



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 31-Jan-2024 | Report No: PIDA37246



BASIC INFORMATION

A. Basic Project Data

Country Djibouti	Project ID P181612	Project Name AF Economic Management and Statistics Development for Policy Making	Parent Project ID (if any) P171777
Parent Project Name Economic Management and Statistics Development for Policy Making	Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 31-Jan-2024	Estimated Board Date 15-Mar-2024
Practice Area (Lead) Poverty and Equity	Financing Instrument Investment Project Financing	Borrower(s) Republic of Djibouti	Implementing Agency National Institute of Statistics of Djibouti, Ministry of Economy and Finance in charge of Industry, Ministry of Budget

Proposed Development Objective(s) Parent

To strengthen the capacity of the National Institute of Statistics of Djibouti (INSD) to produce and disseminate timely and reliable statistics in a sustainable manner and modernize the Recipient's selected economic and fiscal management tools and processes in Djibouti.

Components

Strengthening the capacity of the National Institute of Statistics of Djibouti (INSD) to produce and disseminate timely and reliable statistics in a sustainable manner
Modernizing the Recipient's selected economic and fiscal management tools and processes
Project Management

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	5.00
Total Financing	5.00
of which IBRD/IDA	5.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Development Association (IDA)	5.00
IDA Credit	5.00

Environmental and Social Risk Classification

Moderate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Djibouti is the smallest state in the Horn of Africa.** About a million inhabitants reside in the country, which covers a land area of 23,000 square kilometers. The country is politically and socially stable but is surrounded by areas in conflict or in fragile situations. Officially, Djibouti hosts close to 30,000 refugees and asylum seekers from Somalia, Ethiopia, Eritrea, and Yemen, the equivalent of 3 percent of its population, mainly in three camps outside the capital city of the country (Ali-Addeh, Hol-Hol and Merkazi). The country also hosts around 150,000 non-registered migrants¹, five military bases with around 10,000 staff in total, and more than 300 enterprises in the in its free trade zones, representing 20 percent of GDP.

2. **Over the last two decades, Djibouti has achieved remarkable economic growth and improved social outcomes, by leveraging its strategic location.** With average annual GDP growth of 6% between 2000 and 2021, GDP per capita more than doubled, exceeding USD 3,200. This impressive growth performance was a clear break from the poor economic record of the 1990s² when real per capita GDP contracted by 4.2 percent on average per year between 1990 and 1998. Economic growth since 2000 has been driven by the export of services, with transportation and logistics, telecommunication and banking sectors being the main contributors. Djibouti serves as the main port and handles about 90 percent of the external trade of landlocked Ethiopia, the East Africa’s largest and fastest growing economy. On the social front, the share of population living with less than US\$1.90 2011 PPP a day was estimated at 17.1 percent in 2017, down from 22.7 percent in 2013.

3. **Improvements in the quality of public policy and significant strengthening of institutional capacity are key to making growth sustainable and more inclusive.** Over the past decade, Djibouti has significantly upgraded its infrastructure platform. With major facilities (ports, railway, submarine cables,

¹ Estimates from Ministry of Social Affairs

² Part of the period was marked with civil war which lasted from 1991 to 1994, resulting in thousands of fatalities.



water pipe, electricity interconnection network, international free trade zone) in place and operational, the Government is shifting gear toward implementing critical reforms to boost productivity and efficiency and modernize its administration to sustain growth and make it broad-based and more inclusive.

Sectoral and Institutional Context

Statistics development

4. **Timely and reliable data are critical for decision making.** The National Statistical Development Strategy (NSDS 2018-2022) has four strategic pillars: (i) improvement of the institutional, regulatory and organizational framework of the NSS; (ii) strengthening the human, material and financial resources of the NSS; (iii) improvement of statistical production and consolidation of the archiving; and (iv) dissemination system and improvement of communication. A new NSDS is planned to be updated in 2024.

5. **The Djibouti National Statistical System (NSS) produces limited foundational data on an irregular basis, core surveys are not conducted at regular intervals, and analytical capacity is weak making it difficult to discern major trends and their policy implications.** The data collection activities have primarily been ad hoc and driven by demand from international development partners. The irregularity of foundational data collection poses challenges for the reporting of indicators and publications to the point that it is difficult to predict when most publications will be disseminated and accessible on an online platform. The Population Census is now 11 years old; a business census has never been conducted, the last health survey was conducted in 2006, the last household budget survey was conducted in 2017 and the last labor force survey was conducted in 2015 with no plans to repeat the exercise. Even if data collection efforts have been undertaken, they have been mired by issues of reliability. In addition, the shortage of human resources in quantity and quality (skills) at INSTAD contributes to the low equilibrium of irregular and seldom unreliable data collection. Another contributor to INSTAD' weak statistical capacity is the physical infrastructure which houses its staff. The offices are dilapidated, and the ICT system is obsolete. The parent project (P171777) has already financed the cartography exercise of the population census, which was successfully implemented in September 2023.

6. **A law passed in February 2019 has created the National Institute of Statistics of Djibouti (INSTAD³, subsequently INSTAD) as the legal public institution, with financial autonomy, to replace the *Direction de la Statistique et des Etudes Démographiques (DISED)* which was dissolved by the same law.** The Institute is responsible for ensuring the technical coordination of the NSS and for carrying out statistical production and dissemination activities. The new Institute is mapped to the Ministry of Finance (MoFI). The setting up of INSTAD is currently ongoing and hence provides an important opportunity to address the problem of low statistical capacity. INSTAD is being operationalized in the context of the new legal framework⁴ governing the establishment, functioning and reporting lines of public agencies (*Etablissements Publics Administratifs, EPA*). The new legal framework was approved in July 2019 and makes mandatory the approval of an objective and performance contract, covering at least three years, between all public agencies and the ministry in charge of its oversight. The activities to be included into the performance contract will be validated first by INSTAD's board and the Superior Council of Statistics (SCS) as part of the annual statistical program, to ensure that INSTAD remains autonomous. In 2023, a board of directors for INSTAD was instituted by a legal decree.

³ Loi N° 26/AN/18/8ème L relatif à la création de l'Institut National de la Statistique de Djibouti (INSTAD)
<https://www.presidence.dj/texte.php?ID=26&ID2=2019-02-27&ID3=Loi&ID4=4&ID5=2019-02-28&ID6=n>

⁴ Loi N° 56/AN/19/8ème L portant régime juridique des Etablissements Publics Administratifs.
<https://www.presidence.dj/texte.php?ID=56&ID2=2019-07-23&ID3=Loi&ID4=14&ID5=2019-07-31&ID6=n>



Sectoral and Institutional Context

C. Proposed Development Objective(s)

Original PDO

To strengthen the capacity of the National Institute of Statistics of Djibouti (INSTAD) to produce and disseminate timely and reliable statistics in a sustainable manner and modernize the Recipient's selected economic and fiscal management tools and processes in Djibouti.

Current PDO

To strengthen the capacity of the National Institute of Statistics of Djibouti (INSTAD) to produce and disseminate timely and reliable statistics in a sustainable manner and modernize the Recipient's selected economic and fiscal management tools and processes in Djibouti.

Key Results

7. The PDO-level results indicators are as follows:
 - Number of reports/publications disseminated on a government's official website (including INSTAD) as per the adopted statistical release calendar, by each of the 5 departments
 - Number of statistical quality assessments conducted, and quality assessment reports or certificates issued
 - Number of ministries with approved budget anchored to a Medium-Term Expenditure Framework
 - Percentage of contracted loan that are included in the Medium-Term Debt Strategy (MTDS)

D. Project Description

8. The parent project is structured into three components. They are: (i) Strengthening the capacity of the National Institute of Statistics of Djibouti (INSTAD) to produce and disseminate timely and reliable statistics; (ii) Modernizing the Government's selected economic and fiscal management tools and processes; and (iii) Project management. There is a strong linkage between the first two components of the project. By strengthening the capacity of INSTAD to ensure timely production and dissemination of good quality data and statistics on economic, financial, social and environmental topics, the first component will improve the availability and quality of data needed to support evidence-based planning and decision making, which is the aim of the second component. The AF project seeks to fill the funding gaps in the first component – specifically in relation to the population census, the enterprise census, and the household survey, as well as bolster the ability of the government to manage this project through additional financing to component 3.



9. The project has three beneficiaries (the institute of statistics, the ministry of finance, and the ministry of budget), and has three main components:

(a) Component 1: Strengthening INSTAD's capacity to produce and disseminate timely and reliable statistics in a sustainable manner.

This includes the construction of a new building for INSTAD and purchase of modern equipment, supporting the reform of the Institute, and carrying out a population census, an economic census, a household budget survey, and improving the production of vital economic statistics.

(b) Component 2: Modernization of the Government's economic and fiscal management tools and processes

This includes capacity building in macroeconomic modelling, debt management, budget preparation and investment planning.

(c) Component 3: Project Management

This involves putting in place a project implementation unit that performs financial management, procurement, social and environmental safeguarding, and monitoring and evaluation.

10. The AF will build on the progress made in the parent project (P171777) in terms of reforms and data collection activities to achieve the PDO Of the project. As the Institute of Statistics (INSTAD) has already started an ambitious reform, including establishing a board of directors and drafting bylaws that govern its operations as an independent entity, and has already completed the fieldwork for the cartography phase of the population census, the additional financing will allow it to complete the population census. In addition, it will allow it to build on the cartography to carry out its first economic census, covering all formal and informal enterprises in the country, and subsequently carry out a household budget survey. Table 1 below presents a summary of the changes to the project costs after the AF for the project.

Table 1: Revised Costs of the GEDES (P171777) Project Following Additional Financing

Component	Current Project Costs (million USD)	Additional Financing (million USD)	Revised Costs (million USD)	Of which counterpart funding (million USD)
Component 1: Strengthening INSTAD's capacity to produce and disseminate timely and reliable statistics in a sustainable manner.	11.8	4.7	16.5	
1.1 Setting up of the National Institute of Statistics of Djibouti (INSTAD)	8.3		8.3	2.0
1.2: Strengthening statistical production and dissemination	3.5	4.7	8.2	



Component 2: Modernization of the Government's economic and fiscal management tools and processes	3.8		3.8	
2.1 Building macroeconomic modeling capacity	0.8		0.8	
2.2 Budget preparation and investment planning	2.0		2.0	
2.3 Debt Management	1.0		1.0	
Component 3: Project Management	1.4	0.3	1.7	
TOTAL	17.0	5	22	2.0

11. **The additional financing will support the production of the population census, the economic census and household budget survey and publication of data and reports based on these statistical activities.** The population census, the last of which was carried out in 2009, will provide up-to-date population figures, demographic and geographic distribution, and vital socio-economic statistics of the population in Djibouti. Population censuses are usually carried out every 10 years, as per international recommendations. It is the cornerstone of the national statistical ecosystem and will provide the foundation of all future topical and multi-topic surveys. The general objective of the economic census of Djibouti is to have reliable and up-to-date information on businesses in the formal and informal sectors in order to improve the current information system on business statistics and recalibrate the national accounts. The household budget survey serves to provide in-depth information on household characteristics, asset ownership, access to services, consumption patterns, and update poverty and inequality profiles for the country.

12. **The AF will inform crucial policy decisions regarding economic development and climate change adaptation in Djibouti.** The Population Census financed through this project will be a critical input for the design and implementation of future household surveys, a key source of data and evidence to understand well-being and risks faced by households in Djibouti – including their poverty status, housing, credit and employment characteristics, as well as consumption patterns. These are key inputs to understanding the impacts and means for adaptation to climate change. Furthermore, the Economic Census will provide the first comprehensive picture of the economic landscape (including the agricultural sector) in the country, which will allow for a more thorough understanding of the private sector, its needs, as well as its adaptability to climate change, its risks, and its impacts.

13. **The AF will add one critical activity within component 1.2 that assesses the population’s climate risk and vulnerability based on the statistical products that are generated in the project.** Indeed, the two censuses and the household budget survey will create a wealth of information on households in Djibouti that will inform climate action in the country. Specifically, this activity aims to overlay and correlate the socio-demographic data of the population with geospatial climate data (available in the public domain) to identify vulnerability hotspots in the country. This will form a key evidence point in policy making in the mitigation and adaptation agenda to climate change. Furthermore, given the



expertise available at the World Bank in this area, technical assistance will be provided which will strengthen the capacity of the environmental statistics division within the INSTAD.

14. **The results framework of the parent project is revised to add explicit indicators on the release of microdata of surveys after their collection and an indicator for the climate risk and vulnerability profiling of the Djiboutian population.** Specifically, one intermediate indicator, with four sub-indicators, is included for the release of four (4) micro datasets on microdata libraries in the public domain, namely: 1) the microdata of the household budget survey collected within the last five years, 2) a random anonymized sample (10%) of the population census, 3) a random anonymized sample (10%) of the enterprise census), and 4) anonymized geospatial data stemming from the census mapping exercise. Furthermore, an indicator is be added for the dissemination of a report on the climate risk and vulnerability profiling of the Djiboutian population.

Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50

No

Projects in Disputed Areas OP 7.60

No

Summary of Assessment of Environmental and Social Risks and Impacts

15. The Environmental and Social Risks are Moderate. The Environmental risk are rated Low. The project does not involve any activities that could generate significant and irreversible environmental and social impacts. No significant environmental risk has been identified, except risk related to the occupational health and safety (OHS) of the census agents during the field work, mainly their road safety. The Social risks are rated moderate. For the AF, those risks are mainly: 1) community health and safety, including gender-based violence, as big numbers of enumerators will be crossing the country interacting with each other and with the local populations; 2) conflict with the local communities, who may not be aware of the census survey activities, due to lack of trust in the enumerators or due to poor behaviors from the enumerators; 3) not knowing or respecting cultural backgrounds of the different areas that will be visited to conduct the survey; 4) grievances not resolved; and 5) poor labor and working conditions. Census workers involved in the AF activities may be exposed to discrimination, inequalities and unfairness, sexual exploitation and abuse and sexual harassment, lack of security, physical and moral harm or conflicts, and/or some degree of occupational health and safety (OHS) risks that include road accidents. INSTAD has established and maintained an organizational structure with qualified staff and resources to support management of E&S risks and impacts of the parent Project, including one part-time Environmental and Social Specialist to ensure adequate risk identification, management, and reporting



consistent with the parent Project’s ESCP. As activities advance, the E&S Specialist may need to work full-time to manage the E&S risks and impacts of both the parent Project and Additional Financing activities consistent with the environmental and social commitment plan ESCP.

During the preparation of the AF, the ESCP, the stakeholder engagement plan (SEP) and the labor management procedures (LMP) were updated to reflect lessons learned from the parent project as well as realities on the ground and to ensure that all risks are reflected in the documents and proposed mitigations measures are included.

E. Implementation

Institutional and Implementation Arrangements

- 16. An established project management unit (PMU) overseen by the Ministry of Finance through a project steering committee will continue to assume the project coordination and implementation role.** There are four technical departments (two departments under MOFI namely the Economic and Planning Department and the External Financing Department, as well as two departments under the Ministry of Budget namely the Budget Preparation Department and the Public Debt Department) and INSTAD (formerly INSTAD or the national statistical office) that benefit directly from the project and are in the charge of the implementation of most of the activities financed by the project. The INSTAD and 4 technical departments will have the responsibility of the implementation of the operations that are grouped in the first two components (component 1 and component 2) and will be responsible for the preparation of the concept notes, term of references, quality control of the outputs and the overall management of the deliverables. They prepare annual work plans that are specific to their departments, the corresponding procurement plans and are in charge for the implementation and the first level monitoring of their activities and outputs to be reported to the project management unit.

CONTACT POINT

World Bank

Bilal Malaeb
Economist

Rick Emery Tsouck Ibounde
Senior Economist

Borrower/Client/Recipient



Republic of Djibouti

Implementing Agencies

Ministry of Budget
Simon Mibrathu
Secretary General
smibrathu27@gmail.com

Ministry of Economy and Finance in charge of Industry
Abdou-Razak Ahmed Idriss
General Secretary, Ministry of Finance in charge of Industry
a.a.idriss@gmail.com

National Institute of Statistics of Djibouti
Ibrahim Abdi Hadi
General Director
ibrahim.abdi@instad.gouv.dj

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Bilal Malaeb Rick Emery Tsouck Ibounde
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Approved By

Practice Manager/Manager:		
Country Director:	Fatou Fall	01-Feb-2024

