0.00	1.00	1.00	1.00	1.00	4.00	Evaluation cycle	M&E surveys	LISUNGI team and Evaluation firms
Percentage points increase	<input type="checkbox"/>	Percentage	42.00	5.00	5.00	5.00	5.00	62.00	Evaluation cycle	M&E surveys	LISUNGI team and Evaluation

in increase of fully immunized children under 1 year-old in participating areas											surveys
Percentage point increase of pregnant women receiving the maternal health package	<input type="checkbox"/>	Percentage	60.00	5.00	5.00	5.00	5.00	80.00	Evaluation cycle	M&E evaluation cycle	LISUNGI team and IE Firms
Number of staff trained at CAS level in participating areas	<input type="checkbox"/>	Number	0.00	100.00	100.00	100.00	100.00	100.00	Annual	MIS	LISUNGI team
Percentage of caretakers who know their rights and responsibilities in terms of co-responsibilities, program rules and entitlements	<input type="checkbox"/>	Percentage	0.00	40.00	60.00	80.00	80.00	75.00	Evaluation cycle	M&E surveys	LISUNGI team and Evaluation Firms
Number of Households Benefiting from the Cash Transfer Program	<input type="checkbox"/>	Number	0.00	5000.00	5000.00	5000.00	5000.00	5000.00	Every payment cycle	MIS	LISUNGI team
Number of Children	<input type="checkbox"/>	Number	0.00	10000.00	10000.00	10000.00	10000.00	1000.00	Every payment	MIS	LISUNGI team

Benefiting from the Conditional Cash Transfer Program									cycle		
and percentage of these that are female	<input type="checkbox"/>	Percentage Sub-Type Supplemental	0.00	50.00	50.00	50.00	50.00	50.00	Every payment cycle	MIS	LISUNGI team

Annex 1: Results Framework and Monitoring

Congo, Republic of

LISUNGI - Safety Nets Project (P145263)

Results Framework

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)
Number of potential beneficiaries households enrolled in the Unique Registry system for safety nets programs	This indicator shows that the a key building block of the program, the unique registry, is functional in the participating areas of the pilot program
Number of (direct and indirect) recipients of the Cash Transfer Program.	This indicator measures the number of people benefiting from the cash transfer intervention
and percentage of these that are female.	No description provided.
Percentage of cash transfer beneficiary households who receive payments timely (as defined in the PIM).	This indicator measures how efficient if the process to deliver payments to the households
Percentage of beneficiaries households who live below the food poverty line	This indicator measures the targeting effectiveness of the cash transfer component
Percentage of 6-14 years-old beneficiary children regularly attending primary school (at least 80% attendance rate per month)	This indicator measures the compliance with the education conditinalities
Percentage of 0-11 months-old beneficiary who made the regular monthly visits to health centers	This indicator measures the compliance with the health conditionalities
Percentage of 12-23 months-old beneficiary who made the regular bi-monthly visits to health centers	This indicator measures the health conditionality

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)
Percentage of beneficiaries households with 15% consumption increase in participating areas	Measures the impact of the program on household consumption

Number of Elderly Benefiting from the Cash Transfer Program	No description provided.
and percentage of these that are female	No description provided.
Percentage points increase in Enrolment rates in primary schools by grades and gender in participating areas	Measurement of success of the program in keeping children longer in school
Percentage points increase in increase of fully immunized children under 1 year-old in participating areas	Measurement of the impact of the program on vaccination of beneficiary children due to the regular visits to health centers
Percentage point increase of pregnant women receiving the maternal health package	This indicator helps to measure the impact of the program on neo and post natal exams
Number of staff trained at CAS level in participating areas	Measures capacity building activities needed for the successful implementation and monitoring of program at the local level
Percentage of caretakers who know their rights and responsibilities in terms of co-responsibilities, program rules and entitlements	Measures the quality of the information campaign provided to potential beneficiaries
Number of Households Benefiting from the Cash Transfer Program	No description provided.
Number of Children Benefiting from the Conditional Cash Transfer Program	No description provided.
and percentage of these that are female	No description provided.

ANNEX 2: DETAILED PROJECT DESCRIPTION

Congo, Republic of

LISUNGI - Safety Nets Project (P145263)

1. Recognizing weaknesses of the current safety net system and the importance of these programs to both poverty reduction and social outcomes, the Government of Congo has developed a new National Political and Social Action Strategy (*Politique Nationale d'Action Sociale* or PNAS), which puts social protection onto the poverty reduction agenda. The PNAS has three axes as follows:

- a. Strengthening existing categorical safety net programs to most vulnerable groups such as street children, vulnerable and abused women, and the disabled and indigenous people.
- b. Putting in place new programs that reinforce the economic capacity and develop the human capital of vulnerable groups. Three types of programs are proposed
 - i. Large-scale labor-intensive public work programs for young people with the wage set at the level of the guaranteed minimum wage (SMIG)
 - ii. Social cash transfers mainly for children and the elderly
 - iii. Programs (such as micro-finance) to support income-generating activities.
- c. Strengthening the legal and institutional framework for social protection. The focus is mainly on the policy framework and capacity building as well as on establishing underlying coordinated operating systems for targeting, MIS, and payments.

2. This project will help the government to implement the PNAS, specifically by focusing on axes b (ii) and c.

3. Given the poor social outcomes among the poorest population and the uneven distribution of the benefits of economic growth, this project supports a cash transfer program targeted to the poorest households and makes them conditional on the recipient households investing in the human capital of their children.

A. PROJECT OBJECTIVES, LOG-FRAME AND EXPECTED RESULTS

4. The project aims to improve the safety net system in Congo by building and strengthening the administrative building blocks and putting in place the first phase of a cash transfer program targeted to the poorest and most vulnerable groups. The project's overarching and long-term objective is to mitigate poverty in the country and help the poorest families to invest in their children's human capital, which can reduce the intergenerational transmission of poverty. This project will support the current ongoing reform of the existing social safety net programs in the

country by moving from sporadic and fragmented social assistance towards a more systematic approach of delivering safety nets targeted to the poorest and most vulnerable and facilitating their access to and use of social services such as education and health care.

5. The government's main objective is to develop an effective safety net system that covers up to a quarter of the Congolese population within four years. This project will support the government's objective by financing the building blocks of the system and a small cash transfer intervention for 5,000 households and 1,000 elderly beneficiaries. This will enable the government to test the main elements of the system and evaluate the cash transfer program before scaling it up nationwide.

6. In line with the phased approach, the project will begin by operating in areas with sufficient capacity, while building capacity in other areas to enable a subsequent nationwide expansion. The areas selected for the pilot are the districts of: (a) Makélékélé, Bacongo, Moundali, and Talangai in the department of Brazzaville; (b) Mvoumvou in the department of Pointe Noire; and (c) Makoua and Oyo in the department of Cuvette. A large share of the poorest population of Congo live in these districts (as the country has a high urbanization rate), and they have enough health care facilities and primary schools to make it possible to implement a conditional cash transfer program. For children aged 0 to 14 years old, the transfers will be conditional on primary school attendance, enrollment in secondary school, or regular health center visits. Because the project also provides support to build the capacity of the existing social assistance infrastructure in the country, after the project is over, the government will be able to expand the program to other poor areas, including rural districts, with or without conditions as the provision and quality of health and education services allow.

7. Therefore, the main objective of the LISUNGI project is to "Establish the key building blocks of a national safety net program and pilot a cash transfer program to improve access to health and education services of poorest households in participating areas."

8. The project proposes to focus on the development of a safety net program, which includes the development of the basic blocks of a future system as a unified registry system and a management information system and the provision of a cash transfer to the poorest households to improve human capital indicators and mitigate poverty. Given Congo's limited experience with targeted transfer programs, the proposed operation will implement the program as a pilot before expanding it nationwide within four years. This approach will provide considerable flexibility for experimentation and learning as the program is constructed.

9. The cash transfer program is a key intervention within the planned national social safety net system that, along with complementary objectives, is aimed at reducing both chronic and temporary poverty. This project will test the phase one of the program and when this pilot phase is over, the government will expand it into a national cash transfer program designed to reach the poorest 25 percent of the population who fall below the food poverty line.

10. The regular cash transfers in households with children will be complemented by conditions (to encourage longer-term changes in household behavior). Therefore the cash transfers are aimed at helping households to stabilize their consumption in the short term as well as encouraging them to invest in the accumulation of the human capital of their children.

11. The regular cash transfer for the elderly poor will be complemented by an information campaign designed to increase their use of preventive health services.

12. The proposed project will be implemented using Investment Project Financing (IPF) for a period of four years starting in FY14. The project is expected to be financed by an IDA credit of US\$2 million and a contribution from the government of US\$15 million.

13. The project design envisages the three following components: (a) Establishment of key building blocks of a national safety net program and enhancement of local capacities, (b) Strengthening the demand-side of services through cash transfers program, and (c) Project management & management and evaluation (M&E).

14. The project will have three components

Project Cost By Component and/or Activity	US \$ million		
	IDA	Borrower	TOTAL
Component 1: Establishment of key building blocks of a national safety net program and enhancement of local capacities	0.14	1.06	1.2
Component 2: Strengthening the demand-side of services through cash transfer program	1.44	10.76	12.2
Component 3: Project management, Monitoring and Evaluation (M&E)	0.42	3.18	3.6
TOTAL	2.00	15.00	17.00

B. COMPONENT 1: ESTABLISHMENT OF KEY BUILDING BLOCKS OF A NATIONAL SAFETY NET PROGRAM AND ENHANCEMENT OF LOCAL CAPACITIES

15. This component will support the establishment of a coordinated national safety net system and support the enhancement of local management capacity. The Republic of Congo has experience in providing emergency support to families, but, as stated in the PNAS, this support needs to evolve into a long-term and sustainable system of support, and building such a system is a process that takes time and is accomplished by designing, testing, and implementing tools over a number of years. For this reason, this component will be implemented throughout the whole project period to guarantee the development of the main elements of the system as the cash transfer program (component 2) is being implemented. Therefore, the design, testing, and implementation of the basic blocks of a system will be undertaken in parallel with other components.

16. The activities financed by this component will include the development of the basic unified registry system and administrative systems starting with the development of the government's cash transfer pilot. It will also finance the enhancement of the capacity (both human and IT equipment) of the CAS. The outcomes of this component will include the development of the main procedures, legal instruments, IT solutions, and training modules needed for the safety net system.

17. This component will cover the setting up of the basic elements of a long-term sustainable and effective SSN system. To this end, the activities financed by this component will include: (i) the development of a MIS; (ii) the setting up of a unified registry (UR) of potential beneficiaries of safety net programs; (iii) the setting up of an information, education, and communication (IEC)

campaign; (iv) the setting up of monitoring and evaluation (M&E) procedures; (v) technical assistance to evaluate and finance studies to address the needs of specific populations such as the disabled and the indigenous population; (vi) the costs of equipment and software needed to make the system functional, and (vii) the training of LISUNGI personnel and studies.

18. Management Information System (MIS). An MIS will be designed and implemented to ensure the transparent identification and registration of the poorest households (both potential and actual beneficiaries) and their timely payment. It will also be used to monitor the project's implementation and conditionalities and the progress of Component 2. Computers and dedicated ICT platforms will be procured or developed to ensure the full integration of the beneficiary targeting system and payments systems. Specifically, the project's goal is to develop and implement a modular computerized MIS that will be capable of: (i) producing reports about potential beneficiaries, beneficiaries, program activities, and transfers; (ii) supporting the financial management of projects; and (iii) producing the necessary information for monitoring and evaluation. The key components of the MIS, which will be linked to the unified registry, will be:

- a. A module to enroll potential beneficiaries in the program(s)
- b. A module to track payments
- c. A module to track beneficiaries' compliance with conditionalities
- d. A module to support monitoring and evaluation
- e. A module to produce administrative reports.

19. Management and Information System. Overview of the overall architecture:

The data justifies the need to develop an information and single management system for the collection, management and reporting.

The collection of data would be situated at two levels:

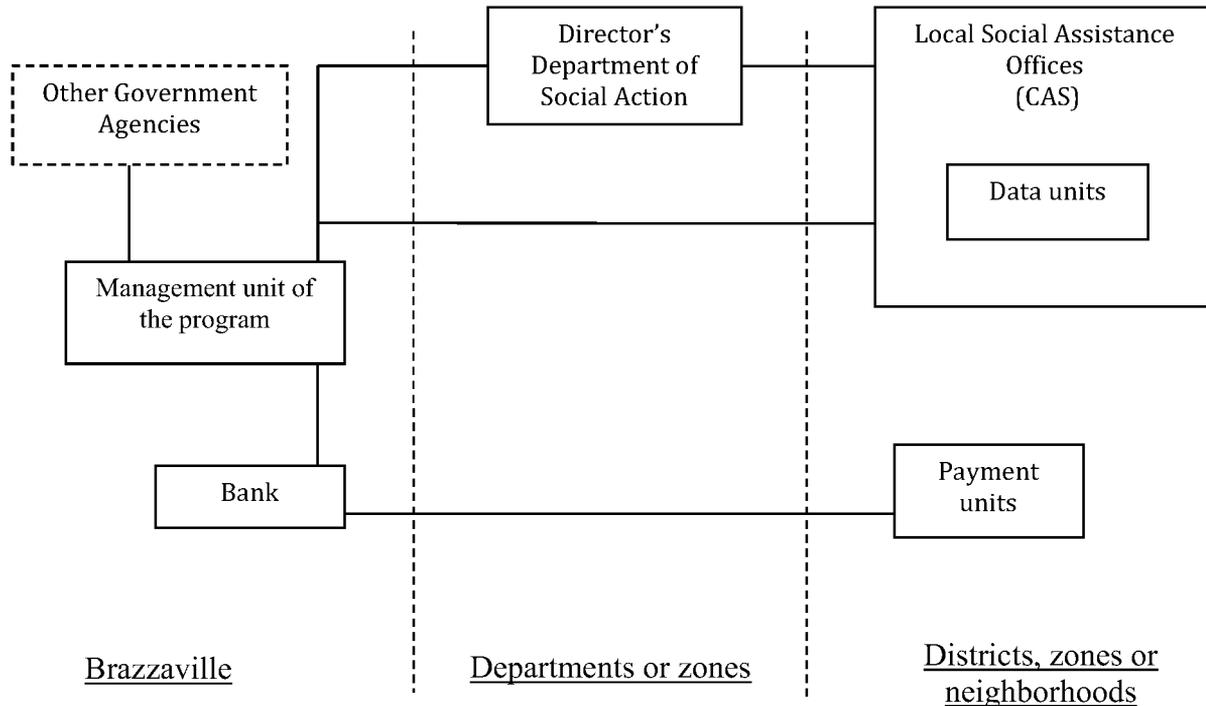
- a. Preliminary stage of identifying potential beneficiaries including the unique registry (UR) and selection of beneficiary households;
- b. Collecting routine data related to monitoring and evaluation and management of payments and conditionalities attached to the payment system.

The structures that will facilitate the LISUNGI program will be:

- a. The units that collect data
- b. The local social assistance offices (CAS)

- c. The district offices
- d. The program's management unit
- e. Other government agencies
- f. The bank and payment agencies

The Figure below shows the relationship between these structures.



At the local level, the collection units (depending of the CAS) will be the link between the CAS, health centers, primary schools and vulnerable populations to identify potential beneficiaries and monitoring of program beneficiaries.

The CAS staff and collection units will organize the identification of eligible households with the support of the National Institute of Statistics, which are in charge of preparing the questionnaire and interviewers manuals (possibly on data collection too, at least as supervisors), visits to social workers for updating data, monitoring, and supervision of eligible households (accompanying measures). The CAS will be equipped with a server and transmit their data to the management unit daily. The LISUNGI team will then forward the lists of payments to CAS.

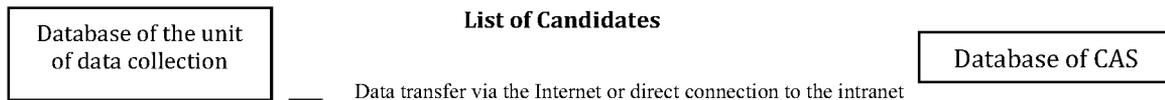
The local coordination committee will oversee the activities of social action Districts (CAS) and have access (but can't modify information entered) to data collected by the Districts via a secure connection to the server unit management or directly to the CAS server.

The LISUNGI team will be equipped with a central database server data - with program data for the entire country. The list of recipients and lists of payments will be produced by the management unit and transmitted to the payment units under the direct control of a bank.

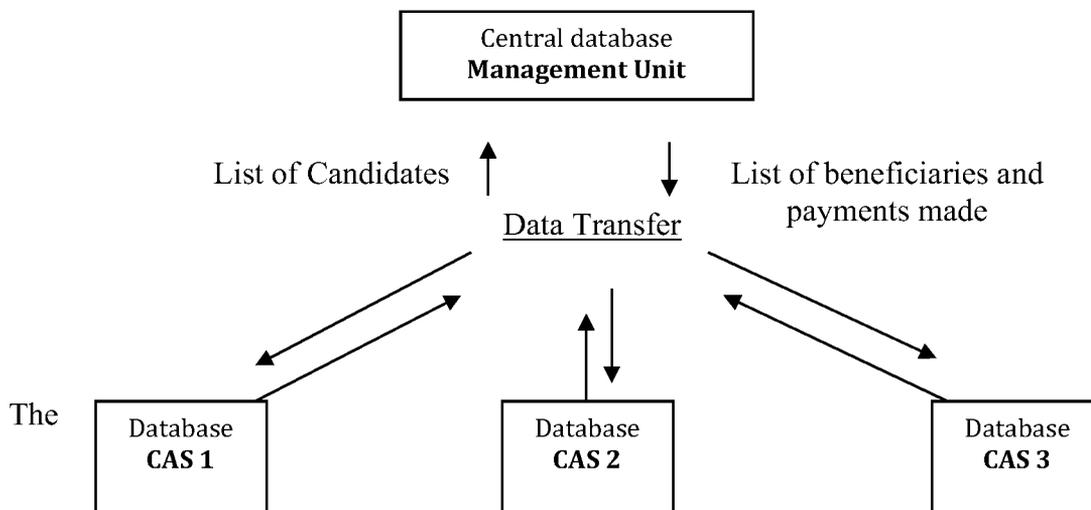
Regarding banks and payment units, the Management Unit will provide a list of payments to the bank to oversee the payment units. The payment units will be branches of the bank, mutual microcredit agencies or money transfer agencies. The list of payments will be sent to CAS via the bank and the LISUNGI team.

Data Flow. To enable data collection agents to work without an Internet connection, a desktop application will be installed on each workstation. The application will be connected to a database on the machine. The data will then be transferred to the database of the CAS. Consolidated in the CAS server data will then be transferred to the central server.

Figure: Transmission of data at local level

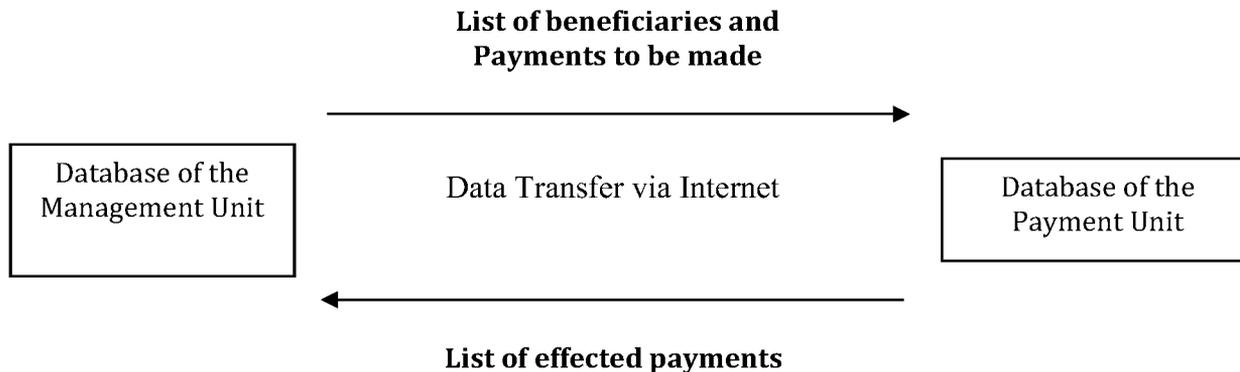


In each CAS, the local server will be connected to the central server unit management via a secure internet connection. The local server data will be regularly transferred to the central database to be consolidated. In return, the management unit will send the CAS list of beneficiaries and payments made.



The application process of the candidates will produce a list of recipients who will be transferred to the central server in the database payment center. The transfer can be done through the Internet via a secure Internet connection. Lists of payments will then be transmitted to the control unit.

Figure: Data transfer to the intermediate scale

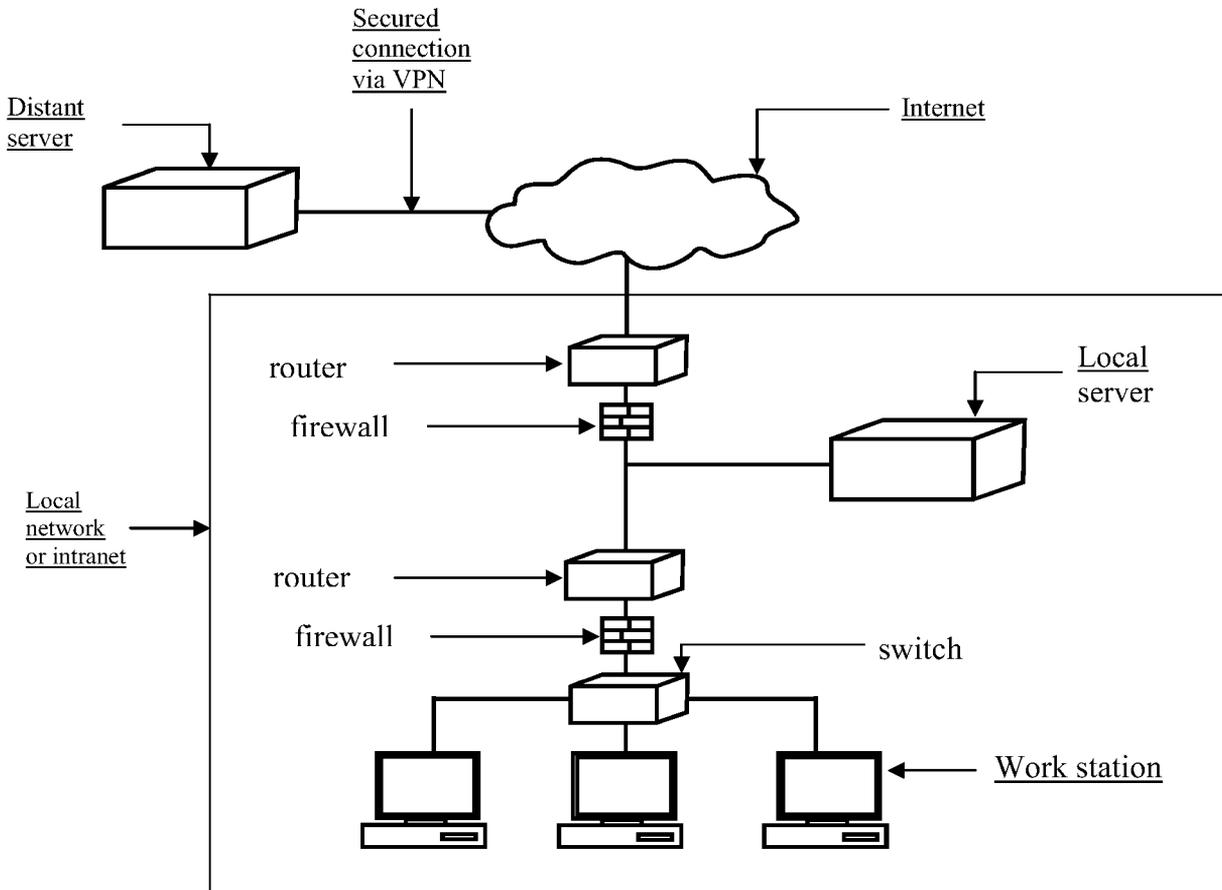


Technical Information System Management and Social Transfer Description. The infrastructure of the information system of the LISUNGI will consist essentially of Internet network, PCs/laptops and electronic tablets. Social action districts (CAS) involved in the program will be equipped at the same time as the management unit. A central server installed at the unit management program will consolidate the data of the entire program in a national database.

Internet and Intranet network. At the national level, hosting database services are not available; this is the reason why the computer network LISUNGI will be based on a specific device for mounting an intranet. The LISUNGI team and CAS are respectively equipped with the intranet. The units of data collection will be connect to the local CAS server through the Internet or directly - with a Wi-Fi connection or a cable - to transfer data.

The management unit LISUNGI and CAS are respectively equipped with an Ethernet network (Ethernet LAN) consisting essentially of workstations connected to a local server.

The following diagram shows a typical network for connecting workstations to a local server, with a network connection to the Internet and a server located in another structure:



20. The modular MIS will help the LISUNGI team to closely and effectively monitor the implementation of the cash transfer program because the modular design allows for the monitoring of payments, the verification of recipients' compliance with conditions, and the provision of a unique ID for each beneficiary.

21. Design and Implementation of an Efficient and Cost-effective Payment System. The proposed project will use a combination of banks, well-established microfinance institutions (institutions de microfinance or MFIs), and mobile phone companies to deliver payments to beneficiaries. The key element of the payment mechanism will be the design of the interface between the payment agency and the MIS system to ensure timely payments and effective monitoring. The actual payment will explore the use of smart cards, POS or smartcard readers, and telephone communication devices for exchanging real-time information. ICT solutions and innovations will be tested and introduced during implementation. All prospective payment providers (microfinance and phone operators) will be invited to submit technical and financial proposals in response to the project's requests for proposals (RFPs), and on the basis of those proposals, one or more will be selected to deliver the payments.

22. Verification of Conditionalities. The Component 2 of the program will require development of a process for verification of compliance with conditionalities that will be integrated in the MIS

system. The information will be collected at school, health facilities and households by the CAS, CS and CSS social workers and consolidated at the CAS level to be entered in the system so that administrators can have up-to-date monitoring data for conditionalities. The PIM will clearly describe the process; specify the agents in charge of this data collection work; and include the metrics for assessing compliance with conditionality.

23. As part of the MIS system, a Grievance Management System will be developed to provide a way to correct any exclusion and inclusion errors in targeting and identify late or missing payments. This grievance mechanism can also contribute to fiduciary oversight. With support of CAS agents, all grievances will be tracked through the project's monitoring system to be revised by a trusted grievance manager to be responsible for handling complaints at the central level. Complaints will be confidential, and beneficiaries will be able to complain to CAS agents or directly to any project field operators. The grievance mechanism will be specified in the PIM and in a special grievance manual as well as in grievance guidelines available at the community level.

24. The development of the Unique Registry of Beneficiaries for social safety nets (UR) includes testing registration form, data collection and provision of IDs. The project will support the design of the registration form and start data collection of the socio-demographic information for households identified by the community. By the end of the project, UR can be used as an adequate instrument to rapidly respond to unexpected shocks (droughts, food or fuel prices) and assist the most vulnerable to cope with the consequences of these shocks, or to expand quickly a program as budget becomes available, and also to be used as an harmonized tool for identify poorest families across all safety nets intervention in the country. Thus, in the medium term (by the end of the project) the UR will serve not only for the cash transfers supported by this project but that beyond this project, it becomes a tool to inform the government about the selection of safety nets beneficiaries of other programs managed and financed by other existing sectorial ministries (health and education) or by other development partners. As the UR is developed other interventions of MASAHS and development partners are going to be consolidated around the UR data base.

25. The UR cost covers basically the provision of IDs and data collection. The implementation of the UR will include: (a) the design of the questionnaire and (b) initial registry of beneficiaries involving the process to collect information, photo and digital prints of members of potential beneficiary households. Regular assessments and regular re-certifications of the entire registry, as well training and maintenance of the UR are responsibility of the LISUNGI team at central level. In this context, to develop this UR the following activities will be financed by the project: (i) preparation of questionnaire on characteristics of the eligible households; (ii) collection of data in the field; and (iii) issuing identification cards for the beneficiaries of the cash transfer programs.

26. UR Questionnaire. The UR questionnaire will gather the following data on households: (i) general information; (ii) a list of household members; (iii) the characteristics of the head of household and other household members; (iv) housing conditions; and (v) ownership of assets. The questionnaire may be administered only to the list of possible beneficiaries submitted by the community. These household surveys will be conducted by either the statistical office or an independent organization that will be recruited for this purpose. The interviewers will be trained

to minimize interview bias and to ensure that the questionnaires are completed accurately. A supervisor will crosscheck the questionnaires to identify any irregularities. Verification of the completeness of the forms will take place both in the field and during data entry by the supervisors of the data collection team and the project staff. The project will explore the use of personal digital assistants or PDAs (small computer devices) or tablets to collect and enter data in the field. Initial procedures and methods will be kept as simple as possible, and will be improved and refined over the course of the project.

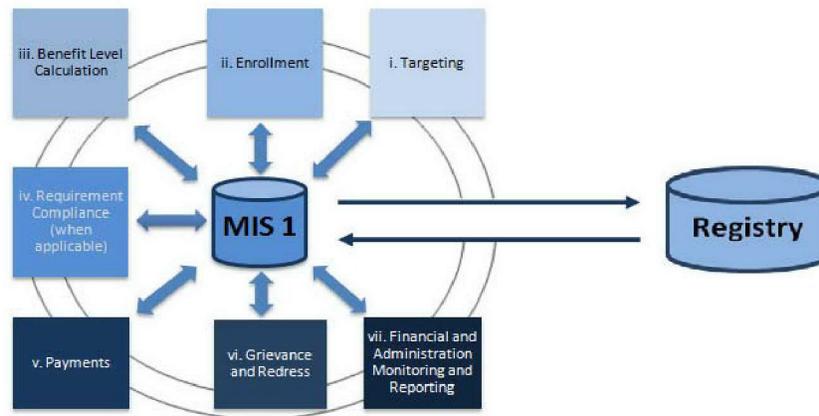
27. Updating the MIS and UR. The two core elements of the safety nets systems developed under Component 1 will continue to be improved over time as lessons from the first phase of the cash transfer programs are learned from the supervision visits, monitoring reports, and evaluations carried out during the life of the project, particularly the mid-term review.

28. Program implementation will be accompanied by comprehensive IEC strategies at national, district, and CAS levels. The information campaign is particularly important during enrollment process because during this period registered households will also receive specific instructions regarding the co-responsibilities they have to comply with, that is, participation in the accompanying measures session, the place and dates for the workshops, the date for the first transfer and the place where they can collect their benefits. A range of communication mechanisms will be identified and financed by the project, including (i) training, (ii) awareness at the commune and village level, (iii) briefing materials and the use of the media to inform the population on the objectives of the national LISUNGI program. The program will regularly assess the impact of the IEC campaign and adjust it accordingly.

29. This component will also support the development of Monitoring and evaluation procedures. A set of M&E actions and procedures will be developed by the LISUNGI team to be applied on the cash transfer component. The procedures that will establish the M&E actions will include: Regular monitoring at each stage of the project cycle will measure the project's efficiency, effectiveness, and progress and procedures for regular audits and robust impact evaluations.

30. Therefore, the MIS will generate the operational instruments and information needed for the implementation and monitoring of the cash transfer program, including: (i) a list of eligible households in each community; (ii) a list of enrollments in each community including the location and name of each intended beneficiary; (iii) one enrollment form for each eligible household; (iv) forms verifying that eligible beneficiaries have received the cash transfer on time and regularly; (v) a list of payments per CAS; (vi) a summary of payments made per CAS aimed at highlighting any uncollected funds; (vii) receipts of payment for each beneficiary detailing a disaggregation of the amount paid, any reissuance of uncollected benefits, any reimbursement of claimed benefits, and any deductions or penalties for failing to show up at the complementary session; (viii) forms to update information (at the household level); and (ix) claims forms (at the household level).

MIS Structure



31. Items Financed by this Component. This component will finance the development of the MIS system software, development of the UR including provision of IDs and data collection, equipment as servers, computers and photo/digital print readers, preparation of IEC, the development of the main procedures and legal instruments, as well as ICT solutions, and training activities for running the safety nets program.

C. COMPONENT 2: STRENGTHENING THE DEMAND-SIDE OF SERVICES THROUGH CASH TRANSFER PROGRAM

32. The cash transfer program will provide small regular transfers to the poorest households during the duration of the project with the intention of making this program the cornerstone of Congo's social safety net system in the future. These transfers combined with health and education conditions for children are designed to reduce poverty while increasing households' human capital and productivity. The program will provide beneficiary households with both the financial resources and the necessary information to improve the living standards of their families. Providing them with regular payments over an extended period of time is also expected to increase the quantity and improve the quality of household food consumption as well as of other essential expenditures. In addition, regular transfers may help households to retain and acquire productive household assets.

33. Food poverty affects one-quarter of the Congolese population. Despite recent economic growth, a significant share of the Congolese population (or about 181,000 households) find it difficult to cover the basic required expenditures on food, that is, they have adult equivalent household consumption of below FCFA 16, 972.50 (about US\$33.9) per month. Two departments, Brazzaville and Pointe-Noire, have food poverty rates of 10.8 percent and 7.6 percent respectively (7.4 percent and 5.1 percent of households), which represents 20 percent of the poorest population (households) in the country.

Food poverty rates in Congo, 2010-11

	FGT(0) - Households	Households	% of households	Food Poor households	% of food poor households	FGT(0) - Population	Population	% of population	Food Poor population	% of food poor population
Kouilou	19.7%	28,901	3.0	5,689	3.1	30.2%	101,500	2.5	30,691	3.0
Niari	32.6%	55,514	5.8	18,104	10.0	43.9%	255,432	6.3	112,108	10.8
Lékoumou	42.1%	24,307	2.6	10,228	5.6	52.4%	106,228	2.6	55,660	5.4
Bouenza	33.3%	81,676	8.6	27,209	15.0	41.6%	342,356	8.4	142,540	13.8
Pool	35.8%	66,954	7.0	23,964	13.2	47.7%	260,096	6.4	124,007	12.0
Plateaux	34.0%	46,777	4.9	15,924	8.8	47.1%	193,055	4.7	90,880	8.8
Cuvette	37.9%	39,483	4.1	14,964	8.2	49.2%	172,096	4.2	84,665	8.2
Cuvette-	49.2%	21,129	2.2	10,391	5.7	59.9%	80,130	2.0	48,003	4.6
Sangha	31.3%	21,705	2.3	6,785	3.7	41.1%	93,752	2.3	38,497	3.7
Likouala	40.0%	32,511	3.4	13,016	7.2	50.5%	169,620	4.2	85,636	8.3
Brazzavi	7.4%	351,210	36.8	26,153	14.4	10.8%	1,516,397	37.2	163,554	15.8
Pointe-Noire	5.1%	184,158	19.3	9,462	5.2	7.6%	790,501	19.4	60,104	5.8
Total	19.1%	954,323	100.0	181,889	100.0	25.4%	4,081,163	100.0	1,036,345	100.0

34. The government's long-term plan is to support all of the poorest individuals (households) in the country through the national safety net system. However, given the limited experience of MASAHS with long-term cash transfer projects, the government decided to start with a pilot phase during which the main elements for implementing a large-scale program will be developed. Moreover, a small pilot in areas where there is enough necessary infrastructure will give MASAHS experience in managing this type of program, while also testing it before expanding it up to a nationwide scale. A similar approach was taken in Mexico when the government launched the Progres a program in 1997 as a four-year pilot before making it national in 2000 when it was renamed Oportunidades.

35. Program coverage. The project will be implemented only in the districts of (a) Makélékélé, Bacongo, Mounjali and Talangai in the department of Brazzaville; (b) Mvoumvou in the department of Pointe Noire; and (c) Makoua and Oyo in the department of Cuvette, for the population who need assistance in terms of food consumption, that is, for the poorest population that are those with adult equivalent household consumption below the food poverty line.¹⁵

36. The program will cover then districts with well-established CAS. The partition of the number of beneficiaries in each of the three departments and per CAS is based on quotas determined by poverty rates and population of the geographical zones. The estimated total number of primary beneficiaries of the direct cash transfers is:

- a. 5,000 households, with pregnant women and/or children under age of 14 years old, and
- b. 1,000 Elderly aged 60 years-old or above.

¹⁵ The National Institute of Statistics (Institut National de la Statistique, INS) estimate the food poverty line at 16,972.50 FCFA per month in 2011.

Expected partition of Beneficiaires and households identified for UR

Department	Community/District	Population	FGT(0) (of departement/Hous eholds)	Food Poor Population
Brazzaville	Makélékélé	298,292	10.8	32,216
Brazzaville	Bacongo	98,782	10.8	10,668
Brazzaville	Moungali	166,719	10.8	18,006
Brazzaville	Talangai	337,986	10.8	36,502
Pointe-Noire	Mvoumvou	87,696	7.6	6,665
Cuvette	Makoua	21,910	49.2	10,780
Cuvette	Oyo	17,948	49.2	8,830
Total		1,029,333	25.0	123,667

Department	Community/District	Estimated number of Food Poor households	% of Food Poor Households	Estimated Food Poor Households for LISUNGI	Elderly	Estimated number of Food Poor Elderly	Estimated Food Poor Elderly for LISUNGI	Number of households for UR
Brazzaville	Makélékélé	4,371	26	1,278	12,789	1,381	262	3,834
Brazzaville	Bacongo	1,448	8	423	4,435	479	91	1,270
Brazzaville	Moungali	2,443	14	714	6,150	664	126	2,143
Brazzaville	Talangai	4,953	29	1,448	10,322	1,115	212	4,344
Pointe-Noire	Mvoumvou	913	5	267	2,920	222	42	801
Cuvette	Makoua	1,636	10	478	2,077	1,022	194	1,435
Cuvette	Oyo	1,340	8	392	772	380	72	1,175
Total		17,103	100	5,000	39,465	5,263	1,000	15,000

37. Population of interest and goals. The population of interest and the goals of this component are twofold:

- a. For the poorest households with pregnant women or children aged between 0 and 14 years old, the project will support improvements in health outcomes for the mothers and for their infants and toddlers and to support children's progression through the primary education cycle.
- b. For the poor elderly households, the project aims to increase their consumption and to mitigate their current poverty.

38. Benefit Level. The LISUNGI project will provide three types of benefits. The fixed benefit (F) per household has been set at FCFA 10,000 (US\$20) per month, the variable child benefit (C)¹⁶ has been set at FCFA 5,000 (US\$10) per child per month, and the elderly individual benefit (E) has been set at FCFA 10,000 (US\$20) per elderly person per month. Current simulations show that on average the total transfer for the average beneficiary household will represent about 25 percent of the food poverty line and 15 percent of the poverty line in the country. On average, households are likely to receive around FCFA 20,000 a month in cash transfers.

39. Duration of payments. Households will be eligible for the cash transfer program for two years and will receive a total of eight quarterly payments. After it has received its last payment, the household will have its situation re-evaluated by the community committee which will decide

¹⁶ For the definition of the household benefit amount, a pregnant woman will count as a child and will be eligible for the variable transfer.

either to continue to provide the benefits until December 2017 or to be referred to other interventions provided by MASAHS as a “graduation” policy.

40. Beneficiary selection. The program will use a combination of methods to identify the poorest households in the locality: community-based targeting, a proxy means test, and community validation.

41. During the pilot phase,¹⁷ the program will also make use of a random draw process for the final selection of beneficiary households. Therefore, for the pilot phase, the beneficiary selection process will have five stages:

- a. Stage 1: *Identification of potential beneficiaries by the community committee.* At this stage, after the LISUNGI team at the CAS level have been provided with training, the community committee will prepare a pre-list of potential beneficiaries for the program.
- b. Stage 2: *Data collection and proxy implementation.* The LISUNGI team will launch the data collection process, after which, the MIS will attribute a welfare score to each household based on the proxy means test formula.
- c. Stage 3: *Identification of the food-poor households eligible for the cash transfer program.* At this stage, only households with proxy scores below the food poverty threshold and that have the specified program characteristics¹⁸ will be selected for Stage 4.
- d. Stage 4: *Preparation of the final list for validation.* The households selected in stage 3 will participate in a random draw selection process (lottery) from which the LISUNGI team will prepare the list of potential beneficiaries to be validated by the Local Project Monitoring Committee. Those not selected will compose the control group needed for the impact evaluation of the program.
- e. Stage 5: *Dissemination of the final list of beneficiaries.* The Local Project Monitoring Committee will validate the list, make the list public, and ask the community committees to inform the selected households that they are invited to enroll in the program.

42. Special attention will be given to conducting an information campaign around the random to ensure that households are well-informed about the random draw selection process and to minimize any tensions between households and the community committee members.

43. The community committee is formed by the Local Project Monitoring Committee for each commune (*secteur social*). Each CAS is in charge of running social assistance interventions at

¹⁷ For the program expansion, the selection of beneficiaries will not use the random draw process as one step for defining the beneficiaries.

¹⁸ The specific program characteristics are families that include children under the age of 14 years old, pregnant women, or elderly members and they exclude any households in which at least one adult is a public servant or receives a formal pension from the social security system.

the commune level. MASAHS social workers in each CAS, who have experience in identifying potential beneficiaries of safety net programs at the commune level, are in charge of one or more communes. Therefore, the Local Project Monitoring Committee will appoint at least one MASAHS social worker and representatives of communes, neighborhood/villages, and civil society to the community committee. In other words, several different community committees are going to be created in each CAS. The community committees will also include representatives from the health and education sectors at the commune level to ensure adequate coordination for reaching the human development objectives of the program.

44. The community committees, based on their experience and their current activities with the communities, will prepare a pre-list of potential beneficiaries to be entered into the unified registry (up to a total of 15,000 households). Then, the proxy means test will be applied to each household and those classified as the poorest will then be entered into the random draw process, then validated, and finally become beneficiaries of the cash transfer pilot.

45. The purpose of having a shortlist produced by the community committees will be to minimize any inclusion errors and to increase the community's involvement and ownership of the cash transfer program. It will also enhance the transparency of the beneficiary selection process. The proxy means test will also be designed to minimize any potential inclusion errors from the community-based targeting.¹⁹

46. Household Definition. For the purpose of this project, the project uses the same household definition as is used by the National Institute of Statistics (INE).

47. Registration Process after UR data collection. The registration process will take place after the proposed beneficiaries have all been identified through the random draw process and validated by the Local Project Monitoring Committee. The objective of registration will be to: (i) identify the specific individuals who will collect the payments; (ii) provide them with picture identification cards; and (iii) provide them with information on the conditions that they will be expected to meet in return for receiving the transfers.

48. Each household's type and circumstances will determine its benefit structure and maximum benefit amount. The eligibility criteria for participating in the cash transfer program are summarized in the figure below. The PIM will describe this process to ensure that the program is compliant with the FCFA 45,000 (US\$90) a month cap per household

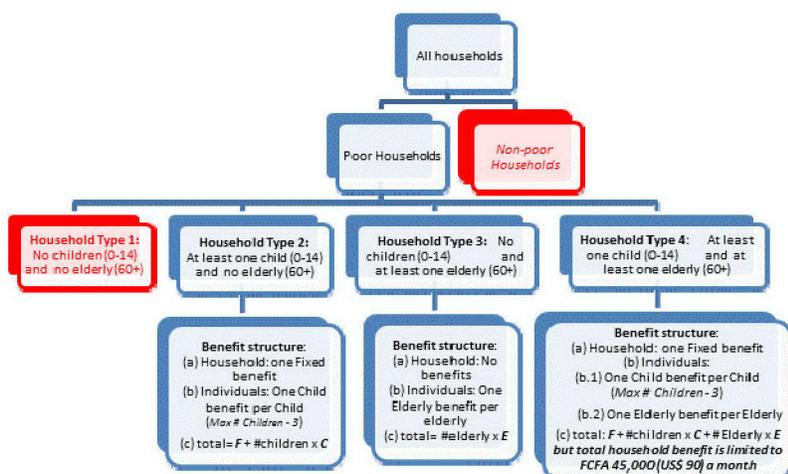
- a. First, households must be among the poorest to be eligible.
- b. Second, these poorest households must include at least one child²⁰ (aged between 0 and 14) or one elderly person (aged 60 or over). These poorest households will then be divided into four groups according to their composition:

¹⁹ MASAHS already has some experience of using a proxy mean test under the *carte d'indigence* that is used to identify those households eligible for free health care (but the accuracy of this proxy means test will be evaluated during the implementation of this project).

²⁰ For this definition, a pregnant women counts as a child aged 0 and is therefore eligible for the variable transfer.

- i. Type 1 households have no children (aged between 0 and 14) and no elderly members (aged 60 or over)
 - ii. Type 2 households have at least one child (aged between 0 and 14) but no elderly members (aged 60 or over)
 - iii. Type 3 households have no children (aged between 0 and 14) but at least one elderly member (aged 60 or over)
 - iv. Type 4 households have at least one child (aged between 0 and 14) and at least one elderly member (aged 60 or over).
- c. Third, type 1 households are not eligible for the cash transfer program and are not part of the population of interest.
- d. Fourth, each eligible household will be granted a benefit as follows:
- i. Type 1 households will receive no benefit.
 - ii. Type 2 and Type 4 households will be eligible for a fixed benefit (F) to support their household consumption.
 - iii. Children in Type 2 and Type 4 households will be eligible for a child benefit (C) to support investments in their human capital. The program will put a limit of three C benefits per household.
 - iv. Elderly members of Type 3 and Type 4 households will be eligible for an elderly benefit (E) to support their individual welfare and their household's consumption.

Due to the combination of benefits in Type 4 households, the cash transfer program will limit the total amount of transfer that these households can receive to FCFA 45,000 (US\$90) a month.



49. Conditionality. Households with children will be expected to meet certain conditions related to the use of health and education services in return for receiving the transfer. The poorest households with children (types 2 and 4) will receive a fixed transfer a month plus a variable transfer per child (up to a maximum of three children per household) conditional on them investing in the human capital of the children. The conditional variable transfer is intended to help families to keep their children in school for longer, increase completion rates, and increase the use of preventive health care. The Bank has designed these conditionalities together with the government (especially the Ministries of Health and Basic Education) and has ensured that they are aligned with the upcoming Results Based Financing Health Project (P143849), which is also supported by the Bank and which will cover the same areas as the LISUNGI project. The aim is to combine RBF supply-side incentives to improve health service delivery with incentives (the cash transfers) to the most disadvantaged households to take actions to improve the health indicators of children and pregnant women.

50. The conditionalities on health and education, which follow the official sector protocols, are:

- a. Regular health center visits including prenatal and post-natal exams and age-relevant check-ups and vaccination, specifically:
 - i. A maternal health package that includes four prenatal care exams and two post-natal exams within 40 days of delivery
 - ii. A full vaccination card for children aged between 0 and 9 months old
 - iii. Monthly check-ups for children aged between 0 and 11 months old for growth monitoring
 - iv. Bi-monthly check-ups for children aged between 12 and 23 months old for growth monitoring.
- b. A minimum of 80 percent regular primary school attendance per child a month.

51. Beneficiary children aged 14 years or under who complete the primary cycle will continue to receive the benefit until they reach the age cut-off, but social workers will closely follow these

cases to provide these children with information and any necessary support to help them to continue on to secondary education. However, school attendance will not be enforced at the secondary level.

52. Beneficiary children aged between 24 and 59 months old will continue to receive the benefit, but an information campaign will be launched by the LISUNGI team to encourage their families to continue to take them for bi-annual routine check-ups at health facilities. CAS social workers will closely follow these cases to provide information to the families about the importance of such routine check-ups.

53. The transfers provided to the poorest elderly members of type 3 or type 4 households are individual and unconditional. However, these elderly beneficiaries will benefit from a social workers' information campaign aimed at encouraging them to use preventive health care services.

54. Payment Recipients. Within each household, the recipient of the conditional cash transfer is expected to be the female spouse (or mother) of the head of the household, while in the case of the direct cash transfer, it will be the elderly individual.

55. Payment agencies. One or more payment agencies will be competitively selected to make payments to beneficiary households, including, among others, private and public banks, microfinance institutions, and mobile telephone companies. Before contracts are signed, the LISUNGI team will further assess all agencies based on the proposals that they have submitted and their regional coverage. The LISUNGI team will select the payment agencies to be involved in this project in accordance with the Bank's policies and procedures. The selected agencies will sign a contract with the LISUNGI team that defines the objectives of the collaboration and their roles and responsibilities. The selected agencies will ensure the delivery of the transfers to the beneficiaries and assume any risk associated with transporting and handling the cash if necessary. The staff of the payment agencies will be given training by the LISUNGI team on the PIM and on the project's fiduciary requirements and will be required to use the payment procedures specified in the PIM. It is expected that payments will be made quarterly during the project's lifecycle.

56. Payment system flow. The payment system will be established in accordance with international best practice adapted to local capacity. The payments will be made in partnership with the institutions responsible for delivering the payments to beneficiaries and update system with receipts.

57. Beneficiary Personal Identification Cards. Personal identification cards will be issued for beneficiaries to verify their identities and thus receive their transfer payments and to ensure transparency and protect the program against fraud. The main goal of the project is to issue the designated beneficiary for each household with an electronic beneficiary identification card on which can be stored the beneficiary's essential information and biometric information such as fingerprinting. In fact, the LISUNGI team is exploring the most adapted technologies for the provision of the identification cards that ranges from standard paper based card with photo and program stamp to magnetic card with or without micro-chip. The identified beneficiary will be required to produce that card for the beneficiary selected to collect the cash on behalf of the

household. The beneficiary identification cards will be produced by the project and can include the picture of the beneficiaries who will receive the transfer, personal data, and an identification number. Information will be collected and photos/digital prints can be taken during or after the registration process. The LISUNGI team will ensure the confidentiality of the information gathered through this process. The project is likely to use paper identification cards at the beginning of the project and gradually move to using magnetic and smartcards as capacity increases and processes are developed.

58. The steps in delivering payments will be:

- a. Step 1. *List of beneficiaries.* The LISUNGI team prepares the list of beneficiary households to be paid from the MIS and sends it to the payment agency.
- b. Step 2. *Payment and certification of payment.* After verifying the beneficiary's proof of registration (by examining her beneficiary card, photo, and fingerprint) and after validating her name on the beneficiary list, the payment agent hands her the money and records the transaction.
- c. Step 3. *Registration of payment transactions.* Each agent submits the information about these transactions using the system, which in turn sends it on to the server. At the LISUNGI central level, the information is recorded in the central database so that the team can reconcile the payments made to the beneficiaries with the original list of beneficiaries to be paid.
- d. Step 4. *Transmission of the statement of expenditure.* At the end of each payment cycle, the LISUNGI team prepares a payments report, which is then included in the customized statement of expenditures to be submitted to IDA and the government.

59. The Flow of Funds. One month before the payments are due to be made, the LISUNGI team will authorize the transfer of the full monetary amount of the cash payments from the designated account to the bank account of the payment agency or agencies after verifying the agency's statement of expenses regarding the previous payment cycle. It will then be the responsibility of the payment agency to transfer these funds to their agents in the field.

60. Specific Activities and Timing. To achieve the dual objectives of the project and contribute to the achievement of the PDO, several activities will be undertaken starting at the time of household registration and lasting throughout the project cycle.

61. Information campaigns at registration. At registration, small groups of beneficiaries who are being registered will be given information on the project's objectives and on conditions they will be expected to meet in return for receiving the transfer. In the context of Congo, part of the focus of these information sessions should be to encourage households to register the births of their children and to make full use of the available network of social services.

62. Moral contracts. After the lottery when the final beneficiaries are being enrolled in the program, they will be informed about their rights and responsibilities. These will be: (i) all children in the beneficiary household who are under 9 months old must receive all routine vaccinations as evidenced by a full vaccination card; (ii) all children in the household who are

age under 11 months old must receive routine health check-ups once a month; (iii) all children in the household aged between 12 and 23 months must receive routine health check-ups at least once every two months; (iv) all pregnant women within the household must receive four prenatal medical examinations and two post-natal medical examination within 40 days of delivering a baby; and (v) all children of the household aged between 6 and 14 years old who have not completed primary education must attend school at least 80 percent of the time in each month.

63. Community-level information campaigns (“Secteur Social” level). During the project cycle, the program will provide beneficiaries with information campaigns and activities that will use both new and old media or animated by CAS staff. These activities include regular visits to households and activities to promote the adoption of the best health and nutrition practices and the reduction of any risky kinds of behavior that have been observed in the communities.

64. Communication, Accountability, and Grievance Management. In accordance with information and communication procedures developed in Component 1, CAS staff 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 objectives of the project and that the project team is able to investigate and take appropriate actions to address complaints. The complaints and grievance system will reduce the risk of errors, fraud, and corruption and will enhance the transparency of the project and its accountability to beneficiaries and stakeholders.

65. Items Financed by this Component. This component will finance the cash transfers provided to beneficiary households and the costs associated with the payment transactions.

D. COMPONENT 3: PROJECT MANAGEMENT, MONITORING AND EVALUATION (M&E)

66. This component will ensure that the LISUNGI team is operational and that it successfully and efficiently implements the project in conformity with the Financing Agreement, project documents, and the project implementation manual (PIM). This component will finance: (i) the hiring of staff (non-civil servant) and their salaries or indemnities including operational costs at the central and local levels; (ii) equipment and operating costs for LISUNGI directly linked to the daily management of the project (office space, utilities and supplies, bank charges, communications, vehicle operation, maintenance and insurance, building and equipment maintenance costs, and travel and supervision costs) at the central and local levels; (iii) regular internal audits and annual external audits (in accordance with the Bank’s legal requirements for audits of financial and procurement aspects); and (iv) the training of LISUNGI personnel on general aspects of social safety net programs such as financial and procurement matters and other capacity-building activities such as participation in South-South forums.

67. This component will also finance training (including participation in South-South forums) for staff in the skills needed to ensure proper implementation of the program, including the selection of households to participate in the program and the administration of the database. The LISUNGI team prepared the draft project implementation manual (PIM) and shared with the World Bank team during negotiation, and as next steps, a team will be deployed to the communes to inform

staff and community leaders about household selection, data base entry, and general software use.

68. This component will support the establishment of a coordinated national safety net system and the operation of the project's management unit, the LISUNGI team. The specific goal is to support the management of the project and ensure that the LISUNG team is operational and that it successfully and efficiently implements the project in conformity with the Financing Agreement, project documents, and the PIM.

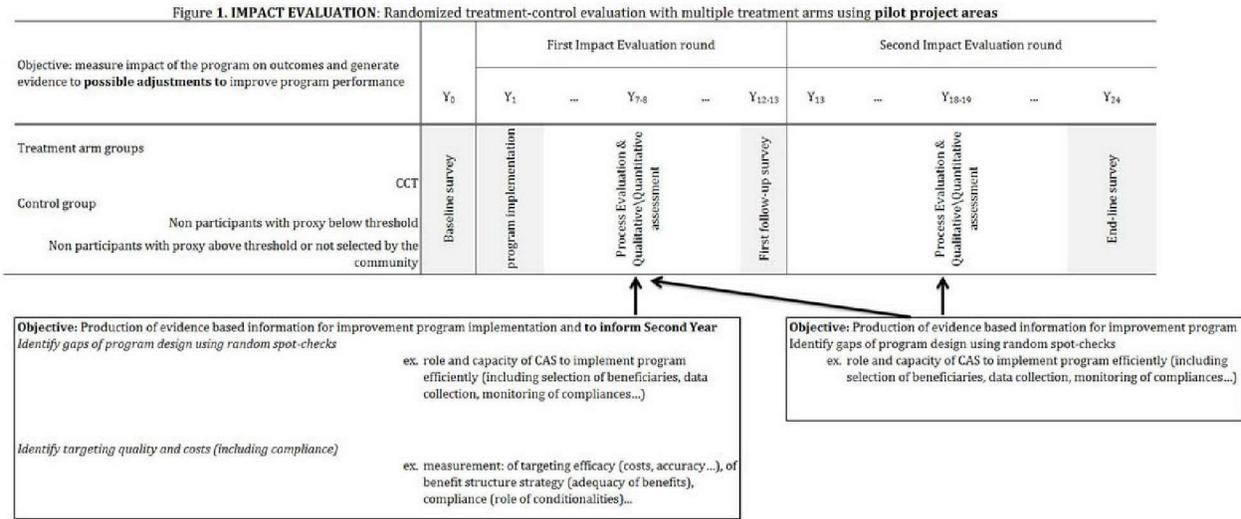
69. Monitoring and evaluation (M&E) is a key subcomponent of the project because the project's performance must be assessed regularly to inform the government, the World Bank, and other development partners about its results and impact. By transforming the collection, processing, and management of information, the newly designed MIS will facilitate the operation of project components throughout the entire implementation period (four years) and at the CAS, district, and national levels and will make it possible to track the program's progress and measure its results. The M&E activities supported by the project will finance key activities to evaluate and to provide timely information on the accuracy and impact of the cash transfer program component to inform program expansion to national scale. Among the key M&E activities for the cash transfer program, the project will finance: (i) annual process and mid-term evaluations between 2014 and 2018; (ii) annual spot checks (such as beneficiary surveys and qualitative evaluations) at the CAS, CSS and CS level; (iii) one full impact evaluation with two rounds of data collection; and (iv) annual independent audits of the system. More specifically:

- a. Regular process evaluations to assess program's operations. These evaluations will be carried out on the cash transfer program, focusing specifically on the payment delivery process and on the verification of beneficiaries' compliance with conditions. The process evaluation verifies if the program's operational guidelines are being applied in practice as described in the PIM. The Project will finance 2 process evaluations during the implementation. The first process evaluation will take place after six months of program implementation.
- b. Spot Checks (beneficiary surveys and qualitative evaluation). The project implementation unit (the LISUNGI team) will launch at least two beneficiary surveys and hold at least two focus group discussions during the implementation period to ask beneficiaries their opinions of the conditional cash transfer program. The qualitative evaluations and spot checks will be carried out on a randomly selected number of households and will consist of following up the flow and the quality of information of the results of the project. This information will be used to adjust the program's design and targeting and the IEC strategy where necessary.
- c. Targeting Assessment. To measure the effectiveness of the proxy means test that will be developed to identify the poorest households in the country.
- d. Comprehensive impact evaluation. To measure the impact of the conditional cash transfer, one *comprehensive impact evaluation* will be carried out during the project cycle. The first impact evaluation will cover a period of 24 months and will assess the impact of the intervention using one treatment and one control group. This impact

evaluation will be contracted out, and the firm chosen to carry it out will work in close collaboration with the LISUNGI team and the World Bank team.

- e. Regular independent audits of the system. The program will be subject to regular audits of technical aspects of the cash transfers.

70. One example of the evaluation plans is presented in the diagram below:



ANNEX 3: IMPLEMENTATION ARRANGEMENTS

Congo, Republic of

LISUNGI - Safety Nets Project (P145263)

A. PROJECT INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

1. Building a safety net system relies on strong coordination and ownership from a number of stakeholders. The World Bank team will ensure that the institutional framework is anchored by a cross-sectorial steering committee with representation from a number of ministries and partners as a properly established overall social protection strategy.
2. The overall project implementation will be executed by the Ministère des Affaires Sociales de l'Action Humanitaire et de la Solidarité (MASAHS). The Ministry of Social Affairs has experience in managing development projects and coordinating various Government and non-government stakeholders, and has had successful partnerships with institutions such as the World Food Programme (launch of a voucher program to poor families) and African Development Bank (Projet d'Appui à la Réinsertion Socio-économique des Groupes Défavorisés).
3. An inter-sectorial steering committee (Comité d'Orientation Stratégique, COS) will be established by Decree and presided over the Minister in charge of Finance or Social Affairs and will include representatives of the Ministries in charge of Finance, Social Affairs, Education, Health, and other agencies as needed. The COS will be responsible for ensuring the implementation of the LISUNGI project and the National Plan for Social Action (PNAS).
4. There will be a technical team set up within the MASAHS - the LISUNGI team - that was responsible of preparation and will be responsible for the implementation of the project. The team will include: one coordinator, one expert in transfer programs, one expert in communications, one expert in monitoring and evaluation, one expert in finance/administration, one expert in social information systems, and one IT expert. Procurements specialists, an accountant, and an internal auditor will also be recruited. Consequently, the LISUNGI technical team will fully be integrated in the MASAHS for the permanent establishment and of the safety net management and coordination unit. Individuals from the Ministry of Health and Education can also join the technical team. Therefore, core members of the LISUNGI team will consist of (i) public servants and (ii) contractual staff selected competitively and paid by the project.
5. The implementation of the project will use existing MASAHS structures at decentralized level including the local social assistance offices Circonscriptions d'Actions Sociale (CAS).
6. Therefore, main constituents of the project will be the following:
 - a. Inter-sectorial steering committee (Comité d'Orientation Stratégique, COS)
 - b. Ministère des Affaires Sociales de l'Action Humanitaire et de la Solidarité” (MASAHS)

- c. LISUNGI team/Project Management Unit
- d. Local Project Monitoring Committee (district level)
- e. Community Committee (CAS level)

7. In more details, the institutional and implementation framework will include the following structures:

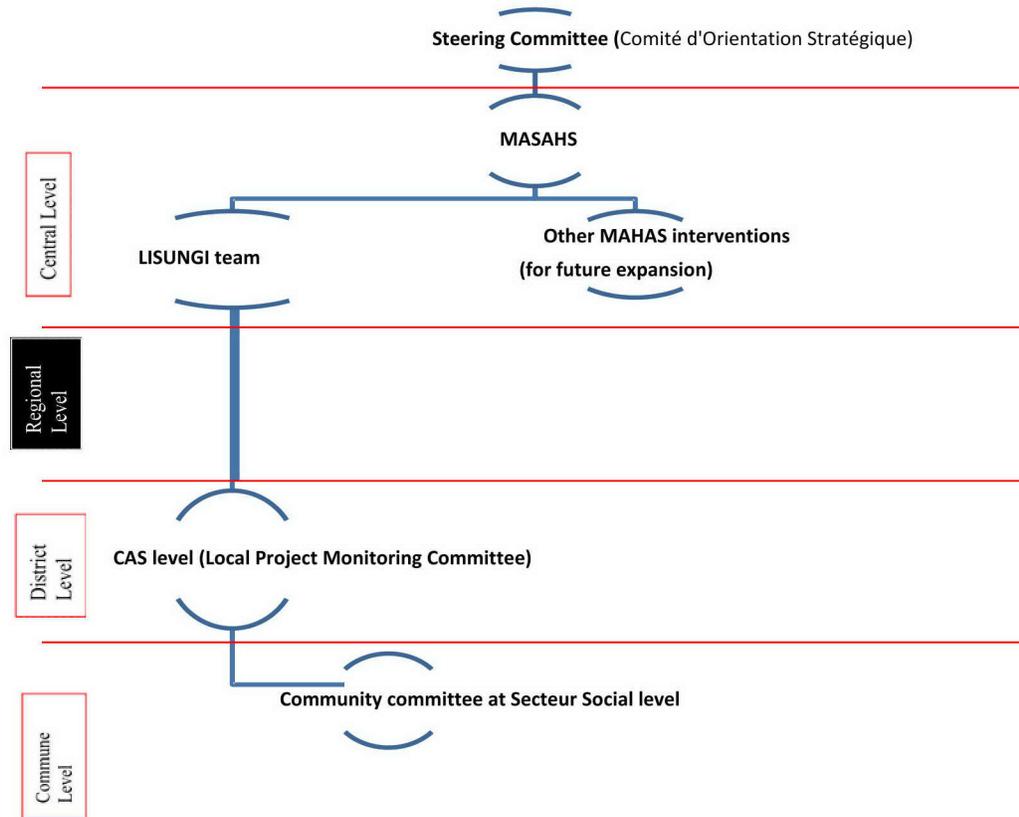
- a. Inter-sectorial steering committee (Comité d'Orientation Stratégique, COS) (central level). The Strategic Orientation Committee or Comité d'Orientation Stratégique (COS) is a body set up by the Government, led by the Minister of in charge of Finance, Planning or Social Affairs, and composed of representatives of the Ministries in charge of Finance, Social Affairs, Social Security, Human Rights, the Interior, Social Affairs, Education, Employment, Health, Promotion of Women, among others. Representatives of civil society organizations working in the field of social protection and representatives of the Technical and Financial Partners (TFP) can be invited if needed. The COS will be responsible to: (i) ensure government commitment to achieving results and (ii) ensure the implementation of the project LISUNGI and PNAS as programmed restraint and in this context approve programs work and various activity reports, (iii) ensure that project stakeholders and PNAS assume their missions, and (iv) approve any development project and PNAS.
- b. Ministry of Social Affairs and Solidarity (MASAHS). The Ministry is in charge of the implementation of the project.
- c. LISUNGI team/Project Management Unit (central level). The Project Management Unit (PMU) will be integrated into the MASAHS and include mainly the staff appointed by the MASAHS. It will be composed of one Coordinator and specialists on: Monitoring and Evaluation, Cash Transfers, Procurement, Communication, Audit, IT, Accountability and a few supporting staff. For positions that require skills not available within the MASAHS, the team will follow World Bank rules and procedures for hiring. Therefore, this management Unit will be responsible for implementing this project and develop the plans for coordinating the safety nets system under development.
- d. Local Project Monitoring Committee, LPMC (district level). The local project monitoring committee will be set at district level. It is an advisory group and in most cases it will be chaired (local activities coordinator) by the Sub-Prefect or the mayor of the Metropolitan area of intervention or the head of the CAS. It consists of:
 - i. Local Activities Coordinator
 - ii. Head of CAS

- iii. Head of the school district
- iv. Head of Socio-health unit
- v. A representative of an organization representing civil society in the area

This committee will oversee and monitor the implementation of the program at the district level. It examines the reports to be submitted to LISUNGI team, proposes remedial measures, validates the beneficiary list, and transmits the various reports to the LISUNGI team with copies to the District authorities. Through the CAS, this committee has the task of helping community committees to track of conditionalities, to follow beneficiary families, and to identify beneficiary population.

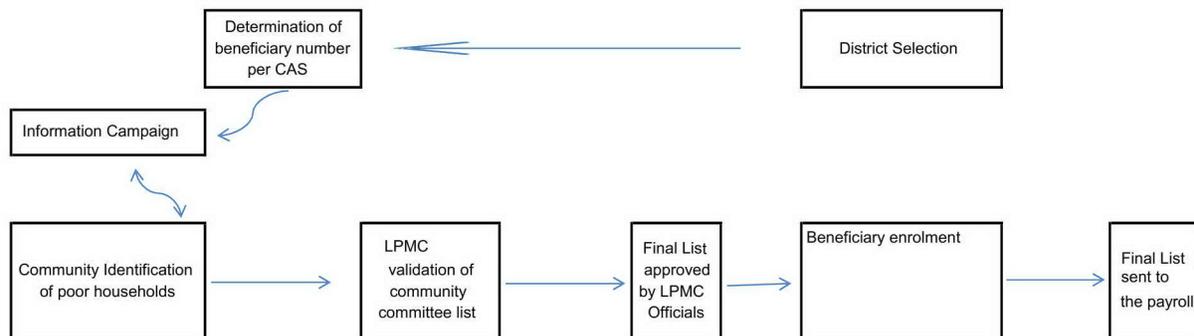
- e. Community Committee (“secteur social”). The community committee is in charge of the beneficiary identification and project monitoring. In villages and neighborhoods, transparent mechanisms will be established and committees formed to identify families that should benefit from the program. These committees include MASAHS social workers and representatives of communes, neighborhood/villages and civil society. The community committees will also have representatives from the health and education sector at the commune level to ensure adequate coordination for reaching the human development objectives of the program. Committee reports are submitted to the CAS coordinator and to the Local Project Monitoring Committee.

The Organization Structure of the Safety Net System and Role of UTGFS at Central and Regional Levels



Project Implementation Cycle

8. In a systemic approach to safety nets, the project will support the design of a unique registry and a common targeted mechanism that will help the government setting up basic building blocks of a national safety net system. The project implementation cycle will follow the path described in the figure below:

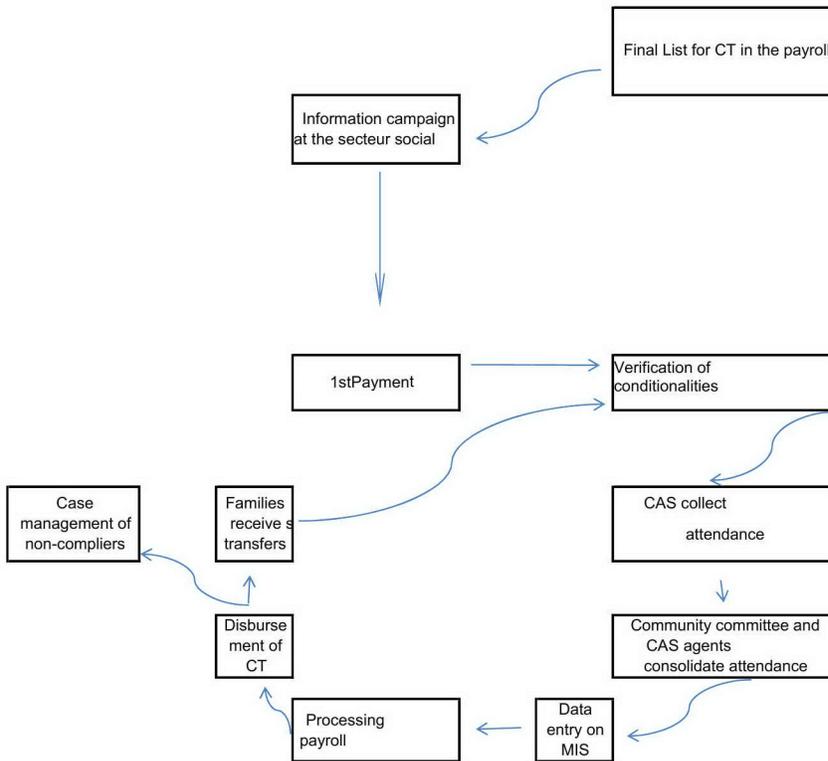


9. During the implementation of the program the targeting mechanism will be reevaluated. Given the investment required by the targeting process, and the desire for program beneficiaries to benefit from the program for an appropriate period of time, the targeting mechanism and process will be re-evaluated as the program is implemented based on evaluation findings. Furthermore, the development of grievance process will provide a mechanism for excluded households to put their names forward for consideration by the program.

10. After the selected households have been enrolled in the project as beneficiary a set of accompanying activities to reinforce the goal of the program will be implemented. As described below, the LISUNGI cash transfer will be implemented as follows:

- (a) **First payment in 2014.** During the enrolment process, registered households will also receive specific instructions regarding conditionalities, the date for the first transfer and the place where they can collect their benefits. The first payment in 2014 can be made in full without reference to the conditionalities. This will ensure that the onset of transfers are timely and predictable, and give adequate time for data entry and analysis.
- (b) **Monitoring and authorization of payments.** Pre-printed forms will be provided to the payment agencies. Payment agencies will submit data on the basis of non-compliance (thereby reducing the amount of data which has to be forwarded, and reducing the risk that payments are wrongly deducted on the basis of monitoring failures). The social workers at CAS are in charge to input the data in the MIS database. The resulting data analysis and authorization of payments will take place in the LISUNGI at the central level.
- (c) **Cash transfer benefits and reconciliation of payments.** CT will be transferred on a quarterly basis using appropriate payment agencies. At the beginning of each year the program will prepare a calendar to be distributed to all beneficiary households detailing the dates in which CT will be transferred.

11. The structure of payments is as follows:



B. PROJECT ADMINISTRATION MECHANISMS

C. FINANCIAL MANAGEMENT, DISBURSEMENTS AND PROCUREMENT

Financial Management

12. As part of the Congo LISUNGI Project preparation, a financial management assessment of the implementing unit within the “Ministère des Affaires Sociales de l’Action Humanitaire et de la Solidarité” (MASAHS) has been carried out. The objective of the assessment is to determine: (a) whether this unit has adequate financial management arrangements to ensure that project funds will be used for purposes intended in an efficient and economical way; (b) project financial reports will be prepared in an accurate, reliable and timely manner; and (c) the project’s assets will be safeguarded. The financial management assessment (FMA) was carried out in accordance with the Financial Management Practices Manual issued by the Financial Management Sector Board on November 3, 2005, updated in 2011. In this regard, a review of the FM existing system (budgeting, staffing, financial accounting, financial reporting, funds flow and disbursements, internal and external audit arrangements) at the MASAHS Projects’ Coordination Unit level has been conducted.

13. This unit is currently implementing the PARSEGD financed by AfDB since January 2007; the financial management staff includes a Financial and Administrative Officer who is responsible for financial and administrative matters, an accountant, and an administrative assistant. They have been trained in the use of AfDB procedures as well as the accounting

software namely TOMPRO over the last years of project implementation. The project maintains proper books of accounts which include a cash book, ledgers, journal vouchers and a contract register. They prepare the necessary records and books of accounts which adequately identify, in accordance with accepted international accounting standards and practices, the goods and services financed out of the proceeds of the Grant. It is expected that this financial management system will be used for the implementation of the LISUNGI project.

14. Before disbursements of cash transfer to beneficiaries, qualified payment agencies widely represented in the three departments will be selected through a competitive process to make cash transfers to approved beneficiary households as described in the PIM. Contracts will be signed between the LISUNGI and the payment agencies for distributing funds to beneficiaries. Funds will be transmitted from the project's designated account to the payment agencies, and thereafter the payment agencies will make the transfers directly to selected beneficiary households under the cash transfer program.

15. Payment agencies will produce quarterly financial reports comprised of list of beneficiaries paid, cash payments and cash balances.

16. To avoid corruption and frauds, additional measures will be incorporated in the project design to ensure smooth implementation and mitigate fraud and corruption risks:

- a. A thorough information campaign to promote transparency and accountability to local communities throughout project implementation;
- b. The recruitment of payment agencies on the basis of their qualifications to ensure fluidity of funds to beneficiaries and a rigorous management information system for reporting to improve project performance;
- c. A complaint mechanism will be set-up that would help surround case of improper cash transfer of beneficiaries identification;
- d. Physical verifications and independent assessment will be conducted to ensure the transfer mechanism function appropriately (identification, registration and payment).

17. The assessment concluded that, the overall residual FM risk is substantial (see table below) due to Country's weak capacity context.

18. The overall project funding will consist of US\$ 17 million (US\$ 2 million from IDA and US\$ 15 million counterpart funds provided by RoC). The funds will be managed through two (2) bank accounts to be opened and maintained by Project Coordinating Unit in a commercial bank acceptable to IDA as follow: (i) a Designated Account in **FCFA** to receive IDA advances, and to pay for project expenditures eligible for IDA financing; (ii) a Project Counterpart Funds Account in **FCFA** to receive counterpart deposits and replenishments, and to record payments eligible for RoC resources.

Country issues

19. The RoC is gradually emerging from a decade of political instability. It has enjoyed considerable economic growth in recent years, though it still depends too narrowly on the oil sector. The country reached the HIPC completion point in 2009, but its institutions are still weak. Structural reforms have been launched in the areas of economic governance, public expenditure management, and transparency. The ongoing Transparency and Governance Capacity Building Project financed by the World Bank is helping the country strengthen capacity in public administration and tackle corruption and mismanagement.

20. Although there is cause for cautious optimism (significant improvements have been made in public finance management and oil revenue management through the IDA project on transparency and governance support as well as other donor-financed projects), it will take a long time for these reforms to yield substantial improvement in the management of public funds. Given the fragility of the fiduciary environment, the Government has requested to use a ring-fenced approach to implement this project, similar to the other Bank-financed Projects in the country.

Risk assessment and mitigation

21. The following risk identification worksheet summarizes the significant risks with the corresponding mitigating measures.

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Y/N)	Residual Risk
Inherent risk				
Country level According to questions 13 and 16 of the CPIA, Congo is a high risk country from the fiduciary perspective. The CIFA, PER and the PEFA reports outlined PFM weaknesses at central and decentralized government levels as well as sector ministries level in term of governance and public funds	H	None. Beyond the control of the project. The government is committed to a reform program that includes the strengthening of the PFM, an ongoing IDA-financed PFM Reform project (PRCTG-II) is being implemented but is unlikely to yield results quickly enough to impact the proposed project. Use of IDA FM procedures is required for this project.	N	H

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Y/N)	Residual Risk
management.				
Entity level The assessment of some ministries during the PEFA and particularly the Minister in charge of Finances revealed internal control weaknesses and weak fiduciary environment.	S	The existing LISUNGI team within the Ministry of Social Affairs will be used; Relying on a dedicated FM team at the LISUNGI team and use of IDA FM requirements is critical for the mitigation of fiduciary risk of this project; the adoption of a FM procedures manual which is part of the PIM by effectiveness will help to mitigate internal control weaknesses.	N	M
Project level: This is a project which will be implemented across different levels that will face coordination challenges. Ensuring funds are used for purposes intended both at the central and the decentralized levels will be a challenge. The LISUNGI team does not have good experience in implementing World Bank financed projects, however they are implementing an AfDB financed projects	S	The LISUNGI team will strengthen ex-ante and ex-post control of activities implemented/managed by implementing entities. Training on fiduciary procedures will be conducted for all FM staff throughout the life of the project. Clear TORs for each responsibility will be agreed between the parties involved to ensure clear understanding to include timeframes for reporting.	N	S
Control Risk	S			S
Budgeting: The Annual Work Plans and Budgets (AWPB) will be prepared by the LISUNGI team and approved by the	S	The project FM Procedures Manual which is part of the PIM will define the arrangements for budgeting, budgetary control and the requirements for budgeting revisions. Annual detailed	N	M

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Y/N)	Residual Risk
<p>Steering Committee based on the policy guideline.</p> <p>The budgeting process will be fairly complex. Inputs are required from all implementing entities. This could result in delays in the preparation of the budget.</p> <p>Weak capacity at the implementing entities to prepare and submit accurate work program and budget; weak budgetary execution and control; weak monitoring leading to some overrun expenditures</p>		<p>disbursement forecasts and budget required. IFR will provide information on budgetary control and analysis of variances between actual and budget.</p>		
<p>Accounting: This project will use the accounting software used for all other World Bank financed project in RoC. The LISUNG team is already using the TOMPRO software. The risks will relate to poor policies and procedures, delay in keeping reliable and auditable accounting records, which informs regular annual audits.</p>	S	<p>The project will adopt the OHADA accounting system. Accounting procedures will be documented in the manual of procedures. The FM functions will be carried out by a qualified consultants; the existing software will be customized to take into consideration the need for this new project. Staff will continue to be trained on the use of the accounting software.</p>	N	S
<p>Internal Control:</p> <p>Internal control system may be weak due to weak FM capacity of IA; Insufficient safeguards and controls may</p>	S	<p>Revision and adoption of a FM Procedures Manual and training on the use of the manual by the consultant recruited for this purpose.</p>	N	M

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Y/N)	Residual Risk
result in misuse of funds and impact the implementation of the project.				
<p>Funds Flow:</p> <p>One Designated Bank account will be opened in a reliable Bank; separate account will also be opened at the same Bank for the counterpart funds; all project activities will be financed through these Bank accounts. Risk of misused funds; and (ii) delays in disbursements of funds to IA and beneficiaries; (iii) delays in the release of government contributions (e.g. mainly the subsequent tranches after initial deposit).</p>	S	<p>The following are the mitigating measures: (i) Payment requests will be approved by the FM Manager prior to disbursement of funds. (ii)The ToRs of the External Auditors will include physical verification of goods, services acquired.</p> <p>Close follow up will be made to ensure that the RoC will release the counterpart funds of 2,300,000,000 FCFA as initial deposit before effectiveness and subsequent tranches according to a disbursement schedule was agreed upon during negotiations and confirmed in the Financing Agreement.</p>	<p>N</p> <p>Y (counterparts funds)</p>	S
<p>Financial Reporting</p> <p>The LISUNGI team will provide quarterly Interim Financial Reports (45 days</p>	S	<p>(i) A computerized accounting system will be used.</p> <p>(ii) IFR and financial statements formats similar were agreed upon</p>	N	M

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Y/N)	Residual Risk
<p>after the end of each quarter; annual Financial Reports (within six months after the year-end) to the Bank in order to monitor the utilization of funds for the project. The risk will be to have inaccurate and delay in submission of IFR to the WB due to delays from IAs or weak capacity of the FM team.</p>		<p>during negotiations;</p>		
<p>Auditing: No auditing arrangement in place; the national audit capacity is weak and not reliable. Delay in submission of audit report or qualified opinion and delays in the implementation of audit reports recommendations.</p>	S	<p>(i) The project's institutional arrangements allow for the appointment of adequate external auditors (independent auditors) and the ToRs will include physical verification and specific report on finding of physical controls of goods, and services acquired or delivered. (ii) Annual auditing arrangements will be carried out during the project implementation period in accordance with ISA.</p>	N	S
<p>Governance and Accountability Possibility of circumventing the internal control system is a critical issue.</p>	M	<p>(i) The TOR of the external auditor will comprise a specific chapter on corruption auditing (ii) FM procedures manual approved before project effectiveness ; (iii) Robust FM arrangements (qualified individual FM staff recruited under ToRs acceptable to</p>	N	M

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Y/N)	Residual Risk
		IDA, quarterly IFR including budget execution and monitoring; (iv) Measures to improve transparency such as providing information on the project status to the public, and to encourage participation of civil society and other stakeholder are built into the project design.		
OVERALL FM RISK	S			S

The overall residual FM risk rating is deemed Substantial.

Implementing entity

22. The LISUNGI team set within the MASAHS will have the overall responsibility of implementing this project. It will oversee the project's fiduciary aspects (Financial Management and Procurement); the existing FM team will be reevaluated to ensure that they are suitable to handle the fiduciary aspects of the projects. The fiduciary team will be trained on the use of World Bank procedures as well as project's software.

Planning and budgeting

23. The Annual Work Plan (AWP) and budget along with the disbursement forecast will be consolidated into a single document by the Financial Management unit of the project, which will be submitted to the Project Steering Committee for approval, and thereafter to IDA for approval no later than December 31 of the year proceeding the year the work plan should be implemented. The LISUNGI team will monitor its execution with the accounting software in accordance with the budgeting procedures specified in the manual of procedures and report on variances along with the quarterly interim financial report. Only budgeted expenditures would be committed and incurred so as to ensure the resources are used within the agreed upon allocations and for the intended purposes. The quarterly IFRs will be used to monitor the execution of the AWP.

Information and accounting system

24. The RoC is a member of the Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA), thus, adheres to its accounting standards, (Syscohada), in line with the international accounting standards. Hence Syscohada accounting standards will apply to this

project. An integrated financial and accounting system is in place and will be updated to accommodate this project. The Project code and chart of accounts will be developed to meet the specific needs of the project and documented in the Manual of Procedures. The charter of account should be prepared according to the wording used in tables for sources and uses of funds for the accepted eligible expenditures as agreed upon during negotiations of the Project. These diaries and records should be maintained with the support of financial management software that should be operational no later than three (3) months after Project effectiveness. Financial management staff at the LISUNGI team should also be trained in the use of the software by the same date.

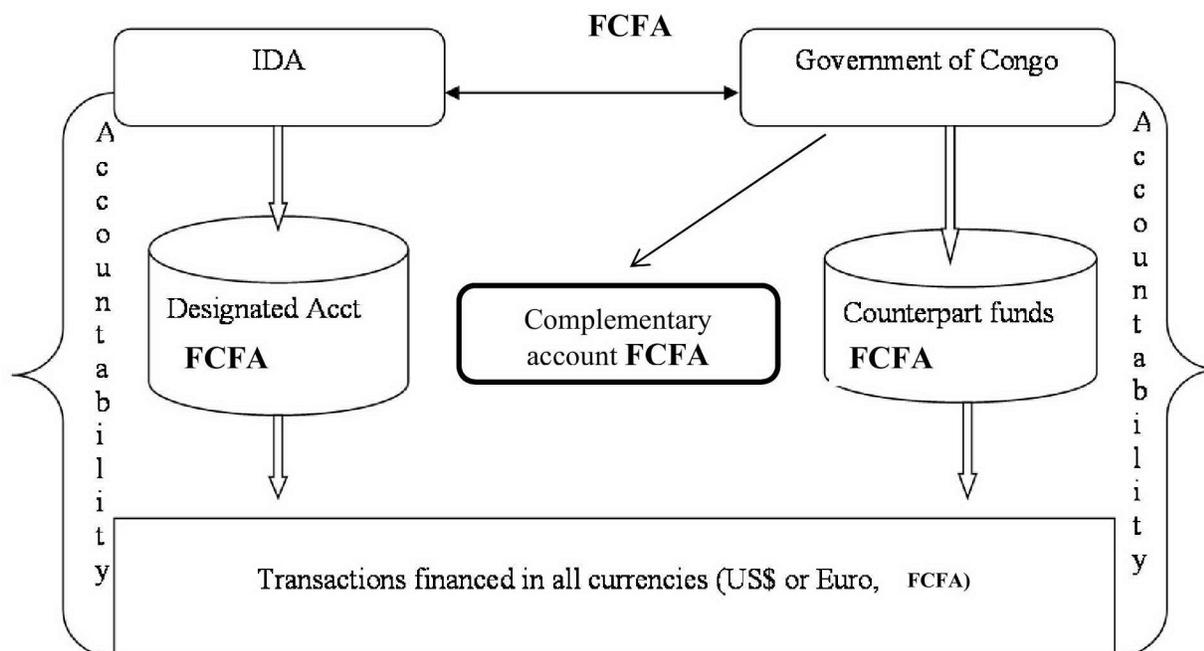
Internal control and financial, administrative, and accounting manual

25. The internal control system of the Project will be described in the financial management manual. Such manual should be flexible enough to allow for improvement and changes as necessary during Project implementation. This manual should be fully aligned with the accounting elements mentioned above as well as the modules of FM software. LISUNGI team already has an FM and accounting procedures manual that was prepared for AfDB project and adapted for the LISUNGI project as condition to the negotiations. The procedures manual will be subject to revision so as to take into account the specific aspects of the proposed Project. Such revision will be carried out by the project fiduciary team.

Flow of funds

26. Project activities will be financed through a Designated Account (DA) that will be opened in a commercial bank acceptable to the Association. The DA will be managed according to the disbursement procedures described in the PIM and the Disbursement Letter for the Project. The ceiling of the account will be set to **FCFA** 500 million equivalents to four months of project expenditures and should take into account the disbursement capacity of the various structures implementing the Project. The LISUNGI team should also manage counterpart funding which will be deposited in the same commercial bank.

27. The flow of funds is summarized as follow:



Disbursement arrangements (disbursement methods):

28. Given the high risk environment, the report-based disbursement will not be applicable by default. Therefore, upon project effectiveness, transaction-based disbursements will be used. An initial advance up to the ceiling of the DA (FCFA 500 million) will be made into the designated account and subsequent disbursements will be made on a monthly basis against submission of SOE - customized SOE under the Cash Transfer Program - or records as specified in the DL. Hereafter, the option to disburse against submission of quarterly unaudited IFR (also known as the Report-based disbursements) could be considered subject to the quality and timeliness of the IFRs submitted to the Bank and the overall FM performance as assessed in due course. The other methods of disbursing the funds (reimbursement, direct payment and special commitment) will also be available to the project. The minimum value of applications for these methods is 20 percent of the DA ceiling. The project will have the option to sign and submit Withdrawal Applications (WA) electronically using the eDisbursement module accessible from the Bank’s Client Connection website.

29. Counterpart funding. The government is committed to supporting the project with US\$15 million (7,500,000,000 FCFA). The risk of delay in releasing the counterpart funds in a timely manner may jeopardize project implementation. To mitigate this risk 30.67 percent of the government contribution of 2,300,000,000 FCFA is required as a condition of effectiveness. Subsequent replenishments will be done as follows: 3,200,000,000 FCFA by April 5th 2015 and 2,000,000,000 FCFA by June 1st 2016 as presented in the financing agreement. The table below provides the government’s counterpart funds disbursement schedule agreed upon during negotiations.

Amount FCFA	Date
2,300,000,000	Effectiveness Date
3,200,000,000	April 5 th 2015
2,000,000,000	June 1 st 2016

30. Table of Eligible Expenditures. Funds will be disbursed in accordance with project categories of expenditures as shown below. As this project is jointly financed with the government counterpart funds, the project cost sharing ratios by component/subcomponent will determine the percentage of eligible expenditure to be financed for each category. The financing is inclusive of taxes as per the current Country Financing Parameters approved for the Republic of Congo. In accordance herewith, the pro-rata of IDA's contribution to the overall cost is 11.8 percent.²¹

Category	Amount of the Financing Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Works, Goods, consultants' services, non-consulting services, Training and Operating Costs under Components 1 and 3 of the Project	600,000	11.8%
(2) Cash Transfer and consultant services under Component 2 of the Project	1,400,000	11.8%
TOTAL AMOUNT	2,000,000	

31. **MASAHS will contribute to the project development.** The MASAHS will continue financing its activities on social protection that helps the set-up of the safety nets program, including covering costs of public servants named for the LISUNGI team. The Government will allocate a complementary budget line for the LISUNGI project for the payment of bonus for the public servants nominated for the LISUNGI team and the per diem of public servants for the

²¹ The government will finance US\$15 million (88.2 percent) of the proposed project cost of US\$17 million, while the IDA contribution is set at US\$2 million (11.8 percent).

participation in meetings of the Comité d'Orientation Stratégique and of Local Project Monitoring Committee. The complementary budget will be managed by the LISUNGI team coordinator through one (1) bank accounts to be opened and maintained by Project Coordinating Unit in a commercial bank acceptable to IDA and will be subjected to the regular project audits.

Financial reporting

32. The LISUNGI team will prepare on a quarterly basis the Interim Unaudited Financial Reports (IFRs). These reports will be submitted to IDA on a quarterly basis within the 45 days following the end of each quarter. The reports will include: (i) a table with sources and use of funds; (ii) table with use of funds per activity; (iii) table regarding use of funds according to procurement methods and threshold; and (iv) a table with monitoring and evaluation or physical advance of activities. Financial statements will be prepared for each financial exercise covering in general twelve (12) months. Interim financial statements will also be prepared taking into account (i) certified status of expenditures; and (ii) an analysis of DA management and counterpart funding. The format of such reports was agreed upon during Project negotiations.

External Audit

33. The assessment of the “Cour des Comptes”, the Supreme Audit Institution during the PEFA and subsequent PFM evaluation revealed a need for improvement of its capacity and could not be used to audit the project accounts. Therefore, a qualified, experienced, and independent external auditor will be recruited on approved terms of reference three months after effectiveness. The external audit will be carried out according to International Standards on Auditing (ISAs) and will cover all aspects of project activities implemented and include verification of expenditures eligibility and physical verification of goods and services acquired. The report will also include specific controls such as compliance with procurement procedures and financial reporting requirements and consistency between financial statements and management reports and field visits (e.g. physical verification). The audit period will be on an annual basis and the reports including the project financial statements submitted to IDA and the Cour des Comptes six months after the end of each fiscal year.

34. The project will comply with the Bank disclosure policy of audit reports (e.g. make publicly available, promptly after receipt of all final financial audit reports, including qualified audit reports) and place the information provided on its the official website within one month of the report being accepted as final by the team.

Governance and Accountability

35. The governance risk within project activities is high given the country context, inherent risks of activities. However, the proposed fiduciary arrangements will help to mitigate such risks. Nonetheless, the following measures are envisaged to further mitigate the risk of fraud and corruption; mainly the LISUNGI team to implement an Anti-corruption Action Plan under the oversight of the Government Anti-corruption Watchdog – “Observatoire Pour la Lutte Contre la Corruption.

Complaints handling system

36. The complaints handling system will be an important control to ensure that all persons involved in the cash transfer are complying with the agreements made with the Ministry of Social Affairs. It will be essential for the Ministry to develop a communications strategy in order to disseminate widely the complaint handling system to especially the beneficiaries. This measure should help in addressing major risks in the cash transfer system.

Financial Management Action Plan

37. The Financial Management Action Plan described below has been developed to mitigate the overall financial management risks.

Issue	Remedial action recommended	Responsible entity	Completion date	FM Conditions
Accounting software	Acquire and install appropriate financial management/accounting software and provide financial management. Training for staff involved in financial management of the Project	LISUNGI team	Three months after effectiveness	No (1)
FM procedures manual	Prepared a draft project manual of procedures which will include FM and accounting aspects and included in the overall Project Implementation Manual, that will be finalized by effectiveness.	LISUNGI team	By effectiveness	NO
Counterpart funds	The Government has deposited 2,300,000,000 FCFA into the Project Counterpart Funds Account	LISUNGI team	By effectiveness	YES
Reporting (IFRs)	Agree on the format and content of Unaudited Interim Financial Reportings (IFRs)	LISUNGI team	Finalized upon during negotiations	NO
External auditing	Appoint an external auditor	LISUNGI team	Six months after effectiveness	No (1)

(1) The actions required to be completed 3 months after effectiveness are part of the Financing Agreement and are reflected in the minutes of the negotiation.

Conclusion and Supervision Plan

38. Supervisions will be conducted over the project's lifetime. The project will be supervised on a risk-based approach. It will comprise inter alia, the review of audit reports and IFRs, advice to task team on all FM issues. Based on the current risk assessment which is (substantial) the project will be supervised at least twice a year and, as a consequence, it may be adjusted when the need arises. The ISR will include a FM rating of the project. An implementation support mission will be carried out before project effectiveness to ensure the project's readiness. To the extent possible, mixed on-site supervision missions will be undertaken with procurement monitoring and evaluation and disbursement colleagues.

39. List of conditionalities and covenants:

a. FM Conditions of Effectiveness

- i. The Recipient has deposited 2,300,000,000 CFA Francs into the Project Counterpart Funds Account in accordance with the provisions of Section I.E of Schedule 2 to the Financing Agreement.

b. FM Dated Covenants

- i. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
- ii. Without limitation upon the provisions of Part A to the Financing Agreement, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
- iii. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.
- iv. The Recipient shall, not later than three (3) months after the Effective Date: (a) acquire and install appropriate financial management/accounting software; and (b) provide financial management Training for staff involved in financial management of the Project, under terms of reference acceptable to the Association.
- v. The Recipient shall, not later than six (6) months after the Effective Date, appoint an external auditor.

Procurement

40. Applicable guidelines. Procurement for the proposed project will be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011; "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011; and the provisions stipulated in the Financial Agreement. The various items under different expenditure categories are described in general below. For each contract to be financed by the Credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements and time frame are agreed between the Borrower and the Bank in the Procurement Plan. The procurement plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

41. Procurement documents. Procurement will be carried out using the Bank's Standard Bidding Documents (SBDs) or Standard Request for Proposals (SRPs), respectively for all International Competitive Bidding (ICB) for supplies, works and services other than consulting services and of consulting. For National Competitive Bidding (NCB), while waiting for the Bank to assess the implementation of the new procurement system, and based on experience gained from the Government's use of these documents outside the context of this project, the Borrower will use the World Bank's SBD for ICB for supplies, works and services other than consulting services, and the World Bank's Standard Request for Proposals for recruitment of consultants.

42. National procurement system and on-going reforms. The main recommendations of the 2006 Country Procurement Issue Paper (CPIP) were to (i) prepare and approve of a public procurement code; (ii) carry out a survey of the existing capacity on procurement; (iii) make a needs assessment of the institutional and human capacity requirements for public procurement in the country; (iv) prepare an action plan for the procurement reform; and (v) implement the new procurement code in accordance with the agreed action plan. All these recommendations have been undertaken. Indeed, the Government has finalized major actions to implement the new procurement code and the said code is already being applied by Government since September 2009. The most important steps achieved to date include the following: (i) draft of the national procurement code finalized and approved by the national authorities; (ii) staff of the GDPPC (prior reviewing institution) are already in place; (iii) the board of the regulatory body has been nominated by the government, the private sector and the civil society as recommended by the new provisions; (iv) the standard bidding documents are reviewed and approved by the procurement reform committee; and (v) an action plan for training of main actors has been properly implemented. In 2013, an independent audit is expected to be conducted for the purpose of verifying the extent to which the rules are respected by contract authorities.

43. Conditions to use of the national procurement code. Once the new procurement code and its implementation have been reviewed and found satisfactory to IDA, the new code will be applicable for all contracts which are not advertised internationally. If any exception to the procurement code is needed, so that it is acceptable to the Bank, the said exception will be notified to the Government prior to the use of the code. At any time, modifications in the national procurement system can be brought by the Government; the exceptions should then be updated accordingly.

44. Advertising procedure. General Procurement Notice (GPN), Specific Procurement Notices (SPN), Requests for Expression of Interest (REI), and results of the evaluation and contracts award should be published in accordance with advertising provisions in the following guidelines: “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011; “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011.

Procurement Methods

45. Procurement of goods, works and services other than consultancy services. Goods procured under this project will include: computer equipment; office furniture, accounting software, small equipment and pedagogical materials. Non-consultancy services procured under this project will include workshops and training in the country and abroad. Procurement will be done under ICB or NCB using the Bank’s Standard Bidding Documents for all ICB.

46. Shopping. Small value goods may be procured under shopping procedures.

47. Direct contracting may be used where necessary if agreed in the procurement plan in accordance with the provisions of paragraphs 3.7 to 3.8 of the Procurement Guidelines.

48. Procurements of goods as vehicles, motorcycles can use the agency of the United Nations²² (UNOPS) in accordance with the provisions of paragraphs 3.10 of the Procurement Guidelines.

49. Selection of Consultants. Consultancy services will include training providers, technical assistance and firms’ recruitment. The selection method will be Quality and Cost Based Selection (QCBS) method whenever possible. Contracts for specialized assignments estimated to cost less than US\$ 300,000 equivalent may be contracted through Consultant Qualification (CQ). The following additional methods may be used where appropriate: Quality Based Selection (QBS); Selection under a Fixed Budget (FB); Least-Cost Selection (LCS); and Selection based on the qualification of consultants.

50. Least-Cost Selection (LCS) may be used for selecting consultants for assignments of a standard or routine nature, such as audit services, where well-established practices and standards exist.

51. Single Source Selection (SSS) may be employed with prior approval of the Bank and (should) be in accordance with paragraphs 3.8 to 3.11 of the Consultant Guidelines.

52. All services of Individual Consultants (IC) will be procured under contracts in accordance with the provisions of paragraphs 5.1 to 5.6 of the Guidelines.

53. Short lists of consultants for services estimated to cost less than the equivalent of US\$100,000 per contract may be composed entirely of national consultants in accordance with

²² An agency of the United Nations refers to the United Nations departments, specialized agencies and their regional offices (e.g., the PanAmerican Health Organization - PAHO), funds and programmes. The Borrower shall submit to the Bank for its no objection a full justification and the draft form of agreement with the UN agency.

the provisions of paragraph 2.7 of the Consultant Guidelines. However, if foreign firms do express interest, they will not be excluded from consideration.

54. Training, workshops, seminars, and conferences. Training activities will comprise workshops and training in the country and abroad, based on individual needs as well as group requirements; on-the-job training, and hiring consultants for developing training materials and conducting training. All training and workshop activities will be carried out on the basis of approved annual programs that will identify the general framework of training activities for the year, including: (i) the training envisaged, (ii) the criteria for selection of personnel to be trained (and personnel if known), (iii) the selection methods of institutions or individual conducting such training, (iv) the institutions conducting the training, if already selected, (v) the duration of the proposed training, and (vi) the cost estimate of the training. Attendance at relevant project workshops and seminars will be treated as training and will need advance Bank's no objection.

55. Operating Costs. The operating costs will include reasonable expenditures for office supplies, vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office equipment maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for project staff for travel linked to the implementation of the project, and salaries of contractual staff for the project, but excluding salaries of officials of the Recipient's civil service.

56. Procurement implementation arrangements. The LISUNGI team has experience on projects financed by agencies as the African Development Bank. To strengthen the LISUNGI team procurement capacity, a procurement specialist will be recruited to the LISUNGI team through a competitive process. He/she will be trained on the use of World Bank procedures.

57. The institutional arrangements for the implementation of the project have taken into account the need to improve the procurement capacity and other fiduciary areas of staff from the MASAHS as the LISUNGI team will be responsible for coordinating and supervising all project activities.

58. Midterm Review. A mid-term review is planned to take place 18 months after effective date to assess the capacity of all government entities involved in the project execution. The midterm review report will integrate the results of the procurement activities performed during the period preceding the date of such report, and will set out measures recommended concerning the use of the national procurement code for the remaining activities of the project, if the implementation of the national code has been determined to be satisfactory to the Bank.

59. Assessment of risks and mitigation measures. The risk factors for procurement performance include the country context is likely to involve the following risks:

- a. A weak governance environment, weaknesses in accountability arrangements, and an overall lack of transparency in conducting procurement processes, which create significant risks of corruption, collusion and fraud.
- b. The administrative system, as it operates in practice, creates opportunities for informal interference in the procurement process by senior officials – creating

opportunities for waste, mismanagement, nepotism, corruption, collusion and fraud.

- c. Government officials likely to be involved in project procurement through tender committees and the national control system ensuring that the rules are respected and able to handle complaints from bidders may not be familiar with procurement procedures.
- d. The control and regulatory systems are not fully operational and independent.

60. The overall project risk for procurement is High before risk mitigation. Rating after mitigation is Moderate.

61. Measures to mitigate the risks. The following strategy has been developed to mitigate procurement risks identified:

- a. To mitigate the risks of collusion, fraud, corruption, waste and mismanagement, implementation arrangements will be geared towards achieving a high level of transparency in project implementation.
- b. All consulting contracts costing above US\$ 300,000, ICB contracts for goods will be published in the United Nations Development Business (UNDB) online and on the Bank's external website, in accordance with World Bank Guidelines.
- c. A project launch workshop will be conducted for the MASAHS staff and relevant staff of all other entities involved in project implementation.
- d. For all procurement, the PIM includes procurement methods to be used in the project along with their step by step explanation, as well as the standard and sample documents to be used for each method.
- e. The MASAHS, in close relation with its LISUNGI team, will create a data base of suppliers of the required goods, and consultants (firms and individuals). The database will also include information on current prices of goods.

Schedule of Risk Mitigation Action Plan to be Carried Out

	Action	Responsibility	Due Date	Remarks
1	Procurement Plan for the first 18 months prepared and agreed with the Bank	LISUNGI team	Before negotiations	Finalized upon during negotiations
2	Update its procurement filing and record keeping system, in form and substance	LISUNGI team	Expected within 6 months after project effectiveness	To better keep procurement documents and reports
3	Training of Ministry staff on World Bank procurement procedures in specialized institutions	LISUNGI team	Within a year after project effectiveness	To improve project staff skills in Bank's procurement
4	A maximum period of 60 days after bids opening is allowed for contract award signature, in order to avoid delays and reduce the scope for corruption	LISUNGI team	Ongoing (not a covenant)	To be maintained during the whole life of the project

62. Implementation readiness. The following actions were initiated/carried out during the preparation of this project:

- a. A detailed Procurement Plan for the first 18 months of the project has been prepared and was agreed upon during the negotiations.
- b. The General Procurement Notice (GPN) will be prepared and advertised locally and in the United Nations Development Business (UNDB) online and the Bank's external website after Board approval.
- c. The selection of consultants for studies for all major components has been initiated and is expected to be completed by the project effectiveness.
- d. The most important procurement activities for the critical contracts of the first year are initiated and completed at the stage of contract award but without signed contracts.

63. Fraud, coercion, and corruption. All procuring entities, as well as bidders, suppliers, and contractors, shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraph 1.16 and 1.17 of the Procurement Guidelines and paragraphs 1.23 and 1.24 of the Consultants Guidelines. The Anti-

corruption plan to be prepared for the project and discussed above will also focus on procurement related matters.

64. Frequency of Procurement Supervision. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the implementing agency has recommended (i) supervision missions every six months to visit the field, and (ii) at least one annual post procurement review (PPR). Missions in the first 18 months shall include a Bank Procurement Specialist or a specialized Consultant.

65. Procurement Planning. The Borrower developed a draft procurement plan for project implementation, which provides the basis for the procurement methods. This plan was finalized agreed upon during negotiations. It will be available in the project's database and on the Bank's external website. The Procurement Plan will be updated annually or as required to reflect the project implementation needs and improvements in institutional capacity.

Procurement methods and World Bank Review requirements

Procurement Methods and Bank Review

Expenditure Category	Contract Value Threshold (US\$)	Procurement Method	Contracts Subject to Prior Review
1. Works	≥10,000,000	ICB	All
	≥100,000 > 200,000	NCB	All above US\$5,000,000
	<200,000	Shopping	Post-review
	N/A	SSS	All
2. Goods and Services (other than Consultant's Services)	≥1,000,000	ICB,	All
	≥100,000 > 1,000,000	NCB,	All above US\$500,000
	<100,000	Shopping, UNOPS	Post-review
	N/A	SSS	All
3. Consultant's Services Firms Individuals	N/A	QCBS	Above US\$200,000
	<300,000	QCBS, QBS, FBS, LCS, CQS and SSS	All
	≥100,000	IC	All
		SSS	All
ToR		All	

ICB - International Competitive Bidding NCB - National Competitive Bidding CQS - Consultants' Qualification Selection method; IC - Individual Selection method SSS - Single Source Selection

66. The approved procurement plan will determine procurement methods and the contracts to be submitted to Bank review and no objection.

Monitoring & Evaluation

67. To cease the inadequacies of the collection and management of data linked to social protection, MASAHS' strategy has focused on the development of a Geographic Information System (GIS) applied to social information (National System of Social Information - SNIAS). The SNIAS has a mandate to collect, analyze, process and disseminate information needed to monitor / strengthen programs, and support decision-making. The SNIAS is therefore be responsible for:

- a. Produce indicators for target populations and monitoring and evaluation of programs of the National Plan for Social Action (PNAS)
- b. Support development a single register of individual beneficiaries of transfer programs and people with high vulnerability and support establishment of a unique identification number;
- c. Prepare analytical reports and disseminate information of MASAHS actions.

68. The SNIAS project - supported by the Scientific Council of the Laboratory Population Development Environment (LPED) acting on behalf of the University of Aix-Marseille - already prepared a diagnosis of system management and data collection in the country [SNIAS, 2013], which is being used to inform management and evaluation plans of this project. The SNIAS identified the following weakness:

- a. Lack of interaction between the platform MASAHS and other producers of statistics leads to a lack of knowledge of available information and studies in the social field;
- b. Social indicators are not efficiently shared by all stakeholders in the field;
- c. Lack of efficient process to archive activity reports and databases within the MASAHS, and poor circulation and accessibility of information of projects and studies produced within the various divisions of MASAHS;
- d. Lack of guidelines and procedure for data collection and management

69. Therefore, the LISUNGI project will benefit from the current work and development of SNIAS to overcome already identified issues and to prepare the guidelines and procedures to support development of capacities of the CAS.

70. Since Safety Nets programs of such magnitude are a new experience in Republic of Congo, a rigorous monitoring and evaluation (M&E) system will be established within the project, in order to determine both (1) the satisfactory implementation of all components, including the transfer of cash to the beneficiaries; (2) the accuracy of the targeting mechanisms; and (3) impact on the beneficiaries.

71. To that extent the following surveys and assessments have been built into the project to produce various reports: (i) beneficiary surveys; (ii) spot checks; (iii) process evaluation; and (iv) impact evaluation. The LISUNGI team will produce quarterly progress reports in order to monitor outputs and results against achieving the Project Development Objectives. The format of these reports will be agreed upon with the Bank and reflected in the PIM. A comprehensive mid-term review (MTR) will be carried out 18 months after project effectiveness and will involve all project stakeholders: (1) representatives from the communities, (2) government entities, and (3) development partners involved in safety nets in the country, in order to draw lessons from project implementation experience and take corrective measures, if necessary. In addition, both the Government and the World Bank will prepare an Implementation Completion and Results Report (ICR) within six months of project closing.

72. The Government will establish a single monitoring and evaluation system for the LISUNGI. The LISUNGI will establish the basics for developing a national monitoring system. The primary data (Registration forms) for the development of the National Unique Registry will be collected by the hired staff of LISUNGI team at the local level. During the duration of this Project only the households listed and identified by the commune committees are interviewed by the interviewers. Data will be consolidated CAS for analysis and sharing at the district and national level for further aggregation and dissemination.

73. The data analysis will be done at two levels, first at the district level (to be confirmed) and at the National level. At the district level all data will be captured into a simple computerized MIS. The necessary computing capacities and the technical know-how will be strengthened through the capacity building program under the project component 1.

74. The expected MIS system will have the following features, among others: (i) it will build on the National Unique Registry, which will act as a baseline for the project; (ii) it will generate information on payments for the CT beneficiary households in accordance with their eligibility status; (iii) it will provide separate reports on CT and conditionalities for all users in accordance with roles and responsibilities; (iv) it will create different CT and conditionalities case management system to enable data entry, management and resolution of complaints by beneficiaries; and (v) it will develop monitoring and evaluation information to facilitate follow-up and analysis to ensure the program aims towards equity, efficiency and transparency.

75. One key element of the M&E system is the development of the integrated system that links National Unique Registry and MIS and that includes the following basic modules:

- a. Module to enroll potential beneficiaries in the program(s)
- b. Module to track payments
- c. Module to track conditionalities
- d. Module to support monitoring and evaluation
- e. Module to produce administrative reports.

76. The payment module is a key function of the MIS system and it must be aligned with the payment mechanism selected by program administrators, given that the project will strengthen the capacity to deliver the benefits effectively and in a transparent way directly to beneficiaries, and as a consequence building social accountability mechanisms (MIS payment module).

77. Given the importance of the project and the innovative character of the intervention, LISUNGI will carry out continuous assessments. These assessments include: quantitative/qualitative surveys and spot checks; regular process evaluations; and household impact evaluations. These assessments will allow to: track project progress, inform further scale-up, calibrate its processes, and provide information on beneficiary perception and feedback, and measure outcomes and results.

78. More specifically the Monitoring and Evaluation scheme includes the following: (i) process evaluation during project cycle; (ii) annual spot checks (beneficiaries' surveys and qualitative evaluations); (iii) one full impact evaluation with two rounds of data collection; and (iv) annual independent audits on technical aspects of the program.

- a. Regular process evaluations to assess program's operations and to verify if the program's operational guidelines are being applied in practice as described in the PIM. These evaluations will be carried out for CT interventions. The Project will finance 2 process evaluations during the implementation. The first process evaluation will take place after six months of program implementation.
- b. Spot Checks (beneficiary surveys and qualitative evaluation). The project implementation Unit (LISUNGI team) will launch at least two beneficiary surveys and hold focus group discussions during the implementation period to gather beneficiary perception on the cash transfer program. The qualitative assessments and perceptions of program operations and spot check verifications will be carried out on a randomly selected number households, and consist of following-up the flow and the quality of information of the results of the project. This information will serve to: (i) adjust program settings and targeting; and (ii) adjust the IEC strategy.
- c. Comprehensive impact evaluation. To measure the impact of the cash transfers and accompanying measures, an impact evaluation will be carried out during project implementation. The first round of impact evaluation will cover 24 months; and it will assess the impact of the interventions. The impact evaluation is likely to be contracted with a recognized international firm. The finding of the second survey will generate evidence on the full program and will inform LISUNGI team, as well as development partners, on the outcomes of the program.
- d. Regular independent technical audits. In addition to regular internal and external audits (financial, procurement), as per Bank legal requirements, the program will be subject to regular technical audits on the system.

ANNEX 4: OPERATIONAL RISK ASSESSMENT FRAMEWORK (ORAF)

Congo, Republic of LISUNGI - Safety Nets Project (P145263)

Risks							
Project Stakeholder Risks							
Stakeholder Risk	Rating	Substantial					
<p>Risk Description:</p> <p>Project beneficiaries may not have sufficient access to education or health services and lack the financial resources to pay for certain fees or school materials. They may be reluctant to participate in a program such as the LISUNGI.</p> <p>Coordination among multiple stakeholders -government, other donors, and civil society organizations – may be difficult.</p>	<p>Risk Management:</p> <p>Building a long term safety net system relies on strong coordination and ownership from a number of stakeholders. The World Bank team ensured that the institutional framework is anchored by a cross-sectoral steering committee with representation from a number of ministries and donors partners and well as build based on the overall social protection strategy.</p> <p>During project preparation and implementation donor agencies and relevant ministries were consulted and given the opportunity to provide inputs. The team worked then to clarify role that will be played by each actor involved in this project activities</p> <p>The World Bank team also encouraged the implementing unit to hold communication and information sessions with key stakeholders to explain program objectives, targeting approach, and co-responsibilities; share results; strengthen commitment to the project; and promote better understanding of safety nets and their importance.</p>						
	Resp: Both	Status: In Progress	Stage: Preparation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:	
Implementing Agency (IA) Risks (including Fiduciary Risks)							
Capacity	Rating	Moderate					
<p>Risk Description:</p> <p>Implementing Agency The implementation of project activities will be led by different governments structures, stressing the risk of disconnect.</p> <p>The project will be executed by the LISUNGI technical team appointed by Minister of Social Affairs (MASAHS). The capacity of the team cannot be assessed at this</p>	<p>Risk Management:</p> <p>The LISUNGI team was appointed by the Minister of Social Affairs (MASAHS) based on qualification of her staff and experiences that are clearly defined. This team includes the director of PARSEGD financed by the African Development Bank, and the director of the Pilot Voucher program financed by WFP. In addition, it is proposed that project will support hiring through competitive process procurement and financial experts to support this existing and experienced team.</p>						
	Resp: Client	Status: In Progress	Stage: Both	Recurrent:	Due Date: 05-May-2014	Frequency:	

stage.							
Governance	Rating	Substantial					
<p>Risk Description:</p> <p>For the first time MASAHS will be dealing with a project that will require numerous cash transactions and it may lead to some governance challenges.</p> <p>The country is also characterized by weak institutions that have eroded public accountability, and undercut publicly funded services. Similarly, Congo's administration has been historically centralized so capacity at the local level is weak.</p>	<p>Risk Management:</p> <p>The current management of MASAHS interventions is the responsibility of dedicated teams that regularly diffuse accountability reports.</p> <p>The institutional arrangements for the project consider Governance as a core activity. To be transparent in its process, operational manual will be shared with main stakeholders; the technical team will have staff to carry out and deal with the M&E activities, which includes internal and external audits.</p> <p>Special attention will be given to identification of payment agencies in rural areas, which has been an important constraint in the implementation of some projects in other countries.</p> <p>The program administrators will ensure that GAC measures, which will be detailed in the PIM, are enforced for dealing with main areas of risk that are:</p> <ol style="list-style-type: none"> Project management: Ensuring efficiency and good governance in project management Targeting: Avoiding fraud and corruption in beneficiary selection Payments: Creating timely and transparent payment system Lack of transparency: Ensure that implementation arrangements are geared towards achieving high level of transparency in project implementation. 						
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:	
Project Risks							
Design	Rating	Moderate					
<p>Risk Description:</p> <p>MASAHS will be developing, for the first time, a long-term objective cash transfer that requires intersectoral collaboration.</p>	<p>Risk Management:</p> <p>The Bank team will continue to provide more support in the form of technical assistance and advice to MASAHS and the LISUNGI team.</p> <p>Moreover, the project will focus attention on the development of the key elements for an effective program that later will become the pillar for the development of the social safety nets system. The pilot approach of the cash transfer in areas with better infrastructure will help government to tailor the program and learn from experience before going to national scale.</p> <p>Moreover, the project will focus the attention to the development of the key elements for an effective program that later will become the pillar for the development of the social safety nets system. The pilot approach of the cash transfer in areas with better infrastructure to help government to tailor the program and learn from experience before going to national scale.</p>						
	Resp: Both	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:	
Social and Environmental	Rating	Low					

<p>Risk Description:</p> <p>MASAHS has limited experience in environment and social safeguards and there is a significant share of indigenous populations in the country.</p> <p>Some may feel neglected or may feel that other types of interventions (programs) could have been developed.</p>	<p>Risk Management:</p> <p>An institutional capacity assessment was carried out during project preparation. Capacity building and training in environmental and social management will be provided under component 3 of the proposed project.</p> <p>To ensure inclusion of Indigenous Peoples, a Social Assessment will be prepared and will feed into the design of the national level program. Based on the results of the Assessment, an Indigenous Peoples Plan will be prepared by appraisal to ensure IPs can benefit from the social safety net program in a culturally appropriate manner.</p> <p>In addition, The project will hire a communications expert that will be fundamental in promoting the dialogue around project activities. The CAS, CS and CSS, and external evaluators will carry out beneficiaries' assessments which will allow for refinement of the activities.</p>					
<p>Resp: Client</p>		<p>Status: In Progress</p>	<p>Stage: Both</p>	<p>Recurrent: <input checked="" type="checkbox"/></p>	<p>Due Date:</p>	<p>Frequency:</p>
<p>Program and Donor</p>	<p>Rating</p>	<p>Low</p>				
<p>Risk Description:</p> <p>There is a risk that other donors will not contribute to the desired technical assistance and supplemental financing necessary to build a coherent system.</p>	<p>Risk Management:</p> <p>Since January, the World Bank and the LISUNGI team are keeping a dialogue with other donors and this partnership is expected to be continued.</p> <p>The LISUNGI team will be in charge of providing regular forums for discussions of key issues of concern and forging ways to remedy the issues both at the policy and implementation levels.</p>					
<p>Resp: Client</p>		<p>Status: In Progress</p>	<p>Stage:</p>	<p>Recurrent: <input checked="" type="checkbox"/></p>	<p>Due Date:</p>	<p>Frequency:</p>
<p>Delivery Monitoring and Sustainability</p>	<p>Rating</p>	<p>Moderate</p>				
<p>Risk Description:</p> <p>Monitoring and Evaluation are not being used effectively in MASAHS to evaluate the impact and the cost benefit of safety nets interventions.</p>	<p>Risk Management:</p> <p>An institutional capacity assessment was carried out during project preparation. Capacity building and training in environmental and social management will be provided under component 3 of the proposed project.</p> <p>To ensure inclusion of Indigenous Peoples, a Social Assessment will be prepared and will feed into the design of the national level program. Based on the results of the Assessment, an Indigenous Peoples Plan will be prepared by appraisal to ensure IPs can benefit from the social safety net program in a culturally appropriate manner.</p> <p>In addition, The project will hire a communications expert that will be fundamental in promoting the dialogue around project activities. The CAS, CS and CSS, and external evaluators will carry out beneficiaries' assessments which will allow for refinement of the activities.</p>					
<p>Resp: Both</p>		<p>Status: Not Yet Due</p>	<p>Stage: Both</p>	<p>Recurrent: <input checked="" type="checkbox"/></p>	<p>Due Date:</p>	<p>Frequency:</p>

Overall Risk

Implementation Risk rating:
Substantial

Risk Description:

Implementation risk rating is Substantial. Besides, innovative aspects of the program, other risks such as presence of indigenous groups, adequate of supply of basic infrastructure and coordination with other sectors makes the overall implementation risk substantial.

ANNEX 5: IMPLEMENTATION SUPPORT PLAN

Congo, Republic of

LISUNGI - Safety Nets Project (P145263)

A. STRATEGY AND APPROACH FOR IMPLEMENTATION SUPPORT

1. The strategy and approach for implementation support is characterized by extensive preparation, and will be characterized by its flexibility, and decentralized supervision. This is because the project is enshrined within and seeks to boost the efforts of the government to develop a broader and, eventually, a national social safety net system that will be increasingly pro-poor and thus help to reduce poverty more efficiently. The implementation of the project is thus expected to trigger collaboration between the government and its development partners toward the establishment of a national safety net system. Some initial benefits resulting from the adoption of this approach were realized during the identification and preparation missions when the Bank team consulted with and generated a common understanding among the government and its development partners on the underpinning and options for the development of a national system.

2. **Preparation.** The design of this project relies heavily on the establishment of efficient systems to: (i) identify and register beneficiaries; (ii) control and verify payments to the beneficiaries; (iii) verify that recipients are complying with the conditions attached to receipt of the transfer; (iv) establish case management and complaints management arrangements; and (v) generate regular reports to support program administration and monitoring. The management information system (MIS), which will be established during the first year of the project, will play a central role in the development of these systems. The direct cash transfer support to beneficiaries will start to be disbursed only when the basic elements of the MIS (the unified registry, the payment, and the program administration modules) are in place, when staff is trained in its use, and when payment agents have been selected and their capacity assessed and strengthened if needed. Other modules will be developed as the program evolves.

3. **Flexibility.** The project is designed to ensure that a high degree of flexibility is maintained during the key stages of implementation. For example, the system will rely heavily on CAS representatives to validate the final list of targeted beneficiaries. The payment system will also need to be flexible in order to accommodate different payment agents depending on their network coverage, experience, and capacity.

4. **Supervision.** Supervision will take place at different levels. At the center, the Technical Management Unit (the LISUNGI team) will manage the MIS and will have an experienced senior staff member managing the M&E activities, while local supervision will be done by staff at the existing CAS offices.

5. **Role of other partners.** Partnerships between key stakeholders and the government are central to the project's implementation. At the policy level, the government has led an extensive dialogue on the need to establish an efficient safety net system and on the best ways to deliver

support to the poorest and most vulnerable populations. This dialogue has been supported by the Bank, UNICEF, the WFP, and other partners.

6. **Role of CAS.** CAS staff will play an important role in supporting and overseeing key project activities, such as the identification and payment of beneficiaries. An efficient and cost-effective grievance management system will be designed, established, and maintained as part of the project. The objective of this will be to build more accountability into the safety net system and to provide a vehicle for addressing complaints and grievances that may arise during the implementation process. Both beneficiaries and non-beneficiaries will have access to the system at the CAS level. It will also be useful for managing fiduciary risks, enhancing social accountability, and detecting and addressing inclusion and exclusion errors, fraud, and corruption.

7. **Frequency and scope of fiduciary oversight.** Procurement and FM specialists are based in Brazzaville and Kinshasa and will provide continuous support to the LISUNGI team at the center and to CAS staff in supervising the project.

8. **Technical support.** The Bank will provide extensive and continuous technical support on the MIS and, in particular, on targeting, the payment system, compliance with conditions, and monitoring and evaluation.

9. **Manual.** The PIM will include three sections: (i) Section A on administrative, financial management, procurement, and accounting procedures for the project; (ii) Section B on implementation procedures and eligibility criteria for the cash transfer; and (iii) Section C on the procedures for monitoring compliance with conditions. Sections of the PIM will be finalized and adopted as a condition for effectiveness.

B. IMPLEMENTATION SUPPORT PLAN (ISP)

10. The task team leadership as well as part of the core task team will be based in Washington or somewhere outside Congo. A few other support team members, particularly procurement specialists, will be based inside the country. This will require the LISUNGI implementation team to have regular technical interactions with the World Bank team and support missions, especially during the first half of the project, to ensure that any emerging challenges are identified early enough, that recommendations are made in time, and any corrective actions are implemented long before the challenges can adversely affect progress toward the project's development objectives.

11. In this regard, two kinds of implementation support arrangements have been designed as part of the project:

- a. Implementation support missions from the Bank will be conducted every six months throughout the project. These missions will make continuous assessments of progress in the implementation of the project and toward the achievement of the project's development objectives. These support missions will also ensure that corrective actions are taken to counter any emerging problems.

- b. From time to time as needed, experienced Bank staff and/or consultants will make technical support visits in between missions by to provide hands-on implementation support to the government and other stakeholders in addressing emerging technical issues.

12. The Bank is well placed to provide implementation support based on its worldwide experience with safety nets in general and cash transfers programs in particular.

World Bank's Implementation Support to the LISUNGI Project

Time	Focus	Skills Needed	Resource Estimate	Comment
First 12 months	All implementation design and fiduciary aspects, mainly related to establishing the identification and payment systems and the administration modules.	Overall experience in designing effective social safety nets.	Bank TTL and Cash Transfer Specialist – 12 Staff Weeks	Bank providing support through the Bank budget.
			FM specialist – 3 Staff Weeks	
			Procurement specialist – 3 Staff Weeks	
		MIS /M&E specialist – 6 Staff Weeks		
		Operations Analyst/Officer – 4 Staff Weeks		
12-36 months	Cash transfers component is implemented.	Intensive support to implementation.	Bank TTL – 24 Staff Weeks	Bank providing support through the Bank budget.
			Cash Transfer Specialist – 24 Staff Weeks	
	Registry system developed	Outreach, training, and sensitization skills in the area of community nutrition and health.	Operations Analyst/Officer – 8 Staff Weeks	
			FM specialist – 6 Staff Weeks	
		Ensuring that PDO is Satisfactory.	PR specialist – 6 Staff Weeks	
			MIS /M&E specialist – 12 Staff Weeks	
	Fiduciary and			

		project management.		
		Follow-up data collection for Impact Evaluation		
36-48 months	Cash transfers component is implemented.	Intensive support to implementation.	Bank TTL – 12 Staff Weeks	Bank providing support through the Bank budget.
	Lessons learned from MTR are implemented through action plan so that project continues to be rated Satisfactory towards achieving PDO.	Outreach, training, and sensitization skills in the area of community nutrition and health.	Cash Transfer Specialist – 12 Staff Weeks	
	Registry system developed	Ensuring that PDO is Satisfactory.	FM specialist – 3 Staff Weeks	
			PR specialist – 3 Staff Weeks	
			MIS /M&E specialist – 12 Staff Weeks	
			Operations Analyst/Officer – 4 Staff Weeks	
		Fiduciary and project management.		

13. The ISP will be reviewed at least once a year to ensure that it continues to meet the project's implementation support needs.

Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
TTL	12 Staff Weeks annually	3 the first year and 2 annually thereafter	Based at HQ
Safety Nets Specialist	12 Staff Weeks annually	Field trips as required	
Operations Analyst/Office	4 Staff Weeks annually	Field trips as required	
PR Specialist	3 Staff Weeks annually	Field trips as required	Based in Brazzaville
FM Specialist	3 Staff Weeks annually	Field trips as required	Based in Brazzaville or Kinshasa
MIS /M&E specialist	6 Staff Weeks annually	Field trips as required	

ANNEX 6: TEAM COMPOSITION

Congo, Republic of

LISUNGI - Safety Nets Project (P145263)

Phillippe George Pereira Guimaraes Leite - Team Leader Senior Social Protection Economist
AFTSW 473-2582 Washington, DC, United States

Victoria Monchuk – Co-TTL Economist AFTSW 458-0916 Washington, DC, United States

Thembi Malena Kumapley - Team Assistant Program Assistant AFTSW 458-1627
Washington, DC, United States

Virginie Reboul – Team member Consultant AFTSW Washington, DC, United States

Mahamat Goadi Louani - Team Member Senior Human Development Specialist AFTHW
5371+391 Brazzaville, Congo, Congo, Republic of

Nadege J. X. Marthe Bicoumou - Team Member Executive Assistant AFMCG 5371+315
Brazzaville, Congo, Congo, Republic of

Clement Tukeba Lessa Kimpuni - Procurement Specialist Senior Procurement Specialist
AFTPW 5371+318 Brazzaville, Congo, Congo, Republic of

Bella Lelouma Diallo - Financial Management Specialist Sr Financial Management Specialist
AFTMW 5377+3015 Kinshasa, Congo Democratic Republic, Congo, Democratic Republic of

Etaki Wa Dzon - Country Specialist E T Consultant AFTP5 5371+320 Brazzaville, Congo,
Congo, Republic of

Abdoulaye Gadiere - Team Member Environmental specialist AFTN3 Kinshasa, Congo
Democratic Republic, Congo, Democratic Republic of

Paivi Koskinen-Lewis - Team Member Social Development Specialist SDV 458-0158
Washington, DC, United States

Aissatou Diallo - Financial Officer Senior Finance Officer CTRLA 473-8172 Washington,
DC, United States

Christine Makori - Senior Counsel – Legal, LEGAM

Henri Joel Nkuepo – Counsel- Legal, LEGAM

Louis Jean De Marigny - Financial Analyst Finance Analyst CTRLA 5347+223 Nairobi,
Kenya

Luc Laviolette Sector Leader Human Development Sector Leader AFTHD Kinshasa, Congo
Democratic Republic, Congo, Democratic Republic of

Juliana C. Victor-Ahuchogu Senior Monitoring and Evaluation Specialist
Washington, DC, United States

AFTDE

ANNEX 7: ECONOMIC AND FINANCIAL ANALYSIS

Congo, Republic of

LISUNGI - Safety Nets Project (P145263)

Summary

The Republic of Congo has experienced strong economic growth in recent years that generated positive impacts on economic and social indicators. However, the contribution of this economic growth in reducing poverty and improving health and education outcomes has been limited. During 2005- 2011, the poverty rate in Congo fell by 4.2 percentage points only. At the same time, there is still a gap of 11.5 percentage points for the country to meet its millennium development goal.

Congo could achieve much stronger results on poverty and on human capital through more effective use of its upcoming safety nets program, the LISUNGI. It is estimated that a cash transfer program targeted to households below the poverty line would reduce the poverty rate to 38.9% bringing the poverty rate close to the Government's target poverty rate of 35% in 2015. That is to say, with a cost of 1-1.5% of GDP, a cash transfer program of FCFA 25,000 per month to all extreme poor households with children would have a significant positive impact on poverty and inequality in Congo.

Bank's value added

The Bank is well-positioned to provide support and value added to Congo because it has accumulated knowledge and expertise on the topic through direct engagement on safety nets globally. Since January 2013, the Bank has been providing technical assistance to the Ministry of Social Affairs, Humanitarian Action and Solidarity which helped this Ministry to make the case for a larger contribution of the Government to launch the LISUNGI project.

A. COUNTRY CONTEXT

1. The Republic of Congo is classified as a low middle-income country, largely due to its large oil revenues and small population of 4.1 million. However, Congo still faces challenges in stimulating a broad-based and diversified economy to generate more jobs, especially for the youth, and to reduce poverty. Moreover, Congo continues to face challenges to improve social outcomes, particularly in health and in education.

2. The FY10–FY12 Country Partnership Strategy (CPS) was based on the Government's 2008–2012 Poverty Reduction Strategy Paper (PRSP) but recently, the Government has prepared a new PRSP for 2012–2016. The objective of the new strategy is to consolidate the gains in governance reforms and intensify Congo's efforts toward economic diversification and better service delivery.

3. Since the cessation of active civil conflict in 2000, the political climate in the country has stabilized significantly. The second post-conflict presidential elections held in 2009 were largely peaceful and it is now possible to freely access the whole country. The Congolese Labor Party

(PCT) obtained the majority based on the results of the second round of legislative elections published on August 7, 2012. However, the low voter participation in the elections could be a worrisome signal requiring close monitoring.

4. The country is also characterized by limited institutional capacity, which has slowed progress on social and economic transformation. The many years of conflict and unstable governments have severely weakened administration, eroded public accountability, and undercut publicly funded services. At the same time Congo was not able to fully benefit from decentralization and the role of local communities in improving service delivery due to its history of centralized administration. Apart from oil, the main sources of growth are forestry, transport and telecommunication, which helped the economy grow 3.4 percent in 2011 and 4.9 percent in 2012. The global economic challenges, especially with lower demand and price for oil, remain a big threat. The principal challenge the Government is facing is on managing its large oil revenue to stimulate broad based non-oil growth to generate employment and reduce poverty.

B. RATIONALE FOR A SOCIAL SAFETY NET IN CONGO

5. Congolese population grew at an average annual rate of 2.7 percent over the last five years. Along with its strong economic growth, the Congolese population has become more heavily concentrated in urban areas. While the cities experienced demographic growth of 2.3 percentage points, the population declined in the countryside by 3.8 percent. This has resulted in a greater concentration of population in urban areas (67.1 percent urban versus 32.9 percent rural) in 2011. In addition, migration has accelerated over the last five years, confirming the attractiveness of the major cities and the perception that population in those areas can afford better living conditions and economic performance. In particular, the departments of Pointe-Noire and Brazzaville received large majority of migrants at 38.5 percent and 28.1 percent, respectively.

6. Despite the strong economic growth in the country, poverty reduction has been insufficient. In 2011 the poverty rate was estimated at 46.5 percent and inequality (Gini) at 0.39. The observed reduction in poverty of 4.2 percentage points, from 50.7 percent in 2005, was much slower than expected given the pace of economic growth. Moreover, inequality remains high since the wealthiest 20 percent of the population (top quintile) of Congo's population retains more than 52 percent of the overall income. The highest prevalence of poverty is found in rural areas, but it is also relatively high in urban and peri-urban areas where a large share of the population resides.

7. Food poverty affects one-quarter of the Congolese population. A significant share of the Congolese population (or about 181,000 households) struggles to cover their basic required expenditures on food, (in other words, they have adult equivalent household consumption of below FCFA 16,972.50 or US\$ 33.9 per month). Two main departments, Brazzaville and Pointe-Noire, have food poverty rates of 10.8 percent and 7.6 percent respectively, which are the lowest rates across the country. However, more than 20 percent of the poorest population in the country lives in these two departments.

8. The low human capital of the youth in is a cause of concern for Congo. There is a need for the Government to devote considerable efforts to improve health and education services and provide training in order to provide opportunities for young people and create jobs to meet their needs.

9. *Education:* The Government has taken different steps to improve access, quality and productivity of the education system, including (i) free tuition in the public primary and secondary systems; (ii) free schoolbooks; (iii) the recruitment of a significant number of teachers; and (iv) school rehabilitation and new constructions. Despite improvements on some indicators, (e.g. enrolment rate), there are still major shortcomings in efficiency of the Congolese education system, such as²³:

- a. Low primary school completion rate (More than a third of the population (38.4 percent) has not completed primary school)
- b. Low years of schooling (Average years of schooling of boys aged 6-14 years old is 2.5, of girls is 2.6)
- c. Low primary school completion rate (83 percent), and significant dropout rates (5.7 percent).
- d. Regional disparities, with much lower access in rural areas.
- e. Poor children are more likely to dropout school before the end of the school year and have irregular attendance due to income constraints to pay for transport, school materials, and extra fees.²⁴

10. *Health:* The Government has increased efforts to achieve its goals but health outcomes are still poor. Throughout the country, health outcomes are poor and large inequalities exist across the country and between different socio-economic groups. Main health outcomes indicators are²⁵:

- a. *Infant mortality rate:* in rural areas, infant mortality rate is estimated at 51 per 1,000 births compared to 45 in urban areas. Same rate is estimated at 52 per 1,000 births for the poorest 20 percent population of the country and 36 per 1,000 births for the richest 20 percent population.
- b. *Full vaccination of children 12-23 months-old:* only 49.3 percent of urban children aged 12 and 23 month-old have received all required vaccination, compared to 39.7 percent in rural areas. Heterogeneity across department is high: despite being the capital, Brazzaville has one of the lowest rates of children fully vaccinated in the country, only 37.7 percent. The Pointe-Noire vaccination rate is the highest at 60.2 percent. In addition, higher rates are linked to higher education level (household income) of mothers.

²³ Statistics from 2011 Household Survey ECOM.

²⁴ Some estimates show that in the lowest income quintile of the country, 15 percent of the 5-14 year-olds are not attending any school (DHS 2011/12), while few others are not attending regularly.

²⁵ Statistics from the DHS 2011/12 report.

- c. *Prenatal exams*: around 93 percent of women had consulted a health professional during the duration of their last pregnancy, and this proportion increased by five percentage points since 2005. However, prenatal consultation with a health worker is strongly influenced by the educational level of the mother, and consequently by income levels of the household. Only 73 percent of women with no education, that is the poor, have benefited of antenatal care during last pregnancy.

11. In addition to the weak social outcomes, Social Protection²⁶ is not effectively in place to help reduce poverty and vulnerability, nor to improve household productivity, nor to improve and to protect children's human development (human capital). As in many West and Central African countries, social protection which could protect and promote families from poverty is implemented under the view of solidarity and emergency aid. As a result, programs are inadequate and insufficiently developed to respond to the needs of the poor and vulnerable population. Therefore, more relevant programs to prevent and protect the Congolese population from poverty; and to promote human capital and share economic prosperity are necessary.

12. Social Safety Nets (SSNs) programs have become the centerpiece of many middle-income countries' social protection agendas. Recently, such programs have expanded their coverage in low income and fragile states too, not only as short term instruments helping the poor cope with economic shocks, but also as long-term poverty alleviation programs, supporting minimum consumption levels and promoting the accumulation of human capital.

13. Literature (e.g., IEG, 2011; Grosh et al., 2008) has demonstrated the impact of safety nets programs on poverty reduction and human development outcomes. However, SSNs are likely to absorb an important portion of governments' budgets, making its implementation dependent on donors in most of low income and fragile state countries. To reduce fiduciary constraints, SSNs are designed as targeted interventions to poor and vulnerable population. Therefore, global social policies targeted towards poor populations, allocate an increasing amount of resources for poorer and more vulnerable households, to maximize impact.

The rationale for Cash Transfers

14. The case for cash transfer programs (CT) appears particularly strong in developing-country settings due to the persistence of market failures and inefficiencies. Market failures of different sorts can often prevent the poor from undertaking productive activities that could improve their lives. For instance, inability to access credit can inhibit poor families from making otherwise profitable investments. If the cost of addressing the market failure is too high, direct

²⁶ Current social safety nets programs in Congo are small and fragmented, negatively affecting their impact on poverty, on assisting the poor to access services and on productivity. Some safety net programs exist aimed towards indigents and specific vulnerable groups such as the elderly, handicapped or orphans, and are managed by the Ministère des Affaires Sociales de l'Action Humanitaire et de la Solidarité" (MASAHS, Ministry of Social Affairs, Humanitarian Action and Solidarity) with a very small budget (only 0.51% of the 2012 revised national budget, which represents 0.15-0.2% of GDP).

redistribution might then be equitable (as it would increase households' welfare) and efficient (as it would allow for better allocation of resources).²⁷

15. A large literature provides evidence that CTs can reduce poverty and food insecurity by providing a regular and predictable source of income. CTs have been found to reduce poverty gaps, to increase food consumption, and to reduce reported hunger in countries such as Mexico, Brazil, Lesotho, and Zambia. There is also evidence that CTs can help to promote investments in human capital. For example: (a) in Malawi, the CT program increased school participation of children by 5 percent; (b) in Brazil, the CT program reduced drop-out rates (a beneficiary child is 63 percent less likely to drop out of school than a non-beneficiary and 24 percent more likely to go to school in the following year); and (c) in Colombia, CT program increased the use of health services for monitoring children's growth by 23 percent and reduced stunting in children under age of 2 by 7 percent.

16. The gender and role of CT beneficiary in the household can also affect final outcome. Recent research in West African countries (e.g., De Walque et al 2012) shows that beneficiary recipient plays a role on final outcome of CT interventions. In West African countries the head of the household (usually male) is responsible for the household's food expenditures. This is because one person, the head, is responsible for providing the food to all. On the other hand, non-food expenditures (excluding housing expenditures) are the responsibility of individual members, including the wives who hold responsibility for their own children, and sometimes even for other children in the household.

²⁷ Fiszbein and Shady, 2009

C. PROJECT DESCRIPTION

17. The primary project beneficiaries of LISUNGI are:

- i. the poorest population of the country living with children under age of 14 years old, and
- ii. the poorest elderly population aged 60 years-old or above.

18. The pilot cash transfer program will be implemented in the districts of (a) Makélékélé, Bacongo, Mougali and Talangai in the department of Brazzaville; (b) Mvoumvou in the department of Pointe Noire; and (c) Makoua and Oyo in the department of Cuvette that need assistance in terms of food consumption. Each department will receive a quotas based on their poverty rates and population.

19. The goals of the cash transfer program are twofold:

- b. For the poorest households with children aged 0-14 years-old, the project aims to support improvements on health outcomes for the youngest (under 5) and to support school progression through the primary education cycle; and
- c. For the poorest elderly aged 60 or more, the project aims to improve consumption to mitigate current poverty.

D. COST-BENEFIT ANALYSIS: micro simulation approach

Evaluation of cost-benefit

20. A project simulation was performed based on the ECOM 2011 data to measure the impact of this CT program on poverty. For these simulations, we set different fixed and variable amounts to each household following the CT design. The amount of transfer allocated per household consists of a fixed transfer between US\$20 and US\$40 (10,000 FCFA and 20,000 FCFA) and a variable transfer between US\$ 4 (2,000 FCFA) and US\$10 (5,000 FCFA) for a maximum of 3 children per household.

21. Based on data from the ECOM 2011, a CT program with transfers per household ranging between 12,000 and 25,000 FCFA per month would represent 16-34 percent of the food poverty line estimated at 20,030 FCFA per month per person, and 11-23 percent of the poverty line estimated at 29,820 FCFA per month per person.

22. The simulation based on the data of ECOM 2011(Table 6) shows that reaching all the poorest households in the three pilot areas (assuming perfect targeting) would cost between US\$18.6 and US\$39.6 million a year. The impact of the transfers on poverty indices would be significant. The poverty rate would decline by a few percentage points (between 2.8 and 4.7 points) as well as the depth of poverty (between 1 and 1.5). Also, inequality would decline demonstrated by a decrease in the Gini index by at least 1.6 percent.

23. A maximum monthly transfer of 25,000 FCFA would help 60.4 percent of extreme poor households to leave extreme poverty, representing 33,628 households out of 55,705 households in those areas. This would cover an average of 97,521 children. To achieve these results, the Government would spend around US\$39.6 million (19.8 billion FCFA) on transfer that represents only 0.28 percent of its GDP.

24. If cash transfers are set to cover the entire country, the impact of the project would be even more significant at a cost of about 1 percent of GDP. Indeed, depending on the size of the transfer, the CT program would cost to the Government between US\$61.8 and US\$132.2 million a year, representing between 0.43-0.92 percent of GDP. These transfers would reduce the poverty rate significantly and the depth of poverty would fall between 3.4 and 5.5 percentage points. The Gini index of inequality would also drop between 8 and 11.8 percent. This CT would also push a large number of households out of poverty (between 33.8 percent and 60.3 percent of households), and would cover between 136,683 and 243,546 children aged 0 to 11 years belonging to these households.

25. After performing these simulations, we consider that the most efficient combination of cash transfer should improve the indicators of poverty, reduce inequalities and achieve a maximum number of beneficiaries without increasing program costs. Therefore, the best suited combination seems to be: a minimum fixed transfer of US\$20 (10,000 FCFA) to reach a maximum of number of households and variable transfer variable depending on the number of children in the household ranging in between US\$4 and US\$10 (2,000 FCFA and 5,000 FCFA). Given that other studies in the country supports provision of 5,000 FCFA per child to minimize household income constraints, we suggest to keep the same amount. Therefore, the monthly cash transfer for families with children is suggested to be between US\$30 and US\$50 (15,000 FCFA and 25,000 FCFA), each elderly can receive a minimum transfer of US\$20 (10,000 FCFA). However, in presence of children and elderly in the same household, the maximum transfer to the household is fixed at US\$90.

E. CONCLUSION AND RECOMMENDATIONS

26. In order to achieve the estimated impact of the CT program, it is important for the project team to take several accompanying measures. To this end, recommendations include: a) Continue with all necessary reforms to have macroeconomic stability necessary to effectively reduce poverty through redistribution of the fruits of growth; b) Take all necessary measures to support the implementation of the program LISUNGI; and c) Conduct frequent evaluations of LISUNGI to inform program administration about program impacts.

27. Simulations show that the CT program would significantly reduce household poverty and inequality. The level of spending to help the poorest households is affordable by the Congolese Government because it would represent less than 1 percent of GDP when the CT program is implemented at the national scale. The study shows that the combination of monthly fixed and variable transfers would generate significant changes on poverty indices and on the Gini inequality, and support a significant number of children that face income constraints affecting human capital accumulation. Therefore, the CT program would have short and long term positive impacts on the Congolese population.

Table 1: Food Poverty Rates by Department, 2010-11

	FGT(0) - Households	Households	% of households	Food Poor households	% of food poor households	FGT(0) - Population	Population	% of population	Food Poor population	% of food poor population
Kouilou	19.7%	28,901	3.0	5,689	3.1	30.2%	101,500	2.5	30,691	3.0
Niari	32.6%	55,514	5.8	18,104	10.0	43.9%	255,432	6.3	112,108	10.8
Lékoumou	42.1%	24,307	2.6	10,228	5.6	52.4%	106,228	2.6	55,660	5.4
Bouenza	33.3%	81,676	8.6	27,209	15.0	41.6%	342,356	8.4	142,540	13.8
Pool	35.8%	66,954	7.0	23,964	13.2	47.7%	260,096	6.4	124,007	12.0
Plateaux	34.0%	46,777	4.9	15,924	8.8	47.1%	193,055	4.7	90,880	8.8
Cuvette	37.9%	39,483	4.1	14,964	8.2	49.2%	172,096	4.2	84,665	8.2
Cuvette-	49.2%	21,129	2.2	10,391	5.7	59.9%	80,130	2.0	48,003	4.6
Sangha	31.3%	21,705	2.3	6,785	3.7	41.1%	93,752	2.3	38,497	3.7
Likouala	40.0%	32,511	3.4	13,016	7.2	50.5%	169,620	4.2	85,636	8.3
Brazzavi	7.4%	351,210	36.8	26,153	14.4	10.8%	1,516,397	37.2	163,554	15.8
Pointe-Noire	5.1%	184,158	19.3	9,462	5.2	7.6%	790,501	19.4	60,104	5.8
Total	19.1%	954,323	100.0	181,889	100.0	25.4%	4,081,163	100.0	1,036,345	100.0

Note: Own calculation

Table 2: Educational Level of the Female Population

Share of Female population aged 6 or more regarding the highest educational level achieved, Congo, 2011-2012										
	None	Incomplete Primary	Complete primary	Incomplete Secondary	Complete Secondary	College/University/+	Don't know	Total	#	Median years of schooling
Age Group										
6-9	6.8	93.1	0.0	0.0	0.0	0.0	0.2	100.0	2 681	1.0
10-14	1.8	62.2	11.5	24.3	0.0	0.0	0.3	100.0	2 782	4.2
15-19	3.7	17.2	7.4	70.0	0.7	0.9	0.0	100.0	2 371	7.5
20-24	5.1	15.4	6.1	60.5	5.0	8.0	0.0	100.0	2 372	7.9
25-29	5.3	18.7	7.3	54.7	6.0	7.9	0.0	100.0	2 178	7.6
30-34	5.8	17.7	7.6	57.1	6.5	5.1	0.2	100.0	1 713	7.8
35-39	7.4	20.1	6.8	54.2	5.7	5.8	0.0	100.0	1 537	7.4
40-44	8.7	15.7	5.2	63.3	3.5	3.7	0.0	100.0	969	7.6
45-49	14.5	15.7	6.5	55.6	3.3	3.9	0.5	100.0	818	7.7
50-54	27.8	24.9	6.1	28.0	4.7	4.5	4.0	100.0	824	4.4
55-59	34.6	26.4	7.1	17.3	2.8	3.5	8.2	100.0	534	2.9
60-64	47.7	20.6	10.2	15.8	0.0	2.5	3.2	100.0	453	0.0
65+	80.4	11.2	3.0	2.8	0.3	0.1	2.3	100.0	819	0.0
Zone										
Urban	6.9	26.8	6.7	49.6	4.2	5.2	0.6	100.0	2 858	6.9
Rural	19.0	47.1	6.0	26.2	0.5	0.5	0.8	100.0	7 193	3.1
Department										
Kouilou	17.7	47.4	7.9	26.6	0.2	0.1	0.0	100.0	501	3.7
Niari	17.8	40.2	7.2	32.7	1.4	0.7	0.0	100.0	1 149	4.1
Lékoumou	25.2	42.5	5.3	25.9	0.4	0.5	0.1	100.0	425	2.8
Bouenza	20.5	46.2	4.1	27.6	0.6	0.7	0.3	100.0	2 307	3.1
Pool	15.0	45.7	8.0	29.3	0.8	0.4	0.8	100.0	1 330	3.7
Plateaux	21.0	48.5	4.8	23.4	0.2	0.3	1.6	100.0	741	2.3
Cuvette	10.4	40.9	5.6	37.3	0.6	1.3	3.9	100.0	650	4.6
Cuvette - Ouest	12.7	50.0	9.0	27.3	0.5	0.3	0.1	100.0	326	3.7
Sangha	20.1	44.1	1.9	31.8	0.3	1.6	0.3	100.0	377	3.5
Likouala	13.6	47.0	9.4	28.1	1.0	0.3	0.6	100.0	843	3.6
Brazzaville	7.0	23.6	6.0	50.5	5.3	6.6	1.0	100.0	6 841	7.5
Pointe-Noire	5.4	28.6	7.7	50.4	3.5	4.1	0.1	100.0	4 562	6.7
Economic Quintiles										
Poorest 20%	24.3	49.8	6.1	18.7	0.1	0.0	1.0	100.0	4 018	2.1
Q2	14.3	42.9	7.3	33.8	0.8	0.3	0.6	100.0	4 051	4.3
Q3	7.6	32.3	6.9	48.6	2.1	1.9	0.5	100.0	3 953	6.1
Q4	5.9	24.5	7.0	54.0	4.0	4.0	0.4	100.0	3 976	7.2
Richest 20%	4.1	20.6	5.0	51.0	7.5	11.0	0.8	100.0	4 053	8.4
Total	11.3	34.1	6.5	41.2	2.9	3.5	0.7	100.0	10 051	5.5

Table 3: Educational Level of the Male Population

Share of Male population aged 6 or more regarding the highest educational level achieved, Congo, 2011-2012										
	None	Incomplete primary	Complete primary	Incomplete Secondary	Complete Secondary	College/University/+	Don't know	Total	#	Median years of schooling
Age Group										
6-9	8.5	91.3	0.0	0.0	0.0	0.0	0.2	100.0	2 827	0.8
10-14	0.8	66.1	11.0	22.1	0.0	0.0	0.0	100.0	2 921	4.1
15-19	3.0	14.6	6.5	73.2	1.6	0.7	0.4	100.0	2 260	7.7
20-24	2.4	16.1	4.4	59.4	6.3	10.6	0.8	100.0	1 656	8.5
25-29	4.9	11.9	6.2	56.4	6.5	13.7	0.3	100.0	1 651	8.5
30-34	2.8	12.5	6.5	58.6	7.9	11.3	0.5	100.0	1 631	8.8
35-39	3.6	10.6	5.0	52.6	12.2	15.6	0.4	100.0	1 519	9.3
40-44	3.2	8.5	6.3	56.4	10.4	14.4	0.7	100.0	1 143	9.0
45-49	4.1	10.1	3.7	56.0	7.4	18.1	0.6	100.0	924	9.4
50-54	4.6	9.6	6.7	47.6	7.6	23.1	0.8	100.0	671	9.8
55-59	5.5	18.5	9.5	39.9	8.5	16.1	1.9	100.0	425	8.5
60-64	11.2	29.1	11.9	26.8	4.2	12.3	4.5	100.0	372	5.6
65+	29.3	33.6	12.0	14.0	1.3	4.7	5.1	100.0	628	2.8
Don't know	80.1	0.0	0.0	19.9	0.0	0.0	0.0	100.0	5	0.0
Zone										
Urban	3.7	27.7	6.1	45.3	6.0	10.7	0.6	100.0	12 141	7.7
Rural	7.1	45.5	6.1	35.7	2.1	2.7	0.7	100.0	6 492	4.6
Department										
Kouilou	5.9	46.5	8.0	36.8	1.2	1.5	0.0	100.0	463	4.8
Niari	8.9	40.2	6.7	35.8	3.6	4.7	0.1	100.0	1 017	5.1
Lékoumou	9.3	50.1	6.9	28.0	1.5	3.6	0.5	100.0	384	4.0
Bouenza	5.8	44.4	4.5	39.0	1.9	4.1	0.4	100.0	2 008	5.0
Pool	5.0	47.6	8.5	33.3	2.3	2.2	1.2	100.0	1 149	4.6
Plateaux	9.0	44.2	5.7	37.5	0.8	1.9	0.8	100.0	675	4.6
Cuvette	3.5	39.9	6.0	41.9	3.4	3.3	2.0	100.0	618	5.7
Cuvette - Ouest	5.4	47.3	7.9	34.9	1.9	2.4	0.1	100.0	293	4.7
Sangha	9.4	43.6	2.3	37.5	1.3	5.2	0.5	100.0	332	4.6
Likouala	6.7	42.8	8.1	34.7	4.3	2.7	0.7	100.0	784	5.0
Brazzaville	3.8	24.8	5.8	44.1	6.6	13.8	1.0	100.0	6 570	8.1
Pointe-Noire	3.5	29.3	6.1	48.3	5.6	7.1	0.2	100.0	4 340	7.5
Economic Quintiles										
Poorest 20%	9.7	50.9	6.3	30.5	1.1	0.7	0.8	100.0	3 483	3.8
Q2	5.6	43.2	6.4	40.1	2.4	2.0	0.4	100.0	3 531	5.1
Q3	2.7	32.0	7.5	48.2	3.8	5.4	0.4	100.0	3 858	6.7
Q4	3.9	26.3	5.2	47.4	6.7	9.5	1.0	100.0	3 797	7.8
Richest 20%	3.1	19.9	5.2	42.2	8.5	20.4	0.6	100.0	3 964	9.1
Total	4.9	33.9	6.1	41.9	4.6	7.9	0.7	100.0	18 633	6.5

Table 4: Net and Gross Enrollment rate

Net Enrollment rate (NER) and Gross Enrollment rate (GER), Congo, 2011-2012								
	Net Enrollment rate (NER) ¹				Gross Enrollment rate (GER) ²			
	Boys	Girls	Total	Gender inequality	Boys	Girls	Total	Gender inequality
PRIMARY								
Zone								
Urban	91.3	91.9	91.6	1.01	118.3	118.3	118.3	1.00
Rural	92.0	91.8	91.9	1.00	131.6	127.0	129.3	0.96
Department								
Kouilou	88.6	88.0	88.3	0.99	133.8	131.4	132.7	0.98
Niari	90.9	91.2	91.1	1.00	130.5	125.2	127.9	0.96
Lékoumou	91.8	88.2	90.2	0.96	133.9	126.3	130.4	0.94
Bouenza	93.6	93.4	93.5	1.00	128.3	126.5	127.4	0.99
Pool	91.2	94.7	92.9	1.04	124.3	120.3	122.3	0.97
Plateaux	88.6	89.0	88.8	1.00	134.7	117.8	125.4	0.87
Cuvette	96.1	94.3	95.2	0.98	132.6	126.0	129.4	0.95
Cuvette - Ouest	94.7	94.0	94.3	0.99	147.3	136.2	141.6	0.92
Sangha	85.1	82.6	83.9	0.97	130.2	123.3	126.9	0.95
Likouala	91.7	92.9	92.3	1.01	130.0	141.1	135.2	1.09
Brazzaville	90.0	90.6	90.3	1.01	112.8	111.2	112.0	0.99
Pointe-Noire	93.2	93.1	93.2	1.00	124.0	126.0	124.9	1.02
Economic Quintiles								
Poorest 20%	89.5	90.6	90.0	1.01	132.0	126.4	129.3	0.96
Q2	91.5	93.7	92.6	1.02	124.1	129.2	126.5	1.04
Q3	92.5	91.8	92.1	0.99	126.2	119.9	123.1	0.95
Q4	92.6	90.6	91.6	0.98	118.1	114.1	116.1	0.97
Richest 20%	92.4	92.6	92.5	1.00	115.2	117.8	116.5	1.02
Total	91.6	91.8	91.7	1.00	123.7	122.0	122.9	0.99
SECONDARY								
Zone								
Urban	65.6	67.8	66.8	1.03	91.7	94.4	93.1	1.03
Rural	42.8	30.8	37.1	0.72	56.8	41.9	49.7	0.74
Département								
Kouilou	26.5	21.4	24.0	0.81	33.1	25.9	29.5	0.78
Niari	41.5	42.7	42.1	1.03	58.2	57.5	57.9	0.99
Lékoumou	37.9	36.4	37.2	0.96	53.6	54.8	54.2	1.02
Bouenza	53.4	39.9	46.8	0.75	68.8	49.4	59.2	0.72
Pool	35.4	35.5	35.5	1.00	45.6	43.1	44.4	0.95
Plateaux	47.9	29.9	40.4	0.62	65.7	38.5	54.4	0.59
Cuvette	55.1	45.4	50.9	0.82	73.2	65.5	69.9	0.90
Cuvette - Ouest	38.8	38.5	38.7	0.99	63.9	59.2	61.6	0.93
Sangha	39.7	34.9	37.2	0.88	60.9	50.9	55.6	0.84
Likouala	47.8	28.4	37.7	0.59	69.4	42.7	55.6	0.62
Brazzaville	70.4	69.9	70.1	0.99	96.5	101.7	99.1	1.05
Pointe-Noire	60.7	67.9	64.5	1.12	86.8	90.4	88.7	1.04
Economic Quintiles								
Poorest 20%	31.8	20.6	26.5	0.65	43.7	26.2	35.4	0.60
Q2	43.9	40.7	42.3	0.93	62.5	49.6	56.3	0.79
Q3	59.5	52.8	56.2	0.89	75.3	78.5	76.9	1.04
Q4	70.9	71.3	71.1	1.01	98.1	105.0	101.7	1.07
Richest 20%	79.5	82.5	81.1	1.04	114.7	111.9	113.2	0.98
Total	57.3	55.7	56.5	0.97	78.9	77.2	78.1	0.98

¹ Net Enrollment rate (NER) is the share of the population in the right age in the right school cycle.

² Gross Enrollment rate (GER) is the total number of children in the school cycle divided by the right age population.

Table 5: Transfer Size in Respect to Poverty Lines and Household Consumption

Transfer amount - monthly (FCFA)	Fixed transfer amount - monthly (FCFA)	Variable transfer amount - monthly (FCFA)	% Average transfer size relative to food poverty line	% Average transfer size relative to poverty line	% of the transfer in respect to the average food consumption
12.000	10.000	2.000	16.2	11.0	20.8
14.500	12.500	2.000	19.6	13.3	25.1
15.000	10.000	5.000	20.2	13.8	26.0
17.000	15.000	2.000	22.9	15.6	29.5
17.500	12.500	5.000	23.6	16.1	30.4
19.500	17.500	2.000	26.3	17.9	33.8
20.000	15.000	5.000	27.0	18.4	34.7
22.000	20.000	2.000	29.7	20.2	38.2
22.500	17.500	5.000	30.3	20.7	39.0
25.000	20.000	5.000	33.7	23.0	43.4

Table 6: Simulations on poverty and inequality

	Transfer Amount (monthly FCFA)	Annual Cost of Program (US\$ million)	percent of GDP	Food poverty Line			Gini	Households out of food poverty	Persons out of food poverty
				ΔFGT(0)	ΔFGT(1)	ΔFGT(2)			
Departments of Brazzaville, Pointe-Noire and Cuvette									
Perfect targeting for the poorest (55.705 households)	12.000	18.6	0.13%	-2.8%	-1.0%	-0.4%	-1.6%	37.4%	32.8%
	14.500	22	0.18%	-3.1%	-1.1%	-0.4%	-2.0%	42.0%	37.0%
	15.000	26	0.15%	-3.7%	-1.2%	-0.5%	-2.3%	47.6%	44.0%
	17.000	25.4	0.20%	-3.6%	-1.2%	-0.5%	-2.2%	47.7%	42.6%
	17.500	29.4	0.18%	-4.1%	-1.4%	-0.5%	-2.7%	52.5%	48.2%
	19.500	28.8	0.23%	-3.9%	-1.3%	-0.5%	-2.5%	51.1%	46.4%
	20.000	32.8	0.20%	-4.4%	-1.4%	-0.6%	-2.8%	55.8%	51.8%
	22.000	32.2	0.25%	-4.2%	-1.4%	-0.6%	-2.7%	53.7%	49.8%
	22.500	36.2	0.22%	-4.6%	-1.5%	-0.6%	-3.2%	58.2%	54.2%
	25.000	39.6	0.28%	-4.7%	-1.5%	-0.6%	-3.3%	60.4%	56.4%
National									
Perfect targeting for all poorest (180.415 households)	12.000	61.8	0.43%	-7.6%	-3.4%	-1.9%	-8.0%	33.8%	30.0%
	14.500	73.2	0.61%	-8.9%	-3.8%	-1.9%	-6.9%	39.3%	34.9%
	15.000	87.2	0.51%	-10.6%	-4.4%	-1.1%	-8.5%	44.9%	41.4%
	17.000	84.4	0.57%	-10.1%	-4.2%	-2.1%	-8.0%	44.3%	39.6%
	17.500	81.6	0.59%	-9.9%	-4.1%	-2.3%	-7.7%	43.2%	38.8%
	19.500	95.6	0.76%	-11.2%	-4.5%	-2.3%	-9.1%	48.8%	44.1%
	20.000	109.6	0.66%	-12.7%	0.3%	-2.4%	-10.1%	54.2%	50.1%
	22.000	107	0.84%	-12.1%	-4.8%	-2.3%	-9.7%	52.2%	47.7%
	22.500	121	0.74%	-13.4%	-5.3%	-2.5%	-11.0%	56.8%	52.7%
	25.000	132.2	0.92%	-14.3%	-5.5%	-2.6%	-11.8%	60.3%	56.2%

ANNEX 8: GOVERNANCE AND ACCOUNTABILITY PLAN

Congo, Republic of

LISUNGI - Safety Nets Project (P145263)

1. The Republic of Congo is gradually emerging from a decade of political instability, conflict, and mismanagement of public finances. It has enjoyed considerable economic growth in recent years, though it still depends too narrowly on the oil sector. The country reached the HIPC completion point in 2009, but its institutions are still weak. Structural reforms have been launched in the areas of economic governance, management of public expenditure, and transparency. The ongoing Transparency and Governance Capacity Building Project, financed by the World Bank, is helping the country strengthen capacity in public administration, and tackle corruption and mismanagement. Although there is cause for cautious optimism (significant improvements have been made in public finance management and oil revenue management through the IDA project on transparency and governance support, as well as other donor-financed projects), it will take time for these reforms to yield substantial improvement in the management of public funds. Given the fragility of the fiduciary environment, the Government has requested to use a ring-fenced approach to implement this project, similar to other Bank-financed projects in the country.

2. This approach is important because public programs, as LISUNGI, requires the application of targeting criteria, the direct transfer of funds, and the execution of activities at the community level that requires strong checks and balances. Good governance and accountability measures for the LISUNGI ensure that resources are allocated equitably, prevent any manipulation by special interests, and support the free flow of information that fosters a culture of transparency and efficiency. Demonstrating that a project is fair and can deliver results without leakage, fraud, corruption, or foul play is critical to obtaining the support of the population and the political class and is thus key to ensuring its sustainability. Transparency, participation, and accountability are all essential elements in pursuing this objective.

3. Although all safety net programs strive to transfer all of their resources to registered beneficiaries in the right amount and at the right time, a fraction of these transfers can be lost to error, fraud, and corruption:

- a. *Error* is an unintentional violation of program or benefit rules that result in the wrong benefit amount being paid or the right amount being paid to an ineligible applicant.
- b. *Official errors* are due to staff mistakes, and customer errors occur when customers inadvertently provide incorrect information.
- c. *Fraud* occurs when a claimant deliberately makes a false statement or conceals or distorts relevant information regarding his or her program eligibility or level of benefits.

- d. *Corruption* is intentional abuse by the program management staff, payment agencies, or others in authority.
4. Therefore, benefiting from the ongoing Transparency and Governance Capacity Building Project, financed by the World Bank, and the monitoring and evaluation (M&E) plan (see details in annex 3) of LISUNGI, the program administrators will ensure that GAC measures, which will be detailed in the PIM, are enforced for dealing with main areas of risk that are:
- a. Project management: Ensuring efficiency and good governance in project management
 - b. Targeting: Avoiding fraud and corruption in beneficiary selection
 - c. Payments: Creating timely and transparent payment system
 - d. Lack of transparency: Ensure that implementation arrangements are geared towards achieving high level of transparency in project implementation

ANNEX 9: DOCUMENTS IN THE PROJECT FILE

Congo. Republic of

LISUNGI - Safety Nets Project (P145263)

Fiszbein, Ariel and Norbert Schady. 2009. Conditional Cash Transfers: Reducing Present and Future Poverty. The World Bank. Washington D.C.

Garcia, Marito and Charity Moore. 2012. The Cash Dividend: The Rise of cash Transfer Programs in Sub-Saharan Africa. The World Bank. Washington D.C.

Grosh, Margaret, Carlo del Ninno, Emil Tesliuc and Azedine Ouerghi. 2008. For Protection and Promotion: The Design and Implementation of Effective Safety Nets. World Bank Publications. Washington DC.

Hodges, Anthony, Clare O'Brien and Bethuel Makosso (2011). Développement de la Politique Nationale d'Action Sociale. By UNICEF and Oxford Policy Management
Premier rapport : Etat des lieux de l'action sociale au Congo.
Deuxième rapport : Orientations stratégiques de la protection sociale non contributive au Congo

IEG (Independent Evaluation Group). 2011. Social Safety Nets: An Evaluation of World Bank Support. 2000–2010.
Washington. DC: Independent Evaluation Group. the World Bank Group.

IEG (Independent Evaluation Group). 2011. Evidence and Lessons Learned from Impact Evaluations on Social Safety Nets. Washington. DC: World Bank.

Lettre de Politique Nationale d'Action Sociale (2011)

MASAHS (2011). Stratégie Nationale de Prise en Charge des Groupes Sociaux Vulnérables:
Rapport 1 : Le profil de la vulnérabilité au Congo.
Rapport 2 : Les systèmes de prise en charge des groupes sociaux vulnérables

Oxford Policy Management, UNICEF and MASAHS (2012) . Plan d'Action de la Politique Nationale d'Action Sociale (PNAS) 2012-2016.

World Bank (2010). République du Congo. Revue des Dépenses Publiques: Bien utiliser la richesse pétrolière pour accélérer et diversifier la croissance.

World Bank (April 2012). Republic of Congo. Joint IDA-IMF Staff Advisory Note on the Poverty Reduction, Growth, and Employment Strategy Paper 2. 2012-2016.

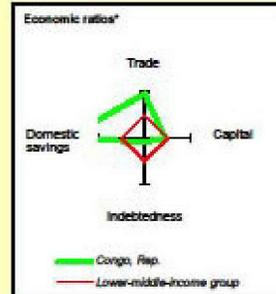
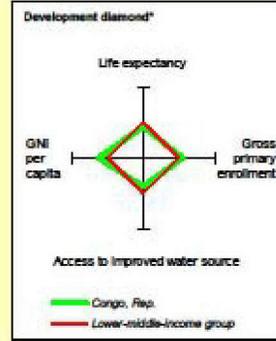
World Bank (September 2012). Country Partnership Strategy for the Republic of Congo for the Period FY13-FY16.

ANNEX 10: COUNTRY AT GLANCE

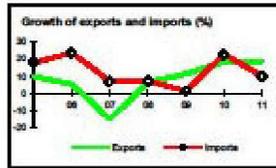
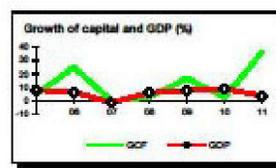
Congo, Rep. at a glance

3/17/13

	Congo, Rep.	Sub-Saharan Africa	Lower-middle-income		
POVERTY and SOCIAL					
2011					
Population, mid-year (millions)	4.1	875	2,533		
GNI per capita (Atlas method, US\$)	2,250	1,258	1,772		
GNI (Atlas method, US\$ billions)	9.3	1,101	4,488		
Average annual growth, 2006-11					
Population (%)	2.6	2.5	1.6		
Labor force (%)	3.1	2.8	1.3		
Most recent estimate (latest year available, 2006-11)					
Poverty (% of population below national poverty line)	47	..	..
Urban population (% of total population)	64	36	39		
Life expectancy at birth (years)	57	55	66		
Infant mortality (per 1,000 live births)	64	69	46		
Child malnutrition (% of children under 5)	12	21	24		
Access to an improved water source (% of population)	71	61	87		
Literacy (% of population age 15+)	..	63	71		
Gross primary enrollment (% of school-age population)	116	100	104		
Male	119	103	106		
Female	113	96	102		
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1981	2001	2010	2011	
GDP (US\$ billions)	2.7	2.8	12.0	14.4	
Gross capital formation/GDP	20.5	26.4	20.5	25.3	
Exports of goods and services/GDP	45.1	77.4	85.1	87.3	
Gross domestic savings/GDP	34.1	50.5	50.9	77.7	
Gross national savings/GDP	17.6	20.3	25.5	52.0	
Current account balance/GDP	-18.5	-6.0	5.1	6.5	
Interest payments/GDP	3.5	1.3	0.2	0.2	
Total debt/GDP	175.1	160.9	21.8	17.5	
Total debt service/exports	26.1	4.3	1.1	0.8	
Present value of debt/GDP	12.7	
Present value of debt/exports	14.4	
	1981-01	2001-11	2010	2011	2011-16
(average annual growth)					
GDP	1.4	4.6	8.8	3.4	6.5
GDP per capita	-1.4	2.0	6.0	1.0	4.3
Exports of goods and services	5.4	3.5	18.2	18.1	-4.5



	1981	2001	2010	2011
STRUCTURE of the ECONOMY				
(% of GDP)				
Agriculture	11.3	5.8	3.8	3.4
Industry	36.0	65.5	75.4	76.6
Manufacturing	8.9	4.5	3.8	3.6
Services	52.6	28.7	20.8	20.0
Household final consumption expenditure	38.1	35.4	38.6	12.3
General gov't final consumption expenditure	27.7	14.1	10.4	10.0
Imports of goods and services	31.5	53.3	54.7	34.8
	1981-01	2001-11	2010	2011
(average annual growth)				
Agriculture	0.3	4.6	6.3	8.4
Industry	4.5	3.8	11.6	-1.0
Manufacturing	-2.9	8.2	5.8	8.0
Services	-1.6	5.5	6.5	6.8
Household final consumption expenditure	6.5	8.5	20.2	-14.2
General gov't final consumption expenditure	-5.2	8.0	6.7	2.8
Gross capital formation	0.4	8.7	2.2	36.6
Imports of goods and services	9.6	9.7	22.5	10.0



Note: 2011 data are preliminary estimates.
 This table was produced from the Development Economics LDB database.
 * The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

Data Profile					
	2000	2005	2010	2011	2012
World view					
Population, total (millions)	3.13	3.54	4.11	4.23	4.34
Population growth (annual %)	2.7	2.7	2.9	2.7	2.6
Surface area (sq. km) (thousands)	342.0	342.0	342.0	342.0	..
Poverty headcount ratio at national poverty line (% of population)	..	50.1	..	46.5	..
GNI, Atlas method (current US\$) (billions)	1.77	3.45	9.07	9.32	11.07
GNI per capita, Atlas method (current US\$)	570	970	2.210	2.200	2.550
GNI, PPP (current international \$) (billions)	6.14	7.91	12.85	13.42	15.20
GNI per capita, PPP (current international \$)	1.960	2.230	3.130	3.180	3.510
People					
Income share held by lowest 20%	..	5.0	..	..	..
Life expectancy at birth, total (years)	52	54	57	58	..
Fertility rate, total (births per woman)	5.1	5.1	5.1	5.0	..
Adolescent fertility rate (births per 1,000 women ages 15-19)	136	133	128	127	..
Contraceptive prevalence (% of women ages 15-49)	..	44	..	..	..
Births attended by skilled health staff (% of total)	..	83	..	..	..
Mortality rate, under-5 (per 1,000 live births)	118	113	102	99	96
Malnutrition prevalence, weight for age (% of children under 5)	..	12	..	..	..
Immunization, measles (% of children ages 12-23 months)	34	56	90	90	..
Primary completion rate, total (% of relevant age group)	..	71	71	..	..
Ratio of girls to boys in primary and secondary education (%)	86	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	3.9	3.4	3.3	3.3	..
Environment					
Forest area (sq. km) (thousands)	225.6	224.7	224.1	224.0	..
Agricultural land (% of land area)	30.9	30.9	30.9	30.9	..
Annual freshwater withdrawals, total (% of internal resources)	..	..	..	0.0	..
Improved water source (% of population with access)	71	72	72	72	..
Improved sanitation facilities (% of population with access)	20	19	18	18	..
Energy use (kg of oil equivalent per capita)	260	306	368	393	..
CO2 emissions (metric tons per capita)	0.3	0.4	0.5	..	..
Electric power consumption (kWh per capita)	96	120	146	172	..
Economy					
GDP (current US\$) (billions)	3.22	6.09	12.01	14.43	13.68
GDP growth (annual %)	7.6	7.8	8.8	3.4	3.8
Inflation, GDP deflator (annual %)	47.0	21.3	20.7	10.7	-1.2
Agriculture, value added (% of GDP)	5	5	4	3	..
Industry, value added (% of GDP)	72	72	75	77	..
Services, etc., value added (% of GDP)	23	24	21	20	..
Exports of goods and services (% of GDP)	80	84	85	87	..
Imports of goods and services (% of GDP)	44	55	55	35	..
Gross capital formation (% of GDP)	23	20	21	25	..
Revenue, excluding grants (% of GDP)	28.6	39.9	..	..	..
Cash surplus/deficit (% of GDP)	1.9	19.5	..	..	..
States and markets					
Time required to start a business (days)	..	37	161	161	161
Market capitalization of listed companies (% of GDP)	..	..	..	..	..

Military expenditure (% of GDP)	..	1.3	1.1	..	..
Mobile cellular subscriptions (per 100 people)	2	16	92	94	101
Internet users (per 100 people)	0.0	1.5	5.0	5.6	6.1
Roads, paved (% of total roads)	10	..	..	..	..
High-technology exports (% of manufactured exports)	..	..	4	..	..
Global links					
Merchandise trade (% of GDP)	91.7	99.4	110.8	115.8	118.4
Net barter terms of trade index (2000 = 100)	100	155	185	215	..
External debt stocks, total (DOD, current US\$) (millions)	4.865	6.258	2.618	2.523	..
Total debt service (% of exports of goods, services and primary income)	1.7	2.3	..	..	..
Net migration (thousands)	..	..	..	..	-45
Personal remittances, received (current US\$) (millions)	10	11	..	..	..
Foreign direct investment, net inflows (BoP, current US\$) (millions)	166	801	2.209	2.931	..
Net official development assistance and official aid received (current US\$) (millions)	32	1.425	1.312	260	..
Source: World Development Indicators database					



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CONGO

- SELECTED CITIES AND TOWNS
- ⊙ REGION CAPITALS
- ★ NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- REGION BOUNDARIES
- - - INTERNATIONAL BOUNDARIES